

LEP - Growth Deal Management Board

Minutes of the Meeting held on Wednesday, 12th December, 2018 at 1.30 pm at the Committee Room 'D' (The Henry Bolingbroke Room) - County Hall, Preston

Present

Graham Cowley

Michael Ahern

Alan Cavill

Dr Michele Lawty-Jones

Denise Park

Sue Procter

Gareth Smith

Julie Whittaker

Observers

Paul Evans

In Attendance

Joanne Ainsworth, LEP and Special Projects Finance Manager, Lancashire County Council

Kathryn Molloy, Head of Service - LEP Coordination, Lancashire County Council

Anne-Marie Parkinson, Programme Manager, Lancashire County Council

Julia Johnson, Principal Lawyer, Lancashire County Council

Sam Gorton, Democratic Services Officer, Lancashire County Council

1. Welcome and Apologies for Absence

The Chair Graham Cowley, welcomed all to the meeting. There were no apologies for absence received.

2. Declaration of Interests

Alan Cavill declared an interest in Item 11 – AMuseum Appraisal Update Report. It was agreed that Alan could be present for the initial presentation and discussion, and to answer any questions from committee members before leaving the room for debate and consideration of the recommendations.

Julie Whitaker declared an interest in Item 13 – Northlight – Mini Business Case Report. It was agreed that Julie could be present for the item.

Denise Park declared an interest in Item 14 – Local Grant Funding Agreements – Approval to Execute. It was agreed that Denise could be present for the item.

3. Minutes of the meeting held on 3 October 2018

Resolved: The minutes of the Growth Deal Management Board meeting held on 3 October 2018 were approved as an accurate record and signed by the Chairman.

4. Matters Arising

There were no matters arising from the previous meeting.

5. Social Value Report

Martin Hill, Lancashire Skills Hub presented the report which was a summary of the progress made in delivering the social value metrics since the last report to the Growth Deal Management Board in October 2017.

The dashboard had been developed to highlight key metrics and cumulative performance to date and was intended that the metrics be updated on a regular basis and be used to publicise the integration of social value in the Lancashire Growth Deal programme through various channels eg website and social media.

The aim of the National Themes Outcomes and Measures Framework was to provide a minimum reporting standard for measuring social value for those organisations (private and public) commencing on their journey to embed social value into their procurement and management processes.

Resolved: That the Growth Deal Management Board commented on performance across the social values metrics and the attached social value dashboard. The Committee also reviewed and supported the proposal for the adoption of the National Social Value Framework Themes Outcomes and Measures, as a standardised methodology for measuring social values across the Growth Deal programme.

6. Growth Deal Communications Update Report

Richard Bond, SKV Communications, presented the Growth Deal Communications Update report to the Board. This covered the period from March 2018 to November 2018. SKV Communications are responsible for delivering the Lancashire Enterprise Partnerships strategic communications activity and also managing the communication of the Partnerships Growth Deal programme.

It was noted that in terms of press releases delivered by Lancashire Growth Deal projects, the Lancashire Enterprise Partnership and Lancashire Growth Deal programme were involved and acknowledged within the press releases. There were a couple of occasions, where the project did not involve SKV in sufficient time to include references to the Lancashire Enterprise Partnership, however on the whole the compliance from projects is good.

The Lancashire Enterprise Partnerships website was also compliant with the emerging Government guidelines.

The Committee felt this was a good opportunity to start putting case studies together around social values.

The Committee were asked to inform Richard if there were any changes within their Communications Teams to let him know.

Resolved: That the Growth Deal Management Board noted the contents of the report.

7. Any Other Business

There was no any other business.

8. Date of Next Meeting

It was noted that the next Growth Deal Management Board meeting was scheduled to be held on Wednesday, 27 March 2019 at 1.30pm in Committee Room 'D' – The Henry Bolingroke Room, County Hall, Preston.

9. Exclusion of the Press and Public

At this point the Growth Deal Management Board approved that the meeting move into Part II, Private and Confidential, to consider the remaining report as it contained information defined as confidential or exempt in accordance with the relevant paragraph of Part I to schedule 12A to the Local Government Act 1972 as set out in the report. 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.

11. AMuseum Appraisal Update Report

It was agreed that Item 11 would be considered before Item 10.

Kirsten Powell, Ekosgen presented an update in relation to the appraisal of the AMuseum project Growth Deal Business Case.

At the meeting held on 2 July 2018, the Growth Deal Management Board deferred the funding decision to allow the applicant to respond to the areas identified both in the AMuseum appraisal presentation and also the subsequent matters raised by the Board during the course of the meeting.

