

LEP - Growth Deal Management Board

Tuesday, 8th September, 2015 in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston, at 2.30 pm

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes of the meeting held on the 5th August 2015** (Pages 1 - 6)
- 4. Monitoring and Evaluation Sub Group - Update.** (Pages 7 - 10)
- 5. Skills Capital Fund - Round 2 Investment (2016-2017)**
Oral report.
- 6. Social Value.** (Pages 11 - 14)
- 7. Communications.**
Oral report
- 8. Reporting to Lancashire Enterprise Partnership Board**
The Committee is asked to
 - Identify and agree any recommendations for consideration/approval by the LEP Board.
 - Identify and agree issues for inclusion in the feedback report for the LEP Board.
- 9. Any Other Business**
- 10. Date of Next Meeting**
The next scheduled meeting will be held at 12.30pm on the 21st October 2015 in Cabinet Room 'C' at County Hall, Preston.

Part II (Private and Confidential)

- 11. Blackburn Pipeline Projects - presentation.** (Pages 15 - 48)
- 12. Growth Deal Implementation Plan** (Pages 49 - 70)
- 13. Local Growth Fund Agreements.** (Pages 71 - 76)
- 14. Growth Deal Finance Summary.** (Pages 77 - 82)
- 15. Blackpool and Fylde College .** (Pages 83 - 90)
Report circulated at the meeting.

LEP - Growth Deal Management Board

**Minutes of the Meeting held on Wednesday, 5th August, 2015 at 2.00 pm
in Room E17, County Hall, Preston.**

Present:

Mr G Cowley (Chair)

Mr B Bailey

Mrs S Procter

Mr A Cavill

Ms J Whittaker

Dr M Lawty-Jones

In Attendance

Mr A Good – Head of Service Financial Management (Development and Schools) LCC

Mrs A Moore - Programme Manager, Programme Office, LCC.

Miss J Ainsworth - Subject Matter Expert/Specialist Adviser Finance, Programme Office, LCC.

Mrs B Joyce - Head of Strategic Development, LCC.

Mr J Holden Ross – Legal Services, LCC.

Mr M Neville, Company Services Team, Democratic Services, LCC.

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the meeting. Introductions were made by those present and apologies for absence presented on behalf of Professor R Walsh, Mr I Young, Mr M Kelly, Mr A Swain and Mrs J Johnson.

A copy of a report regarding an overview of the Growth Deal financial position at June 2015 together with an outline of funding options (which was shown as being 'to follow' on the agenda) was circulated at the meeting.

2. Declarations of Interest

Mr Cavill and Ms Whittaker declared interests as they represented organisations which were involved in applications for Growth Deal Funding. Members of the Committee discussed the need to ensure that any decision making in relation to specific projects was open and transparent and it was suggested that in future a general declaration would be made at the start of each meeting with members excluding themselves from any decision in relation to specific funding of projects involving the organisation they represented.

To assist in identifying those issues which would present a conflict of interest it was suggested that all members be asked to provide in writing details of their specific connection, however remote, to any organisation which may be involved in receipt of Growth Deal funding.

Resolved:

1. That in future a general declaration of interest is made at the start of each meeting with individual members of the Committee excluding themselves from any subsequent discussion around specific applications for Growth Deal Funding involving organisation which they represent.
2. That Mr Neville provide all members of the Committee with a pro forma for recording their interest in relation to organisations which may be involved in making applications for Growth Deal Funding in order to better identify potential future conflicts of interest.

3. Minutes of the meeting held on 8th July 2015

It was noted that there were a couple of typographical errors regarding names of officers who had been present at the last meeting and Mr Neville undertook to amend the Minutes.

Resolved: That, subject to the above amendment, the Minutes of the meeting held on the 8th July 2015 are confirmed as an accurate record and signed by the Chair.

4. Matters Arising

It was noted that the appointment of a Deputy Chair and approval of a programme of meetings for 2015/16 would be addressed as part of a later item on the agenda.

5. Update - LEP Workshop 29th July 2015.

With the agreement of the Chair Mrs Johnson updated the Committee on a number of items which had arisen from the LEP Workshop on the 29th July 2015, including:

- Confirmation that the Growth Deal monitoring and reporting arrangements would involve monthly meetings with the local representative from the Department for Business, Innovation and Skills, quarterly returns via LOGASNET and an Annual Conversation in November/December between Chief Execs, LEP Chairs and senior HMG representatives regarding all LEP initiatives and devolution/Combined Authority discussions.
- Lancashire was a pilot for LOGASNET and Officers were in the process of familiarising themselves with the system. Returns would be submitted in September, December, March and June with a two week window for the return to be completed.
- The HM Treasury AQUA Book - guide for monitoring and evaluation standards had been recommended as a useful source of information regarding the

production of quality analysis.

