

Minutes of a Meeting of the Black Country Local Enterprise Partnership

24th October 2016 at 3.00p.m. at Dudley College, The Broadway, Dudley

Present: Simon Eastwood in the Chair;
Paul Brown Ernst & Young;
Andy Cox Cox & Plant;
Simon Eastwood Carillion plc;
Ninder Johal Nachural Communications;
Cllr Roger Lawrence Wolverhampton CC;
Cllr David Sparks Dudley MBC;
Lowell Williams Dudley College;
Tom Westley Westley Group.

In Attendance: Sarah Middleton Black Country Consortium Ltd;
Paul Sheenhan CX - Walsall CC
Stuart Everton Strategic Transport Director;
Rachel Goodwin Black Country Consortium Ltd;
Wayne Langford Black Country Consortium Ltd;
Paul Mellon Black Country Consortium Ltd;
Kim Rowlands BIS.

Apologies: Chris Handy and Stewart Towe and Councillors Coughlan, Eling, Lowe and Moore.

128/16 **Declarations of Interest**

Lowell Williams declared a personal interest in the item at Minute 130/16 – Skills Funding Agency Bid, as Walsall College had submitted a bid on behalf of the BC Colleges. However, he advised that the colleges had been advised of the selected bid, Calderdale College, and the reasons that the BC Colleges had not been successful.

129/16 Minutes

The minutes of the meeting held on 19th September 2016 were circulated.

The Chairman provided an update on Minute 111/16 - European Structural and Investment Fund (ESIF) Update and advised that the letter agreed to be sent to the relevant Minister in regard to retaining the ability to bid for funding had been superseded by a Government announcement that the funds would be remain available to bid for. Wayne Langford advised that 42 potential projects had been identified and agreed to circulate them to the Board.

Concerns were expressed from Councillors Roger Lawrence and David Sparks that whilst in the EU, opportunities for funding should not be lost.

Lowell Williams, advised that Dudley College and other providers had been advised that Youth Employment Initiative European Union funding was available and that a meeting had originally been promised for June/July 2016. Councillor Roger Lawrence advised that Dudley Metropolitan Borough Council were the lead authority and Sarah Middleton agreed to investigate and identify the issues.

Agreed: -

- 1) that the minutes of the meeting held on 19th September 2016, be received and confirmed as a correct record;
- 2) that the update on the European Structural Investment Fund be noted;
- 3) that the Board be advised of the 42 potential projects for ESIF; and
- 4) that Dudley MBC be requested for an update on the Youth Employment Initiative European Union funding.

130/16 Policy Update

The Board received an update on the following policy items: -

1. Land Commission – Land Remuneration Fund – Submission

The meeting received details of the Land Commission submission by the Black Country (BC) LEP, prepared jointly with BC local authorities, Call for Evidence was submitted to the Combined Authority (CA) Investment Fund. It was noted that the BC programme was now in excess of £300 million of potential

investments and the CA had made a commitment to use £200 million of its own funds for brownfield land treatment.

2. Autumn Statement

It was noted that the BC LEP, the CA, Midlands Engine and other LEPs in the area had submitted proposals to the Chancellor in advance of the Autumn Statement. BC LEP “asks” included positioning on IA; Smart Cities and low carbon footprint; bespoke transport and Local Growth Fund.

Concerns were expressed that at the recent LEP Chairs meeting it was felt that the LEP/CA model was being superceded by the Midlands Engine adopting the Nottingham model. Lowell Williams and Ninder Johal commented that communication had been poor and they felt there was no joined up working.

Sarah Middleton stated that it was in the interest of the West Midland LEPs to make it work but acknowledged there was more work to be undertaken to achieve the Midlands Engine being the gateway to further investment and supply chain development.

Councillor Roger Lawrence referenced Midlands Connect, the Midlands Engine transport arm, and stated that it was not happening in a CA form, as they were working outside of the CA geography, such as the West Midlands Freight Depot location. He stated that the CA needed to have ownership of what the CA were doing in the area.

3. Olympic Village – Visit to Engie – Energy Solution

It was noted that the proposed visit would not proceed on the 21st November but that an alternative date would be sought for those Members who were interested to attend.

4. Business Rates Revaluation 2017 – Consultation on the Transitional Arrangements for the 2017 Business Rates Revaluation

The meeting was advised of the Business Rate Revaluation 2017 – Consultation and whether the LEP Board wanted a joint or response or whether individuals wished to respond on behalf of their respective businesses.