Following the presentation, Alan Cavill representing the AMuseum project, was invited to respond. Alan Cavill tabled a report which provided responses to the contents of the update report, and then questions were asked by the Committee.

Alan Cavill was asked to leave the room to enable the non-conflicted Committee Members to consider the recommendations.

The Committee discussed the proposal at length. The Committee concluded that they would like to support the project, subject to a number of conditions which reflect concerns raised by the Growth Deal Management Board and which address the 'Areas of On-going Uncertainty' as detailed in the Ekosgen report.

Resolved: That the Lancashire Enterprise Partnership be recommended to approve Growth Deal funding of up to £1.500m to the AMuseum project at its next meeting on 22 January 2019, subject to:

- i) Securing the final elements of the project's funding package, including contributions from the Heritage Lottery Fund and Coastal Communities Fund and ongoing fund raising activity.
- ii) Further understanding of the target market for the attraction in terms of socio-economic groups and age bands and, linked to this, the additionality of visitor numbers to the resort and Lancashire as a whole.
- iii) Confidence regarding visitor demand – based on the latest scheme proposals – from a current non-Blackpool visitor market.
- iv) Greater understanding regarding the extent and nature of interactive exhibitions to be accommodated in the museum (although some further details have been provided since June and this will be an ongoing area of development).
- v) Ongoing financial sustainability, given the tight operating margin (although the Council has noted that a review of costs is underway – which would, potentially, in turn, impact on levels of direct, indirect and induced employment
- vi) Confirmation from the applicant to under-write the museum's operations for 10 years).
- vii) Quantification of the added value of inclusion of the museum project within the Renewal of Blackpool programme.
- viii) Provision of the final management/operating structure together with recruitment process, to provide confidence re the delivery of this sector intervention.

Alan Cavill re-joined the meeting at this point.

10. Programme and Project Update Report

Anne-Marie Parkinson, Programme Manager, presented a report which contained both the Growth Deal Programme and Project Updates.

As the last Committee meeting occurred in the same reporting quarter as this meeting, the report did not contain performance updates, as those were unchanged. The report specifically contained:

- LEP Funding Approvals;
- Local Growth Funding Agreements;
- Project Updates; and
- Monitoring, Evaluation and Social Value Workshop

Resolved: That the Growth Deal Management Board:

- i) Noted the contents of this report.
- ii) Receive an update in relation to the unallocated funds to its next meeting.

12. Growth Deal Evaluation Update Report

Anne-Marie Parkinson, Programme Manager, presented the Evaluation Update report covering the period 30 June 2018 (Quarter 1 2018/19) as set out at Appendix A in the agenda pack.

The report had been prepared by Warwick Economics and Development who were responsible for delivering the Growth Deal Programme Evaluation.

Within the report the Growth Deal Management Board were requested to agree the five projects within the Growth Deal programme for which an 'exemplar' project evaluation would be undertaken. The following were agreed:

1. Food, Farm, Innovation Technology Centre
2. Hyndburn, Burnley, Pendle Growth Corridor
3. 21st Blackpool Conference Centre
4. Advanced Manufacturing Research Centre North West
5. Lancaster Health Innovation Campus

The Board were invited to provide comments regarding the content of the two example project evaluation reports to Anne-Marie Parkinson, which will inform the final format/content.

Resolved: That the Growth Deal Management Board:

- i) Considered the contents of this report.
- ii) Approved the five schemes for which an exemplar project evaluation would be undertaken as follows:
 - Food, Farm, Innovation Technology Centre
 - Hyndburn, Burnley, Pendle Growth Corridor
 - 21st Blackpool Conference Centre
 - Advanced Manufacturing Research Centre North West
 - Lancaster Health Innovation Campus

13. Northlight - Mini Business Case Report

A report on the Moorings Mini Business Case and Business Space Mini Business Case for the Northlight project was presented by Anne-Marie Parkinson.

The Moorings Mini Business Case found at Appendix 'B' of the report, had reduced significantly from the original position to the current one. Originally it was for £1.000m and its current position is £0.110m with the number of berths reducing from 20 to 10 and the current construction end date had slipped from July 2017 to September 2019.

It was recommended to approve the mini business case, on the basis that whilst there was a reduction in the number of moorings to be delivered, there was no impact to the economic outputs.

