

Lancashire Enterprise Partnership Limited Board

Minutes of the Meeting held on Tuesday, 13th September, 2016 at 4.30 pm at the Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston

Present

Edwin Booth (Chairman)

Jim Carter
Graham Cowley
Mike Damms
Richard Evans
Councillor Stuart Hirst
David Holmes

County Councillor Jennifer Mein
Councillor Phil Riley
Professor Mark Smith
David Taylor
Councillor Mark Townsend

In Attendance

Joanne Ainsworth, Subject Matter Expert / Specialist Advisor: Finance, Lancashire County Council
Brian Bailey, Head of Policy and Programmes, Blackburn with Darwen Borough Council
Ruth Connor, Chief Executive, Marketing Lancashire
Andrew Good, Head of Service Financial Management, Lancashire County Council
Neil Jack, Chief Executive, Blackpool Council
Martin Kelly, Director of Economic Development, Lancashire County Council
Dr Michele Lawty-Jones, Director Lancashire Skills Hub, Lancashire County Council
Sean McGrath, External Investment / Funding, Lancashire County Council
Andy Milroy, Senior Democratic Services Officer, Lancashire County Council
Kathryn Molloy, Head of Service, LEP Coordination, Lancashire County Council
Jo Turton, Chief Executive, Lancashire County Council
Ian Young, Company Secretary

1. Welcome and Apologies for Absence

The Chairman, Edwin Booth, welcomed all to the meeting, apologies for absence were received from Councillor Simon Blackburn, Mike Blackburn, Malcolm McVicar and Dennis Mendoros.

2. Declarations of Interest

Graham Cowley declared an interest in Item 6, Lancashire Area Based Review. He has been commissioned by an education organisation to carry out management consultancy, some of their member schools may in future be indirectly affected by the Area Based Review. It was deemed that this interest did not warrant Mr Cowley being excluded from this item.

3. Minutes of the Board meeting held on 14th June 2016 and Special Board meeting held on 5th July 2016

Resolved: That the minutes of the Board meeting held on 14th June 2016 and the Special Board meeting held on 5th July 2016 be approved as an accurate record and signed by the Chairman.

4. Matters Arising

None

5. LEP Governance and Committees Decisions Report

Andy Milroy, Senior Democratic Services Officer, Lancashire County Council presented a report (circulated) which provided LEP Governance updates and a summary of decisions taken at recent LEP Committee meetings.

With regard to Governance it was highlighted that revised Terms of Reference were included for the Business Support Management Board. The main change being the membership of this Committee. It was proposed that Dr Sue Smith (UCLAN) and the Chair (currently Kevin Duffy) of the Institute of Chartered Accountants in England and Wales (ICEAW) be added as members.

In addition it was proposed that the membership held on the Committee by the ICEAW and the Lancashire Institute of Directors should pass to the respective annual office bearers without the need to formally ratify these changes as new appointments by the LEP Board.

In addition to the Governance updates presented in the report, the Chairman, Edwin Booth, reported that meetings had taken place with new prospective Directors and a further update would be provided in due course.

Resolved: The LEP Board

- (i) Noted the updates provided in the report in relation to the Committees of the LEP; and
- (ii) Approved the revised Terms of Reference and Membership for the Business Support Management Board as presented.

7. European Structural and Investment Funds (ESIF) - Post EU Referendum Update

Sean McGrath, External Investment / Funding Officer, Lancashire County Council presented a report (circulated) regarding the European Structural and Investment Funds (ESIF) and updates since the result of the EU referendum.

It was reported that Lancashire had received an initial allocation of £211m. It is currently estimated that up to £112.5m of ESIF financial support for priority activity is at risk if no further projects are approved after the Autumn Statement.

It was highlighted that a number of key projects are due to continue/come forward later in the programme which are integral to Growth Deal and Lancashire's Skills and Employment Strategy. Without these projects there will be a short fall in (amongst others);

Enterprises receiving support	58%
Enterprises cooperating with research institutions	88%
Business and Properties with reduced from Food Risk	100%
Participants in Skills and Employment programmes	48%

A significant reduction in funding will jeopardise key activities supporting business growth and have a detrimental impact on plans to enhance skills levels and increase technological development and innovation in Lancashire.

After a discussion the Board agreed that the Chair of the LEP, Chair of the Shadow Lancashire Combined Authority and Chair of the Lancashire ESIF Committee should write to the Chancellor of the Exchequer to seek clarification on this issue and that Lancashire Members of Parliament (MP's) be contacted with a request that they seek clarification from Government.

On a related matter, the Chairman, Edwin Booth reported to the Board that a LEP delegation had met with the Lancashire MP's in the last week and the meeting was positive.