The Consultation was noted and no BC LEP joint response was proposed.

5. Ministerial Local Growth Champions – Margot James, MP, Parliamentary Under Secretary of State for Small Businesses, Consumers and Corporate Responsibility

The meeting was advised that Margot James MP, in her role as the Ministerial Local Growth Champions would be invited to a future LEP Board meeting.

6. Self-sufficient Local Government: 100% Business Rates Retention – Response

The response of the BC LEP Board to the consultation on the terms agreed at the 19th September 2016 meeting was submitted for information.

7. Skills Funding Agency (SFA) – letter

Sarah Middleton advised the meeting that the letter asking for a hold on appointment of the contractor, as the BC LEP has serious reservations on how they could have scored highly against the set criteria and their capacity to deliver 6000 assists, had been submitted after the deadline by one day, and thus the contract was now in the ten day “cooling off” period. She stated that whilst the timing of the letter was unfortunate there was still an opportunity to look at the contract further and her team were seeking involvement prior to the Tripartite meeting, when contract detail would be shared with the BC LEP.

Paul Brown asked what action was now to be taken. Sarah Middleton referenced the ten day “cooling off” period and stated that two areas requiring clarification were the selected contractor’s readiness to deliver, as they had received full marks for their local infrastructure and the second was their relationship with local partners, as the LEP had not been aware of them before they were identified as the selected contractor. She stated that the former question was fundamental, as to whether they would deliver or were going to sub-contract.

Lowell Williams added that there should be questions on their record as a deliverer and issues of their local activity. Sarah

Middleton stated that the SFA had advised that the process of contract selection included two independent evaluators and a moderation process but stated that the BC LEP still needed to understand how the process was agreed.

The Chair agreed that it was key to understand how they had evidenced their capacity to deliver the programme and how they had evidenced their links with the LEP.

8. Leading the way – A draft report to the LEP Network – September 2016 – Metro Dynamics

Metro Dynamics draft report to the LEP Network was submitted for information.

9. HS2 West Midlands Monthly Update

The monthly update letter was submitted which detailed the Curzon Investment Plan. The meeting was advised that BC LEP was involved in the supply chain development for local firms.

10. The Future of Local Enterprise Partnerships: The Small Business Perspective

The meeting noted that the Federation of Small Businesses had published a report on the Future of Local Enterprise Partnerships from their perspective and that a full update on its contents and recommendations would be submitted to the next meeting.

Agreed: -

- 1) that the Policy Update be noted; and
- 2) that in regard to the SFA, the BC LEP endeavour to meet with the SFA and selected contractor prior to the Tripartite meeting, in order to understand how the selected contractor had evidenced their capacity to deliver the programme and how they had evidenced their links with the LEP.

131/16 **West Midlands Combined Authority Update**

Councillor Roger Lawrence advised that there was an issue with capital expenditure projects for none transport projects as currently the CA had

not been given budget authority for this element of devolution. He stated that further work was being done to progress this as the whilst the Department of Communities and Local Government were in favour of transferring spending authority to the CA, the Treasury were not.

In regard to Transport issues he advised that a meeting had held with HS2 and Network Resilience in regard to mitigation of the rail network, the motorway network to include Junction1-2 of the M5 and Junction 10 of the M6. He stated that whilst it was good to have investment there were a number of concerns around the impact of these large-scale projects on traffic movements in the area.

Sarah Middleton advised that at the November LEP Board there would be an update on the Growth Company for the CA. She stated that there were a number of fundamental issues for the BC elements of the business case that required clarification.

Agreed: -

- 1) that the update be noted; and
- 2) that a report be submitted to the next LEP Board on the CA Growth Company and implications for the BC.

132/16 **Black Country Strategic Economic Plan – Pipeline**

a) Local Growth Fund Report

The report was submitted and, it was

Agreed: -

That the LEP Board: -

- 1) notes the latest committed spend position for 2016/17 year end;
- 2) note the latest Forecast for the year end in the 2016/17 LGF Programme, subject to the additional bids against 2016/17 and 2017/18 LGF funding.;
- 3) approve the following projects for LGF funding support in 2016/17: -
 - a) that, the application by Wolverhampton University for £3,520,000, £1,760,000 in 2017/18 and £1,760,000 in 2018/19, to support the relocation of the School of Architecture and Built Environment (SOABE) from Molineux Campus to the Springfield Campus including the Heads of Terms submitted, be approved;

