

ADVANTAGE WEST MIDLANDS

Minutes of the 114th Board meeting held on 30th June 2009

Present:

Dr David Brown	Chairman (in absence of Nick Paul)
Sir Roy McNulty	Chairman Designate
Brendan Connor	
Gerard Coyne	
John Crabtree	
Cllr Roger Lawrence	
Angela Maxwell	
Michael Oakes	
Cllr Diane Rayner	
David Smith	
Prof Michael Sterling	
Cllr Ken Taylor	
Cllr Mike Whitby	

Executive:

Michael Laverty	Chief Executive
Tim Gebbels	Corporate Director, Strategy and Communications
Richard Hutchins	Corporate Director, Economic Development
Mark Pearce	Corporate Director, Economic Regeneration
Karen Yeomans	Corporate Director, Operations

Apologies:

Nick Paul
Jas Bains
Sue Prince

In attendance:

Trudi Elliott	Government Office West Midlands
Pat Jackson	Director of Skills (item 21)
Sue Marwa	Board Support Executive
Dylan Murphy	Head of Board Support

ITEM	DETAILS	ACTION
1.	Minutes of the last meeting	
1.1	The Board approved the minutes of the meeting on 19 May 2009 and a copy was signed by the Chairman.	
1.2	The Board approved the minutes of the confidential session held on 19 May 2009.	
2.	Matters arising	
2.1	There were no matters arising that were not otherwise covered on the agenda.	

3.	Confidential Item	
4.	Declarations of Interest	
4.1	Councillor Lawrence declared an interest in agenda item 16, (minute number 17), a confidential item.	
4.2	David Smith declared an interest in the Low Carbon Vehicle update within the Chief Executive's Report, agenda item 7, as Chief Executive of Jaguar Land Rover.	
4.3	Trudi Elliott declared an interest in agenda item 15, Birmingham Science City, as a member of the governing body of Warwickshire University.	
4.4	Angela Maxwell declared an interest in agenda item 10, ERDF and Taskforce Monies to Provide Additional Support to Businesses in 2009-10, as an adviser to Business Link West Midlands.	
5.	Declarations of items of any other business	
5.1	There were no other items of business.	
6.	Chairman's Report	
6.1	The Board noted the Chairman's Report.	
6.2	On behalf of the Chairman, the Chief Executive thanked Michael Oakes for his work in organising a very successful Rotary International Convention. Cllr Whitby was also thanked for his work (on behalf of both the Agency and Birmingham City Council) as was the Agency's Tourism Team. The Conference had been an excellent showcase for the region, attracting around 19,000 attendees from 154 countries. The Conference had been received very positively and it had been a credit to the city and the region.	
6.3	The Chairman Designate set out his initial impressions of the Agency and the region. These included:	
6.4	AWM was a good organisation which was operating well and delivering real value.	
6.5	The West Midlands economy had been hit hard by the current recession but there were long-term underlying problems with the regional economy. The region had great assets (including its industrial heritage and manufacturing base, its universities and central location) but had not made as much economic progress over the years as it should have.	

