

Report to the Greater Birmingham and Solihull Supervisory Board

8 February 2017

INNOVATION CHALLENGE FORUM

Purpose of the Report

To provide the Supervisory Board with information about the creation of the Innovation Challenge Forum and to seek support for the agreement of potential funding to cover incentive payments for forum participants.

Recommendations

1. The Supervisory Board is asked to:
 - 1.1. Approve an estimated annual cost of up to £20,000 from the retained Business Rates levy allocated to GBSLEP, to be reviewed in future years, and with the Nominations Committee delegated to agree guidelines for payment of incentives.

Background

2. At its meeting on 15th July 2016 the GBSLEP Board agreed, in principle, to the formation of an Innovation Challenge Forum comprised of potential innovation buyers (e.g. NHS, local authority officers, corporates, SMEs, householders) and academic experts to bring a stronger 'market voice' to stimulate and prioritise demand-led innovation initiatives.
3. At its meeting on 27th January 2017 the GBSLEP Board agreed to explore potential funding from the Business Rates Pool to fund "incentive" payments to Challenge Forum members at an estimated annual cost of up to £20,000.
4. To date most of the project proposals submitted to the LEP have been made by members of the Innovation Sub-Board. It is therefore considered important that going forwards greater independence is introduced into the process for developing a prioritised pipeline. Furthermore, in line with the SEP priority to stimulate demand-led innovation, there is a need to introduce a stronger 'market voice' to the development of the LEP's innovation agenda and its pipeline of interventions.
5. Since July, work has been undertaken to scope the role, form, recruitment and selection, and operating arrangements for a Challenge Forum, informed by learning from others – particularly Research Councils, Innovate UK and Humber LEP (the only other LEP identified as operating a similar model. Their process is used to add value to the assessment of all project applications and not just innovation related ones).
6. During this time there has been increased public scrutiny of the transparency and accountability of LEPs and their processes and it therefore seems appropriate to bring more detailed proposals back to the LEP Board.

Proposals

7. The key proposals for the Challenge Forum are as follows:

Role

- 7.1. That the role of the Challenge Forum is primarily to advise on proposals to the LEP from an innovation perspective – both proposals focused on innovation and other proposals with the potential to stimulate or support demand-led innovation (e.g. skills or infrastructure proposals);
- 7.2. That this role is delivered by peer reviewing and ranking innovation proposals, according to agreed criteria, and by providing challenge from an innovation perspective to other proposals – particularly at Outline Business Case stage, but also at EoI stage for new proposals.
- 7.3. That the role is advisory only, to support the delivery of agreed strategy.

Form

- 7.4. That the Forum is a pool of around 40 practitioners who are the first line of engagement with and potential customers for innovative products or services in the public, private (SMEs as well as larger corporates), academic and third sectors, as well as innovation “experts”.
- 7.5. That the balance of Forum membership is weighted towards practitioners (e.g. 80:20) to ensure a strong market-side perspective

Recruitment and Selection

- 7.6. That the opportunity to become part of the Forum is openly advertised on an ongoing basis with individuals invited to submit an expression of interest explaining their interest, suitability, particular areas of knowledge and expertise and any conflicts of interest.
- 7.7. That expressions of interest are encouraged from individuals based outside the LEP area to promote the independence of the Forum and reduce the likelihood of conflicts of interest.
- 7.8. That incentive payments (of £100 per peer review and £255 per panel review) are offered to encourage participation, particularly by those with a strong market voice who might not otherwise be able to engage e.g. individual entrepreneurs and SMEs.
- 7.9. That guidelines are developed to ensure an appropriate and approach to incentives and it is recommended that the Board delegate authority to the Nominations Committee to approve these guidelines.
- 7.10. That the LEP Executive maintain a database of suitable, interested individuals and select members from this – ensuring a diversity of perspectives, relevant experience and minimising conflicts of interest - to undertake peer reviews and make up review and challenge panels, as the need arises.

Operating Arrangements

- 8.11 That peer reviews of innovation proposals are undertaken separately by a minimum of 3 Forum members per proposal who will score them using agreed criteria.
- 8.12 That the peer reviewed innovation proposals are then grouped for joint assessment, comment and ranking by “review panels” made up of 5 other Forum members who will recommend which should be taken forward, which should be taken forward but with further work, and which should not be taken forward yet.

8.13 That “challenge panels” are also convened to comment on other proposals from an innovation perspective that are not primarily innovation proposals but which are identified as having the potential to stimulate or support demand-led innovation.

8.14 That panel recommendations and/or comments are then taken to the relevant Sub-Board(s) for consideration and endorsement or not.

Resourcing

8.15 That the management and running of the Challenge Forum be resourced using the existing LEP Executive resource – particularly part of the time of the recently appointed Executive Officer for Innovation.

8.16 Financing of incentives would require a suitable funding source to be identified and as previously, the Board is recommended that the Business Rates Pool be explored for this purpose.

8.17 An estimated maximum annual cost of £20,000 to fund incentive payments is identified although the actual cost will depend on the number of Outline Business cases received within any one year.

Conclusion

8. It is proposed that an Innovation Challenge Forum could offer considerable added value to the delivery of the vision and objectives of the SEP to deliver smarter, more sustainable and inclusive growth including by increasing business and workforce productivity and stimulating demand-led innovation.
9. It is proposed that this added value would stem from a strong, market-side perspective of innovation being brought to the development of a prioritised pipeline of, particularly innovation proposals but also other proposals with the potential to stimulate and support demand-led innovation e.g. for infrastructure and skills.
10. It is therefore recommended that the Supervisory Board approves up to £20,000 from the retained Business Rates levy allocated to GBSLEP, to be reviewed in future years and with Nominations Committee delegated to agree the guidelines for payment of incentives.
11. The GBSLEP Executive has reviewed the financial position and can confirm that sufficient funding available to support this proposal, which will be an important part of the SEP Implementation Plan. Further such proposals will be brought to the Supervisory Board in the coming months.

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Date Created: 31.01.17