

## **LEP - Growth Deal Management Board**

**Minutes of the Meeting held on Wednesday, 8th June, 2016 at 1.30 pm at the Cabinet Room D - The Henry Bolingbroke Room, County Hall, Preston.**

### **Present:**

Mr G Cowley (Chair)

Mr B Bailey	Mr G Smith
Mr A Cavill	Professor R Walsh
Dr M Lawty-Jones	Ms J Whittaker
Mrs S Procter	

### **Observer**

Mr M Allen – Department for Business, Energy and Industrial strategy.

### **In attendance**

Miss J Ainsworth, Subject Matter Expert/Specialist Adviser Finance, LCC.  
Mr D Gordon, Project Officer - Strategic Development, LCDL.  
Mrs J Johnson Subject Matter Expert/Specialist Adviser Legal, LCC.  
Ms K Molloy, Head of Service, LEP Coordination, LCC.  
Mr M Neville - Company Services Officer, Democratic Services, LCC.  
Ms A Parkinson – Programme Manager, LCC

Ms K Hedley (Ekosgen)  
Mr D Williams and Mr D Gregson (Lancaster University)  
Mr J McCreadie (Ekosgen)  
Mr G Collinge (Genecon)  
Mr B Pretty (Cushman and Wakefield)  
Ms M Pentreath (J L Advisory)

### **1. Welcome and Apologies for Absence**

The Chair welcomed everyone to the meeting and noted that Mr G Smith would be attending but had been delayed.

### **2. Declarations of Interest**

Mr Cavill and Ms J Whittaker declared interests as they represented organisations which were either involved in making applications for or were in receipt of Growth Deal funding.

**3. Minutes of the meeting held on 13th April 2016.**

**Resolved:** That the Minutes of the meeting held on the 13<sup>th</sup> April 2016 are confirmed as an accurate record and signed by the Chair.

**4. Matters Arising**

In response to a query from Dr Lawty-Jones Ms Parkinson confirmed that Balfour Beatty had made contact since the previous meeting though to date no case studies regarding social value outcomes had been received.

**Resolved:** That Officers work with Balfour Beatty to identify case studies about projects which had resulted in social value outcomes so that they can be incorporated into the Toolkit for Wider Economic and Social Benefits for Growth Deal Projects in Lancashire.

**5. Social Value Update**

In presenting her report Ms Parkinson highlighted that the following actions would be undertaken with outcomes being reported to the Committee on the 6th September 2016:

- The 'Toolkit for Wider Social Benefits for Growth Deal Projects in Lancashire' (including cases studies from Balfour Beatty) to be completed and presented for approval.
- Further meeting held with Balfour Beatty to identify best practice/delivery.
- The Progressing Monitoring Form which had been amended to include a section for reporting against Social Value 'actuals / progress' with each financial claim, to be distributed to live projects.
- Social Value Metrics Spreadsheet to be updated and presented to the Committee.
- Outstanding Social Value Template returns will be requested from those Project Sponsors involved in live schemes.

**Resolved:** That the report is noted.

**6. Building Research Establishment Environmental Assessment Methodology (BREEAM).**

A report which summarised some industry experience and recommendations for a framework of conditions to be attached to LEP funded building projects in order to ensure sustainable quality buildings and demonstrate value for money was circulated at the meeting.

Included in the report was a table of BREEAM requirements with an assessment of their relevance to Growth Deal projects and whether they were met by other standards and practices instead of as part of growth funding requirements. The

Chair informed the meeting that by having specific requirements attached to Growth Deal projects as set out in the report it would be possible to ensure high quality building work while avoiding the significant financial costs associated with the contractual obligation for some schemes to achieve the BREEAM accreditation.

As the report had been circulated at the meeting it was suggested that members of the Committee should pass any comments to the Chair outside of the meeting so that they could be reported to the LEP Board.

**Resolved:** That, subject to any adverse comments from members of the Committee, the LEP Board on the 14<sup>th</sup> June, 2016 be recommended to:

1. Endorse the proposed recommendations for buildings funded by Growth Deal as set out in the report and recommend that this applies to all LEP funded buildings.
2. Confirm that, going forward, Growth Fund Agreements and Memorandums of Understanding for all Growth Deal projects (including skills projects) will not insist on BREEAM accreditation and adopt the use of the Growth Deal Design standard as a set of build criteria.

## **7. Any Other Business**

No items of business were raised under this heading.