<p>6.6</p> <p>6.7</p>	<p>The Agency operated within a complex environment and greater connectivity of public agencies would be required if the maximum potential impact was to be achieved.</p> <p>The Agency must clearly state its role in achieving greater regional connectivity and engage in the debate on future structures. There was a need to restate the rationale for RDAs, what they are for, what they do and what they do not do. Thought should be given to what the options might be and the positive outcomes which might be achieved.</p>	
<p>7.</p>	<p>Chief Executive's Report</p>	
<p>7.1</p> <p>7.2</p> <p>7.3</p> <p>7.4</p> <p>7.5</p>	<p>The Chief Executive presented his report and the Board noted the following in particular:</p> <p><u>Low Carbon Vehicles</u> AWM had so far budgeted £21.5m of the £30m allocated to Low Carbon Vehicle (LCV) development; £2.5m for LCV demonstrators and £19m for LCV technology development. Birmingham and Coventry were two of the eight national demonstrator site and were to run 110 of the 350 vehicles. The technology development programme included twenty workstreams and involved a wide range of industrial partners. The remainder of the £30m would also be allocated to LCV development projects.</p> <p><u>Cluster and Corridor Spend</u> The 2008-09 year-end figures for Clusters showed a slight overspend. There was a modest underspend on Corridors, largely due to a shift of activity within the programme, from 2008-09 to 2009-10.</p> <p><u>West Midlands Regional Taskforce Update</u> The Taskforce had met in May and had developed a support package for vulnerable towns (including market towns). The Taskforce had jointly met with the Council of Economic Advisers in July.</p> <p><u>Local Authority Recession Workshop</u> A half-day communications workshop with local authority partners was taking place that day to share information on support available from the Agency's Communications Team and West Midlands Regional Taskforce.</p>	

<p>7.6</p> <p>7.7</p> <p>7.8</p> <p>7.9</p> <p>7.10</p> <p>7.11</p> <p>7.12</p> <p>7.13</p>	<p><u>Board Member Person Specification</u> During the consultation on the Board Member person specification the Agency had stressed that the criteria should reflect the need for candidates with rural experience and candidates with relevant financial/accounting experience. The rural issue had been referenced in the published desirable criteria but relevant financial/accounting experience had not been incorporated. This was a critical issue for the Agency as this experience would be lost when David Smith left the Board and without it the Agency would be not be in compliance with the Treasury’s Code of Practice on Corporate Governance or the requirements of the Audit Committee Handbook. This would be taken into account during the selection process.</p> <p><u>Corporate Plan update – Project Review</u> Letters were to be sent to all stakeholders and applicants that day informing them of the results of the project review exercise. Copies of the letters to Coventry City Council, Wolverhampton City Council and Birmingham City Council would be provided to Cllrs Taylor, Lawrence and Whitby respectively before the end of the meeting. Copies of the stakeholder letter and a spreadsheet listing all projects and their status following the review would be provided to all Board members. Applicants were provided with a named contact with whom to discuss the implications of the review and these contacts were outlined in the spreadsheet.</p> <p>A robust approach would be taken to contract management as there would be little room for manoeuvre in negotiating on outputs.</p> <p>Preliminary letters had been sent to stakeholders and applicants in May informing them of the Corporate Plan update and project review. These letters had stressed that legal commitments would be honoured and set out the rationale for the review, namely:</p> <p>The need to respond to the economic downturn;</p> <p>Responding to the lessons learned from the impact evaluation;</p> <p>A reducing income which had resulted in tight constraints on the budget - the decrease in income and over-programming was c£120m, from £812m in 2009-10 to £693m in 2010-11; and</p> <p>A direction from BERR to increase focus on business interventions.</p>	<p>Chairman Designate</p>
---	---	----------------------------------

7.14	<p>This context had again been explained in the project review decision letters. The decision letters had also stressed that regional priorities as agreed with partners (i.e. Regional Funding Advice priorities and Impact Investment Location activity) had been protected.</p>	
7.15	<p><u>Spotlight Awards</u> An individual award had been presented to Tony Blythe, Business Systems & Projects Manager, for completing the Agency's data handling returns to extremely tight deadlines set by BERR. The returns were dependant on other colleagues' input but because timescales were very tight, Tony took ownership and completed them himself, putting in extra hours to complete the returns on time. Failure to meet the deadline would have reflected badly on the Agency.</p>	
7.16	<p>An individual award was also presented to Chris Ayres, Desktop Support Engineer, for 'going the extra mile' after breaking his leg on a skiing holiday. During his time on crutches, he managed to get to work via public transport and was able to continue working on some important projects, supporting his colleagues, team and Agency in doing so - definitely displaying a "can do" attitude.</p>	
7.17	<p><u>Learning and Skills Council</u> The Learning and Skills Council had undertaken a review to identify the projects it would continue to support. Of the thirteen major national schemes to be supported, two were in the West Midlands – Bourneville and Sandwell Colleges. This represented a significant achievement for the region and the Regional Minister had played an important role in achieving this result. The third regional project, the Stoke further education college, would not be supported however. This project represented one element of the Stoke on Trent University Quarter scheme which would nevertheless go ahead (albeit in a revised form). The Agency had played an essential role in keeping this scheme running by intervening to keep contractors on site at the Sixth Form College development.</p>	
7.18	<p><u>Select Committees</u> The Chief Executive had appeared before the Transport Select Committee on behalf of RDAs. The Regional Select Committee had sat the previous day, attended by the Chief Executive, Corporate Director Economic Development and Corporate Director Strategy and Communications, and the questioning had been broadly supportive of AWM. The Committee was due to report before recess.</p>	

