

**Minutes of the Marches LEP Ltd Board Meeting
24 March 2020 at 4.00pm**

**Meeting held using Microsoft Teams due to Government Guidance on Social Distancing
(Company Number: 11822614)**

Present:

Mandy Thorn MBE	MT	Chair, Marches LEP Board
Paul Hinkins	PH	Telford Business Board Chair; Deputy Chair, Marches LEP Board
Frank Myers MBE	FM	Herefordshire Business Board Chair
Paul Bennett	PB	Shropshire Business Board Chair
Andrew Manning Cox	AMC	Hereford Enterprise Zone Chair
Cllr David Hitchiner	DH	Leader, Herefordshire Council
Cllr Peter Nutting	PN	Leader, Shropshire Council
Cllr David Wright	DW	Cabinet Member for Economy, Housing, Transport and Infrastructure, Telford & Wrekin Council
Paul Kalinauckas	PK	Access to Finance Champion
James Staniforth	JS	Skills Advisory Panel Chair; Principal and CEO of the Shrewsbury Colleges Group
Sonia Roberts	SR	Social Inclusion Champion; Charity Manager, Landau Limited
Ruth Shepherd	RS	Director, Results Communications
Dr Catherine Baxter	CB	Higher Education Champion; University Secretary, Harper Adams University (for part of the meeting)
Christine Snell	CS	Business Partner, AJ & CI Snell

In Attendance:

James Walton	JW	Section 151 Officer, Shropshire Council
Mark Barrow	MB	Director of Place, Shropshire Council
Katherine Kynaston	KK	Programme Executive Lead, Telford & Wrekin Council
Ollie Hindle	OH	Assistant Director, West Midlands & South West, Cities & Local Growth Unit, Department for Business, Energy and Industrial Strategy
Gill Hamer	GH	Chief Executive, Marches LEP
Kathryn Jones	KJ	Partnership Manager, Marches LEP
Nick Alamanos	NA	Programme Manager, Marches LEP
Ennis Vingoe	EV	LEP Team Support Officer
Amy Bould	AB	Be Bold Media Ltd

ITEM		ACTION
1.	<p>1. Welcome, Apologies and Declarations of Interest MT welcomed everyone and thanked them for accessing the meeting electronically in these very extraordinary circumstances. She also welcomed C Baxter and C Snell to their first meeting. Apologies were received from Cllr S Davies and S Williams. Cllr D Wright attended the meeting on behalf of Cllr S Davies. MT reminded members that a new version of the agenda had been circulated. Items 2 & 3, the briefings on the progress in delivering the European Structural and Investment Fund Programme and the implementation of the Marches Energy Strategy were postponed to a later Board meeting.</p> <p>2. Declarations of Interest Members made the following Declarations of Interest: CB – Item 4b - employee of institution that had submitted a proposal for funding. AMC – Item 4b – Chair of Hereford Enterprise Zone. Vendor (through Herefordshire Council) of land at Skylon Park to NMiTE, subject to contract. The</p>	