## **8. Date of Next Meeting**

It was noted that the next scheduled meeting of the Committee would be held at 1.30pm on the 6<sup>th</sup> September 2016 in Cabinet Room B – The Diamond Jubilee Room, County Hall, Preston.

## **9. Business Cases due for LEP approval.**

*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.*

The Committee considered presentations regarding two Growth Deal projects that would be seeking funding approval from the LEP Board on the 14<sup>th</sup> June 2016. An additional presentation was also received to update the Committee on developments in connection with the Lancaster University Health Innovation Campus (HIC) project which had previously received funding approval. It was noted that the two projects had been the subject of independent appraisal while the appraisal for the HIC was ongoing.

**a) Rawtenstall Redevelopment Zone (Spinning Point).**

The Committee was informed that the project involved the redevelopment of the former Valley Centre and Town Hall to provide a new 8 bay bus station, offices, car parking, apartments, retail/leisure units and landscaping. The project had a total value of £14.8m, of which £1.9m would be funded from the Growth Deal with additional funding being provided by the County Council, Rossendale Borough Council and the Rossendale Together Partnership Board.

It was reported that the independent appraisal of the scheme indicated the project would deliver 178 forecast net jobs with a net GVA uplift of £5.1m per annum. In considering the presentation the Committee noted that the economic benefits of the project were reliant on the occupation of retail units by smaller independent retailers and that the proposed relocation of the market to a more central location would provide an opportunity for increased footfall. The Committee also recognised that the project would support the development of the town as a base for commuters to Greater Manchester.

**Resolved:** That the LEP Board is recommended to approve a maximum Growth Deal funding contribution of up to £1.9m to the Rawtenstall Redevelopment Zone (Spinning Point) project subject to:

1. The Committee being satisfied that all other funding for the scheme has been secured and
2. Rossendale Borough Council agreeing to manage and operate the bus station for a period of 25 years.

**b) Lancaster Health Innovation Campus (HIC)**

It was reported that the HIC was part of a larger scheme to be delivered in 3 phases over a 15-year period which would create a Centre of Excellence for innovation in health. The independent appraisal had identified that the HIC would create 2,802 gross jobs and 1,722 net additional jobs over its lifetime and the project had previously received a Growth Deal funding allocation of £17m as part of the first phase development with additional funding being provided by Lancaster University and ERDF.

In considering the initial findings of the independent appraisal the Committee expressed a number of concerns regarding the phasing, outcomes, funding, delivery and partnership working associated with the project and requested that additional information be presented to the next meeting in relation to the following:

- A full business case which would address the 8 key issues identified in the appraisal and referred to in the presentation in order that future progress with the project can be judged against them.

- A clearer explanation of the proposed phasing between investment and outcomes.
- Evidence that formal buy in of key partners such as the NHS and local consultants has been secured.

It was also suggested that in view of the scale of the project the Committee receive regular updates on the project in the future in order to monitor progress and delivery.

The Committee noted that work was underway to strengthen the business case in response to certain key issues which had been raised as part of the independent appraisal and that a comprehensive report would be submitted to the LEP Board in July 2016 for consideration.

**Resolved:**

1. That the LEP Board is recommended to note the progress to date in relation to the development of the business case for Lancaster University's HIC project in advance of a more comprehensive report being provided at the special meeting of the Board in July 2016.
2. That a further report be presented to the Committee on the 6<sup>th</sup> September 2016 in relation to the concerns raised regarding the phasing, outcomes, funding, delivery and partnership working associated with the project.

**c) Blackpool Town Centre Quality Corridors**

The Committee was informed that the project involved improvements to the public realm, property acquisition and improvements to shop frontages along five key arterial/gateway corridors in the vicinity of Blackpool North Rail Station.

The total cost of the project was £7.34m with Growth Deal funding of £6.6m, requested in order to deliver outputs around reducing the number of empty retail premises, enhancing retail turnover, reduced road traffic accident casualties and improved air quality.

In considering the findings of the independent appraisal the Committee noted that some aspects of the economic, commercial and financial cases required further clarification, specifically in relation to the re-profiling of spend and benefit realisation, provision of specific retail capacity/demand, independent validation of the cost estimates and the development of a robust investment strategy for property acquisitions/demolitions and commercial property aesthetic funds.

With regard to the proposed improvements to shop frontages it was suggested that the availability of funding for such improvements be explored with the BIS High Street Team in order to reduce the overall costs of the project.

