

LEP - Growth Deal Management Board

Minutes of the Meeting held on Wednesday, 9th March, 2016 at 12.30pm at the Cabinet Room 'C' - The Duke of Lancaster Room, County Hall, Preston.

Present:

Mr G Cowley (Chair)

Mr B Bailey
Mr A Cavill
Ms Lawty-Jones
Mrs S Procter

Mr G Smith
Professor R Walsh
Ms J Whittaker

Observers

Mr M Allen – Department for Business, Innovation and Skills.

Councillor P Rankin – Preston City Council (member of the LEP Performance Committee).

In attendance

Mr R Hothersall - Head of Service, Programme Office, LCC.

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

Ms N Adams - Project Manager, Programme Office, LCC.

Mrs J Johnson Subject Matter Expert/Specialist Adviser Legal, Programme Office LCC.

Ms A Parkinson – Programme Manager, LCC

Mr A Swain - Media Manager, LCC.

Ms K Molloy, Head of Service LEP Coordination, LCCI.

Mr D Gordon, Project Officer - Strategic Development, LCDL.

Mr M Neville - Company Services Officer, Democratic Services, LCC.

Mr E Kirby – Director at The Making Rooms.

Ms K Hedland - Ekosgen.

Mr C Crow - Regeneris.

Ms K Downes - Regeneris.

1. Welcome and Apologies for Absence

Having welcomed everyone to the meeting the Chair noted that apologies for absence had been received from Ms J Turton, Chief Executive and Miss J Ainsworth, Subject Matter Expert/Specialist Adviser Finance, Programme Office LCC.

The Chair noted that Councillor Rankin was attending the meeting as an observer in his capacity as a member of the LEP Performance Committee.

As this was her last meeting the Chair also took the opportunity to thank Mrs Moore for her contribution to the work of the Committee and presented her with a small gift.

2. Declarations of Interest

Mr B Bailey declared an interest in relation to item 5 on the agenda as he was the project sponsor for two of the projects which had submitted applications for Growth Deal Funding and would feature in the presentations.

Professor Walsh and Mr G Smith both declared interests as they represented organisations which were either involved in making applications for or were in receipt of Growth Deal funding. In response to a query from the Chair Mr Smith also confirmed that Barnfield Construction did not have any connection with the Burnley Vision Park project which would be the subject of a presentation later in the meeting.

The Chair informed the meeting that he would take item 6 as the next item of business to enable Mr Cavill to give his presentation and then leave to attend another commitment.

3. Presentation - Framework for Growth in Blackpool and the Fylde.

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).

Mr Cavill, the Director of Place from Blackpool Council gave a brief presentation on the Blackpool, Fylde and Wyre Economic Development Company's (EDC) Framework for Inclusive Growth and Prosperity.

He highlighted that the overarching objective for the EDC was to deliver growth and prosperity for the area and drive improvement in the quality of life/health of local people and business both now and in the future. This would be done through three mutually reinforcing priority action areas

1. Jobs, Sites and Connectivity – focussing on those actions and projects which would act as the catalyst in enabling job creation/growth in the existing and future key economic sectors.
2. Skills, Workforce Rediness and Business Support – focussed on actions and projects that will equip residents/business to take advantage of new opportunities that are generated.
3. Urban Quality, Image and Marketing – to focus on the essential intervention required to ensure the development of a living offer which supports growth and the retention of talent, as well as tackling entrenched disadvantage and negative perceptions.

In considering the presentation the Board noted that delivery of the Framework would be overseen by the EDC and would help to put existing and future projects

into context. The Chair also suggested that similar Frameworks for other parts of Lancashire would help to inform any Devolution Ask which would be made to Government in the future.

Resolved: That the presentation is noted.

4. Minutes of the meeting held on the 18th January 2016

Resolved: That the Minutes of the meeting held on the 18th January 2016 are confirmed as an accurate record and signed by the Chair.