	Shell Store and the Cyber Centre, the subject of grant allocations are being built on land at Hereford Enterprise Zone, Skylon Park	
2.	<p>Governance</p> <p>a) Appointments</p> <p>i) Appointment of 2 new Board members Resolution: To confirm the appointment of Dr Catherine Baxter and Christine Snell as Directors of Marches LEP Ltd. The Board confirmed the appointment of Dr C Baxter and C Snell as Directors of Marches LEP Ltd – unanimous.</p> <p>ii) Appointment of Public Sector Alternate Director for Herefordshire Council To note the resignation of Cllr T Marsh, Herefordshire Council as the Alternate for Cllr D Hitchiner, and to confirm the appointment of Cllr E Chowns as the new Alternate. The Board confirmed the appointment of Cllr E Chowns as the Alternate Director for Cllr D Hitchiner - unanimous.</p> <p>b) Marches LEP Management Group Draft Terms of Reference for ratification by the Board The Board reviewed the document. It was suggested that a private sector member from Herefordshire join the group. Proposed changes to the Membership of the Group and its TORs would be brought to the next Board meeting for ratification.</p> <p>c) LEP policy on Board meetings and Board member expenses The Board discussed the paper and agreed (unanimous) that members of the public and press could attend future Board meetings for the non-confidential element of the meetings. It was suggested that this could be put in place for the when a meeting was held with members present. However, it was also agreed (unanimous) that ‘virtual’ meetings would not be open to the public. The Board also agreed (unanimous) that the MLEP Secretariat would develop an expenses policy in line with the recommendations in the paper, which could be implemented from 1 April 2020.</p>	<p>EV</p> <p>EV</p> <p>GH</p> <p>GH</p> <p>GH</p>
3.	<p>Minutes of Previous Meeting held on 27 January 2020 The Minutes of the previous meeting held on 27 January 2020 were approved and signed (electronically) by the Chair as a true and accurate record of the meeting.</p>	EV
4.	<p>Growth Deal Update</p> <p>a) Overall Project Update NA gave an update on the Growth Deal Programme and said that the Quarter 3 LGF Claim reflected the position outlined at the Annual Performance Review, providing confidence around spend. He explained the approach proposed by the Performance Risk and Monitoring Committee (PRMC) to defer the reimbursement of temporary virements for the Eastern Gateway and Shrewsbury Integrated Transport Package project from 2019/20 FY to 2020/21 FY, to enable the LEP to incur an additional value of £1,150,130 of expenditure. The Board noted the current performance of the Growth Deal Programme.</p> <p>The Board approved (unanimous) the temporary virement figures. NA also highlighted that during 2020/21 Financial Year (FY) the amounts would be re-allocated back to respective projects.</p>	NA

	<p>MT questioned the ability of projects to be able to deliver within the stipulated timescales in the light of the current coronavirus restrictions and suggested that a request be made to the Cities & Local Growth Unit (CLGU) for urgent consideration of an extension to the delivery timetable. OH said that this was being considered by Ministers. A pragmatic approach would be taken with guidance issued as soon as possible.</p> <p>NA gave a brief update on the current projects:</p> <p>i) NMITE Phase 2 Following Board approval, the LEP accountable body (Shropshire Council) had issued a letter delegating responsibility for managing the GD grant and the relationship with the applicant (NMiTE), to Herefordshire Council. Following receipt of this letter Herefordshire Council was due to take an urgent decision on it becoming the accountable body for NMiTE phase 2 Growth Deal funds on 25 March 2020.</p> <p>ii) South Wye Transport Package The termination of the funding agreement for the South Wye Transport Package (SWTP) was agreed at the Board meeting on 27 January 2020. The Growth Deal value of the SWTP Funding Agreement was £27m and £3.8m having already been paid to Herefordshire Council to support the development of the project. Also agreed was that discussions would commence with Herefordshire Council on the claw back of the £3.8m already paid to Herefordshire Council to support the development of the SWTP project. The LEP Team had instructed a Solicitor to work on its behalf in relation to the clawback of the £3.8m and would be preparing a letter to send to Herefordshire Council. It had been intended to table the letter at the Board meeting, but due to a delay with the Solicitor, members would have sight of the letter following despatch to Herefordshire Council.</p> <p>iii) Oxon Link Road The LEP had been informed that the proposal for the Oxon Link Road (OLR) project merger with the Shrewsbury North West Relief Road (SNWRR) had been agreed by Shropshire Council at its meeting on 27 February 2020. The LEP Team had received confirmation from the project lead that the Output profile and figures approved by the LEP Board (21 May 2019) were still relevant to the proposed OLR/SNWRR merged project.</p> <p>iv) Telford College Following the actions taken by the LEP reported at the previous Board meeting, including a comprehensive review and final position letter sent to the College, a letter had been received from Graham Guest, Principal & Chief Executive of Telford College on 27 February 2020. This outlined the College's responses to the points raised in the letter from the LEP and agreed to the requested refund of £11,780. The LEP would monitor virtually over the coming weeks that the agreed actions were being undertaken. The Board noted the project updates.</p> <p>v) Skills Capital Call NA confirmed that the projects approved for funding at the previous Board meeting were now being contracted: - Shrewsbury Colleges Group: Advanced Manufacturing Engineering and Automotive Expansion Project - £200,000 - Herefordshire, Ludlow & North Shropshire College: Energy Training Centre; for micro-generated electricity and other sustainable technologies - £70,000 The Board noted the update relating to the Skills Capital Call.</p>	<p>OH</p> <p>NA</p>
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b) Capital Projects to Utilise Underspend

Post meeting note: The paper for this item (originally 6b) had, up until the meeting, been confidential. After the meeting the confidential marking would be removed from the paper

CB left the meeting. AMC re-iterated his Declaration of Interest in the Item.

