

LEP - Growth Deal Management Board

Minutes of the Meeting held on Wednesday, 7th June, 2017 at 1.30 pm at the Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present

Graham Cowley

Michael Ahern
Mick Allen
Brian Bailey
Alan Cavill

Michele Lawty-Jones
Sue Procter
Gareth Smith
Julie Whittaker

Observers

Mick Allen – Department for Business, Energy and Industrial Strategy

In Attendance

Joanne Ainsworth, Financial Management, Lancashire County Council
John Holden-Ross, Solicitor, Lancashire County Council
Julia Johnson, Principal Lawyer, Lancashire County Council
Martin Kelly, Director of Economic Development, Lancashire County Council
Kathryn Molloy, Head of Service LEP Coordination, Lancashire County Council
Anne-Marie Parkinson, Programme Manager, Lancashire County Council
Heather Gittins, Company Services, Lancashire County Council
Holly Tween, Company Services, Lancashire County Council

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the meeting and welcomed Mr Michael Ahern who would be replacing Robert Walsh (UCLan). The Committee expressed their thanks to Prof. Walsh for all his work. Introductions were made by all in attendance.

Apologies had been received from Katherine O'Connor.

2. Declarations of Interest

Declarations of interest were received as below:

- Brian Bailey – Blackburn Town Centre Improvements
- Alan Cavill – 21st Century Conference Centre
- Julie Whittaker – Brierfield Mill
- Gareth Smith – Brierfield Mill
- Sue Procter – LCC led projects

7. Project Update - M55 to St Annes Link Road

It was agreed that item 7 be taken first.

At this point the Committee approved that the meeting move into Part II, Private and Confidential to consider the 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.

Phil Barrett presented his report to the meeting.

The funding position was discussed, and it was noted that a report would go to Cabinet on 15 June 2017 to begin a procurement process for a bid for a National Productivity Investment Fund. Cabinet approval had already been granted to appoint consultants to put the bid together. A business case would then be taken to the LEP Board in September at the earliest, by which time the due diligence work would be completed.

Although it was accepted that some elements were unknown, the Committee felt concern that they had not had sight of a plan or a programme for the scheme.

The Chair requested a document setting out key milestones for each quarter up to the commencement of construction, to be used as a baseline to plan and monitor progress. It was understood that this document would be subject to change.

It was noted that there was currently no scheme cost estimate, which was expected from the developer in June. Without this, Mr Barrett felt it would be very difficult to create a programme. A draft programme had been previously circulated to a group chaired by Fylde Borough Council, but this was now out of date as it was based on information that had changed.

The Chair commented that highways projects were often problematic. Phil Barrett reflected that often these projects were required to make bids for funding and predict timescales with very little data and then manage issues afterwards. Often managing issues took longer than anticipated and may expose unexpected problems. It was therefore often difficult to plan as projects did not want to commit to a programme that may be undeliverable, or a budget that was unviable.

The Chair responded that all construction programmes are subject to change and it is essential to produce a project programme in order that those changes can be monitored and explained.

The Chair thanked Phil Barrett for providing the Committee with an update on this project.

Resolved: that a project programme be provided which included the detailed

milestones focussed on the activities required to achieve the start on site

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

3. Minutes of the meeting held on 08 March 2017

Resolved: that the Minutes of the meeting held on 08 March 2017 are confirmed as an accurate record and signed by the Chair.

4. Matters Arising

It was noted that the interim evaluation report from Warwick Economics & Development would be released in July and circulated to members. Georgia Siora, Managing Director, Warwick Economics & Development would be invited to the September Committee meeting.

It was noted that an update on the Lancaster HIC would be included in the Programme and Project Update standing item on each agenda.

Kathryn Molloy had met with Ruth Connor, Marketing Lancashire, and SKV regarding marketing the Growth Deal work, and SKV had agreed to take responsibility. The approach would be aligned with the We Are Lancashire proposition, coordinated with other LEP announcements, involve proactive liaison with local partners, and consultation with the Department for Business, Innovation & Skills to ensure a coordinated Lancashire approach. Based on these principles, it was agreed that a draft communications protocol would be developed over the summer to bring to the September Committee meeting.

The Committee were informed that three Skills and Employment Board projects were launching in September. The Food and Farming Innovation Technology Centre launch event would take place at Myerscough College on 07 September, which members were invited to attend.

Anne-Marie Parkinson reported that she had met with Sue Procter to discuss the social value reporting issues.