- b) that the University be made aware of the need to have securitisation arrangements in place to avoid delay in completing the Grant Agreement.
- c) That the application by Dudley MBC for £30,000.00 in 2016/17 for additional works as part of the Building and Sites Improvement Programme be approved.
 - 4) approve LGF support for the following Site Investigations bids in 2016/17: -
 - a) Black Country Living Museum Dudley - £27,000 in 2016/17 for site investigations, subject to the following conditions: -
 - i) Only Phase 1 site investigation/desk top investigations and mining risk assessments to be funded up to a maximum grant sum of £27,000; and
 - ii) The applicant to obtain formal quotes in advance of any funding agreement being entered into, with the actual quoted sums included in the agreement, any extra costs identified in relation to the identified studies to be at the applicants own risk.
 - b) Reedswood (former) Golf Course, Walsall – Walsall MBC - £10,514 in 2017/18, subject to the following conditions: -
 - i) Continued availability of funding in 2017/18, up to a maximum sum of £10,514;
 - ii) The funding to be used to meet the cost of ground gas investigations and an asbestos survey (analysis) only, the work to be carried out in accordance with quotes received from Johnson & Bloomer at £9,835.13 and £679 respectively;
 - iii) The above quotes reflecting a worse-case scenario in terms of potential cost and with actual costs incurred possibly falling below the level of grant funding offered, any such cost saving being not transferable.
 - c) Former Caparo site - Caparo 1988 Pension Scheme for £24,000 in 2017/18, subject to the following conditions: -
 - i) Continued availability of funding in 2017/18, up to a maximum of £24,000;
 - ii) Confirmation of State Aid position as part of stage two due diligence process; and
 - iii) Funding only being made for the following – ground gas investigations and targeted intrusive investigations and noise survey, air quality assessment and drainage strategy, transport assessment, ecological appraisal and archaeological desk based assessment and cultural heritage assessment, in accordance with quotes received

from Wardell Armstrong and Ecus Environmental Consultants respectively.

- 5) Note that the Place Officer Group had agreed to adopt a collaborative Black Country wide approach in negotiations with Severn Trent when BC Councils are proposing the redevelopment of ex-Sewerage Works Sites.
- 6) Approve the acceleration of the existing Dudley Brownfield Land and Housing from projects to commence in 2017/18, totalling £100,000, so that projects could now commence in 2016/17;
- 7) Approve letters of support for the Black Country Living Museum and Brierley Hill Music Institute funding applications, as detailed in the report;
- 8) Note that the Transport Dashboards referenced in the report would be submitted to the November LEP Board;
- 9) Note the continued development of the Black Country wide pipeline for 2016/17 through to 2020/21

a) Local Growth Fund Programme Dashboards

Paul Mellon provided an update on the dashboards and highlighted: -

- Local Growth Fund latest forecast of spend was £49.84 million;
- Board had agreed to over programme, with target of £51 million to commit;
- At Quarter 2 £17.13 should be committed. However only £10.22 million was committed, which represented approximately a £7 million gap. The reasons for this was some projects were spending more slowly and the team were currently negotiating with them. He advised that he envisaged that best case scenario would be reduce the shortfall to a £6 million.

The Chairman queried the mitigation strategy in place and was advised that there were a number of options in place but that these needed to be discussed with the Accountable Body, to include supplementing LGF capital spend with capital spend from other funds or seeking to accelerate existing funding schemes that were spending, the latter being easier to achieve.

It was asked what impact would there be in bringing new schemes forward and it was noted that, because LGF was

already overprogrammed, then there would be an impact on existing schemes.

The Chairman queried the timescale for Growth Deal 3 and Kim Rowlands advised it was necessary for the BC LEP to consider their priorities as the fund was already 3.5 times oversubscribed for the available funding. Thus, she explained no LEP would get the allocation they had requested and thus there was a need to review what projects could be scaled down.

Concerns were expressed at Project Sponsors not progressing their respective projects in a timely manner and a discussion ensued. It was concluded that a workshop be run for Project Sponsors in order to develop their ability to deliver. Whilst it was noted that this had been trialled before with limited success, it was agreed that the offer to run Project Management Training Sessions be made again.

Agreed: -

- 1) that the update be noted; and
- 2) that Project Sponsors be offered the opportunity to attend Project Management Training Sessions.

b) Draft Minutes of the Funding Applications Sub-Group 20 October 2016

Tom Westley presented the minutes.