Within the Business Space Mini Business Case found at Appendix 'C', there was a change to the project as detailed in the original Northlight business case which was approved in February 2016 by the Growth Deal Management Board and LEP Board. As a result of T2000 having withdrawn, and in the Project Sponsor responding to market demand, it was now proposed to create a complementary commercial space occupying the whole footprint of this element of the Northlight project. It was now to be known as the 'Business Space' project and was in addition to the business units offered in the residential element of the Northlight development, which the Growth Deal Management Board approved to proceed at its committee meeting on 21 March 2018. The delivery programme anticipates a start on site in March 2019, with completion on site in December 2020.

It was recommended to approve the mini business, on the basis that whilst there were reductions to some outputs the changes do respond to market demand and provide increased value for money in relation to the increase in jobs created and subsequently gross value added generated. Close monitoring of the project is required to reflect the close proximity of the construction end date (December 2020), to the end of the Growth Deal programme (March 2021). The recommendation was subject to:

- Provision of an acceptable State Aid Opinion to reflect the Growth Deal investment to this element of the Northlight Development.
- Confirmation of match funding from Lancashire County Council.

Resolved: That the Growth Deal Management Board:

- i) Considered the contents of the report.
- ii) Approved the project to proceed in accordance with the mini business cases as found at Appendix 'B' and 'C' to the report, subject to the provision of an acceptable State Aid Opinion and confirmation of Lancashire County Council funding to the scheme, for the 'Business Space' element.
- iii) Agreed that a meeting be arranged between the Chair of Growth Deal Management Board, the Programme Manager and the Project Sponsor about the slippage concern and delivering on progress.

14. Local Grant Funding Agreements - Approval to Execute

Anne-Marie Parkinson, Programme Manager, presented the Local Grant Funding Agreement for the North West Burnley Growth Corridor scheme and the Furthergate Link Road – Pennine Gateway scheme, to the Growth Deal Management Board to seek approval to execute the contracts between Lancashire County Council (Accountable Body for the Growth Deal programme) and Burnley Borough Council and Blackburn with Darwen Borough Council respectively.

Resolved: That the Growth Deal Management Board approved the Local Grant Funding Agreement for North West Burnley Growth Corridor scheme and the Furthergate Link Road – Pennine Gateway scheme, allowing the Local Grant Funding Agreement to be executed, concluding contracting.

15. Growth Deal Finance Report

Joanne Ainsworth, LEP and Special Projects Finance Manager, presented a report which provided an update on the financial aspects of the Local Growth Fund.

The Board were asked to note that within the expected payments still to be made for 2018-19 and to the end of the programme, the following projects represent risk of slippage in the programme. Those projects would be closely monitored and the overall programme flexed accordingly to accommodate any further slippage whilst working with Project Sponsors to ensure the outcomes remain deliverable to achieve spend by the deadline of 31 March 2021:

GF01-06: M55 to St Anne's Link Road - this project was currently projecting spend of £1.98m in 2018-19. This spend was originally due in 2015-16 and has been slipped several times. As the project was not yet contracted there was a high risk to spend in 2018-19.

GF01-10: Blackpool AMuseum – this project was due to spend £1.5m in 2018-19 but was not yet contracted.

GF01-20: Preston Western Distributor – this project had an overall allocation of £58m, £31m of which was retained by Government. This meant that the funding was not paid to the Accountable Body in advance. The project was due to be presented to the Growth Deal Management Board in spring 2019. There was a small risk that the spend would only realise in the first quarter of 2019-20 rather than quarter 4 of 2018-19.

The payments to date (£14.852m) represent 45.14% of the total payments (£32.900m) to be made in 2018-19. It was also expected that £23.060m of the £46.140m slippage temporarily allocated to other projects as identified above was to be repaid. This was evidenced that the financial delivery of the overall programme was on track to deliver spend by March 2021.

By the end of 2018-19 it was currently forecasted that £169.240m would have been paid to Growth Deal projects. This represented 61.8% of the total programme funds having been paid by year 4 of the 6 year Growth Deal programme.

Resolved: That the Growth Deal Management Board:

- i) Noted spend to date, together with spend to be made in future years;
- ii) Noted the forecast of funding to be balanced to the funding available as set out in the report; and
- iii) Agreed that consideration was given to the continued profiling of funding forecasts being as accurate as possible, with the Committee managing existing projects in order to recoup any slippage and ensure new projects remain on track in line with their spend profile.

16. Reporting to Lancashire Enterprise Partnership Board

The Chairman confirmed the key issues for noting were:

North Blackburn Scheme – Pennine Gateway (subject to a positive funding recommendation by the Transport for Lancashire Committee)
AMuseum Scheme