

LEP - Growth Deal Management Board

Minutes of the Meeting held on Wednesday, 7th December, 2016 at 1.30 pm at the Meeting Room at Lancashire Record office, Bow Lane, Preston.

Present

Mr G Cowley

Mr A Cavill
Ms Lawty-Jones
Mrs S Procter

Professor R Walsh
Ms J Whittaker

In Attendance

Miss J Ainsworth, Specialist Advisor: Finance, Lancashire County Council.
Ms K Molloy, Head of Service LEP Coordination, Lancashire County Council.
Mrs H Gittins, Company Services Officer, Lancashire County Council.
Mrs H Tween, Company Services Officer, Lancashire County Council.
Mr Mick Allen, Department for Business, Innovation and Skills.

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the meeting and noted that apologies for absence had been received from Mr Brian Bailey, Mr Gareth Smith and Miss A M Parkinson.

Update from BIS - Mick Allen

Mr Allen (Department for Business, Innovation and Skills) updated the Board on Growth Deal 3 following the Autumn Statement. The Northern Powerhouse had been allocated around £550m; no individual allocations had yet been announced but they were expected before Christmas. He congratulated the Board on Lancashire's success in securing Growth Deal 3 funds!

2. Declarations of Interest

No declarations of interest were made in relation to items on the agenda.

3. Minutes of the meeting held on 12 October 2016

Resolved: That the Minutes of the meeting held on the 12th October 2016 are confirmed as an accurate record and signed by the Chair.

4. Matters Arising

No items were raised under this heading.

5. Programme Evaluation - Warwick Economics & Development (WECD)

At this point the Growth Deal Management Board approved that the meeting move into Part II, Private and Confidential to consider the remaining items which contained exempt information provided in confidence as defined in the Freedom of Information Act 2000. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

Ms Georgia Siora, Managing Director from Warwick Economics & Development, presented an update on key findings from the Lancashire Growth Deal Evaluation.

It was noted that there were six exemplar level evaluations that will be reviewed in detail. The project level evaluation will look at verification and analysis of each project's outputs and benefits realisation over time. The Programme level evaluation will analyse and measure success and benefits of the whole Growth Deal programme. It was highlighted that for maximum benefit evaluations should be done in the first 18-24 months.

The presentation included a chart displaying sectoral and spatial distribution of Growth Deal Projects. It highlighted where projects are based geographically. The Board felt this was a helpful chart showing that funding was allocated to areas that need it, and agreed that this should be shared with the shadow Combined Authority.

In the discussion following the presentation, Ms K Molloy explained that the Strategic Economic Plan (SEP) was being refreshed and will be presented to the LEP Board early next year. It was noted that the LEP'S greatest imaginable challenge (GIC) was to halve the productivity gap between the Lancashire and other parts of the country and that there had been an achievement document produced which showed an improvement in key Lancashire economic performance indicators.

It was highlighted that Economic Development officers were working hard with their 25 Growth Deal 3 partners to strengthen and develop business cases.

Resolved:

1. That Ms Siora produce a one-page update to go to each Growth Deal Management Board meeting going forward.
2. That Ms Siora would be invited to attend the meeting on 08 March 2017 to provide a further update and then every three months following.

3. That the mapping information showing the distribution of GDMB projects be shared with the shadow Combined Authority

6. Grant Funding Agreement - Rawtenstall Redevelopment Zone

It was noted that £1.9m had been agreed for the Rawtenstall Redevelopment Zone project.

The business case and appraisal had been approved, but the project had now highlighted that they would like to revise the outputs to show achievement of a lower number of jobs, and the delivery time would slip 6 months to 2020.

The Board discussed the cost benefit ratio, and the social value of the scheme.

It was agreed that the scheme sponsor should be asked to provide justification for the lower outputs and that, if the lower outputs were agreed, a reappraisal of the scheme should be undertaken. It was noted that the appraiser felt the current level of outputs was achievable and it was commented that if the outputs remained the same and were not delivered the scheme could be subject to clawback.

Resolved that:

1. That discussions between LCC, RTB and Barnfield should continue
2. Following discussions, if the outputs are significantly changed, that the project be reappraised

7. Lancaster Health Innovation Campus (HIC) - Update

It was noted that the LEP Board had approved the recommendation from Growth Deal Management Board on the 8th November 2016.

It was commented that the announcement on ERDF would likely be around 17 December. There was a review point for in January when the position European funding position would be clear.

Ann-Marie Parkinson was working with the sponsor on the Schedule 2 outputs.

Ms Molloy informed the Board that a Chair would be appointed by Lancaster University in the New Year to manage and deliver the project.

Resolved:

1. That the Board continue to receive updates each month.
2. That Kathryn would bring a report to the next Board meeting setting out other possible funding streams and a draft GFA.

3. That a written update on the European funding position be circulated in January.

8. Programme and Projects Update

Ms Molloy presented a report summarising progress made on programme and project performance, Local Growth Fund Agreements and Metrics since the last meeting of the Board.

The programme was delivering in accordance with agreed milestones and government reporting requirements. To date, 99% of the funding allocated together with 75% of the projects within the programme had completed contracting in line with their original objectives and 70% of live projects within the programme have had at least one on-site monitoring visit.

It was commented that the majority of claims have been received on time and completed accurately; however, over the past two quarters a number of projects have failed to submit claims on time or had submitted incomplete or incorrect documentation. Ann-Marie and Joanne will look to resolve this matter.

It was raised that Nelson and Colne College have two claims outstanding and that they had indicated their outputs would not be realised until 2021. The Board requested full details to be brought to the next meeting.