Agreed that the minutes of the Funding Sub-Board held on 20th October 2016, to include all recommendations and associated conditions, be approved and confirmed as a correct record.

133/16 **Growing Priority Sectors Regional Growth Fund**

- a) Programme Update; and**
- b) Application for Consideration**

The report was submitted and it was noted that the Funding Applications Sub-Group had met on 20th October 2016 and made recommendations to the Board for approval of the Growing Priority Sectors Regional Growth Fund that met the requirements of the fund and represented the best value for money.

Agreed: -

That the Board approve: -

- 1) Ash and Lacey Building System Ltd. a maximum grant of £55,000 to help implement a £550,000 project, subject to the following conditions: -
 - a) Leverage of £495,000 of private sector funding;
 - b) The creation of five new jobs by March 2022;
 - c) Confirmation of match funding to successfully deliver the project; and
 - d) Clarification of the impact on local companies through due diligence.
- 2) Simco External Framing Solutions a maximum grant of £131,172 to help implement a £661,233 project, subject to the following conditions: -
 - a) Leverage £530,061 of private sector funding;
 - b) The creation of twenty new jobs by 2022;
 - c) Confirmation of match funding to successfully deliver the project; and
 - d) Clarification of the eligibility of expenditure under State Aid regulations through due diligence.
- 3) Midland Tool & Design Ltd a maximum grant of £100,000 to help implement a £340,000 project, subject to the following conditions: -
 - a) Leverage £240,00 of private sector funding;
 - b) The creation of ten new jobs by March 2018;
 - c) Confirmation of match funding to successfully deliver the project; and
 - d) Clarification of outstanding issues through due diligence.

134/16 **Growing Places Programme – Black Country YMCA – John Dando Project**

The report was submitted and it was noted that the Funding Applications Sub-Group had met on 20th October 2016 and made a recommendation to the Board and, it was

Agreed: - that the Board, confirm the decision of the Funding Applications Sub-Group, as detailed below: -

- 1) that the YMCA be requested to submit full details of the reasons for its application including details of its cashflow and the implications if the request is refused;

- 2) that the discussions with DCLG concerning the future use of the fund be noted and that a further report on the future use of the Fund be submitted when a response has been received from the Department.

135/16 **Minutes of the meeting of the Place Making & Land Advisory Board held on 14th September 2016**

The Minutes of the meeting of the Place Making & Land Advisory Board held on 14th September 2016, were presented and the contents noted and endorsed.

a) **Black Country Transport Update**

Stuart Everton provide an update on the M5 J1-2 Major Maintenance Scheme; Midlands Connect; and Black Country Cycling and Walking Strategy.

i) **Black Country Walking and Cycling Strategy**

Stuart Everton advised that there were a lot of funding opportunities around sustainable transport and that the Strategy document detailed corridors where improvements could be made for cycling and walking, as well as road vehicles, such as the A449 and A4123.

It was queried whether the routes had been selected to obtain funding or because there was a demand for cycling. The meeting was advised that improvements would be seen for all modes of transport with proposals for improved towpaths for cycling and walking and linkages between key regeneration sites and garden city sites.

Cllr David Sparks expressed concern at the investment in cycle lanes as he stated that he could not see how major routes such as those "A" roads identified could be improved without impacting on other road users and stated that existing roads were not wide enough to accommodate cycle lanes. He commented that WM Travel and Centro had improved bus stops which had caused an adverse impact on routes.

It was noted that along the route of the A4123 there were wide pavements which could accommodate shared use between pedestrians and cyclists.

Stuart Everton noted the concerns and stated that as the document was within the consultation period he would take back the comments. In regard to space, he advised that for many routes the proposal was to utilise existing grass verges for additional space and re-assured the Board that the available budget was solely for improving cycling and walking routes, thus did not impact on other local authority budgets.

ii) M5 J1-2 Major Maintenance Scheme

Stuart Everton advised on options presented to Highways England for improvements to Junctions 1 and 2 of the M5. The options were detailed in the report with a 2 year and 5-year completion date respectively and advised that the commencement date had moved to April 2017. He added that the Secretary of State for Transport, Right Honourable Chris Gayling MP, had advised that if HS” proceeded then there would be a need to consider airport expansion at Birmingham Airport.

On a question whether HS2 would lead to more money for local roads, he advised that the Network Resilience Group were already requesting Government for improvements to the local road network. Cllr Roger Lawrence added that under Devo-deal 1 there was an additional £12 million of connectivity.