Resolved: The LEP Board

- (i) Agreed that a joint letter from the Chair of the LEP Board, Chair of the shadow Lancashire Combined Authority and Chair of the Lancashire ESIF Committee is sent to the Chancellor stressing the importance of continued support for Lancashire's priorities, whether through ESIF funding or a successor funding stream, highlighting local strategic objectives and key pre-planned activities, as well as cross-funding dependencies to other major funding streams such as Growth Deal.
- (ii) Requested additional clarity on the Chancellor's recent funding guarantee on the status of projects/activity already within the ESIF programme that might not be contracted by the Autumn Statement.
- (iii) Agreed to work with the shadow Combined Authority to brief Lancashire MPs and secure their support for Lancashire's case-making with Government.
- (iv) Requested a more detailed discussion with senior Government officials regarding the nature of Lancashire's current allocation and the importance of local flexibility in meeting specific needs related to Research and

Innovation and Flood Mitigation activity; and

- (v) Request Lancashire's ESIF lead officers urgently review the current pipeline of ESIF activity and undertake a rapid consultation exercise in order to identify key objectives, projects and outputs that are still to be supported by the current ESIF programme and authorised ESIF lead officers to action the resolutions of the LEP Board as set out in resolutions (i) to (iv).

6. Lancashire Area Based Review

Dr Michele Lawty-Jones, Director of the Lancashire Skills Hub, Lancashire County Council presented a report (circulated) regarding the Lancashire Area Based Review and progress made to date.

Dr Lawty-Jones gave an overview of the purpose of the review and explained that the review in Lancashire was due to commence during September 2016 with the first Steering Group meeting scheduled for 4th October 2016.

An initial view of the principles, mapped against the Lancashire Skills and Employment Strategic Framework, was reviewed by the LEP Board in June 2016 and supported. This has been used to develop the slide pack (attached at Appendix 1 to the report) with LEP Directors asked to review and provide comment, as the pack is further developed for presentation at the first Steering Group.

With regard to Membership of the Steering Group the LEP Board was reminded that Steering Group will include each College's Chair of Governors and Principal / CEO, and representation from the LEP, Local Authorities, and other stakeholders e.g. The Lancashire Colleges Executive Director and the Diocese of Salford and Diocese of Lancaster. West Lancashire College's Chair and Principal will also be included, although the College will be formally reviewed through the North East review as the College is owned by the Newcastle College Group (NCG).

It was noted by the LEP Board that the Lancashire Shadow Combined Authority will be consulted on the Area Based Review at their meeting scheduled to be held on 15th September 2016.

In addition, it was reported that the Skills and Employment recommended that Dr Michele Lawty-Jones, as Director of Skills and Employment attend and present the slide pack, and that Paul Holme, Skills and Employment Board member, represent the views of the LEP. Paul is an independent consultant who has a strong track record and history in the skills and employment sector and has been providing expert advice in the run-up to the review.

Resolved: The LEP Board

- (i) Authorised the Chair of the LEP, with support from the Director of Economic Development and the Director of the Lancashire Skills and Employment Hub (both Lancashire County Council) to finalise the LEP's slide pack and input to the Area Based Review; and
- (ii) Endorsed the recommendations in relation to the Steering Group Membership and agreed to appoint LEP Director Mike Damms as the LEP representative.

8. Lancashire and Sheffield Science and Innovation Audit

Professor Mark Smith, LEP Director and Vice-Chancellor Lancaster University, presented a report (circulated) which provided the LEP Board with a progress update on the Lancashire and Sheffield Science and Innovation Audit (SIA).

It was reported that a Working Group had now been established and data gathering at various levels had commenced. It was noted that there was strength across Sheffield and Lancashire and that the SIA covered a large majority of the "Northern Powerhouse".

The conclusion to the SIA is formed on an assessment of the complementary science and innovation assets and excellence in translational capabilities combined with the sound industrial base that can be built upon, sets a series of 'asks' to Government for the significant investment that will be required to drive a transformational change in the productivity performance of the region.

These major potential pan-Northern initiatives will build upon the more localised current and emergent physical and revenue proposals that will become significant enablers of, and pathways to, the bigger programmes that are built on the combined power of Lancashire and Sheffield City Region and the orchestration of complementary strengths and assets to firmly establish the North as a global leader in advanced manufacturing into the long term.

The suggestions will need to feed into and compliment the Government's new industrial strategy and the direction this will take on making strong connections between industries and places, together with a link drawn through towards future devolution agreements and consideration of the potential for a future joint Lancashire-Sheffield City Region devolution deal on key priorities.

Resolved: The LEP Board noted the report and that further progress updates will be provided to further LEP Board meetings.

9. Lancashire Strategic Economic Plan Refresh

Martin Kelly, Director of Economic Development, Lancashire County Council presented a report (circulated) which presented a proposal to refresh the Lancashire Strategic Economic Plan (SEP) over the next few months with a view to having a refreshed SEP approved and endorsed by the Lancashire Combined Authority (LCA) by April 2017.

Resolved: The LEP Board

- (i) Noted the contents of this report.
- (ii) Agreed to the rationale and proposed way forward with the refresh of the SEP, as outlined in the report.
- (iii) Authorised the LEP Chair to engage with the Chair of the shadow LCA to develop the proposed SEP refresh.
- (iv) Agreed to work with the shadow LCA, whilst engaging with public and private sector partners, to identify new strategic and transformational priorities, programmes and scheme proposals for consideration by the LEP Board.
- (v) Welcomed the offer of the shadow LCA to identify senior local authority economic development officers to support the SEP refresh; and
- (vi) Requested a further report on the SEP refresh work programme to the LEP Board meeting in November 2016 following further consultation between the LEP Chair and shadow LCA Chair.

