1. **Welcome**

Peter Pawsey (Chair) welcomed the Board and he noted that there were no apologies. PP introduced Marcus Burton to the meeting who is standing in for Ed Webb pro-tem. He also introduced Luke Willetts who has been seconded from Worcestershire County Council for 3 days a week with the WLEP and Nigel Hudson as a guest speaker from Worcestershire County Council who is involved in the game changer sites. PP thanked Kim Rowlands from BIS for her contribution and all her help to the WLEP and introduced David Crook from BIS who is taking over her role.

PP offered the Board’s congratulations to the John Callaghan who is the new Principal of Solihull College and will be relinquishing his role as Principal of North East Worcestershire College. JCal’s notice period is 6 months and therefore will be with us during this critical period of developing Strategy Economic Plan and EU Investment Strategy. The Board will consider a replacement in due course, in line with the revised structure of the Board.
2. **Minutes from the Board Meeting 28 November 2013**

The Minutes were signed off as a true record by the Board.

3. **Matters Arising**

**Action List**

It was confirmed that the Worcestershire County Council Finance Team would be offering their dedicated help to ensure sign up of WLEP as its Accountable Body for the EU Funds of Funds working with the West Midlands LEPs.

The Board signed off the draft SEP which needs submitting by 19th December 2013. – we are awaiting official feedback.

Progress the Governance Review with report back to the Board in January would be covered later in the Agenda.

Commission the Conference and Workshops Events Tender – Rose Padmore had been awarded the Tender against strong competition and a meeting was due to take place next week to discuss details of the Conference and Workshop.

Bromsgrove District Council – implications of the letter which was written to Government had been resolved locally. The Growing Places application would be covered later in the Agenda.

**Approvals and Letters of Support**

Letter from Tony Bray (Area Director, BIS West Midlands) outlining the change over from Kim Rowlands to David Crook as lead contact with the WLEP.

Letter from Esther McVey (Minister of State for Employment) re: DWP opt-in offer – a meeting is planned for next week.

Letter from Greg Clark from the Cabinet Office concerning Growth Deals – a joint meeting is planned for 5th February and a specific session with Worcestershire which will need Board representation.

Letter from DEFRA re: EAFRD funding of 2.8 million Euros into the European Fund

A final letter concerning the 2014-2020 Assisted Areas Map Consultation - a further round of consultations is planned. This was positive in terms of allocation around the Game Changer sites, meaning that a greater level of funding intervention and opportunities for Worcestershire.
4. **Game Changer Programme – Financial Instrument Feasibility Plan**

Nigel Hudson (Worcestshire County Council) gave a presentation on the research that has been carried out with regard to the above project. The objectives of the study was to look at similar financial instruments within the UK, consider the financial feasibility of using non domestic rates (NDR) income to support Worcestshire in the delivery of infrastructure to support economic growth; finally, to identify the financial consequences of the model that affect the County Council and the wider District Authorities.

NH set out the precedents of this type of model:
- Tax Increment Finance (additional Non Domestic Rates ring fenced to repay infrastructure investment through borrowing. Baseline established at year zero and agreement for no rebase.
- Business Rate Retention Model (additional Non Domestic rates share at a local level. Government rebase agreed for year 7.
- Infrastructure Delivery Programme – Revenue commitments from local authorities to be met through a variety of sources such as New Homes Bonus, Non Domestic Rate, Land receipts CIL, Capital Programme.

NH then gave a detailed analysis of the cash flow income of the different Game Changer scenarios, Infrastructure assumptions and a projection of cash flow. He gave details of the risks/downside sensitivity analysis, impacts and issues as well as other Game Changer considerations. Finally, he explained about the impact of existing pooling arrangements.

JC asked whether the analysis work on this was on-going and NH confirmed that tomorrow the Finance Officers and Executive Officers from the Districts to complete consensus on making this plan work. PP asked to the Board to note this and give their on-going support. KR commented that when this was fed back to the Treasury that it was important to be able to prove the case of this plan growing the UK plc. She stated that this had not always been easy and had proved challenging with similar financial arrangements and ‘asks’ of Government within the City Deals. JH asked whether the plan was worth pursuing and KR confirmed that a compelling case should be put forward to Government whereby they can see that a difference would be made. SG said that it was important to be able to demonstrate the investment required, as this was a ‘key plank’ of the SEP and therefore key to Worcestershire ambitions. KR expressed concern over displacements and speculative development and that it was to vital the demonstrate the case of growth in businesses rather than producing empty buildings. PP asked whether this feasibility plan should be explored further
and the Board agreed it should.