5. Matters Arising

No items were raised under this heading.

6. Business Cases due for LEP Approval

As the presentations contained exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It was considered that in the circumstances the public interest in maintaining the exemption outweighed the public interest in disclosing the information and the meeting moved into Part II for the next item.

Presentation 1 – Burnley Vision Park

Ms K Hedland from Ekosgen gave a presentation on the above project which had been the subject of an independent appraisal. Details of the findings of the appraisal were circulated to the members of the Committee at the meeting.

It was reported that the assessment gave the project a score of '2' which was that the requirements had been substantially met and the project could progress with certain issues to be resolved. The project would focus on advanced manufacturing/engineering and the professional sector and would be implemented in 3 phases. Growth Deal funding was being sought to enable delivery of phase 1 which would then unlock subsequent phases which would be partially funded by the Borough Council together with a significant package of investment from the private sector. The Committee noted that the majority of jobs to be created as a result of the development would be from the development in the later phases of the project.

It was highlighted that the business case has been appraised against an allocation of £1.7mn from Growth Deal whilst the funding allocation for the project had only ever been £1.2mn. The Board was advised that the project could not be delivered with only £1.2mn and that the assessor was convinced that this was the case. In the interests of transparency and auditability it was agreed that the assessor should assess viability of the project with a £1.2m allocation in order to formally record that the project cannot be achieved without an additional £500k of resource. With this in place it was agreed that the LEP would be asked to consider approving a funding allocation of £1.7mn for the project.

Resolved:

1. That in the interests of transparency and auditability the independent assessor be requested to determine whether the project would be viable with a £1.2m allocation in order to establish whether the additional £500k was essential to the delivery of the project.
2. That subject to the confirmation of the project allocation specified at 1 above the LEP Board be recommended to approve the allocation of £1.7m of Growth Deal funding for Project GF02-28 BVP (Burnley Vision Park) with a condition to incentivise the developer to complete all phases of the development.

Ms Hedland left the meeting at this point.

Presentation 2 – GF02-30 Making Rooms – Lancshires First Fab Lab.

Mr C Crow from Regeneris gave a presentation on the independent appraisal of the above project. Details of the findings of the appraisal were circulated to the members of the Committee at the meeting.

It was reported that the project consisted of a Fab Lab which would provide access to a range of technology and equipment to local business/general public together with provision of office space, artistic space and exhibition area and catering facilities.

Following a Q&A session Mr Bailey and Mr Kirby left the meeting while the Committee considered the findings of the appraisal.

The Committee noted that the overall score for the assessment was '3' which reflected that a number of requirements had only been partially met and there remained issues with the submission which needed to be resolved urgently. The specific areas highlighted by the Board for attention included:

- Further development of the options assessment and economic analysis presented in the economic case to support the assumption that there is a gap in the existing provision and a need for a facility of this kind.
- Clarification of how the project will work with existing educational institutions, other providers and link with local employers.
- Confirmation that other funding associated with the artistic elements of the development would not be in conflict with the objectives of the Fab Lab and affect the long term viability of the project.
- Provision of more information associated with projected costs/revenues and evidence of the demand for the different aspects of the project to provide an assurance as to its the long term viability/sustainability.

Mr Bailey and Mr Kirby returned to the meeting and were informed of the view of the Committee.

Resolved: That project GF02-30 Making Rooms – Lancashires First Fab Lab is not referred to the LEP Board for consideration until the sponsor has addressed the various issues highlighted in the independent assessment in relation to the viability and sustainability of the project.

Presentation 3 – GF01-40-S - Café Northcote

Ms K Downes from Regeneris gave a presentation on the independent appraisal of the above project. Details of the findings of the appraisal were circulated to the members of the Committee at the meeting.

