

## ‘UNDERSTANDING BRITAIN POST BREXIT’ LUNAR SOCIETY ANNUAL DINNER, 23 NOV 2016

Lord (David) Willetts, Chairman of the Resolution Foundation, and former Minister of State in the Department of Business, Innovation & Skills addressed an audience of about 130 Lunar Society members and guests at the Annual Dinner. The date of the Dinner coincided with the Chancellor’s Autumn Statement, necessitating Lord Willetts’ early return to London, so he spoke before the dinner and responded to questions before the main course. While his introduction is (with his permission) summarised below, the subsequent discussion was conducted under Chatham House Rules, so views are not attributed to individuals.

### Introduction: meeting the challenges

Having been born and brought up in Birmingham, David Willetts said he was keenly aware of the challenges we face. These predate Brexit and may affect the city’s ability to respond. For example, economic activity:

- The proportion of the population in employment (61%) is below the national level (71%) and the lowest of all the English city regions;
- The employment rate is even lower amongst Black and Ethnic Minorities (52% in Birmingham compared with 56% nationally), implying less success in absorbing such groups into the economy.
- Similar contrasts are found in productivity.

When Andrew Adonis spoke to the Lunar Society in 2011, he proposed three measures: HS2 to improve national connectivity; Elected Mayors to re-boot local governance; and Academies to raise standards in schools. These are now works in progress. David Willetts proposed three further sets of actions, centred on the jobs market:

1. **Excluded groups:** do more to engage: especially Asian women, because catching up is deliverable. Need to link mosques, English language skills, subsidising first jobs. There is 20 years’ experience on each of these, so absorb best practice.
2. **Middle skilled jobs:** exploit local advantage arising from location (HS2, Airport) and concentration of transport, handling and logistics activities (high tech warehousing). Create academies for skills needed.
3. **Top skilled jobs:** Birmingham has concentration of top Universities (Birmingham, Aston, BCU, Met). Attracts young, but must do more to keep them. The ‘Launch Pad’ initiative in N’hants/Oxon funded 20 SMEs with £100,000 seedcorn funds: why not roll out here? Industrial Strategy is back!

### Discussion

- UK’s Nobel record shows how the science base is critically dependent on bringing together the brightest minds from all over Europe. How was this to be maintained in the face of Brexit? **DW agreed** that this is a threat to UK’s world-class Universities, and immigration policies need to recognise this.
- There are lots of SMEs, but brain drain of talented young continues any way. How can this be tackled? **DW responded** that the problem is bridging the gap so that SMEs become more likely to employ graduates. One successful approach is to connect the capabilities of Universities with needs of SMEs: vouchers for bespoke research on materials was tested in WM and found to improve familiarity both ways.
- Education is an important way of building international relationships, but will not happen if students can’t get visas. What advice would DW give PM? **DW response** – same as to former Home Secretary! Education is an export industry which requires overseas students. We need migrants to settle and live as well, but very few students are long-term settlers, and should be recognised as a different question.
- What is Government going to do to exploit the potential of the NHS as a seedbed for science-based healthcare products? **DW responded** that NHS is has a huge advantage over USA arising from universality of health records from birth. Nationally, lack of public trust is the main obstacle to exploitation, but Birmingham is big and diverse enough to make it feasible and worthwhile to tackle this locally.
- Innovation tends to be confused with R&D. Innovative science-based industries clustering in West Coast USA is the result of innovation that exploits existing R&D. What should UK do to encourage this? **DW response:** too much UK R&D is inside Universities. In Germany the Fraunhofer Institutes provide a locus for R&D that individual firms could not afford, but which becomes possible by pooling resources and public support. City should make a bold bid for business-friendly, collaborative R&D outside Universities.
- Should Birmingham Universities rediscover their roots in trades, rather than aping Oxbridge? **DW agreed** that the education system to serve the whole spectrum from vocational training to advanced research.
- How will the Black Country benefit from resources like HS2 and Airports? **DW responded** that local infrastructure would be crucial to spreading the benefit more widely

Report by Alan Wenban-Smith, Chairman

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