

Black Country LEP

Minutes of a Meeting of the Black Country Local Enterprise Partnership

25th January 2016 at 3.00p.m.
at Jhoots Pharmacy Offices, 20 Hatherton Street, Walsall

Present: Stewart Towe Chairman;
Cllr Adrian Andrew Walsall MBC;
Paul Brown Ernst & Young
Simon Eastwood Carillion plc;
Chris Handy Accord Group;
Ninder Johal Nachural Communications;
Tom Westley Westley Group;
Lowell Williams Dudley College.

In Attendance: Sarah Middleton Black Country Consortium Ltd;
Keith Ireland Wolverhampton CC;
Alan Lunt Dudley MBC;
Simon Tranter Walsall MBC;
Kim Rowlands BIS;
Wayne Langford Black Country Consortium Ltd;
Stuart Everton Black Country Strategic
Director of Transport
Katherine Birch Black Country Consortium Ltd;
Paul Mellon Black Country Consortium Ltd;

Apologies: Councillors Bird, Andy Cox, Councillors Cooper
Lawrence and Lowe and Prof. Layer.

01/16 **Welcome**

The Chairman of Jhoots plc, Dr James Kingsland, OBE, welcomed the Board to the premises. The Chairman thanked him for the Company's hospitality.

02/16 **Minutes**

The minutes of the meeting held on 23rd November 2015 were circulated.

Agreed that the minutes of the meeting held on 23rd November 2015 be received and confirmed as a correct record.

03/16 **Policy Planning Away Day 14th December 2015 - Note of Proceedings**

The Board received the notes of the proceedings of the Partnership's Policy Planning session on 14th December 2015.

Agreed that the notes be received.

04/16 **Policy Planning Away Day - Capacity**

Further to Minute No. 03/16 above, Sarah Middleton reported on the progress in identifying capacity (and relevant capabilities) to enable the delivery and development of a pipeline of Programmes and Projects. This included discussions with Carillion plc concerning the identification of a project officer to support a potential programme of delivery around the New Metro Hospital development.

Agreed that the update on capacity discussions be noted and that a further report be submitted to the meeting of the Board in March.

05/16 **Policy Planning Away Day - Plans on a Page**

Further to Minute No. 03/16 above, the Board received an initial version of the summary dashboard outlining the current and potential pipeline activity to enable the delivery of the Black Country's ambitions. The Board also received and welcomed a presentation of housing and industrial sites of excellence 'estate agents' details for promotional purposes

Agreed that the development and progress of the dashboard and site details be welcomed and that further iterations be submitted as work progresses.

06/16 **Combined Authority General Update**

Further to Minute No. 132/15, Keith Ireland reported on the progress of the development of the Authority including the timetable for Scheme,

discussions around resourcing, capacity and scrutiny and the need for simplified explanatory documents for wider use.

07/16 **Development of Combined Authority Strategic Economic Plan (SEP)**

Further to Minute No. 133/15, Sarah Middleton reported on the progress of the Combined Authority SEP including the establishment of the proposed Productivity Commission. The Board had:-

- a. established the structure of the Plan;
- b. commenced the process of drafting an initial set of cross cutting programme propositions;
- c. highlighted the need to develop a critical path for the relevant communications and engagement required for the Plan taking it from draft to adoption via the Combined Authority governance arrangements.

Further to the discussion at Minute No, 06/16 above, Members highlighted the need for simple messages to raise awareness of the SEP and Combined Authority and LEP activity.

Agreed that the progress of the development of the Combined Authority SEP be welcomed.

08/16 **Midlands Engine and Midlands Connect – Next Steps**

The Board received a paper on proposed next steps for the Engine including governance, resourcing and programmes. The paper was considered at a meeting of Midlands LEP Chairs on 15th January when it was broadly supported.

Agreed:-

- 1) that the proposals for taking forward the Midlands Engine be noted;
- 2) that further discussions to take place with members to confirm arrangements for support for the two initiatives' governance structures.

09/16 **Local Growth Fund - Programme Dashboards**

The Board received the regular dashboards on the progress of LGF projects. Paul Mellon reported that LGF Forecast spend was now

£24.02m, £330,000 below target. Further significant cashflow forecast reductions had occurred, following the detailed Q4 reviews which had robustly tested each project's cashflow forecast. The slippage in forecast 2015/16 year spend would have a knock on effect into future years and the LGF Grant available in 2016/17 was now 100% committed. The Board discussed the impact of these forecasts and noted the need for a stricter appraisal process in future years. There remained a need to over-programme and continue pipeline development to ensure that projects were ready to take advantage of funds being made available from slippage elsewhere or any other additional funding opportunity.

