

IMPROVEMENT AND EFFICIENCY WEST MIDLANDS (IEWM)

NOTES OF BOARD MEETING – 11th February 2014 Imagine Room, The Studio, Birmingham

Attendees: Trish Haines (Chair); Mark Rogers (Solihull); Nigel Kletz (B'ham); Howard Davies (LGA); Colin Williams (WME); John Polychronakis (Dudley); Clare Marchant (Worcestershire); Ian James (Solihull); Dawn Hewins (Stoke); Kerry Bollister (Sandwell); Robert Flinter (Staffordshire).

Ernst & Young: Guy Brett and Darra Singh.

IEWM: Sue Banks; Ged Bowles; Pete Jackson; Sonia Thomson (Minutes).

Apologies: Steve Winterflood (Vice Chair); Cllr Paul Middlebrough (Wychavon); John van de Laarschot (Stoke); Richard Partington (Telford & Wrekin); Laura Johnston (Telford & Wrekin); Martin Reeves (Coventry); Andrew Burns (Staffordshire).

1. Welcome & Apologies

Trish welcomed everyone to the meeting and apologies were noted.

2. Minutes of Board Meeting – 13th June 2013 and Matters Arising

The minutes were approved as an accurate record and there were no matters arising.

3. Innovation Workshop with Darra Singh and Guy Brett, Ernst & Young

Trish welcomed Darra Singh and Guy Brett from Ernst & Young (E&Y) who presented details of the London Ventures innovation model that has been developed with Capital Ambition (the former London RIEP).

Darra outlined the key elements of the London Ventures model and associated investment/rebate arrangements. Darra then went on to talk about some of the individual projects that are now being pursued in Rounds 1 and 2 of the initiative and the status of these projects.

The Board considered the various differences and similarities between the collective London Councils and those in the West Midlands and also the aims and ambitions for IEWM Vs Capital Ambition.

It was noted that, although the overall number of councils is very similar (with 33 London Councils); of the 33 councils in the West Midlands, 19 are Districts whereas all of the London Boroughs are Mets.

It was highlighted that working relationships between CEXs in the West Mids region are also very good and that there are many other very good

networks in place.

In terms of Capital Ambition and IEWM, the overall budget figures and associated ROI are very similar with both estimating to achieve c£350m over the lifetime of the Programmes.

Darra asked whether 'innovation' featured as part of the IEWM offer. Sue Banks replied that a number of CEX have identified 'innovation' as a priority for them and would like IEWM to play a role in brokering relationships with the private sector, JLR for example.

Clare Marchant (Worcs) asked Darra how long it took to get the five projects from Round 1 up and running. Darra replied that each individual project had different timescales; pace had been identified as an issue and the 3 projects in Round 2 were all chosen as they could be delivered faster and provide quicker returns than some of the Round 1 projects.

Nigel Kletz (Bham) asked about potential barriers, one being around procurement rules, protecting suppliers who have new ideas etc. and how did E&Y overcome those sorts of challenges.

Darra said that procurement had been a bit of a challenge but most projects were of a low value cost which didn't trigger any OJEU process. He added that E&Y do not give procurement advice as part of the package and that councils need to satisfy themselves that they are following due process.

John Polychronakis (Dudley) asked how the process was being paid for and Darra confirmed that £350k pump priming funding had been made available for the initial work through legacy Capital Ambition funding. Ideally, the initiative will be self-sustaining beyond then utilising the returns to E&Y and London Ventures from each project that is successfully taken forward.

Trish Haines confirmed that IEWM had set aside some funding to support innovation activities, recognising this had been identified as a priority by CEX.

Darra added that Capital Ambition were taking a 50/50 risk with E&Y.

Clare Marchant asked if/how the LEP had played into this process.

Darra replied they were not involved by design and that London Councils are very much the lead on this and they are quite clear about that. Darra went on to talk about the lessons learned notably that there has been a high level of interest from private sector organisations who have come forward with some real innovative ideas. He also added that there is potentially a lot of untapped territory to explore.

Trish Haines asked colleagues if there were any specific commercial concepts that were attractive to them at this stage.

Kerry Bollister (Sandwell) commented that Sandwell and the Black Country Mets were looking into the possibility of a pan-West Mids Metrology Service that the public sector could provide to the private sector, rather than the other way around. She believed this would have absolute commercial potential as it is an outward focussed trading model that could really fly.

Trish Haines asked E&Y if this type of example would fit with their commercial model as it is somewhat different to the projects they have worked on so far.

Darra said that we would need to look at the benefits and gains for the region as the idea of the model is to be 'profit orientated'.

Clare Marchant asked if the examples given of suppliers were London based companies and was there a London-specific angle to this model.

Darra replied no; some of the companies are not limited to London and operate in other regions. There was no London-centric approach to the venture.

Colin Williams (WME) asked if the model was transferable to the West Midlands and if so how would that be reflected in any potential commercial deals. For example, if IEWM were to replicate the model, how would IEWM find new innovations if the approach from London Councils is not limited to London.

Sue Banks added that London Councils have indicated that our authorities would be able to take advantage of the London Ventures arrangements without replicating London Councils' model.

Mark Rogers (Solihull) asked colleagues to consider IEWM's future role and what themes should be sustainable going forward; whilst there is a need for more innovation and continued efficiency drives, IEWM must also be seen to be supporting the improvement agenda in the region and this must be an absolute priority.

