

AGENDA

Marches Enterprise Joint Committee

Date: **Tuesday 18 July 2017**

Time: **4.00 pm**

Place: **Plowden Room, Craven Arms Community Centre,
Newington Way, Craven Arms SY7 9PS**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

Sarah Smith

Tel: 01432 260176

Email: sarah.smith1@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format, please call Sarah Smith on 01432 260176 or e-mail sarah.smith1@herefordshire.gov.uk in advance of the meeting.

Agenda for the Meeting of the Marches Enterprise Joint Committee

Members:

Chairman

Councillor AW Johnson
Councillor S Davies
Councillor P Nutting

Herefordshire Council
Telford and Wrekin Council
Shropshire Council

Non Voting Member

Mr G Wynn OBE

Chairman of the Local Enterprise Partnership

AGENDA

	Pages
<p>1. APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
<p>2. NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details of any Executive Member nominated to attend the meeting in place of the voting Member representing their Authority.</p>	
<p>3. DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by members of the Committee in respect of items on the agenda.</p>	
<p>4. MINUTES</p> <p>To approve and sign the Minutes of the meeting held on 14 June 2017.</p>	5 - 8
<p>5. GROWTH DEAL 3</p> <p>To agree Marches Growth Deal 3 Single Local Growth Funding allocations towards five projects, agreed with government, to support economic growth across the Marches.</p>	9 - 14

MINUTES of the meeting of Marches Enterprise Joint Committee held at Craven Arms Community Centre, Newington Way, Craven Arms SY7 9PS on Wednesday 14 June 2017 at 10.00 am

Present: Councillor AW Johnson (Chairman)
Councillors: L Carter and N Laurens

Non-voting Member: Graham Wynn OBE

Officers: Jacqui Casey, Katherine Kynaston and Yasmin Sulaman

34. ELECTION OF CHAIRMAN

Councillor AW Johnson was elected as chairman for the coming year.

35. APOLOGIES FOR ABSENCE

Apologies were received from Councillor P Nutting and Councillor S Davies.

36. NAMED SUBSTITUTES (IF ANY)

Councillor L Carter attended for Councillor S Davies.
Councillor N Laurens attended for Councillor P Nutting.

37. DECLARATIONS OF INTEREST

None.

38. MINUTES

Resolved that:

the Minutes of the meeting held on 13 February 2017 be confirmed as a correct record and signed by the Chairman.

39. MARCHES INVESTMENT FUND

The Marches LEP partnership manager introduced the report. She noted the following key points:

- there had been difficulty historically in allocating Marches Investment Fund money;
- there were only two live schemes, both of which had been successful and were now in the repayment phase, over 200 jobs had been created through these allocations;
- the available funding was currently £6.9m;
- the LEP were working with the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Communities and Local Government (DCLG) to create a more flexible model for allocating the funds, focussed on schemes that created jobs or delivered housing, the equivalent Greater

Birmingham and Solihull (GBS) LEP scheme had been recommended as a good example;

- the models which had been considered were set out in the report, details on how the GBS LEP scheme operated were set out in an appendix to the report;
- the option which was recommended (recyclable grant for public sector led schemes) would work on a similar model to the GBS scheme, this option had been supported by the LEP board at its meeting on 23 May;
- the proposed criteria by which to judge applications to the scheme were set out in and appendix to the report;
- projects which were not successful in securing Growth Deal 3 money had been encouraged to apply for MIF grants as independent Treasury Green Book appraisals had already been done to assess the quality and deliverability of these projects;
- The LEP board had supported the four schemes listed in the report to be put forward for MIF consideration;
- the LEP team had put in place technical support to give advice on financial profiles, there would be light touch appraisals which would not duplicate work already done but would confirm if the project continued to be viable, value for money and able to make repayments;
- The first project which was ready to proceed was the shell store incubation centre which was seeking a recyclable grant of £2.49m, the joint committee was asked to approve this allocation subject to terms and conditions being agreed by the LEP Director in consultation with the relevant council's S151 officer.

In the discussion that followed it was noted that the shell store project appeared to give good returns and should be supported. It was reported that there was European funding of around £2m available for the shell store project but match funds needed to be sought imminently to secure that EU funding.

It was clarified that the Residential Opportunities Fund was seeking a non-recyclable grant. It was agreed that recommendation (d) be adjusted accordingly.