Cllr Davis Sparks stated that transport improvement was crucial for the region from an economic point of view, as it would impact on congestion.

iii) Midlands Connect

Stuart Everton advised that Midlands Connect would publish the Emerging Priorities report by the end of October setting out key schemes or areas for which it planned to produce Strategic Outline Business Cases from now until March 2017.

Agreed that the updates and comments be noted.

b) **Black Country Smart City Strategy**

Sarah Middleton presented the report, which had previously been considered by the Place Making & Land Theme Advisory Board and advised that report sought approval of three recommendations detailed therein.

Following consideration, it was

Agreed: -

- 1) That the Board approves the Black Country Smart City Strategy with delegated authority to the Chair of the Green Growth Group to approve the final version of the Smart City Strategy;
- 2) That the Board approves the draft Project Pipeline, notes it is a 'live' document and agrees to receive regular reports on progress in its development and
- 3) That the Board approves the principle of establishing a Black Country Smart City Network.

136/16 **Minutes of the Active Black Country Board**

The Minutes of the meeting of the Competitiveness Theme Advisory Board held on 6th July 2016 were presented and the contents noted and endorsed.

137/16 **PR and Communications Update**

The Board received the regular update on PR activity since the last meeting and updates on work to improve response rates to e-communications from the LEP.

Ninder Johal highlighted three key elements: -

- There was a new website for the BC LEP;
- A new shared platform had been created – File Protect – where Members could access archived Agendas and reports.
- Digital /Social Media was used widely but there was a need to draw up an engagement strategy and capture non-digital communication, such as speaking engagements etc.

He further advised that work was continuing on the identity proposition "Make Your Mark", with Stewart Towe and Andy Cox being the representatives of the Board on the established working group.

Agreed that the report be noted.

138/16 **Black Country LEP Assurance Framework - revised**

The Board were advised of the following amendments made to the Assurance Framework at 5.14 Project, at the request of the Accountable Body, Walsall MBC: -

The exemptions to the full evaluation process;

- Low value machinery purchase bids of under £500,000 will only be required to submit an Initial Proposal, providing there are no structural property changes required to accommodate the new machinery. Whilst a Full Business Case will not be required, the applicant will be required to complete a number of additional schedules as requested by the Programme Office.
- Accessing Growth schemes will only be required to submit an Initial Proposal. Whilst a Full Business Case will not be required, the applicant will be required to complete a number of additional schedules as requested by the Programme Office.

Incorporating issue of Walsall Accountable Body due diligence and grant agreement documentation earlier into the process;

- Initial Proposals will be appended with a copy of the Walsall Accountable Body Stage 2 Due Diligence checklist. Applicants will be required to declare that they have understood what is required of them by the Accountable Body before the application can proceed. A copy of the generic Grant Agreement will also be issued, as early visibility of the documentation will enable a more rapid turnaround at pre-contracting.

Distinction between Stage 1 and Stage 2 due diligence;

- Stage 1 due diligence refers to technical DD performed by technical consultants pre LEP Board approval
- Stage 2 due diligence refers to financial and legal DD performed by Walsall Accountable Body post LEP Board approval.

Agreed: - that the Board note and approve the revised Black Country LEP Assurance Framework.

139/16 **Black Country LEP Funding Report**

The Board received the report regarding LEP funding at 30th September 2016; the core budget for the financial year 2016/17; seeking approval for Walsall MBC's revised technical assistance yearly allocation; and to approve the Marketing and Communications budget of £50,000 from the LEPs Strategic Funding.

Agreed: -

That the Board: -

- 1) Approve the updated LEP funding and expenditure at 30th September 2016;
- 2) Note the core budget for the financial year 2016/17;
- 3) Approve the Walsall MBC revised technical assistance yearly allocation; and
- 4) Approve the Marketing and Communications budget of £50,000 from the Strategic Funding budget for LEP Marketing Communications.

140/16 **Items of Business for Black Country Consortium Directors**

The following items were considered by the Black Country Directors: -

- a) Audit Committee – Draft Minutes of the meeting held on 21st September 2016; and
- b) Black Country Consortium Ltd. Auditors Report and Accounts 2015/16

141/16 **Date of Next Meeting**

21st November 2016 at 3.00 pm at Walsall Housing Group.

12th December 2016 between 12 noon and 5.00pm for Policy Planning.

(The meeting closed at 4.20 p.m.)