Simon Tranter verbally outlined the outcomes of a discussion by the Working Group concerning recommendations concerning the Joint Committee and Accountable Body's approach to the funding of site investigations and pipeline funds.

Agreed:-

- 1) that the position concerning spend on the LGF Programme in 2014/16 and future years and the need for revised appraisal processes be noted;
- 2) that the proposals put forward by the Working Group in relation to the Joint Committee and Accountable Body be supported in principle, subject to the submission of the further reports on use of underspends, other revenue sources and options referred to and on any implications for the Programme and LEP funding as a whole.

10/16

Local Growth Fund (LGF) – Pipeline Update and Project Approval Recommendations

The Board considered the following applications for LGF funding:-

- a) Microsoft IT Academy, Walsall College, £132,000 in 2015/16 – The College had been invited to partner Microsoft in establishing a Microsoft Associate College to give the Black Country the capacity to offer businesses and individuals a state-of-the-art training and skills development centre. The College would offer a range of higher level apprenticeship frameworks. In addition, the project would enable further growth in specialist high level skills for young people;
- b) ICT Academy, PTP Training Walsall, £40,000 to top up to previous Engineering award in 2015/16 – the application was seeking to build

upon the success of the FAB KIT Project within the PTP Engineering Training Centre in Walsall. It would develop a further learning offer to deliver engineering ICT based qualifications and courses. The Board noted the difficulties in clarifying outputs in respect of the proposal;

- c) VLR Feasibility Study, Dudley Council, £300,000 (£150,000 in 2015/16, £150,000 in 2016/17) - the construction of a National Innovation Centre and Test Track facility on the Castle Hill site in Dudley was a project costed at £28.7m to:-
 - i. develop new technologies based around very lightweight railway carriages which supported the commercialisation of self-propelling bogie technology. The overall objective being to reduce costs, save energy and lighten corresponding rail infrastructure;
 - ii. act as a hub for the industry providing world class research, development and education focused on very light rail vehicles, as well as skilled personnel and incubation space for the next generation of public transport solutions.

The Board was also informed that, following the informal discussions at the policy planning session Minute No.03/16 above refers), Members were formally consulted on proposals for funding to support feasibility, design and development work for proposed Music Institute Student Accommodation in Brierley Hill (£150,000 (£80,000 in 2015/16, £70,000 in 2016/17)). No further comments or objections were received and the proposal had been submitted to the Black Country Joint Committee for approval.

It was also reported that The Chairman and Board Lead (Simon Eastwood) had exercised the delegated authority to determine applications for funding from the LGF fund for Site Investigations up to a value of £150,000 at Park Rose Industrial Estate, Smethwick.

Agreed:-

- 1) that the submitted project bids in respect of:-
 - Microsoft IT Academy, Walsall College;
 - ICT Academy, PTP Training Walsall;
 - VLR Feasibility Study, Dudley Council;as set out above, be approved and referred to the Black Country Executive Joint Committee for consideration;

2) that the decisions in respect of Music Institute Student Accommodation in Brierley Hill and site investigations at Park Rose Industrial Estate be noted.

(Lowell Williams declared a non-pecuniary interest in this item as far as it related to the VLR Feasibility Study)

11/16 **Draft Minutes of a Meeting of the Competitiveness Advisory Board – 2nd December 2015**

The Board received the minutes of the meeting of the Competitiveness Advisory Board held on 2nd December 2015. The Board noted the progress of the Board and the wide range of its agenda and the need to continue to secure further private sector members

Agreed that the minutes of the meeting of the Advisory Board held on 2nd December 2015 be received and its recommendations confirmed

12/16 **EU Structural and Investment Fund 2014-2020 - Financial Engineering Instruments (FEI) - Project Update**

The Board received a report informing them that the European Commission was questioning the validity of the open and competitive call process for a fund manager for the FEI fund. DCLG had challenged the Commission's position.

Following a meeting with senior government officials on 21st December, attended by the Chair of the cross-LEP Group, BIS and DCLG had undertaken to produce an update paper for by the end of January on the procurement options for a pan-Midlands fund-of-funds with indicative timelines, including any risks to delivery. DCLG would lead on reviewing the call and procurement processes and BIS would invite the British Business Bank to produce an outline on the terms for its possible involvement as an entrusted entity.