It was reported that the LEP board had questioned what the timeline would be for repayment of the recyclable grants as it wanted to be reassured that funds would flow back into the pot. The chairman of the LEP board was keen to see a back stop date. The LEP team did not recommend setting a one size fits all back stop as this would not suit all potential projects that the LEP might wish to support. The LEP team intended to assess each project on its merits and agree terms that worked for that particular project. The report sought delegated authority for the LEP Director to determine the terms and conditions for each project, in consultation with the relevant council's S151 officer.

The Marches LEP partnership manager stated that the intention was to deal with projects as and when they were ready. The alternative would be to wait until all the projects were ready to proceed but there was concern that the LEP was sat on a significant sum of money which should be being used. It was not intended to compare projects to one another, it was acknowledged that some would offer different value for money to others.

The chairman of the LEP board queried at what point the recyclable grant would cease and become just a grant. He argued that this should be discussed by the board. The LEP partnership manager responded that contracts would be issued on the basis that all money allocated would be repaid, there would be a long stop date but this would be tailored to each project. At the suggestion of the chairman, a paper would be presented to the next LEP board meeting to brief them on how the Marches Investment Fund pot would be managed.

It was decided that:

The Joint Committee agree that:

- a) an interest free Recyclable Grant for Public Sector Led Schemes as detailed in option 2, be taken forward by the LEP team in allocating MIF funding;
- b) the revised MIF eligibility criteria as listed in Appendix 1 to the report be applied to schemes received and all future applications;
- c) the LEP team investigate further Option 3, A Flexible Loan Fund for Private Sector Schemes (existing Loan Fund Scheme managed by a third party), as a further opportunity for allocating MIF funds in the future.

That with regards to taking forward Option 2, the Joint Committee agree:

- d) that subject to receipt of independent assessments, a financial limit of £5m per scheme and consultation as set out in delegation (b) in the Scheme of Delegation the LEP Director be authorised to agree the allocation of Recyclable capital Grant funding to Model Farm Employment Park and Oswestry Innovation Park;
- e) that £2,493,801 of MIF recyclable capital Grant be approved for the Shell Store Incubation Centre Project; and
- f) that authority be delegated to the LEP Director to determine the terms and conditions with each project promoter, in consultation with the relevant council's S151 officer; and
- g) that subject to receipt of independent assessments, a financial limit of £5m and consultation as set out in delegation (b) in the Scheme of Delegation the LEP Director be authorised to agree the allocation of non-Recyclable capital Grant funding to the Residential Opportunities Fund

40. MARCHES ENTERPRISE JOINT COMMITTEE ANNUAL REPORT

The Marches LEP partnership manager introduced the report. She drew attention to the five key areas of work the joint committee had undertaken in the previous year. The partnership manager also noted that the scheme of delegation to the LEP Director had been used once, in relation to the reallocation of Growth Deal 1 Skills Capital underspend, after the withdrawal of one Skills project.

The joint committee noted the report. It was queried whether it was necessary to detail the exact dates of the meetings that had been held and whether the report should set out where meeting dates were advertised.

Apart from this one point the joint committee members were happy with the report.

Resolved:

THAT the Joint Committee:

- a) agree the content of the report which can be used in updating their respective Council's on the work of the Committee.

The meeting ended at 10.31 am

CHAIRMAN



Marches Enterprise Joint Committee	
Meeting date:	18 July 2017
Title of report:	Growth Deal 3 - Funding Allocations

Classification

Open

Key Decision

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the Marches local enterprise partnership (LEP) area; and

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012

Purpose

To agree Marches Growth Deal 3 Single Local Growth Funding allocations towards five projects, agreed with government, to support economic growth across the Marches.

Recommendation(s)

THAT:

- (a) Single Local Growth Funding of a minimum of the value shown in column 3 of Table 1 be allocated to the named Growth Deal 3 projects, set out in Table 1; and
- (b) Should additional funds for this purpose be forthcoming, funding of a maximum value of that shown in column 2 of Table 1 be allocated to the named Growth Deal 3 projects, set out in Table 1.

Summary

Background

- On 28 July 2016, the Marches LEP submitted proposals for the third competitive round of Growth Deal, comprising of a prioritised list of projects, detailing the financial package and outputs, for which round 3 funding was being sought and a set of supplementary paperwork covering the Marches approach to investment for growth, current programme delivery progress, governance and assurance around value for money.

2. Following submission, the LEP team provided further clarification to government on projects of interest. The government's Cities and Local Growth Unit Director advised the LEP team on 21 February 2017 that the Growth Deal award to the Marches LEP is £21.91m.
3. The funding award was not sufficient to cover the five schemes of interest. The Marches LEP Board met on 7 March 2017 to discuss the funding award and how this might be allocated against a set of the submitted projects, to maximise the investment opportunity across the Marches and the economic growth potential for the business community it serves. The LEP agreed that the funding award of £21.91m would be allocated to all five schemes of interest, as follows:-

Table 1: GD 3 Project Allocations.