10. Strategic Marketing and Communications Update

Ruth Connor, Chief Executive, Marketing Lancashire presented a report (circulated) which updated the LEP Board on recent Marketing and Communication activity.

Resolved: The LEP Board

- (i) Noted the report as presented.
- (ii) Approved the proposed approach to continuing to develop a strategic marketing proposition for Lancashire, as set out in this report; and
- (iii) Noted that the Chief Executive of Marketing Lancashire, as the LEP's Media Communications and PR lead, will continue to provide regular updates to the LEP Board on the strategic marketing outputs as required.

11. Growth Deal 3 Update

Martin Kelly gave an oral update on Growth Deal 3 and advised the LEP Board that at this stage there is nothing further to report on the Growth Deal 3 submission for Lancashire. It is expected that there will be further developments following the Chancellor's Autumn Statement. It was noted that the Growth Deal 3 fund was at least eight times oversubscribed across the country and that the priority ranking given to each project would more than likely be used to determine funding allocation.

Resolved: The LEP Board noted the Growth Deal 3 update.

12. Any Other Business

None

13. Date of Next Meeting

It was noted that the next LEP Board meeting was scheduled to be held on 8th November 2016 at 4.30pm in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston.

Part II (Private and Confidential)

At this point the LEP 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.

14. Lancashire Combined Authority Update

County Councillor Jennifer Mein, Leader of Lancashire County Council, presented a report (circulated) which provided the LEP Board with an update on the Lancashire Combined Authority.

The report provided an update on progression with a Lancashire Devolution Deal and the development of a Work Programme and Activities for the shadow Combined Authority. In particular it was noted that the shadow Combined Authority is now developing a Lancashire Plan which will set out a vision for Lancashire based on five core themes – Skilled Lancashire, Better Homes for Lancashire, Connected Lancashire, Prosperous Lancashire and Public Services Working for Lancashire.

Resolved: The LEP Board noted the update regarding the progression of the Lancashire Combined Authority.

15. Growing Places Funding Update and Scheme Approval

Kathryn Molloy, Head of Service – LEP Coordination, Lancashire County Council presented a report (circulated) which contained an update on Growing Places Funding and Scheme approval.

It was confirmed to the Board that £14.8m had been repaid to the fund. This amount does not include the proposed repayment of £2.7m from Luneside East Ltd which is anticipated in 2017.

When the revolving funds available to Barnfield Construction to support the delivery of 'On the Banks' and Innovation Drive have been accounted for, £10.9m is available for investment.

It was confirmed that £2.1m has been allocated towards Guild Hall Street, Preston but this scheme had not concluded legal or financial due diligence.

Should Guild Hall Street proceed, £8.8m is available for investment.

The LEP Board noted the current balance of the Growing Places Fund (GPF) and noted that five of the scheme have fully repaid their GPF loan plus all outstanding interest. The scheme that have fully repaid are Blackpool Pleasure Beach, Teanlowe Centre, Burnley Bridge, Blackburn Cathedral Quarter and Chatsworth Gardens.

Updates were provided on each of the three remaining GPF loan schemes.

In addition, the Board noted that County Council officers, with the support of Enterprise Ventures, are reviewing the investment and operating principles underpinning the LEP's Growing Places Investment Fund.

Resolved: The LEP Board

- (i) Noted the contents of the report including the current Growing Places Investment Fund balance.
- (ii) Considered the draft Heads of Terms in respect of the Guildhall Street project and agreed to delegate responsibility to the LEP's Executive Committee, with the support of the County Council's Director of Economic Development and the Director of Governance, Finance and Public Services to undertake financial and legal due diligence and prepare and enter into loan documentation; and
- (iii) Noted the work being undertaken to review the operating and investment principles of the Growing Places Investment Fund, including the potential to establish a "Fund of Funds", and agreed receive a further update report at its next Board meeting to be held on 8th November 2016.

16. Lancaster University's Health Innovation Campus - Update

Kathryn Molloy presented a report regarding Lancaster University's Health Innovation Campus (HIC).

It was reported that progress had been made regarding technical issues raised through the independent assessment in respect of the scheme business case. The Board were updated on the European Structural and Investment Fund (ESIF) implications for the HIC following the EU Referendum and it was proposed that any lobbying by the LEP to Government specifically raises the issue of the HIC.

Resolved: The LEP Board

- (i) Noted the contents of the report.
- (ii) Agreed to lobby Government in respect of the concerns around Lancashire's European Structural and Investment Funds specifically the HIC project; and
- (iii) Subject to the outcome of the Growth Deal Management Board meeting in October 2016, agreed to receive a Growth Deal funding approval report for the HIC project at its Board meeting to be held on 8th November 2016.