Agreed that the position concerning Government and European Commission discussions be noted and that a further update be submitted when the options paper has been produced and considered by the cross-LEP Group.

13/16 **Implications of the Closure of the Business Growth Service**

Further to Minute No. 11/16 above, the Board received an update on the continuing discussions and responses to BIS announcement:-

- Discussions within the Black Country Growth Hub to develop an access to finance advice portal based on the Worcestershire LEP service;
- PERA, the company that currently delivered several of the Business Growth Service products in the West Midlands, had submitted a proposal to DCLG to continue Growth Accelerator and Manufacturing Advisory Service in the Black Country under a recent call for ESIF proposals;
- the Vice-Chair of the Access to Finance Group had written to the Secretary of State with a proposal for a pre-investment advice programme administered by the Institute of Chartered Accountants.

Agreed that the Board the ongoing actions to mitigate the impact of the loss of the Business Growth Service be noted and that LEPs continue to lead on discussions continue to explore options for the service.

14/16 **Funding Applications Sub-Board - Decisions Made at Meeting of Sub-Board held on 8th December 2015**

The Chair of the Funding Applications Sub-Board reported that the Sub-Board had met on 8th December 2015 and considered a number of applications for Growing Priority Sectors funding and variations in payment dates for a number of Growing Places Schemes. In relation to Growing Priority Sectors funding the Sub-Board considered:-

- a) a new application from First Fence Ltd;
- b) an issue arising from due diligence on the application by Alustrade Ltd;
- c) a request for a variation in the application by JC Payne Ltd.

In order that these applications could be processed, Board Members were consulted electronically and no objections were raised to the recommendations made by the Sub-Board.

Agreed:-

- 1) that the responses to the electronic consultation on the recommendations made by the Sub-Board at its meeting on 8th

December in relation to the Growing priority Sector applications by First Fencing Ltd, Alutrade Ltd and J C Payne Ltd be noted and the decisions set out in the minutes confirmed;

- 2) that the recommendations of the Sub-Board set out in the minutes of the meeting held on 8th December 2015, including those relating to the Growing Places Programme and applications, be approved.

15/16 **Enterprise Zone – Site Investigation Programme**

The Board received a report on a proposed agreement to a variation to the Growing Places Funding Agreement to revise the funding end date/works longstop date in respect of the Darlaston Site Investigation Strategy. The variation would allow a company in the process of acquiring the Wobaston Road to apply to the grant programme and allow for the slippage of existing grant awards.

Agreed that the revision of the funding end date/works longstop date. in respect of the Darlaston Site Investigation Strategy be approved.

16/16 **Funding Applications Sub-Board Terms of Reference – Local Growth Fund Pipeline**

The Board considered a proposal to amend the terms of reference of the Funding Sub-Board to enable it to make recommendations on the inclusion and prioritisation of submissions for Growth Deal funding in the Fund Pipeline and to invite Mark Robinson to attend for the consideration of transport schemes.

Agreed:-

- 1) that the terms of reference of the Funding Sub-Board be amended to enable it to make recommendations on the inclusion and prioritisation of submissions for Growth Deal funding in the Fund Pipeline;
- 2) that Mark Robinson be invited to attend meetings of the Sub-Board for the consideration of transport schemes.

17/16 **Meeting of Employment and Skills (People) Advisory Board – 19th January 2016**

The Board received the minutes of the meeting of the Employment and Skills (People) Advisory Board held on 9th January 2016.

Agreed that the minutes of the meeting of the Advisory Board held on 19th January 2016 be received and its recommendations confirmed

18(a)/16 **Review of Post-16 Education and Training**

Further to Minute No. 137/15, Sarah Middleton updated on the continuing discussions to finalise arrangements for external support to ascertain a level of intelligence prior to a formal FE review commencing for the Black Country and the emerging timeframes. The Black Country and Coventry & Warwicks LEPs were now scheduled be part of Wave 3 with all reviews to be completed by March 2017. Confirmation of the timelines for Wave 3 was still awaited.

Work was on-going with local authority partners to establish a light touch stakeholder engagement plan with external support (in the region of £10,000 commission) during the early months of 2016. The plan would focus on a series of meetings with further education partners including FE colleges, Adult training colleges and private sector providers, to:-

- a) consider a stakeholder engagement strategy and communication plan to support the Area Based Review process.
- b) conduct a series of interviews with the Principals/ CEO's of each of the colleges/ adult colleges in the Black Country.
- c) conduct group interviews with key stakeholders from the LEP and local authorities.
- d) develop and deliver a workshop for those stakeholders who had taken part in interviews.
- e) support the production of the input to the Review from the LEP.