Project	GD3 Submission Funding Request	LEP Board Agreed Allocation (07/03/2017)
Hereford Centre for Cyber	£3m	£2,830,200
Newport Innovation & Enterprise Package	£7.4m	£6,374,200
Investing in Our Workforce	£2.9m	£2,765,200
Shrewsbury Flax Mill	£2m	£1,930,200
NMITE	£10m	£8,010,200
Totals	£25.3m	£21,910,000

4. Since the announcement, project promoters have been at pains to restructure their financial profiles based upon a lower GD3 funding allocation. The LEP Team has sought evidence from project promoters to demonstrate the ability of the project to proceed on the basis of a lower allocation, without significant compromise on outputs and quality. Notwithstanding this, the LEP Team is continuing to pursue additional funding with a view to being able to allocate the originally planned combined funding allocation of £25.3m against the schemes.
5. Should additional funding become available, the LEP Board would wish to allocate funding to the value of the originally submitted funding request shown in the second column of Table 1.

Reasons for recommendations

6. To ensure that the selected Marches Growth Deal 3 funded projects are delivered in a manner that maximises project quality and optimises outputs and outcomes for economic growth for the Marches area.

Alternative options

7. It is highly unlikely that alternative funds will be made available by the Government during this parliamentary term. The selected projects were independently assessed and the projects with the strongest business cases, that represent strong rationale for investment, good value for money & private sector leverage have been selected.

Financial implications

8. Project promoters and private sector delivery partners will be expected to provide matched funding towards any secured Growth Deal funding and the submission process requires the delivery partners to confirm availability of match funds towards their individual schemes.

Legal implications

9. The approval of the individual project allocations will be set out in grant agreement letters and will be subject to the respective project promoter governance approvals prior to implementation.

Risks, opportunities and impacts

10. The new Growth Deal submission follows a prescribed process set by government. If the LEP, in partnership with the respective project promoters (universities, FE colleges and councils), wishes to gain a funding contribution from the Growth Deal Fund there is no alternative to the process.
11. There is a risk that some project quality – outputs and outcomes – could be compromised if they proceed on the basis of the lower allocations. In mitigation, the LEP team has worked with project promoters to gain reassurance on outputs that might be achieved and promoters will contract with the LEP based upon agreed minimum outputs.
12. There will be a variety of risks associated with the development of individual projects. As with previous Growth Deals, these will continue to be identified and mitigated within the further project development work.
13. The funding provides an opportunity to undertake a further stage of delivery of the LEP's strategic economic plan and to secure investment towards economic growth for the Marches area.

Consultation

14. The LEP Board has been consulted at four board meetings (15 March 2016, 24 May 2016 and 5 July 2016 and 7 March 2017) on the key dates for Growth Deal 3, the timetable and process for independent appraisal leading to submission, the project appraisal and prioritisation and the allocation of funds to the selected projects.

Additional Information

15. There is no additional information to accompany this paper.

Appendices

Appendix 1: Marches Growth Deal 3 Award letter

Background papers

None identified



Cities & Local
Growth Unit

Tom Walker, Director, Cities and Local
Growth Unit

Fry Building
2 Marsham Street
London
SW1P 4DF

Gill Hamer
Director, Marches LEP
Gill.Hamer@marcheslep.org.uk
Via email

www.gov.uk/dclg
www.gov.uk/beis

Dear Gill

21 / Feb / 17

I am writing to confirm that the Growth Deal 3 award to the Marches LEP is £21.91 million. As agreed in our deal discussions we expect that you will fund the following five projects:

- New Model in Technology and Engineering.
- Hereford Centre for Cyber Security.
- Newport Innovation & Enterprise Package.
- Investing in Our Future Workforce.
- Shrewsbury Flax Mill Maltings.

On our part we are committed to an ongoing discussion on making these projects viable. We expect to be in a position to be able to confirm the outcome of the conversations on the Newport Innovation and Enterprise Package within a matter of weeks.

Your new award will be added to the £13.15 million that we have already committed to your LEP in the four years ahead through the first two rounds of Growth Deals.

Your area lead, Michelle Nutt, will confirm early next month how we propose to profile this combined award of £35.06 million.

Ministers will announce your new award shortly and this information remains embargoed until then. I would be grateful therefore if it is only shared with the LEP board at this stage.

TOM WALKER