**Resolved:** That, subject to the Committee being satisfied that the issues identified regarding the economic, commercial and financial cases have been addressed, the LEP Board is recommended to approve a maximum Growth Deal funding contribution of up to £6.6m for the Blackpool Town Centre Quality Corridors project.

## 10. Project Updates

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Ms M Pentreath (J L Advisory) gave a verbal report on mini business cases in relation to three aspects of the Brierfield Mill project.

**Resolved:** That the updates presented are noted.

## 11. Monitoring and Evaluation Update

*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.*

Ms Parkinson presented a report which updated the Committee on activity around the Monitoring and Evaluation Sub Group, the revision of the Monitoring and Evaluation Framework and proposed amendments to the membership and Terms of Reference of the Sub Group.

With regard to the membership of the Sub Group it was reported that two new members had been appointed (Lisa Moizer as the Skills Representative and Dave Colbert as the Transport Representative) and a revised version of the Terms of Reference for the Sub Group was presented for information.

In response to a query regarding wording in the revised Framework regarding social value Ms Parkinson confirmed that it was considered that sufficient measures were in place to achieve social value outcomes. It was suggested that regular monitoring would identify whether this proved to be the case and, if appropriate, action could be taken to ensure the desired outcomes were achieved.

**Resolved:** That the report is noted and the revisions to the Growth Deal Monitoring and Evaluation Framework and the membership/Terms of Reference of the Monitoring and Evaluation Sub Group, as set out in the report presented, are approved.

## **12. Local Growth Fund Agreements.**

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Ms Parkinson presented a report which updated the Committee on the current position regarding the development of Local Growth Fund Agreements.

It was reported that the three projects which the Committee had recommended to the LEP Board in April had been approved, subject to certain conditions, and discussions were currently underway with regard to finalising the associated GDF Agreements. It was noted that to date 28 of the 39 projects within the Lancashire Growth Deal programme either had a GDF Agreement in place or were in the process of finalising such an Agreement.

**Resolved:** That the report is noted.

## **13. Growth Deal Implementation**

*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.*

Ms Parkinson presented an updated report in connection with the implementation of the Growth Deal which included details of the metrics for those projects which had a Growth Deal Funding Agreement/Memorandum in place.

**Resolved:** That the updates in relation to the implementation of the Growth Deal and the metrics summary, as set out in the report presented, are noted.

## **14. Growth Deal Finance Update**

*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.*

Miss Ainsworth presented a report which updated the Committee on the financial aspects of The Local Growth Fund. It was noted that the allocation in relation to scheme GF01-37-S as set out in a table of approved projects should read £670,000 which would reduce the total figure for remaining skills funds to £1.8m.

In response to a query regarding the spend profile for scheme GF02-29 Miss Ainsworth confirmed that the figures quoted for the cost of the project had been provided by the project sponsor and the agreed profile of funding currently achievable within the programme would be the subject of further discussions with the sponsor, the result would be to move towards the project requirements following changes to the project but always to be no worse off than the agreed profile in the original plan.

**Resolved:**

1. That the Growth Fund Profile be accepted following adjustments from last meeting.
2. That, subject to the amendment of the figures so show the allocation of £670,000 to project GF01-37-S the spend to date and the spend to be made in 2016/17 as set out in the report presented are noted.
3. That subject to the amendment of the figures so show the allocation of £670,000 to project GF01-37-S the 2016/17 in year spend be balanced to the funding as set out in the report.
4. Consideration is given to the profiling of funding for projects being as accurate as possible at initial stages of project development. GDMB to manage the projects to recoup slippage and new projects to remain on track with spend in 2016/17.

**15. Growth Deal 3 - update**

Mr M Allen from the Department for Business, Innovation and Skills informed the meeting that all LEPs had been asked to provide a snapshot of future projects by the 28<sup>th</sup> July 2016 for consideration. It was also reported that a review would be undertaken of two transport projects and one skills based project from Phase 1 of the Growth Deal though specific projects from Lancashire had yet to be identified.

**Resolved:** That the update is noted.

**16. Reporting to Lancashire Enterprise Partnership Board.**

**Resolved:** That the following items are referred to the LEP Board on the 14<sup>th</sup> June 2016 for consideration.

- a) Decision of the Committee with regard to BREEAM.
- b) Comments/recommendations of the Committee in relation to the business cases for Rawtenstall Redevelopment Zone (Spinning Point) Lancaster Health Innovation Park and Blackpool Town Centre Quality Corridors.