The Board noted possible legal issues around the implementation of Review decisions.

Agreed that the approach to the preparation for the Review be supported

(The Board noted the indirect interests of Lowell Williams, Ninder Johal and Tom Westley in the Review.)

18(b)/16 **Board Governance – Recruitment of Directors**

Sarah Middleton reported on proposals for the filling of the vacancy on the Board left by the resignation of Vicki Wilkes. The proposed

recruitment process would through 'Positive Action' measures encourage people from different groups with low participation levels on the board to make applications.

Sarah also reported that a number of members would have completed their second period of two years at the end of March 2016. It was noted that the last two years have seen a considerable amount of change in the role and remit of the Partnership and that the forthcoming establishment of the Combined Authority might lead to further development and change. In addition the Advisory Boards were just becoming operational and there remained scope for additional members on these Boards. As they developed they could provide a route for private sector representatives to gain experience of LEP activity and move from them to the full Board. In these circumstances it was considered that it would not be appropriate to disturb the current make-up of the Board at this stage.

The Board was also informed that Paul Linton had stood down as Chair of the Employment and Skills (People) Advisory Board.

Agreed:-

- 1) that the establishment of a recruitment process to seek to fill the existing vacancy on the Board be approved;
- 2) that existing Board Members due to complete their second period of office be invited to serve for a further period of two years expiring 31st March 2018;
- 3) that the retirement of Paul Linton as Chair of the Employment and Skills (People) Advisory Board be noted and that the Board place on record its thanks for his work and support;
- 4) that the Chair of the Employment and Skills (People) Advisory Board, once appointed and if not already a Board member, be invited to attend LEP Board meetings to speak on skills and employment matters.

19/16 **PR and Communications Update**

The Board received the regular update on PR activity since the last meeting.

20/16 **Exclusion of the Press and Public**

Agreed that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

21/16 **Black Country Enterprise Zone (EZ) – Business Rates Update**

The Board received an update on the latest business rate projections based on current known data and revised assumptions informed by EZ delivery particularly at i54 and progress of Phoenix 10.

Agreed:-

- 1) that the agreement for the utilisation of EZ business rates be reaffirmed to fund in the following priority order:-
 - a) i54 infrastructure and motorway junction costs (a circa £21.3 million commitment of business rates (including interest on Local Authority borrowing) to be repaid to the City of Wolverhampton Council);
 - b) Phoenix 10 project costs ((including interest on Local Authority borrowing) – currently estimated at circa £20.25 million - with the final investment value subject to the agreement of the final business case following the outcome of the procurement exercise to identify a development partner);
 - c) delivery of the Black Country EZ sites subject to agreement of individual business cases as no costs have been assumed for these sites in the current financial model;
 - d) delivery of other priority pipeline sites/Strategic Economic Plan priorities (non-EZ) across the Black Country subject to the overall surplus position;
- 2) that a further report be submitted on the costs associated with the management and delivery of the Black Country EZ and options around how these costs are funded in the future;
- 3) that the current business rate projections as forecast by the EZ Financial Model using latest known data and assumptions be noted;
- 4) that annual update reports from the Accountable Body detailing the business rate projections and repayment position be submitted to the Board.

Applications for Growing Priority Sectors Funding

The Board considered applications for Growing Priority Sectors funding from the following companies:-

Chamberlain & Hill Ltd;
Pascon Ltd;
Superior Sections.

The application by Superior Sections had been submitted anonymously but details were made available to the Board to enable Members to make a full assessment of the results of the appraisal.

It was noted that the Funding Applications Sub-Board members had been consulted electronically on the applications and those present at the meeting confirmed their agreement to the recommendations of the Appraisal Panel.