It was raised that although the Cafe Northcote project had been approved, it had now come to light that some of the funding included in the capital claim was revenue cuts. It was noted that if the current level of funding went ahead the funding intervention rate would be affected. It was commented that an intervention rate had never been increased after a Growth Funding Agreement had been approved, and the Board felt that the intervention rate should not be increased in this instance. However, if justification for increasing it for this project was demonstrated the Board agreed to reassess.

Resolved:

1. That Nelson Colne College will be requested to provide full details on why the outputs on student numbers should be significantly changed, and an update be brought back to the next meeting
2. That the Cafe Northcote project be refused a higher rate of intervention, with the understanding that this could be reassessed at a later date should justification be demonstrated
3. That Sue Procter would chase up Burnley-Pendle Growth Corridor for their outstanding reporting information

9. Growth Deal Finance Update

Joanne Ainsworth presented a report providing an update on the financial aspects of the Local Growth Fund.

It was noted that all claims but one had been received, but that there had been some slippage in spend profiles. It was suggested that project leads be reminded to follow their spend profiles more carefully and complete the necessary paperwork on time.

Resolved: That consideration is given to the continued profiling of funding of forecasts for projects being as accurate as possible with the Committee managing existing projects in order to recoup slippage and ensure new projects remain on track with spend in 2016/17.

10. Projects requesting additional funding

Ms K Molloy gave a verbal update and it was noted that there had been no additional funding requests received.

The Board requested a paper on skills capital and the Area Based Review be brought to the March Board meeting recommending the next steps and outlining the competitive process.

The Board requested Dr Lawty-Jones produce a paper giving an assessment of the £30m skills funding already invested, outlining skills outcomes delivered and showing employer demand as indicators.

Mr Cavill updated the Board regarding the Heritage Based Visitor Attraction project. He explained that the Heritage Based Museum business case should originally have been approved in July 2016 gone to tender January/February 2017. However, for a number of reasons the submission would now be later; HLF have accepted the delay and the project was now aiming submit in June/July 2017. He explained that the part-funded development phase had taken longer than anticipated and, as a result, costs had increased. The project now have a bill of £1m to satisfy their new criteria. He therefore requested whether they could drawdown Growth Deal funding to cover this cost, which would be paid back if approval was not granted. It was noted that the HLF appraisal would have already been completed.

The Board agreed that a Grant Funding Agreement should be in place for this project and that Joanne should make enquiries regarding timescales and governance. The request could then be considered at the March Board meeting.

Resolved:

1. That a paper on skills capital and the Area Based Review be brought to the March Board meeting recommending the next steps and outlining the competitive process.
2. That Dr Lawty-Jones produces a paper giving an assessment of the £30m skills funding already invested, outlining skills outcomes delivered and showing employer demand as indicators.

3. That Joanne Ainsworth make enquiries regarding timescales and governance of the Heritage Based Visitor Attraction project and report to the next Board meeting

The meeting then returned to the Part I of the agenda (items publicly available).

11. Social Value update

Mr A Cavill left the meeting at this point.

Dr Lawty-Jones presented a report providing a summary of progress made since the last Board meeting.

It was noted that the GDMB are committed to maximising the social value benefits of the individual projects that form part of the Growth Deal Programme and that the GDMB had agreed to produce a Toolkit for wider economic and social benefits for growth projects in Lancashire.

The social value toolkit was presented to the Board at Appendix A. It was noted that it is a working document that would be updated as appropriate as the programme develops. This would enable the projects and programme as a whole to demonstrate Lancashire Growth Deal Social Value impact.

It was highlighted that the social value outcomes set out in the toolkit are based upon the Lancashire Skills and Employment Strategic framework and that the framework sets out the LEP's priorities in relation to skills and employment.

The Board considered the social value metrics document (Appendix B) showing the social value performance for each project within the programme.

It was noted that the majority of live projects have now returned their Social Value templates; however, it is easier for some than others to demonstrate social value and the Board agreed that consideration should be given to bespoke reporting mechanisms and timescales for some types of project e.g. construction/infrastructure projects.

There was also concern that some project leads were unaware what constituted social value and it was suggested that projects could share their recorded social value outputs to prompt others.

It was highlighted that Lancashire's was the only LEP actively monitoring social value and it was mentioned that they could work with Mick Allen and Katherine O'Connor to highlight this, perhaps through a press release when the toolkit was made live.

Mr Allen thanked the GDMB for their hard work on this.

Resolved:

1. Social Value be included in the report to the shadow Combined Authority
2. Updates on the reported information be included at each future meeting
3. A full progress report be brought to the Board every 6 months
4. Consideration should be given to bespoke reporting mechanisms and timescales for some types of project e.g. construction/infrastructure projects

12. Reporting to Lancashire Enterprise Partnership Board

It was noted that Mick Allen and Katherine O'Connor attend the GDMB meetings on a regular basis and the Board were asked to consider appointing them formal observers to the Board.

At the LEP Board meeting on 08 November 2016 the Board approved a slight reduction to the cycle of LEP Board meetings, and also reviewed the cycle of LEP Committee meetings with a view to mirroring the same cycle. The intention is for the Committees to all meet in the month prior to LEP Board meetings which will allow time for decisions referred on to the LEP Board to be prepared.

The Board discussed this felt that they needed the meetings as scheduled in order to conduct all their business.

Resolved:

1. Mick Allen and Katherine O'Connor from BEIS are approved as Observers to the Board
2. That all scheduled meetings for 2017 remain, but with the understanding that the March, June and October meetings would hold the main standing items, and that the January, September and December meetings may have lighter agendas
3. Anne-Marie and Joanne check approval timescales for GDMB, TFL and the LEP

13. Any Other Business

There was no other business.

14. Date of Next Meeting

It was noted that the next scheduled meeting of the Growth Deal Management Board was 1.30pm on 18 January 2017 in Cabinet Room 'C' - The Duke of

Lancaster Room, County Hall, Preston.