- Some LEP's had projects which had been confirmed as LEP Demonstrator projects and National Evaluation projects though none were in Lancashire.
- Some LEPS had allocated a similar budget for monitoring/evaluation as Lancashire using LEP core funding while others used core funding/top slicing LGF project costs and others passed all costs on to sponsors.
- It was likely that the National Audit Office would undertake a review of LEPs during the current financial year which would include the LGF.
- An announcement was expected in the Autumn Statement in November regarding future Growth Deal funding.

In discussing the updates members of the Committee recognised the importance of identifying and developing potential projects for consideration in relation to future funding. With regard to the monitoring/evaluation process it was suggested that officers be requested to check that the process in place would comply with the guidance in the HM Treasury AQUA Book.

Resolved:

1. That the above updates are noted.
2. That the Chair of the Growth Deal Monitoring and Evaluation Sub Group be requested to check that the agreed monitoring/evaluation process for Lancashire will comply with the guidance in the HM Treasury AQUA Book.

6. Growth Deal Management Board - Governance Arrangements

A report was presented in relation to the appointment of a Deputy Chair which had been deferred at the last meeting and the approval of a programme of meetings for 2015/16 within the framework presented at the previous meeting.

It was noted that a nomination for the position of Deputy Chair had been received from Professor Walsh and no other nominations were put forward at the meeting.

Resolved:

1. That Professor R Walsh is appointed as the Deputy Chair
2. That the following programme of meetings for 2015/16 is agreed

Date	Time	Venue
8 September 2015	2.30pm - 4.30pm	Cabinet Room B, County Hall, Preston
21 October 2015	12.30pm - 2.30pm	Cabinet Room C, County Hall, Preston

8 December 2015	12.30pm - 2.30pm	Cabinet Room C, County Hall, Preston
8 January 2016	1.30pm – 3.30pm	Cabinet Room D, County Hall, Preston
9 March 2016	12.30pm – 2.30pm	Cabinet Room C, County Hall, Preston
13 April 2016	1.30pm – 3.30pm	Cabinet Room D, County Hall, Preston
8 June 2016	1.30pm – 3.30pm	room to be confirmed at County Hall, Preston

7. Reporting to Lancashire Enterprise Partnership Board

Resolved: That a summary of the report on Growth Deal Finance which was circulated earlier in the meeting, together with any comments from the Committee, are reported to the next meeting of the LEP.

8. Date of Next Meeting

It was noted that in accordance with an earlier decision the next scheduled meeting of the Committee would be held at 2.30pm on Tuesday 8th September 2015 in Cabinet Room 'B' at County Hall, Preston.

9. Growth Deal Finance Summary

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

It was reported that following further discussions returns had been received from 26 sponsors of projects that would be funded from the Growth Deal with 14 responses indicating some form of variation from the original plan. Details of the re-profiled projects were set out in Appendix 'A' to the report. It was noted that responses were still outstanding in relation to 4 projects and the relevant sponsors would be contacted in due course.

It was reported that one sponsor had reorganised their projects in order to enable some projects originally planned for 2016/17 to start earlier which would assist in the relocation of a facility to an alternative location. In view of the proposed change in location for project GF01-13-S the Committee agreed that further consideration should be given to any differences between the original project and what was proposed for the alternate site so that an additional approval could be sought if the variances were found to be significant.

The Committee recognised that adoption of the existing programme would result in an underspend of £1.4m which would be directed to towards funding scheme GF02-27 in accordance with a previous decision by the LEP Board.

With regard to the anticipated £2.5m underspend in the current financial year it was suggested that consideration be given to funding some existing City Deal projects and that project managers/sponsors be requested to bring forward any planned Growth Deal expenditure for consideration.

Resolved:

1. That the projects as at June 2015, including the re-profiled projects set out in Appendix 'A' are noted as the programme for the Growth Deal.
2. That the 4 project sponsors who had not responded to date are encouraged to provide confirmation of certain details in relation to their respective projects.
3. That the Chair and Programme Manager meet with the relevant sponsor to discuss the proposed changes in relation to project GF01-13-S BFC LEHQ to determine the significance of any variations between the original project and the proposed alternative location and determine whether the material variations are sufficient to warrant an additional approval being sought.
4. That consideration be given to using the anticipated £2.5m underspend in the current financial year to fund existing City Deal projects and that project managers/sponsors also be requested to bring forward any planned Growth Deal expenditure for consideration.

10. Local Growth Fund Agreements

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

A report was presented which updated the Committee on the development of Local Growth Fund (LGF) Agreements. It was noted that one project was in place and a number of others would be submitted to the LEP in October for approval with the associated funding agreements expected to be in place in October/November.