<p>7.19</p> <p>7.20</p>	<p><u>Corporate Director Resources</u> The Chief Executive reported that a shortlist of three candidates for the Corporate Director for Resources post had been identified. These candidates would be interviewed by a Selection Panel to be chaired by the Deputy Chairman. Di Rayner would also sit on this Panel and other Board members were invited to express an interest in joining the Panel.</p> <p><u>Deputy Chief Executive</u> The Board also noted that Richard Hutchins had been appointed Deputy Chief Executive and congratulated him on his appointment.</p>	<p>Board Members</p>
<p>8.</p>	<p>Confidential Item</p>	
<p>9.</p>	<p>West Midlands Regional Economy - presentation</p>	
<p>9.1</p> <p>9.2</p> <p>9.3</p> <p>9.4</p> <p>9.5</p> <p>9.6</p> <p>9.7</p> <p>9.8</p> <p>9.9</p> <p>9.10</p> <p>9.11</p>	<p>Tim Gebbels, Corporate Director Strategy and Communications, delivered a presentation on the key drivers of regional productivity which covered the following points:</p> <p>How has the West Midlands economy been performing?</p> <p>What factors are key to regional productivity?</p> <p>What are the policy implications?</p> <p>Following consideration of the presentation, the Board noted that:</p> <p>Of the 2005 £10bn regional output gap, 80 per cent was due to economic structure and productivity and 20 per cent to economic inclusion. The output gap was currently estimated at £15bn.</p> <p>The AWM budget represented a tiny proportion of the regional economy.</p> <p>GDP fell below the national average during the 1970s and had remained consistently below the average since.</p> <p>GVA was displaying a downward trend. The region ranked fifth for GVA per head in 1998, falling to seventh in 2007.</p> <p>The regional economy had grown between 2000 and 2007 but at a slower rate than other regions.</p> <p>Owing to its manufacturing base, the region suffered disproportionate job losses during a recession.</p>	

<p>9.12</p> <p>9.13</p> <p>9.14</p> <p>9.15</p> <p>9.16</p> <p>9.17</p> <p>9.18</p> <p>9.19</p> <p>9.20</p> <p>9.21</p> <p>9.22</p>	<p>The proportion of public sector jobs in the region was at the national average (though it was third from bottom in terms of civil service jobs). Public sector expenditure was also average.</p> <p>A relatively low proportion of relocated public sector jobs had come to the region. The absolute numbers of such jobs were very small however.</p> <p>Public sector jobs typically had low GVA returns and there was an inverse correlation between the proportion of public sector jobs within the regional economy and the rate of GVA.</p> <p>There was a lot of manufacturing in the region but much of it was low-technology manufacturing which generated low GVA (as opposed to high-technology manufacturing which generated high GVA). Increased investment and a shift towards high-technology manufacturing would make a huge difference to regional GVA.</p> <p>The region had very poor representation of high-value growth sectors.</p> <p>Between 1998 and 2005 there had been growth in knowledge-intensive sectors but at a lower rate than the English average.</p> <p>In the same period, the region had lost high-technology manufacturing at a faster rate than the English average and there had been a decline in the knowledge-intensive private sector (as this sector had grown across England).</p> <p>Skills performance had improved but the region had the highest proportion of working age population with no qualifications in England. The region was also one of the worst performers in terms of the proportion of the working age population with NVQ/Level 4+ qualifications.</p> <p>Economic inactivity was high and the region had the highest unemployment rate in England.</p> <p>The RES was targeting the correct productivity drivers – developing the knowledge economy, stimulating competition and investment and encouraging demand for higher skills. The RES was based on solid foundations but it would need to be pursued more intensively if partners were to play their role in achieving its aims.</p> <p>Impact evaluation demonstrated that the Agency was spending its money very effectively. The Agency resources were very small in relation to the regional economy however – as such, the Agency needed to be more effective at influencing others. The updated Corporate Plan had, proportionally, increased provision for business support and MAS and Business Link would be providing more intensive assists to businesses.</p>	
--	--	--