5. **European Structural and Investment Funds Strategy Funding Allocation**

The Board considered the Funding Allocation for the 2014 – 2020 European Structural and Investment Funds Strategy (ESIFS).

The Funding Allocation included within the final draft ESIFS, identifies the high level interventions as well as the split between European Regional Development Funds (ERDF) and European Social Funds (ESF).

It is clear from discussions with Government during the formation of the ESIFS that whilst its’ text shapes the approach to be taken by WLEP, it is the Funding Allocation that will provide the basis for any contract between Government and the WLEP.

The Board made the following decisions:

**ISSUE 1 - MORE FUNDING REQUIRED FOR THE WORCESTERSHIRE FINANCE FOR BUSINESS PROGRAMME.**

The draft ESIFS submitted In October 2013, identified an indicative funding allocation for the Worcestershire Finance for Business Programme of £3.7 million.

Following the work commissioned by the six West Midlands LEP on Financial Instruments, and reflecting Worcestershire’s relative share of EU funding, it has been indicated that Worcestershire share of the proposed £150 million fund-of-funds (£75 million EU funding) should be £5.6 million (7.5%). As such, a further £2.1 million is required to meet this target. In addition to the fund-of-funds, there has also been an expression of interests for a local loan fund, incorporating a CDFI element and building on the existing fund operated by Impetus. It is estimated that this would require an additional £2.2 million of EU funding. Notably, legacy funds from the previous fund can be used as match funding.

There are a number of options for sourcing the extra funding required for this programme activity.

Worcestershire Trade and Investment Programme may not be eligible for funding and could therefore be removed. This would free up £1 million.

GrowthAccelerator has had 75 businesses contracted to the programme by November 2013 representing 0.76% of the national figure of 9856 and it may therefore be considered that the extended service provided through the opt-in service may have limited demand. As such, the amount of EU funding dedicated to this opt-in service may be reduced. Table 1 indicates a reduction of £600,000 (from an indicative allocation of £1.7 million), although it may be necessary to review this further.
If a separate low carbon fund is created as part of the fund-of-funds, it may be possible to use some of the funding allocated to TO4 in relation to Worcestershire Sustainable Places and Sites Programme to support this programme activity. This has yet to be adjusted in Table 1 but is put forward for consideration.

The Board agreed to the following actions to be reflected in the final version of the ESFIS:

Remove the Worcestershire Trade and Investment Programme from the ESIFS and add the £1,000,000 budget to the Worcestershire Finance for Business Programme;

Reduce the funding available for the GrowthAccelerator Opt In by £600,000 and add this budget to the Worcestershire Finance for Business Programme;

Reduce the funding available for the Worcestershire Sustainable Places and Sites Programme by £500,000 and add to the Worcestershire Finance for Business Programme. The basis of this variation being that the fund of funds will contain a discrete programme for low carbon interventions.

 ISSUE 2 - ESF FUNDING TO SUPPORT ERDF OBJECTIVES IN RELATION TO SME COMPETITIVENESS, INNOVATION AND LOW CARBON.

Concerns regarding the ESF funding allocated to support ERDF programme activities and objectives have been raised by BIS and other stakeholders. Such concerns include the risk of under spending in areas where ESF funding has been earmarked for specific ERDF programme activities.

Therefore, it is proposed that all ESF funding relating to ERDF programme activities is redistributed to the Worcestershire Employment and Skills Programme, with appropriate narrative in the strategy document to make it clear that ESF funding is available to support ERDF objectives in relation to SME Competitiveness, Innovation and Low Carbon. In total, ESF funding to support ERDF objectives amounts to £4.4 million.

The Board agreed this recommendation.

 ISSUE 3 - MERGING THE WORCESTERSHIRE ENTREPRENEURSHIP PROGRAMME AND THE WORCESTERSHIRE BUSINESS GROWTH AND INFRASTRUCTURE PROGRAMME.

In order to enhance the flexibility of EU funds and reduce risks of
under spending, it may be worth considering merging the Worcestershire Entrepreneurship Programme and the Worcestershire Business Growth and Infrastructure Programme. For example, there has been an expression of interest for a single grant scheme, supporting both start-ups and existing businesses. This may not be possible if start-ups and existing businesses are addressed through two separate programme activities.

The Board agreed this recommendation

ISSUE 4 - WORCESTERSHIRE INNOVATION AND RESEARCH PROGRAMME.