NA introduced the paper and supporting appendices which provided an update from previous meetings regarding the project call.

i) Project Call – Background

11 expressions of interest had been submitted and approved. These projects were then invited to submit a Full Business Case. The process was overseen by a Commissioning Group as a sub-group of the Board. Hatch Regeneris, as the Independent Technical Evaluator conducted the project appraisal process.

The Board noted the background to the Project Call.

ii) Growth Deal 3 – Top-up Existing Projects

At the LEP Board meeting on 24 September 2019, members agreed that any underspend generated through the LEP programme should be awarded to those Growth Deal 3 projects which received a reduction in grant in 2017, which would allow them to operate within their originally asked for allocation. NA went through the additional values proposed for:

- Hereford Centre for Cyber Security;
- Newport Innovation & Enterprise Package;
- Shrewsbury Flaxmill;
- NMITE.

The LEP had received a request from the NMITE project team on 12 March 2020 to utilise £400,000 of Growth Deal funds towards the Phase 1 project, contributing to the effective delivery of agreed milestones and outputs. It was recommended that the LEP Board approve this request and agree to ringfence for the NMITE project the outstanding balance of ‘additional funds’ (£1,600,000) subject to:

- The government award the LEP future regeneration funding.
- NMITE develop a Business Plan for LEP Board approval - demonstrating funds can be spent in accordance with the grant conditions awarded to the LEP

Following some discussion regarding the NMITE request, **the Board approved (unanimous) the full list of Growth Deal 3 Additional Values.**

Skills Capital - a recent Project Call had been completed around utilising £270,000 of underspend against this funding programme. Whilst the Skills agenda continued to be a high priority for the Marches LEP, it was acknowledged that the process to administer any further funding rounds from this programme would not be achievable as the funds needed to be spent by 31 March 2021.

Capitalisation of Programme Management Costs - the PRMC, at its meeting on 12 March 2020, had put forward a proposal for the LEP Treasurer/Section 151 Officer to consider allowing approximately £300,000 of Growth Deal funds to cover the actual costs for the LEP’s Programme Management Team. This included additional activity specifically relating to the current Project Call process comprising the procurement of Solicitors, an Independent Technical Evaluator and additional

NA

staffing resources. The detail relating to the request would follow under Agenda Item 6b.

iii) Growth Deal – available funds and recommended project list

NA explained that the total amount of Growth Deal funding available for projects through this Call was £25,055,692. This figure had been derived as follows:

Income	
South Wye Transport Package	£ 27,000,000.00
Telford College – Reimbursement of Growth Funds	£ 11,800.00
Growth Deal 3 - Uncommitted Funds	£ 39,892.00
Total	£ 27,051,692.00

Expenditure	
Capitalisation of Programme Management Costs Proposal	£ 300,000.00
Growth Deal 3 - Top up for existing projects	£ 1,696,000.00
Total	£ 1,996,000.00

Total Growth Deal Funding Available	£ 25,055,692.00
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JW explained that from a local government accounting perspective the £3.8m clawback claim against Herefordshire Council, although presently in dispute, should be counted as available for project spend. Therefore it should not be counted as part of the 10% overcommitment figure (as explained below).

Following some discussion regarding the £3.8m clawback from Herefordshire Council **the Board noted the value of Growth Deal Funding available to projects.**

NA went through the list of projects that had submitted full business cases, outlined the methodology of the assessment process undertaken by Hatch Regeneris, and presented the final list of recommended projects as follows:

Primary Care Centre at the Tannery (Phase 2 Only) - Shropshire
HEZ Infrastructure and Building Investment - Herefordshire
Marches CoE in Health Allied H&S Care – Telford & Wrekin
Oswestry Infrastructure Works - Shropshire
Ross Enterprise Park – Phase 1 - Herefordshire
Stronger Communities Regeneration Sites (Station Quarter, Donnington & Wellington) – Telford & Wrekin

Overcommitment

These projects represented a total value of £27,496,133. The recommended programme therefore represented an over-allocation of £2,440,441 (10%). NA explained that it was recognised that with the constraints on timeframes for Growth Deal expenditure there was prudence in incorporating an over-allocation.

