

**Minutes of the Marches LEP Ltd Board Meeting
20 February 2024 at Ludlow Racecourse
(Company Number: 11822614)**

Present:

Sonia Roberts MBE	SR	Chair, Marches LEP
Will Westley	WW	Deputy Chair, Marches LEP & Telford Business Board Chair (online)
Frank Myers MBE	FM	Herefordshire Business Board Chair (online; part of meeting)
Cllr Jonathan Lester	JL	Leader, Herefordshire Council
Cllr Lezley Picton	LP	Leader, Shropshire Council
Cllr Lee Carter	LC	Cabinet Member for Place (The Economy & Neighbourhood Services), Telford & Wrekin Council
Clare Fenton	CF	Director, Fenton Partners & Veritherm
Paul Kalinauckas	PK	Access to Finance Champion
Graham Guest	GG	Skills Champion; Chief Executive and Principal of Telford College
Sara Williams	SW	Marketing Manager - Northern Europe, Protolabs (online)
Simone Clarke	SC	Higher Education Champion, Pro-Vice-Chancellor Education & Students, Harper Adams University

In Attendance:

Govin Aujla	GA	Area Lead, Cities & Local Growth Unit (online)
Alex Collins	AC	Deputy Area Lead, Cities & Local Growth Unit (online)
James Walton	JW	Section 151 Officer, Shropshire Council (online)
Roger Allonby	RA	Service Director for Economy, Herefordshire Council
Mark Barrow	MB	Executive Director for Place, Shropshire Council
Katherine Kynaston	KK	Director Housing, Economy & Infrastructure, Telford & Wrekin Council
Rachel Laver	RL	Chief Executive, Marches LEP
Kathryn Jones	KJ	Head of Partnerships & Strategy, Marches LEP
Mark Schneider	MS	Head of Business Development & Delivery
Tim Travers	TT	Marches LEP in-house Legal Support
Ennis Vingoe	EV	Executive Assistant, Marches LEP
Gary Blackburn	GB	Project Officer, Marches LEP

Observers:

Mike Sheridan		
Emma Bullard		
Jamie Russell		
Karen Pearce		

ITEM		ACTION
1.	<p>Welcome</p> <p>1. Welcome, Apologies and Declarations of Interest SR thanked everyone for attending the meeting. Apologies were received from A Green and D Courteen. SR notified the Board that there were 4 people attending the meeting as observers.</p> <p>SR noted that the meeting was being recorded to aid the production of the minutes.</p> <p>2. Declarations of Interest The Chair asked for any conflicts of interest and reminded members to complete the form that had been distributed for any specific Declarations of Interest for every meeting.</p>	

	<p>The following declarations of interest were made: From Cllr L Picton: Item 3 – Oxon Link Road Update - relates to a project within my Authority’s control. From P Kalinauckas: Item 5ii - Member of BCRS Business Loans Ltd, a co-operative accredited as a Community Development Finance Institution.</p>	
<p>2.</p>	<p>Minutes of The Marches LEP Ltd Board meeting on 23 January 2024 The minutes of the LEP Board meeting held on 23 January 2024 were approved by those members present at the meeting and would be signed by the Chair as a true and accurate record of the meeting. Matters Arising: Item 3 OLR – the LEP was still awaiting a response from Shropshire Council to the Better Shrewsbury Transport correspondence. The LEP would look to draft a response this week. Item 7 – Future Business Board Support – the Performance Risk and Monitoring Committee meeting was due to take place on 22 February 2023 where this would be confirmed.</p>	<p>RL</p>
<p>3.</p>	<p>Oxon Link Road (OLR) Update <i>LP left the meeting at this point.</i> SR said that the LEP Board was satisfied with the information that had been received from Shropshire Council including a thorough risk analysis and accepted the contents in good faith. The recommendation to amend the project contract to include the conditions stated in the paper was to ensure a “belt and braces” approach to the project.</p> <p>It is recommended that clawback of the grant is initiated in the following circumstances:</p> <ul style="list-style-type: none"> • The outstanding planning conditions are not met by the end of February 2024. • As a result of a judicial review the planning decision is subsequently overturned. • The contractor is not appointed by the end of May 2024 and work has not started by 31 March 2025. • By the 31 December 2024, following assessment of tenders and submission of the full business case to the Department for Transport (DfT) the Council is unable to confirm that the full funding is in place to complete OLR as outlined in the original application. <p>In relation to the first point, it was noted that planning conditions for the North-West Relief Road were agreed by the Council’s planning committee last week.</p> <p>SR reminded members that the LEP had provided funding for the Oxon Link Road element of the North-West Relief Road project only which was a standalone project when approved.</p> <p>In response to a query from FM as to Shropshire Council’s view on the conditions, MB said that complex, contentious schemes often attract judicial reviews, but the Council feels that the extensive environmental assessments that have taken place to date, put it in a very strong position to rebuff any that should arise. For contractor appointment, this was currently mid-procurement, and a healthy basket of big, national reputable contractors are really interested in delivering the scheme. The final price from a contractor goes into the final business case. The Council has</p>	