9.23	There was a need to influence the national policy debate by stressing the reality of the West Midlands' economy's structural problems. The presentation would be delivered to the BIS Permanent Secretary when he visited the Agency the following week.	
10.	Confidential Item	
11.	ERDF and Taskforce Monies to Provide Additional Support to Businesses in 2009-10 – Non-Confidential	
11.1	The Board considered the submitted report and noted that:	
11.2	The ERDF funding would subsidise 445 intensive assists from Business Link and 95 intensive assists from MAS to businesses with growth potential.	
11.3	The Taskforce package would deliver (via Business Link) intensive support for 350 businesses – up to ten days' support for SMEs and up to 20 days' support for larger companies – to address their immediate needs during the economic downturn. It would also deliver (via MAS) restructuring support to automotive companies up to a maximum value of £50,000.	
11.4	It would be important to engage the recipients of support to assess the value of the interventions.	
11.5	Richard Hutchins would investigate whether the upper limit of the business development enabling grant could be increased.	Richard Hutchins
11.6	The Board approved the additional funds of £11,341,761 to be incorporated into the existing Business Support Model project for the 2009-10 financial year.	
12.	Monitoring and Update of the WMES Delivery Framework – Non-Confidential	
12.1	The Board considered the submitted report and associated appendices and noted that:	
12.2	The Agency was taking a more robust approach to monitoring progress against the Framework, commissioning both an independent Verification Report and a Synthesis Report (assessing the Monitoring Report against external sources).	

<p>12.3</p> <p>12.4</p> <p>12.5</p> <p>12.6</p> <p>12.7</p> <p>12.8</p> <p>12.9</p> <p>12.10</p> <p>12.11</p>	<p>Around two thirds of the actions were on track. Of the remaining third, a large number had been affected by the economic downturn. The one action graded “red” was picked up in the Skills Update report on this meeting’s agenda.</p> <p>The Delivery Framework and Monitoring Reports would be mailed to strategic leads. Electronic links to these documents would be circulated to strategic stakeholders. All the documentation would be available on the Agency website.</p> <p>Performance against the Delivery Framework would be reported via the balanced scorecard on a quarterly basis.</p> <p>The perceptions indicator was being developed to provide a robust measurement against the Powerful Voice theme.</p> <p>There was a lot to be learned from the Synthesis Report in particular but the huge amount of detail did not allow sufficient attention to be given to considering it at the Board. Board members who were interested in forming a sub-committee to review the documentation in greater detail should contact the Chief Executive.</p> <p>As noted in the earlier discussion (following the regional economy presentation), the issues identified in the RES were the correct ones but greater traction was required to ensure they were addressed.</p> <p>The Board considered the submitted report and:</p> <p>Agreed the outputs from the first annual monitoring and update of the WMES Delivery Framework.</p> <p>Agreed the approach to communication of the associated reports and the next steps set out in section 5 of the report.</p>	<p>Board Members</p>
<p>13.</p>	<p>High Speed Rail – Non-Confidential</p>	
<p>13.1</p> <p>13.2</p> <p>13.3</p> <p>13.4</p> <p>13.5</p>	<p>The Board noted that HS2 was to report to Ministers by the end of the year.</p> <p>The city-to-city point was crucial and the region should work with others, including Manchester, to develop proposals. It was also essential, if maximum regional benefit was to be achieved, that the rest of the transport system linked into HS2.</p> <p>Regional buy-in was crucial and the JS&IB was considering the issue to achieve regional consensus.</p> <p>The Board considered the submitted report and:</p> <p>Endorsed the priorities for the region; and</p>	