It was agreed that the September Committee meeting would be used to receive the evaluation update from Warwick Economics & Development and to deal with Social Value and Communications matters. The October meeting would deal with business as usual.

Resolved:

1. That Georgia Siora, Warwick Economics & Development, be invited to the Committee meeting in September
2. That the draft communications protocol be presented to the Committee in

September

At this point the Committee approved that the meeting move into Part II, Private and Confidential to consider the 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.

5. Project Appraisal - 21st Century Conference Centre (GD3)

Alan Cavill and Gareth Smith declared an interest in relation to this item.

Imran Hashmi and Simon Hooton, Regeneris, presented their appraisal report and funding recommendation for the 21st Century Conference Centre project, and highlighted the following:

- This facility would complement other projects in the area, such as the Blackpool Museum project, and hotel development
- There were no substantial risks to delivery
- There was currently no large dedicated conference facility in Blackpool – the appraisers were satisfied that market demand existed for this facility
- The building and conference centre was owned by Blackpool Council. A subsidiary company of Blackpool Council also owns the Winter Gardens
- The project was recommended for approval subject to the following advice:
 - That the Committee seek continued evidence of market demand over the construction period
 - That the Committee seek periodic updates on the wider programme of proposed maintenance works at the Winter Gardens and the Blackpool museum project, to ensure commercial success

It was also highlighted that the local hotels are crucial to the success of this project. There are currently five hotels, four of which are privately owned and one which is owned by Blackpool Council. These are all in the stage of planning or construction. There was concern that the project may be over-dependent on privately owned hotels, but the Committee were assured that the hotel market viewed the conference centre as a good opportunity, and the hotels would be built regardless of the conference centre.

In response to a query whether it would be big enough to compete with other cities in the north west, the Committee were informed that there was an option to add another floor and that the Empress Ballroom next door to it was a very large facility. It was noted that there was a lack of modern and flexible facilities at the Winter Gardens site which this project would provide. Taken all together, this site

would be larger than the closest facilities in Manchester or Liverpool.

It was noted that the original allocation was £15.51m. The GDMB would reserve the right to approve the extra £510k if it was needed and seek the necessary endorsement from the LEP Board.

Both Alan Cavill and Gareth Smith left the meeting at this point.

After discussion, it was agreed to recommend for approval funding of up to £15m for the 21st Century Conference Centre project, subject to the two considerations set out above.

Alan Cavill and Gareth Smith returned to the meeting.

Resolved:

That funding approval of up to £15m for the 21st Century Conference Centre project be recommended to the LEP Board at its next meeting, subject to the following considerations:

- That the Committee receive continued evidence of market demand over construction period
- That the Committee receive periodic updates on the wider programme of proposed maintenance works at the Winter Gardens and the Blackpool museum project, to ensure commercial success

6. Project Appraisal - Blackburn Town Centre Improvements

Brian Bailey declared an interest in relation to this item.

Kirsten Hedland, Ekosgen, presented the appraisal report and funding recommendation for the Blackburn Town Centre Improvements project, and highlighted the following:

- The project was in a recognised local priority area with physical and employment challenges, and would directly improve the highway and footpath surfacing, street furniture, planting and lighting, and restoration of the memorial statue
- The project would support LEP employment and visitor economy goals
- The public realm works will be delivered alongside a wider £3m Townscape Heritage Project which recognises the need and opportunity to enhance heritage assets in the town centre
- The works are intended to help attract new businesses to develop an evening economy offer to complement the existing locality and retain expenditure in the area

- Some businesses would need to be relocated but alternative accommodation would be found
- Although there was risk attached to the demand for space if demand was lacking, there was already appetite for the units being made available

Brian Bailey left the room at this point.

The Committee felt the project represented a good investment and good value. It was agreed to recommend for approval funding of up to £200k for the Blackburn Town Centre Improvements project, subject to the conditions as detailed in the appraisal report.

Brian Bailey returned to the room.

Resolved:

That funding approval of up to £200k for the Blackburn Town Centre Improvements project be recommended to the LEP Board at its next meeting, subject to the conditions as detailed in the appraisal report.

8. Project Update - Redevelopment of Brierfield Mill

Gareth Smith updated the Committee on the redevelopment of Brierfield Mill.

The Committee were shown visuals of the current site and the proposed redevelopment.

The Committee were informed that a good deal of the space had already been allocated. It was noted that work was ongoing on 64 residential apartments and the hotel. An Artisan food company was also interested in some of the space, which was felt to be a good fit with the artistic ambience.