It was reported that the wording of the Core LGF Agreement was being finalised and a copy of the associated LGF Agreement Approval Template was circulated for information.

The requirement of the Public Services (Social Value) Act 2013 for commissioners of public services to think about how they can also secure wider social, economic and environmental benefits was also discussed.

Resolved:

1. That the current position in relation to LGF Agreements, as set out in the report presented, is noted.
2. That once finalised a copy of the Core LGF Agreement be circulated to all members of the Committee for information and future reference.
3. That the LGF Agreement Approval Template as set out in the report presented is noted and be used in the future to support the Committee in considering Agreements for approval.
4. That the Lancashire Skills Hub Director be requested to present a report to the next meeting on how best to identify/capture social impacts and ensure they are taken into account in relation to future decision making in accordance with the requirements of the Public Services (Social Value) Act 2012.



LEP – Sub Committee

Growth Deal Management Board

Private and Confidential: No

8 September 2015

Monitoring and Evaluation Sub Group

Report Author: Richard Hothersall,
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Executive Summary

An update on discussions/decisions from the Monitoring & Evaluation Sub Group (M&E SG) on the 17th August 2015 in relation to the following points:

- Confirmed schedule of meetings
- Monitoring and Evaluation ITT
- HM Treasury AQUA Book
- Monitoring Reports Received

Recommendation

The contents of the report are noted.

Background and Advice

The Monitoring & Evaluation Sub Group (M&E SG) met on the 17th August 2015 and considered the following points:

1. Confirmed the schedule of M&E SG meetings as tabled for the Growth Deal Monitoring Board (GDMB) so all meetings are aligned.
2. Discussed the ITT:

Further to the GDMB (dated 8/7/15) where agreement was given to proceed with the ITT to undertake work associated with the Monitoring & Evaluation Framework, further work has been undertaken to prepare the ITT for formal release. In doing so, however, several points have been raised for consideration as below:

The Monitoring of the Growth Deal projects places certain requirements on the accountable body and project sponsors. These requirements are:



- All projects are expected to report quarterly on the top 3 metrics – "Expenditure", "Funding breakdown" and "In-kind resources provided." The remaining metrics are split into "Core Metrics" and "Project Specific Outputs and Outcomes" which are to be collected where relevant to the intervention, and "Additional Monitoring" for specific schemes.
- All Year 1 (2015/16) Growth Deal projects are subject to quarterly monitoring of those metrics which are required at this frequency and bi-annual or annual reporting for the remainder of their proposed outputs.
- As data owners, Project Sponsors are responsible for collecting and submitting their monitoring data to the Accountable body in accordance with a series of pre-agreed quarterly, bi-annual or annual timescales.

Therefore, the Accountable Body will fulfil the requirements for the scrutiny of ongoing monitoring. This will be undertaken by direct monthly or quarterly reporting by the project sponsor to the accountable body as part of the claims process. Links and communication channels are available to project sponsors by the accountable body to ensure regular and accurate progress, risks and issues are reported to fulfil stated the monitoring requirements.

Evaluation - this is the area that value can be added to the Growth Deal by the external organisation procured through the ITT.

The programme will include two levels of evaluation (project level and programme level), and will include formative evaluation, workshops and reporting arrangements. For all projects a general evaluation will be required and for 6 specific projects (to be chosen as exemplar or high risk projects) a more detailed evaluation and assessment will be necessary.

The ITT has been redrafted to clarify the above approach and clarify that the ITT is seeking an organisation to undertake the evaluation.

ITT Framework / Start Date discussion

The above approach was considered valid by the M&E SG, so the point at which the evaluation should commence was discussed. As the Growth Deal is a 6 year programme yet with few projects in delivery in year 1, and as a limited budget has been set aside for the external evaluation from 2015 to 2018, concern was expressed that commencement too soon would not realise the desired outcome from the external organisation. Yet there are advantages from having the organisation on board from day one so they are involved with schemes from the start and they could also compare different schemes and provide overall best practice etc.

It was agreed that:

- An assessment of the project delivery schedule would be made to inform the external organisation start date.
 - There are several schemes underway and as the appointment will take circa 3 months to point of award it is considered appropriate to continue with the procurement.

Appointing a framework (2-3 organisations) rather than a single one was discussed – this would provide better alignment of organisation to project but may hinder the overall programme evaluation.

It was agreed that:

- Appointing a framework of organisations would be considered.
 - This would make the overall programme evaluation difficult and each organisation may put forward different evaluation models. As such, it is recommended that a single organisation is sought.

3. The HM Treasury AQUA Book

This informative guidance on producing quality analysis for government has been assessed by the M&E SG to ensure the proposed growth deal evaluation ITT considers the points raised within it. There are some elements of the guidance which have been incorporated into the ITT, primarily around the need to assure the data being evaluated.