BIS has previously commented that a relatively small amount of money has been allocated to this programme activity and requested that further detail is required to outline its contribution to the industrial strategy and how activities will be prioritised (i.e. smart specialisation).

On this basis, and given the importance attached to innovation in the SEP (e.g. through the Centres of Excellence), it is worth considering whether the funding allocation for this programme activity should be increased.

The Board agreed this recommendation

ISSUE 5 - WORCESTERSHIRE LOW CARBON AND RESOURCE EFFICIENCY PROGRAMME AND WORCESTERSHIRE SUSTAINABLE PLACES AND SITES PROGRAMME.

CSF England Group has asked the WLEP to consider slightly increasing spending on TO4 (low carbon). The LEP might also consider whether any activities currently classified under TO5 (climate change adaptation), TO6 (environment) and TO7 (sustainable transport) could be moved to TO4. For example, at this stage more clarity is needed on what activities can be delivered for £280,000 of investment in TO7.

Low carbon is a key priority for the Growth Programme and there is also a regulatory requirement for minimum spend on this TO.

The Board decided not to increase the total allocation to TO4 (Low Carbon) but requested the Executive Team to assess the activities that could be delivered through TO7 (Sustainable Transport)

ISSUE 6 - EAFRD ALLOCATIONS

The WLEP has been allocated £2.2 million of EAFRD funding. This
funding will be able to fund four types of activities using their notional EAFRD allocations:

- Building the knowledge and skills in rural areas;
- Funding new and developing micro and small rural business;
- Funding small scale renewable and broadband investments in rural areas; and
- Support for tourism activities in rural areas.

In addition to the EAFRD made available to WLEP, a LEADER allocation will also be made to Worcestershire in due course. This is also likely to be considered a LEP allocation.

The Board decided to invite the LAG to put together a business case to deliver all of the WLEP EAFRD through the LEADER mechanism. This in no way commits the LEP to delivering its EAFRD funding through this route should the LAGs proposals not adequately address the needs of the SEP.

ISSUE 7 - SPENDING PROFILE

Given the delays in finalising the Partnership Agreement (between the national Government and the European Commission) and the Operational Programmes, it is likely that very little, if any, EU funding will be spent in 2014.

Moreover, Worcestershire already have a number of project commitments (from the previous funding programme) that run into 2015 and 2016. It is therefore proposed that the spending profile is adjusted to reflect this (i.e. lower levels of spending in 2014 and 2015, gradually increasing from 2015/16).

The Board agreed with the principle of reducing early years spend to a minimum assuming that funds will not be available for spend until 2015. Also, where existing projects will be considered for further funding from the 2014 - 2020 programme, these will be included as potential early spend in the programme.

ISSUE 8 - NATIONAL CAREERS SERVICE

Within the past few weeks, it has been suggested to us by the Skills Funding Agency (SFA) that the National Careers Service (NCS) is part of the SFA opt-in offer.

It will take some time to assess the implications of this proposal (i.e. if we opt in to the SFA offer, do we automatically have to opt in to the NCS?). Also, there has been no time to assess the effective of
the NCS programme currently operating within Worcestershire. Once the outcome of these deliberations are known, there may be a requirement to further adjust the amount of EU funding allocated to this opt-in service.

The Board noted the position.

**ISSUE 9 - NORTH WORCESTERSHIRE’S EU FUNDING ALLOCATION TO GBSLEP**

North Worcestershire’s EU funding allocation has been split between WLEP and the Greater Birmingham and Solihull LEP (GBSLEP). As such, it is estimated that some £19 million of EU funding relating to North Worcestershire has been allocated to GBSLEP (given the confidentiality regarding the formula used for the funding allocations it is difficult to give a precise estimate).

A draft protocol for ensuring that this funding is allocated to North Worcestershire is to be included in the ESIFS and represents a progression of the protocol that was drafted in 2012.

The Board supported the basis of the Protocol and instructed the Executive Team to continue to negotiate on the basis that all funding allocations for North Worcestershire made available to the GBSLEP are invested in Worcestershire.

**ISSUE 10 - OPT INS**

Throughout the development of the ESIFS, the LEP has been encouraged by Government to discuss the principle of Opt Ins with a number of funded providers.