13.6	Endorsed the proposed approach to develop an independent evidence base, influence the emerging HS2 proposition and lobby Government.	
13.7	Agreed that further update reports be submitted to the Board.	Mark Pearce / Board Support
14.	Annual Conference 2009 – Non-Confidential	
14.1	The Board considered the submitted report and noted that:	
14.2	The opportunity should be taken to stress the role of the Agency – what it is for and what it does - and galvanise key regional leaders behind a common purpose and behind the Agency as an entity.	
14.3	Feedback from delegates was that they valued the networking opportunities at the conference and people often piggy-backed on the conference to arrange meetings. These should not be lost.	
14.4	Directly engaging business, particularly SMEs, was extremely difficult. This kind of engagement was undertaken by MAS and Business Link and direct engagement with AWM was not necessarily of particular use to SMEs.	
14.5	The Board endorsed the approach to the annual conference set out in option 3 of the submitted report subject to the inclusion of a lunch to enable delegates to network.	
14.6	The Board agreed a theme of “Delivering a Powerful Voice” for the conference.	
15.	Corporate Message Framework – Non-Confidential	
15.1	The Board considered the submitted report and noted that the messages had been developed for the BERR Select Committee and distilled following a series of all-staff workshops. The messages would be presented in credit card size form for internal use.	
15.2	The Board agreed that the messages required some refinement as, taken in isolation, they could be misleading. Examples should also be provided to bring the messages to life. The case studies used should include examples of proactive Agency intervention, displaying leadership, rather than reactive examples.	
15.3	Detailed comments on the messages should be forwarded to Tim Gebbels.	Board Members

16.	Birmingham Science City – Non-Confidential	
16.1	The Board considered the submitted report and noted that:	
16.2	There was a need to enhance communications and engagement activity to increase knowledge of the work of the partnership.	
16.3	The collaborative package had taken time to develop due to its complexity but attention was now turning to ensuring delivery and increasing business engagement activity.	
16.4	The Potsdam Climate Change Institute and Imperial College, London were seeking to join the West Midlands joint Knowledge Innovation Community bid (focussing on household living and transport and mobility elements of the climate change theme) which would combine their academic expertise with the strong tradition of practical application in the West Midlands.	
16.5	Birmingham and Warwick Universities were the main regional partners but other regional institutions would be involved in the demonstrator sites. It was noted that ERBI could serve as an Aston University demonstrator site.	
16.6	The Board endorsed the recommendations for Birmingham and Warwick Universities to develop and deliver a Collaborative Package Business Engagement Action Plan and to involve more actively other regional universities.	
17.	Confidential Item	
18.	Confidential Item	
19.	Confidential Item	
20.	International Business Review 2008-09 – Non-Confidential	
20.1	The Board considered the submitted report and noted that:	
20.2	The China and India Action Plans had been launched.	
20.3	The Inward Investment Team had provided direct assistance to 56 investment projects, creating around 1,500 jobs (against targets of 34 and 2,000). This had been a good performance in the prevailing economic climate. There had been a trend for innovative, relatively small-scale investors locating in the region and there had been particular successes in attracting Australian businesses (reflecting strong representation in Australia) and ICT businesses.	