Agreed:-

- 1) that the application by Chamberlain and Hill for £330,000 for a £4,758,000 project to allow a supplier of raw casting to create a machining facility in a new industrial unit be approved subject to:-
 - a maximum grant of £330,000 to help implement a £4,758,655 project
 - leverage £3,167,778 of private sector funding
 - the creation of 33 new jobs by March 2021
 - confirmation of match funding to successfully deliver the project;
- 2) that the application by Pascon Ltd. for £180,000 for a £630,000 project to purchase new and larger premises be approved subject to:-
 - a maximum grant of £180,000 to help implement a £630,000 project
 - leverage £450,250 of private sector funding
 - the creation of 19 new jobs by March 2021
 - confirmation of match funding to successfully deliver the project;
- 3) that the application by Superior Sections for £180,000 for a £630,000 project to purchase new and larger premises be approved subject to:-
 - a maximum grant of £240,000 to help implement a £2,650,000 project
 - leverage £2,410,000 of private sector funding
 - the creation of 24 new jobs by March 2021

- confirmation of match funding to successfully deliver the project;
- 4) that, in future, full details of the applicants for funding should be made available to the Board, subject to the requirements of the Company Code of Conduct and the Assurance Framework, as appropriate, to enable Members to fully appraise the project.

(The Chairman declared an indirect interest in the application by Superior Sections, withdrew from the meeting and took no part in the discussion and voting thereon. Simon Eastwood took the chair for this part of the meeting.)

23/16 **LEP Core Consortium Funding**

Sarah Middleton reported on the arrangements for LEP and Black Country Consortium funding for 2016/17 including:-

- a) the recommendation by ABCA that local authority subscriptions for the Black Country Consortium should remain at the level of £140,000 (a standstill budget);
- b) that local authorities were committed to the standstill budget of £140,000 each, with a preference to draw on Growing Places revenue funding;
- c) that, after provision had been made for Accountable Body expenses of £105,536 to March 2026, a balance would remain of £146,714 in the Growing Places Revenue Fund. The Board had agreed (see Minute No. 34/15) that the balance of the Revenue Fund should be held by Consortium for future utilisation by the LEP;
- d) that, to implement the recommendation by ABCA, concerning subscriptions and following the utilisation of the Growing Places Revenue Funding of £146,714, local authorities need to identify funding of £103,322 each. Discussions were progressing with partners to identify this.

In relation to the Partnership's funding it was reported that:-

- i) DCLG had confirmed LEP Core funding of £250,000 for 2016/17. It was a requirement of this funding that it was matched locally on a 1:1 basis and Guarantee Member Consortium subscriptions were used to meet this requirement.
- ii) the Partnership had agreed to provide £10,000 of funding to the West Midlands Combined Authority.

- iii) clarity was being sought on funding calls to support the Midlands Engine/Midlands Connect

Agreed:-

- 1) that the proposed arrangements for Consortium subscriptions and confirmation of LEP Core Funding by DCLG be noted;
- 2) that the extension of the contract between Sandwell MBC (the Accountable Body) and Black Country Consortium for the Growing Places Revenue Funding for a further twelve months to 31st March 2017 be confirmed.

24/16 **LEP S31 Funding**

Pursuant to Minute No. 23/16 above, the Board was informed that the level of core funding for 2016/17 was to remain at £250,000 and that details of the Strategic Funding and subsequent year funding would be provided by Government sometime in January 2016. The report set out details of the 2015/16 core and strategic funding

It was also reported that the costs of the Programme Office had to date been met by the LEP Core and Strategic Funds. A method of 'top slicing' these costs capitalised to the LGF fund, potentially releasing LEP revenue funds for future utilisation was considered at Minute No. 25/16 below.

Agreed:-

- 1) that the expenditure of the LEP Core and Strategic Funds, and of the SEP Proposition fund to 30th November 2015 be approved.
- 2) that the planned expenditure of these funds to 31st March 2016 be approved;
- 3) that the cost of the Interim SEP Delivery Director post be drawn from the unallocated Strategic Development Funds bought forward.

25/16 **Local Growth Fund Pipeline Generation and Programme Support**

Pursuant to Minute No. 25/16 above, the Board received a report setting out the current position of the funding for the LGF Programme Office, Walsall MBC Accountable Body and Wolverhampton Transport Team and possible options for the future funding of Pipeline Generation and Programme Support including top slicing to allow capitalising of programme office costs so that they could be claimed from LGF Grant

funding. Options for use of property and business rate income at a proportion of any evidenced uplift were also being examined by local authorities,

Agreed:-

- 1) that the 'top slicing' of the LGF Grant funding to enable the funding of pipeline generation and programme support be approved in principle;
- 2) that where the allocation of capital LGF resources replace revenue support, these funds should be applied and pooled for uses to be determined by the LEP Board and Joint Committee.

26/15 **Date of Next Meeting**

Agreed:-

- 1) that meeting on 25th February 2016 should be an ordinary Partnership Board meeting;
- 2) that a new date be established for the annual stakeholders' event.

(The meeting closed at 5.00p.m.)