As we are required to report back to government, the ITT adopts some of the principles outlined in the Aqua Book to ensure compliance with our analysis, evaluation and reporting. As per the guidance, we will require that the quality assurance process is compliant and appropriate, that risks, limitations and major assumptions of the evaluation model/methodology are understood by the project sponsors and accountable body, and the use of the model/methodology output is appropriate.

4. Discussed the monitoring reports reviewed:

The templates for both the monitoring and claim form to be used for by projects for their quarterly or monthly submissions were shared with the group. The quarterly or monthly monitoring records updates, milestones, progress and risks of the projects to ensure timely delivery. The group agreed that these reports should be used for project monitoring.

The group were advised that the outputs on the claim form for the Runshaw College Science and Engineering project were not consistent with those on the Growth Fund Agreement. It is anticipated this is because the college were permitted to claim at risk prior to the signing of the Growth Fund Agreement and so added outputs and milestones to the claim form to demonstrate progress. The group were informed that the outputs would be amended on future claim forms to reflect those given on the Growth Fund Agreement.

The group were informed that all claims for current projects are up to date. The group reviewed the upcoming projects highlighted and were satisfied with progress.



LEP – Sub Committee

Growth Deal Management Board

Private and Confidential: No

Tuesday 8th September

Social Value Act (2012)

Report Author: Dr Michele Lawty-Jones, Director of the Lancashire Skills Hub,
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Executive Summary

Following the discussion at the last meeting in regard to the Grant Funding Agreement clause 19.4 *'to the extent that is compatible with EU Procurement Requirements, the Applicant (and sub-contractors) shall ensure that the Social Value Act 2012 is observed in any procurement processes'* it was agreed that a paper would be brought to the next committee meeting to discuss approaches to integrating social value into the Growth Deal programme.

Recommendation

The Committee is asked to:

1. Note that research is being undertaken to understand the scope of the Social Value Act and good practice in the sector.
2. To approve the proposed actions as detailed in section 3 of this report.

1 Background

- 1.1 The Social Value Act (2012) requires people who commission, or buy, public services to consider securing added economic, social or environmental benefits for their local area for contracts that exceed the EU threshold.
- 1.2 Clearly there is a significant opportunity for the LEP (and Lancashire County Council) to integrate social value outcomes into the Growth Deal (and the City

Deal) programmes which are aimed at improving and growing the local economy.

- 1.3 Social value can be achieved in a number of different ways. For example:
 - Promotion of youth employment (e.g. apprenticeship numbers/work placements/ promoting careers opportunities to young people through interaction with schools, colleges and universities);
 - Promotion of gender imbalance (e.g. promoting construction careers to females); and
 - Promotion of job opportunities for the long term unemployed and older people, and people from disadvantaged groups.
- 1.4 A number of innovative approaches are emerging across the country that engage the local community in locally based projects and/or involve sub-contracting to social enterprises (as well as commercial organisations). For example, Calico Homes in Lancashire manage the CITB Shared Apprenticeship in the North West (one of the first in the UK) to help **contractors** to meet local training obligations. Between 2010 and early 2014, the shared apprenticeship scheme created over 80 apprenticeships across the North West of which 75% of the young people gained employment in the construction sector.
- 1.5 A number of approaches in relation to procurement processes and also measurement of social values are also evident (for example, social accounting and auditing, and social return on investment).
- 1.6 There are a number of examples of good practice in Local Authorities, for example, the Croydon social value toolkit and the Oldham social value procurement framework.

2 What does it mean for Lancashire?

- 2.1 At present, it would appear that Lancashire's approach to integrating social value is relatively limited.
- 2.2 The starting point in many cases is to define what social value means to the area in question and to agree priority areas and benefits, and to then integrate an agreed framework/toolkit/scorecard into (pre) procurement processes which enable some form of measurement whilst also encouraging innovative approaches.
- 2.3 A meeting has been arranged with the Cabinet Office on the Friday 4th September with the individual responsible for facilitating integration of the Act in the northwest region – this will provide further insight into emerging approaches and good practice.

3 Proposed way forward

3.1 The following actions are recommended:

1. Further research is undertaken into approaches in other sub-regions and also good practice.
2. That further discussion is undertaken with relevant teams in LCC, including the Programme Office to understand the current position.
3. That a paper be taken to the Lancashire Skills Board raising awareness of the Social Value Act and suggesting that the board take the strategic lead in articulating the potential outcomes and benefits, aligning outcomes with the evolving Lancashire Skills and Employment Framework.
4. That a further paper be brought to the next Growth Deal Management Board on the 21st October to provide an up-date on progress.

Agenda Item 11

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Agenda Item 12

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Agenda Item 13

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Agenda Item 14

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Agenda Item 15

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