The draft ESIFS submitted to Government on 7th October 2013, included a statement indicating that, subject to the satisfactory outcome of negotiations, we would opt in to the following:

- UK Trade and Investment
- Manufacturing Advisory Service
- Growth Accelerator
- Skills Funding Agency
- BIG Lottery (for social inclusion)
- Department of Work and Pensions

As discussed at the time, there are advantages and disadvantages to committing our EU funds through Opt Ins. For example, a benefit of the approach is that the Opt In providers bring their own match funding to the table and therefore reduce the requirement on our part to identify these resources.
We have tended to adopt a consistent approach to our negotiations with all providers with the focus being:

- the added value of the Opt In to Worcestershire over an above the core offer;
- the ability of the provider to deliver the interventions required to priority sectors, and;
- the level of accountability to the LEP.

It is fair to say that there are still a number of issues to sort out in terms of performance management and the proposed service offer across all Opt Ins.

It is likely that break clauses will be included in all of the opt-in service contracts, allowing the contract to be renegotiated or terminated after two or three years. In the event of contract termination, the additional funding allocated to the opt-in services will be redistributed to the relevant programme activity that the opt-in service operates within.

The Board instructed the Executive Team to continue negotiations with all Opt In providers with a view to finalising funding agreements in advance of EU funds becoming available.

GW said it would be an iterative process but still with an opportunity “to get off the bus” after 31st January. PP confirmed that the Board was happy that this strategy was on the right track.

6. Governance Review Scope

PP reported back on the Governance Review Paper that had been commissioned with AMION. GW summarized the Review Paper which had raised a number of issues. The governance of the Board was well documented but its role is expanding and requires added robustness and therefore there are the following recommendations:

- Extension of the renewal period of Board members from 2 years to 3 years in order to align with best practice/rotation.
- Current unincorporated legal structure of the WLEP with a review period in 15/16 or sooner if circumstances dictate.
- A Service Level Agreement is required with the accountable body and the WLEP.
- Board membership increases from 9 to 12 with an extra business member, 1 from HE and the FAR&A Chair with power to co-opt extra business members should circumstances require this.
- Board members to have respective responsibilities for Sub-groups but do not have to necessarily chair them.
- Agree on a preferred option for the role of Business Board.
- The Board to agree a proposed way forwards on the number and type of Sub-groups.
- Agree the changes to the FAR&A Sub-group, with an additional executive support requirement.
- Agree the final element of the Governance review by AMION to provide options on structure which makes clear the lines of accountability and deliverability.

SG commented with a cautionary note that this was quite a big change and required some opportunity for debate over the next month before any Governance decisions are made. PP confirmed that arrangements would not be finalised today and to take this back and receive more considered comments and confirmed recommendations by the next Board Meeting in February.

JH commented on the unincorporation issue by stating that Worcestershire County Council indemnifies the WLEP Board Members but Board Members need to feel comfortable with this so that they are reassured that there is no liability. This accountable relationship between WCC and the Board is monitored by the FAR&A Committee and a Service Level Agreement is required as the message from Government is that the relationship needs to be robust and formalised.

CA asked who was responsible for delivery and JH replied that WCC is seeking legal advice; however, legal agreements are possible between non-legal identities like a Memorandum of Understanding. AW commented that it was important to be careful with the use of language and JH agreed that he would produce a one page outline with a simple clarification explaining accountability, authorisation and responsibility in this respect.

PP confirmed that clarity by Greg Clark would be given on Governance at his visit to the region on the 5th February. PP commented on future arrangements that the business voice would remain at the foundation of the WLEP and a closer relationship with the FE partners but with more emphasis on HE. PP commented that he did not want too much expansion of the Board as it could become unwieldy and lose its purpose.

CA commented that a closer relationship with HE seems sensible but expressed his concern of the duplication in attendance of Board Members at both the Board and Business Board Meetings.

PP said that the purpose of the Business Board and its function is not as defined as it used to be with the structure of the WLEP Board with four strategic areas and sub-groups reporting back to the Board. He felt that the Business Board was important as a forum for increasing business involvement providing a voice.

DA as Chair of the Business Board commented that the purpose of the Business Board was not delivery but to be willing to influence decisions, to provide connectivity with resources and to offer help
with creativity and this needed some more definition in terms of helping to look at SMEs and non-manufacturing sectors. MB commented that it was important not to narrow down the purpose of the Business Board too much but for it to promote smaller businesses.

PP summarised by saying that the Business Board would continue but with a more defined role. The WLEP Board would remain at a strategic level but the detail of individual projects such as project identification, appraisal, funding and monitoring at sub-group level, possibly but not necessarily chaired by Board Members.

It was agreed that continued consideration of governance changes should be made with the following actions to take place and report at the next Board meeting in February.