<p>20.4</p> <p>20.5</p> <p>20.6</p> <p>20.7</p> <p>20.8</p> <p>20.9</p>	<p>UKTI West Midlands had performed well, providing assistance to over 1,000 companies, successfully delivering ERDF International Engagement contracts and a programme of visits/workshops via the Cluster programme.</p> <p>Inward investment activity in the coming year would focus on a number of sectors (including ICT and advanced automotive technologies) where the region provided a world-class offer. It was noted that Bahrain was looking to develop its ICT knowledge base and there may be an opportunity for the region to link into this.</p> <p>Richard Hutchins thanked Cllr Whitby and Cllr Taylor and their respective teams for their work in this area.</p> <p>A more joined-up approach would be beneficial in raising the region's profile. The development of a West Midlands delegation programme of activity at the Delhi Auto Expo in January 2010 was a good example of this.</p> <p>There was a need to inform government in general, and High Commissioners in particular, of what was happening in UK industry as there were common misperceptions overseas (and an underestimation of the UK's industrial capacity).</p> <p>Relationships with key individuals were essential in communicating messages and the importance of political/civic engagement should not be underestimated.</p>	
<p>21.</p>	<p>Skills Update – Non-Confidential</p>	
<p>21.1</p> <p>21.2</p> <p>21.3</p> <p>21.4</p> <p>21.5</p>	<p>The Board considered the submitted report and noted that:</p> <p>The skills index developed in the region had been adopted nationally. Significant progress had been made in raising skills and the region had moved from 9th (out of nine) in 2003 to 5th in 2008.</p> <p>The Regional Skills Partnership was aware of the scale of the challenge and the work that was required (as captured in the Skills Action Plan). More work with partners was required to ensure they were aligned behind the identified challenges.</p> <p>A graduate internship scheme had been launched with partners (including the Department for Work and Pensions and the Institute of Directors) which would offer 1000 placements.</p> <p>Responsibility for commissioning training for 16 – 19 year olds would transfer from the Learning and Skills Council to the Young People's Learning Agency from April 2010. Responsibility for adult further education would become the responsibility of the Skills Funding Agency, as would the National Apprenticeship Service.</p>	

21.6	There was a danger that the split in responsibilities (compounded by further divisions on sectoral lines) could undo the progress made in engaging business. It was noted that progress had been made in increasing industry support for apprenticeships and NVQs and there was a danger that structural changes could disrupt that progress. There was an opportunity however in the coming together of the skills and economic briefs within the newly created Department for Business, Innovation and Skills.	
21.7	Within the new structure, RDAs would have a formal role within skills provision for 16 – 19 year-olds but not for adult learning. RDAs and Local Authorities would need to influence the strategic direction of adult skills provision however to ensure it took account of regional economic need (and business needs). It was noted that rather than an increase in STEM (science, technology and maths) subjects, regional businesses may have more specialist needs and commissioning structures must allow for these needs to be identified and addressed.	
21.8	This could potentially be achieved by broadening the scope of the JS&IB to include investment in skills and education. To support this, and ensure business engagement continued, local authority representation on the Regional Skills Partnership (RSP) should be strengthened and the RSP could become an advisory body to the JS&IB as well as the AWM Board.	
21.9	It was not possible to determine students' choice of courses but incentives could be offered to attract students where a need had been identified. Publishing details of existing skills shortages could be one means of attracting students to particular courses.	
21.10	Many low-technology businesses would be reluctant to take on graduates and up-skilling employees within those businesses represented a significant challenge.	
21.11	Focus was also required on basic skills and employability.	
21.12	The Board recommended to the Joint Strategy and Investment Board (JS&IB) that the RSP become an advisory board to the JS&IB as well as the AWM Board.	Mark Pearce
21.13	The Board recommended that the RSP secretariat should sit within AWM.	
21.14	The Board agreed that a further update be presented in September.	Richard Hutchins / Board Support

22.	Confidential Item	