He suggested that consideration should be given to:

1. Utilising alternative LEP funding sources to cover this over-allocation, examples included Growing Places Funds (Marches Investment Funds).

	<p>2. Reducing allocations, ensuring project values balanced with the available Growth Deal funds. GH said that overcommitment was prudent and standard practice and JW commented that there would always be a degree of slippage and the allocation could be reviewed in a few months. Members discussed the over-commitment in some depth and agreed that the Board would be updated on progress with projects at the next Board meeting in May 2020.</p> <p>The Board approved (unanimous) the Project Recommendation list.</p> <p>iv) Reserve list of projects NA went through the reserve list of projects that could be funded retrospectively in the event of surplus Growth Deal funds becoming available. The projects on the list were: Rural Enterprise (Bishop's Castle only) - Shropshire Harper and Keele Veterinary School – Telford & Wrekin The Shell Store – Herefordshire Members discussed the reasons for projects being on the reserve list. NA commented that it had been determined that in each case, the capital investment and economic benefit to the Marches region would occur without Growth Deal Funds. However, given that they were highly deliverable projects, this would satisfy the remaining Local Growth Fund requirements.</p> <p>The Board approved (unanimous) the Project Reserve list, in the event of surplus Growth Deal funds becoming available</p> <p>MT proposed that the reserve list could be revisited by the Board if any projects on the main list were unable to utilise their funding This was agreed (unanimous) by the Board.</p> <p>vi) Potential utilisation of Marches Investment Funds NA said that any overcommitment that required funding could be met by utilising Growing Places funds. GH commented that the Marches Investment Funds, of which this was a part were loan funds rather than grant funds. The Board noted that consideration could be given to utilising Growing Places Funds (Marches Investment Funds) if allowed under accounting rules, to cover the over-allocation of grant.</p> <p><i>CB re-joined the meeting.</i></p>	<p>NA</p> <p>NA</p>
<p>5</p>	<p>Implications of becoming a legal entity GH went through the content of the paper including the key actions resulting from the advice note from the solicitors on the implications of becoming a legal entity. Members discussed the implications of the recommendations. AMC repeated the concerns he had previously expressed that, following the incorporation of the LEP in April 2019, the legal status of the LEP as compared to its previous unincorporated entity must be clarified and resolved as a matter of urgency. MT noted that Shropshire Council had done an outstanding job in supporting the LEP as the accountable body but the demands of the LEP were now very different and it needed to review best value and what was right for the organisation now, as an incorporated body.</p>	