In considering the information presented the Committee noted that the independent assessment had given the project an overall score of "3" and concerns were expressed that in relation to the economic and financial cases a score of "4 2 had been given which indicated that requirements had not been met and that critical issues existed with the submission. In considering the assessment the Board highlighted the following areas:

- A clearer and more detailed explanation was required in relation to the number of jobs which the project would generate both directly and indirectly.
- More information was required in relation to the likely scale and source of demand and revenue to be generated by the project.
- Detailed projections of annual operational costs and revenues were required.
- No strong justification had been provided for the level of proposed grant funding.

Resolved: That project GF01-40-S - Café Northcote@Cathedral Quarter is not referred to the LEP Board for consideration until the sponsor has addressed the various issues highlighted in the independent assessment.

Mr Crow and Ms Downes left the meeting at this point.

Having considered the three presentations the meeting then returned to Part I of the agenda (items publicly available).

7. Communications

Mr Swain, Media Manager for Lancashire County Council, updated the Committee in relation to the various communication strategies and action plans submitted by individual Growth Deal projects.

It was reported that promotional work was planned to coincide with the approaching first anniversary of the signing of the Growth Deal and meetings were scheduled to take place with SKV and Marketing Lancashire to develop

communications about the progress of the Growth Deal. Mr Allen suggested that the Department for Business, Innovation and Skills should also be involved in any communications relating to the anniversary.

Resolved:

1. That the report is noted and the number/nature of communications around local Growth Deal projects welcomed.
2. That the Department for Business, Innovation and Skills be involved in any communications strategy planned to coincide with the first anniversary of Growth Deal funding.

8. Monitoring and Evaluation Sub Group - Update.

Mr R Hothersall, the Head of Service for the Programme Office updated the Committee on the work of the Monitoring and Evaluation Sub Group in relation to Social value, growth Deal metrics and the Monitoring and Evaluation Framework which was being refreshed and reviewed prior to submission to the Committee.

It was reported that following a review it was considered that the current membership of the Sub Group was predominantly representatives from the accountable body with only a small number of representatives from external organisations. The attendance of certain members was also highlighted as a concern.

Resolved:

1. That the report is noted.
2. That membership of the Monitoring and Evaluation Sub Group be reviewed and the Committee be kept informed of any developments.

9. Social Value Update.

Mrs A Moore, Programme Manager, informed the Committee that following positive initial discussions with a project sponsor social value would be raised with all sponsors as part of ongoing monitoring meetings. It was noted that many developers saw the inclusion of social value as an opportunity to celebrate certain aspects of projects which may not otherwise be promoted.

Resolved:

1. That the report is noted and a further more detailed report, including details of the indicative commitments made by individual projects, be presented to the next meeting.
2. That a representative from Balfour Beatty be invited to attend the next meeting to give a presentation about social value in respect to a growth deal project.

Councillor Rankin left the meeting at this point

10. 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).

In presenting the report the Chair Highlighted the following points

- Spend to date and anticipated for 2015-16 is as in the circulated papers.
- With regard to project GF01-11 Lancaster Health Innovation Park it was noted that a £2m for 2015-16 would not be realised as the project is yet to submit a business case for LEP approval. The spend profile will be moved accordingly and reported to the next meeting.
- The spend for GF01-09 Blackpool Integrated Traffic Management has formally been reported by the sponsor as slipping into 2016-17 financial year which is reflected in the summary
- It was noted that following the LEP approval of GF02-29 Engineering and Innovation Centre – Uclan work had commenced on developing a Growth Fund Agreement. As part of this it has emerged that the funding requirement for the project was not in line with the allocation to the project.

Work is underway to resolve this. To date Miss Ainsworth had been unable to match the allocation to the funding requirement in full, but had managed to align the first two years funding and would continue to attempt to align future years as the programme developed, with the cumulative position for the project being no worse off than the original allocation at all times.

It was reported that work was underway to develop a pipeline of potential projects which could be referred to in the light of further information regarding the availability of future funding. Whilst it was not considered appropriate to have an open call for pipeline projects it was suggested that some promotional work be done to highlight the funding and support available from the LEP.