John Polychronakis added that IEWM can already bring efficiency savings, improvement and innovation to the table with no actual financial commitment from authorities.

Darra said that the main focus for Capital Ambition was efficiency and improvement but also generating income.

Howard Davis (LGA) asked how the venture made a return from projects such as the Demand Management example.

Darra replied that E&Y role was to prove the approach to both potential clients and London Councils which was ultimately a straight sale/profit arrangement.

Nigel Kletz (Bham) asked if E&Y had any information on the commercial deals already agreed as it would be useful to have some outline information available to see how things are progressing.

Trish thanked Darra and Guy for a very interesting discussion; the Board then had a follow-on discussion in private about the pros and cons of the approach and the fit with IEWM etc.

4. Developing a West Midlands Innovation Model

Trish Haines asked how we should approach this in terms of what is going to work best in the West Midlands and what the options might be, for example, should the Board adopt a similar model to that of London Ventures or consider a more 'mix and match' approach?

Nigel Kletz asked how E&Y's commercial model came about and was it about ideas/solutions first or solutions and then finding ideas?

Sue Banks said that E&Y had essentially advertised the Capital Ambition brand and E&Y had responded to the tender; the London Ventures model had emerged from that Strategic Partnership. In terms of the projects, it appears that these are opportunistic based upon the list of private sector suppliers on E&Y's books.

Mark Rogers said when thinking about sustainability it was important to remember the recent CLG-WM experience in trying to obtain ongoing subscription payments from councils; Mark also said that IEWM need to be clear on its overall purpose and reiterated the importance of keeping improvement high on its agenda. There is something about whether or not we have any chance of sustaining improvement and this is not just about generating profits from recycled funding.

Trish Haines said that WME and IEWM are the only two regional bodies now operating in the West Midlands and that there is something about using this to keep IEWM ticking over.

Clare Marchant said that IEWM need to make a conscious decision to move into the innovation space as dedicated action will be required.

Howard Davis (LGA) highlighted that Darra indicated that there are around 40/50 ideas that were considered by London Ventures that did not make it through to the business case stage and that it might be worth seeing if we could get hold of these.

Trish summarised by saying that IEWM is interested in developing some sort of model, but not necessarily replicating the London Ventures

arrangement which on the face of it seemed quite expensive to set up; though we might want a “client friend” to work with us on developing a future model.

Ideally, any West Midlands model should have a strong focus upon supporting economic development and job creation within the West Midlands.

Agreed

- It was agreed that Sue will develop some options for the Board to consider in conjunction with a small group of Transcend colleagues.
- Sue and the Transcend group to link with Jan Britton as IEWM Innovation Lead.

5. Programme/Financial Update

Sue gave a brief overview of Papers 2a and 2b including the current financial status of IEWM. Sue confirmed that a total of £40.1m funding had been received since April 2008, with c£36m expected to be spent by April, leaving approximately c£4M remaining; this includes a budget of £590K for Sector Transition/Employee Reserve plus £100k contingency.

Sue confirmed that there is new funding expected from the DoH/LGA of £280K to support the implementation of the Better Care Fund within Adult Social Care and further potential funding (yet to be confirmed) to strengthen regional support around health and wellbeing activities.

Mark Rogers (Solihull) confirmed that the new regional Children's Associate roles will also be funded by the DfE/LGA via the Children's Improvement Board.

Sue confirmed that all new, external funding will be prioritised for spend this year to protect our own regional legacy resources and that there is every likelihood that the IEWM Programme (or elements of it) could continue beyond 2015.

Sue highlighted that we would like to look at various sustainability options with the Board at the next meeting in June '14.

Sue referred to paper 2b and listed the latest position on the Alliances, SLI Commissioning & Transformation, Adult Social Care and Capital projects for approval. Sue also confirmed the latest return on investment which confirms we are well on track to meet our overall target of £350m.

Agreed

The following recommendations from Papers 2a and 2b were approved:-

- The overall financial position was noted and agreed.
- The latest income position and projections – Section 2 were noted.
- The details of all budget movements, project under-spends and revisions to the employee reserve were noted.
- The latest position regarding the predicted lifetime of the IEWM programme was noted.
- The latest position of the Alliance programmes was noted.
- The latest Return on Investment position was noted.
- All project approvals/allocations made since the last Board Meeting, under delegated authority were noted.
- The accompanying Programme Delivery Plan was noted.

6. Any Other Business

Performance of the Region

Sue highlighted that the Performance of the Region report will be produced annually with the next edition due to be published by the end of March '14. The report will be subject to sign off at the next West Midlands SLI Steering Group.

7. Any Other Business

Trish Haines confirmed that she will be retiring as Chief Executive of Worcestershire County Council at the end of May 2014 and was therefore stepping down as Chair of the IEWM Board.

Trish thanked the Board for all their support over the years and wished IEWM good luck for the future. Trish then handed over to Mark Rogers, who was pleased to accept the role of IEWM Chair with immediate effect. Mark gave a special thanks to Trish for her continued support to IEWM and joined with everyone in wishing her well for the future.

8. Dates of Future Meetings

- Thursday 12 June, 2.00 to 4.00 pm, The Studio, Birmingham
- **October Meeting to be rearranged** – venue Birmingham