Social value was intrinsic to this project, and it was intended to help create a sense of community and sustainability. It was reported that already a number of artistic events had been arranged in the undeveloped site, which had been very successful.

Alongside the site was a gas chamber owned by the National Grid, and it had been suggested this could be kept and used as a performance space.

The Committee commented that it was very helpful to see the project site as a whole, and that there may be potential to link with the centre of Burnley masterplan, particularly around culture and arts.

Resolved: That the update be noted.

9. Programme and Projects Update Report

Anne-Marie Parkinson presented the programme update report.

It was noted that in terms of measuring performance against the Lancashire's Growth Deal objective, the programme is still in its infancy in relation to realising outputs and outcomes, with significant reporting not to be expected until towards the end of the programme 2020/21. The Committee were informed that the programme is delivering in accordance with Lancashire's Growth Deal agreed milestones and Government reporting requirements.

No queries have been raised in relation to the last claim submitted to government in March 2017.

The Committee considered the project summary document. It was highlighted that at the last meeting nine projects were marked amber or red with issues to resolve. Significant work had been done with project sponsors over the past quarter resulting in issues being resolved on 6 of these schemes.

The latest claim for the Preston City Centre Improvements project advised there had been overspend against the profile for Phase 2 works, and slippage to Phase 3 delivery milestones. The change request submitted to provide the revised budget and milestone profile for delivery of Phase 3 had been rejected, as the required information had not been provided. A further change request had been requested; this was expected by the end of July and would include timescales. To reduce the risk to the programme, no Growth Deal Funding would be provided to the project until the business case was received and plans for the delivery of the scheme were considered satisfactory.

Discussions were ongoing with the project sponsor in relation to the output targets for the Burnley, Hyndburn, and Pendle Growth Corridor. It was noted that the project sponsor was allocating additional resources to resolve the queries and that they were confident a solution could be reached.

Concerns were raised regarding the Preston Western Distributor, as only an outline business case had so far been received. It was noted that the ownership of this project was shared between the Growth Deal Management Board and the City Deal Board. It was a retained scheme, and timescales need to be sequenced with the Transport for Lancashire Committee and the Department for Transport. A report would be taken to the City Deal Board in June, after which a report would be brought to the Growth Deal Management Board. The business case would be completed later this year. It was commented that it was a very significant road development to take from nothing to a business case, and the design and planning processes had been done.

It was noted that overspend had been reported in relation to the A6 Broughton Bypass project. A change request would be submitted for the project to re-profile the spend; however, this would not affect the Growth Deal.

An update on the Lancaster HIC was included at Appendix B.

A query was raised regarding infrastructure projects in general and the need to ensure costs and timescales were clearly set out and monitored as, without clear programmes, the Committee was unable to properly support projects to mitigate risks. It was accepted that there would be unknown elements, but that these could be made clear in the plans.

It was therefore requested that programmes including estimated costs and timescales be presented to the Committee for the following projects: Preston City Centre Improvements, Broughton Bypass, Preston Western Distributor.

Resolved:

- 1) That the report be noted
- 2) That the Committee receive the HIC update found at Appendix B
- 3) That the infrastructure projects Preston City Centre Improvements, A6 Broughton Bypass, Preston Western Distributor are requested to produce a project programme including estimated costs and timescales
- 4) That the infrastructure projects Preston City Centre Improvements and A6 Broughton Bypass are requested to submit changes requests, reflecting the deadlines and the level of information as advised by the Growth Deal Programme Manager

10. Finance Update

Joanne Ainsworth presented the Committee with an update on the financial aspects of the Local Growth Fund. It was noted that Appendix A did not include Growth Deal 3 figures. The financial position for the fund was good, and projects' spend was increasing to bring them more in line with their profiles.

Resolved: that the report be noted

11. Projects requesting additional funding

No additional funding requests had been received.

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

12. Reporting to Lancashire Enterprise Partnership Board

Resolved:

That the two recommended Projects listed below be presented to the LEP Board for approval on the 29th June 2017:

- 1) 21st Century Conference Centre – Funding recommendation
- 2) Blackburn Town Centre Improvements – Funding recommendation

13. Any Other Business

There was no other business.

14. Date of Next Meeting

The next meeting of the Growth Deal Management Board was scheduled for 1.30pm on 06 September 2017 in Cabinet Room B – The Diamond Jubilee Room, County Hall, Preston.