Mr Allen informed the meeting that that an announcement regarding future Growth Deal allocation from central government was expected shortly.

Resolved:

1. That the Growth Fund Profile, as set out in the report presented, is

accepted following adjustments from the last meeting.

2. That both the spend to date and the spend to be made in 2015/16, as set out in the report presented, are noted.
3. That the 2015/16 in year spend be balanced to the funding as set out in the report presented and the unallocated skills monies of £2.1m moved from 2018/19 to 2020/21 to accommodate the acceleration of spend on project GF02-29 EIC.
4. That the allocations of the skills programme of £12.63m to individual projects be noted and that those individual projects form part of the Growth Deal programme.
5. That further consideration be given to the profiling of funding for projects in order to ensure it is as accurate as possible at initial stages of project development.
6. That a list of pipeline projects be identified for consideration in relation to any underspends in growth deal together with large projects to be ready for Growth Deal 2 if announced as part of the Comprehensive Spending Review.

11. Report of relevant issues from the LEP

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Ms Molloy informed the Committee that the LEP Board on the 2nd February 2016 had approved Growth Deal funding of £10.5m for project GF02-29 EIC and £4.2m to project GF02-27 BM, subject to certain conditions.

It was also reported that GF01-35-S, GF01-17-S and GF01-38-S which all related to fast tracked skills projects had also been approved and project GF01-39-S had recently been withdrawn by the applicant.

Resolved: That the decisions on the LEP Board on the 2nd February 2016 in relation to the management and delivery of Lancashire's Growth Deal are noted.

12. Local Growth Fund Agreements.

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Resolved: That the updates in relation to the development of Local Growth Fund Agreements, as set out in the report presented, is noted.

13. Growth Deal Implementation

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Mrs Moore presented an updated report on implementation of the Growth Deal together with 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. Building Research Establishment Environmental Assessment Methodology (BREEAM).

The Board considered a report which highlighted a disparity between the BREEAM accreditations required in connection with Skills Capital Bids and Growth Deal bids which did not insist on any accreditation above building regulations.

Resolved:

1. That in order to achieve a standardised, equitable, approach the requirements for future Skills Capital bids should be no different than those required for Growth Deal and that this be referred to the LEP Board for determination.
2. That further work is undertaken with LCC Building Design Team and LCC Estates Team in order to:
 - a) develop a form of words to include in the standard Growth Fund Agreement that will ensure quality robust buildings are funded by public money but projects remain Value for Money and
 - b) compare growth deal priorities with BREEAM priorities and give advice where the two standards conflict.
3. That the Programme Office undertake to create a form of words for inclusion in Growth Fund Agreements/Memorandums of Understanding that reflects (as now) an employer's agent to certify standard of build standards or GDMB reserve the right to insist on inspection of designs and / or completed buildings by an independent assessor at the projects sponsors costs .

15. Reporting to Lancashire Enterprise Partnership Board

Resolved:

1. That the views of the Committee in relation to the following projects are reported to the LEP Board for consideration.
 - GF02-28 - Burnley Vision Park.
 - GF02-30 - Making Room – Lancashires first Fab Lab.
 - GF01-40- Café Northcote@Catherdral Quarter.
2. That in view of the disparity between the BREEAM accreditations required in connection with Skills Capital Bids and Growth Deal bids (which did not insist on any accreditation above building regulations) the LEP Board are recommended to agree that in future the requirements for Skills Capital bids should be no different than those for Growth Deal.

16. Any Other Business

With regard to the earlier discussion in relation to the pipeline of potential future projects it was suggested that consideration be given to establishing some form of framework in relation to the time/resources to be spent of developing such projects in order to clarify what was required from applicants.

17. Date of Next Meeting

It was noted that the next scheduled meeting of the Committee would be held at 1.30pm on the 13th April, 2016 in Cabinet Room D – The Henry Bolingbroke Room at County Hall, Preston.