- The Quad to consider the changes to the structure and operations of the WLEP. Confirm the roles and terms of reference of a sub group, business board and FAR&A Committee.
- JH to provide a briefing paper to the Quad on the accountable body and WLEP relationship.
- JH/AMION/WLEP to meet to discuss the implications of the briefing paper.
- Government guidance on the distribution of LEP EU Funds is due at the end of February, build into a final recommendation this guidance.

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<th>7. FE in Worcestershire</th>
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<td>JCal gave an overview of the options review for all the FES. NEW College and Worcestershire College of Technology are in the final stages of merging into a £40 million FE college in Worcestershire.</td>
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<td>JCal stated that there may be a possible merge between Kidderminster College and Newcastle-upon-Tyne. Also, Warwickshire College has just announced investment in Pershore College, which is to be welcomed. JCal confirmed that South Worcestershire College will be making a decision shortly but the newly formed college would be interested in them joining the family if they wished to.</td>
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<td>PP asked whether the Board would agree to support the newly formed Worcestershire College. This was agreed that the Board would send formal support letters to the college Principals, the Minister and SFA.</td>
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<td>CA confirmed that the Employment Skills Board would be meeting with the college Principals in March/April.</td>
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Action Quad and JH.

Action: PP
8. **Independent Expert Panel**

LW said that it was confirmed at the WLEP Board Meeting that an Independent Expert Panel should be appointed to scrutinize the ESI culminating in producing a formal report. AMION had identified the following people:

- Professor Peter Tyler (University of Cambridge)
- Richard Butler (Director, CBI West Midlands)
- George Barrett (Economist)
- Ben Page (Chair; CEO, Ipsos MORI)

This process would run in February and into early March with a kick-off session in February, a working session mid-February and a formal report by the end of February/early March before the final SEP submission.

This was approved by the Board and GW to confirm with AMION that the Board is happy to proceed.

**ACTION GW**

9. **Budget**

GW highlighted some relevant points from the Budget spreadsheet on the Capacity Fund, Core Funding, LEP Executive, Growth Plan and Capital. He confirmed that income is 37% of the budget total, committed is 34.7% with 28.3% remaining in period 9 of the financial year.

An outline budget for 2014/15 was presented and this was approved by the Board as a working budget. It was agreed that these figures could go forward to bid for the £250,000 core budget from Central Government.

**Bromsgrove Town Centre**

GW reviewed the progress to date on this re: Growing Places Fund and whether any funding of up to £338,000 could be allocated to this project and whether the Board would be willing to waive the previously agreed principles of the fund and agree a grant for this project.

It was agree that a sub-group committee would formally respond to this request. GW to arrange and bring back a recommendation to the next Board meeting.

**ACTION GW**

10. **Renewal of Board Members**

PP outlined different options with regards to terms of office for the Chair and other Board Members. The Board Members agreed to extend the terms of the current Board until after the Government negotiations are completed. It was agreed that the recruitment

**ACTION GW**
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| 11. | **Chair’s Report**  
The report was noted. |
| 12. | **Executive Director’s Report**  
GW presented the report highlighting the changes to the executive team, since September 2013. This included the role of the Strategy and Partnership Executive in engaging the rural, voluntary and community sector and local nature partnership and increasing costs; the increasing costs of the Growth Plan Project Manager and that two recruitment exercises for a modern apprentice had been unsuccessful.  
GW highlighted to the Board that despite having approval for a secondment of a Local Authority Economic Development Officer, and an extra Graduate Intern these responsibilities had been shared with the team.  
The process had remained with budget of £50,000. The changes between the September Board paper were noted and agreed.  
The Board also recognised that the initial 6 month period for the Growth Plan Project Manager needed to be extended until September 2014, and not August as suggested in the report due to the negotiation of the Growth Deal and its conclusion, with any implications on the Partnership.  
Finally, it was agreed that the executive team structure should remain under review with Government guidance and information being released over the coming six months. |
| 13. | **End of Year Communication’s Report**  
PP said that the West Midlands LEPS came out strongly in terms of communications. He confirmed that the current Investment Film was in the process of being reshaped and edited. He confirmed that 21 responses had been received from the Investment Brochure tender which had been shortlisted down to 4. |
| 14. | **Any Other Business**  
KR thanked the Board for their support and wished the Board good luck with the SEP submission  
DA said that he would circulate a useful contact list and notes from | ACTION DA |
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<td>26th February - Mazak</td>
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the 39 LEP Chairs Meeting in London that took place on 21st January 2014.