	<p>The Board approved (unanimous) the actions recommended in relation to drafting a new Service Level Agreement (SLA) between the LEP and its Accountable Body.</p> <p>The Board noted that LEP Chief Executive was currently seeking the views of the CEOs at Telford and Wrekin Council and Herefordshire Council on whether they were content for Shropshire Council to continue to act as the Accountable Body for the LEP. If they confirmed that they were content, the new SLA would be drawn up between the LEP CLG and Shropshire Council acting as the accountable body. If they were not content, a tender for the work would be issued to all three local authorities.</p> <p>The Board agreed (unanimous) that the results of a best value exercise on the costs of services provided by the accountable body be produced for the next LEP Board meeting.</p> <p>The Board agreed (unanimous) that a new SLA between the LEP and Shropshire Council be drafted in the first instance for the Board to review.</p> <p>The Board noted Item 6b where the PRMC was proposing that the LEP use a small percentage of Growth Deal funds to cover the cost of managing the Growth Deal Programme. This in turn would help increase the LEP income and off-set some of the additional costs the LEP is incurring on VAT and Corporation Tax.</p>	<p>D Sidaway A Neill</p> <p>GH</p> <p>GH</p>
<p>6.</p>	<p>Performance Risk & Monitoring Committee of 12 March 2020</p> <p>a) Update and Risk Register Review</p> <p>SR referred Members to the PRMC paper and highlighted the Risk Registers, explaining that new archived sections had been introduced to improve clarity. The LEP Team would be undertaking specific training on risk as soon as this was possible.</p> <p>The Board noted the revised content and format of the Strategic Risk Register and the full LEP Programme Risk Register and the narrative provided in relation to the key risks discussed at PRMC.</p> <p>The Board approved (unanimous) the revised format and ongoing approach to reviewing the Risk Registers.</p> <p>A request was made to change the presentation of the risk registers to make them easier to read. SR acknowledged the request.</p> <p>SR drew members' attention the Final Internal Audit Report. Due to the hard work of the LEP Team in conjunction with the Board, the assurance level had improved by two assurance levels, from 'requires improvement' to 'good'.</p> <p>The Board noted the improved assurance level to 'Good' in the Final Internal Audit Report.</p> <p>SR said that the Committee lacked representation from Herefordshire and that members from the area were encouraged to consider joining. FM volunteered to join the PRMC.</p> <p>Remote access for members would be available for future PRMC meetings.</p>	<p>NA</p> <p>FM, SR NA</p>

	<p>b) Capitalisation of Growth Deal Funds</p> <p>GH went through the paper which explained that over the past 5 years the LEP had maintained funds in a general reserve of approximately £0.8m to £0.9m, to ensure it could meet its liabilities into the next Financial Year. However, as a consequence of the LEP becoming a Company Limited by Guarantee from 1 April 2019 it was estimated that the LEP would incur additional annual costs:</p> <ul style="list-style-type: none"> • VAT at 20% for LEP and Growth Hub services - circa £0.1m per annum • Corporation Tax at 19% on interest earned on reserves - circa £0.03m per annum • Preparation of external accounts and external audit - circa £0.03m per annum <p>There had been an increase in staff resource in the LEP Team this year in order to provide additional capacity. Any additional potential redundancy and pension liabilities would need to be covered by the LEP, therefore these costs would also need to be taken into account. JW and GH had had detailed discussions regarding managing the reserve including that some other LEPs had taken a percentage from Growth Deal funding to meet the costs of operating programme teams. JW said that there were some costs that were not currently capitalised which could potentially be. He said that some costs held more risk and that he would be happy to review them but would need assurance from government that there were no issues in capitalising them.</p> <p>The LEP Team were asked to provide actual operational costs and legal etc costs to JW.</p> <p>The Board agreed (unanimous) to support the proposal that the Accountable Body Section 151 Officer be asked to utilise Growth Deal Funds to cover the Growth Deal Programme costs in the next Financial Year, to help maintain the financial viability of the LEP and to enable the LEP reserves to be maintained at an acceptable level.</p>	<p>GH, NA</p>
<p>7.</p>	<p>Any Other Business</p> <p>Targeted support for strategically important enterprises in the Marches area affected by recent crises</p> <p>PH noted that the advice that the Growth Hub website was delivering was superb and a lot of businesses were going to it for guidance. There had been a 135% increase in hits recently. He thanked everyone involved in this.</p> <p>PH suggested that the Board provide some support to strategically important enterprises in the Marches affected by the recent flooding in particular, e.g. Ironbridge Gorge Museum Trust. After some discussion it was noted it would be useful to explore whether Marches Investment Fund (MIF) could be used to provide grants to support strategic initiatives. GH said that the LEP was currently investigating options with MHCLG and JW, but that MIF could currently only be used for capital loan funding. It was agreed if the change of use for some of the MIF could be approved, discussions would take place with local authority leaders and Business Board Chairs on the types of strategic projects it could support.</p> <p>The Board agreed this approach.</p>	<p>GH</p>
<p>8.</p>	<p>Close</p> <p>The meeting closed at 6.33 pm.</p>	
	<p>Next Meeting of the Board of The Marches LEP Limited: Tuesday 26 May 2020, to be held virtually</p>	

Signed electronically due to COVID-19 restrictions:
Dated: 26 May 2020

M Thorn MBE DL, Chair Marches LEP