	<p>been very cautious about publicly talking about the value of the whole scheme, because we want the contractor environment to be competitive.</p> <p>We are comfortable with the December 2024 deadline for submission to the Department for Transport as it is hoped that this will be done before the end of the summer/early autumn. In terms of subsequent delivery, we will continue to supply monitoring to Cities and Local Growth Unit (CLGU) via the Joint Committee.</p> <p>The Council is comfortable with the dates given but the only question would be around appointing the contractor by the end of May 2024.</p> <p><i>Following discussion, the Board agreed that the date for appointment of a contractor would be amended to the end of June 2024. The rest of the conditions in the paper would remain unchanged and would be included in a contract variation. The contract variation would need to be completed before 12 March 2024.</i></p> <p>SR said that scrutiny of the project delivery following the closure of the LEP would fall to the Joint Committee with monitoring by CLGU. MB confirmed that Shropshire Council as the accountable body would be monitoring and reporting quarterly to CLGU and there was scrutiny at all levels within the Council through the scrutiny committee mechanism. There are layers of reassurance. CF commented that the Board wanted to ensure that the due diligence and monitoring by the Board and LEP executive to date continues under the new arrangements.</p> <p>SR said that it was clear that in the event of clawback happening, reallocation of any funds would be under the auspices of the Joint Committee and would be specifically for economic growth for the benefit of the areas served by the Joint Committee. The funding would have to be reallocated in line with original Local Growth Fund programmes conditions.</p> <p><i>LP rejoined the meeting.</i></p>	<p>MS, Shrops Council</p>
<p>4.</p>	<p>Presentation by Evelyn Partners – liquidators</p> <p>The Chair welcomed Adam Stephens, Chris Allen and Camilla Mulholland from Evelyn Partners. The presentation covered the following main points:</p> <ul style="list-style-type: none"> • Solvent winding up process – members voluntary liquidation (MVL). The LEP will have already settled its creditors or will do so during the process and any residual core funds will be dealt with in line with the Articles of Association of the company. This will be towards the end of the process to pay any costs or liabilities, which is likely to be within approx. 12 months. • Commencement of the process – at this meeting it will be resolved that the liquidation process will start. A General Meeting will be held on 12 March 2024 when this is formally confirmed, and a resolution is passed by the members to put the company into liquidation. Prior to the General Meeting a majority of the directors will need to swear the Declaration of Solvency. • General Meeting - liquidation formally starts. The liquidators take over from the directors and proceed to wind up the company. Prior to this point the ongoing operational activities will be transferred to Shropshire Council as the accountable body (potentially on 12 March 2024). This leaves a shell to deal with to conclude the final winding up of the entity. • Liquidation – the liquidators will file the necessary documents at the Registrar of Companies, and place statutory adverts in the London Gazette for any 	

	<p>creditors to come forward. Tax affairs should be resolved prior to the date of liquidation and we suggest making a payment on account to HMRC.</p> <ul style="list-style-type: none"> • Any outstanding matters dealt with – once this is complete any surplus funds will then be distributed. • Report in Liquidation issued - Liquidators send a draft final report to Companies House, then again in final form, and approximately 3 months later the company is dissolved. • Directors' duties - cease upon appointment of the liquidators and any statutory filing duties cease for Companies House. • Custody of assets – liquidation bank account opened. • Statutory accounts – there is no longer a requirement to file accounts and annual confirmation statements. • Creditors liabilities – dealt with via the Transfer Deed. • Surplus funds – are distributed to the relevant entity towards the end of liquidation. <p>Members discussed the setting up of a liquidation bank account. Discussions are currently ongoing between the lawyers reviewing the Transfer Agreement, regarding the liquidation account. The liquidators recommend that funds are ringfenced in a new separate liquidation account from the point of liquidation, rather than being maintained by Shropshire Council as the accountable body. The account would be for the limited residual core funding as the capital funding will be transferred as per the Transfer Agreement, on 12 March 2024.</p> <ul style="list-style-type: none"> • Objectives of the Transfer Deed – to achieve a seamless transfer of LEP functions, operations, assets and liabilities to Shropshire Council pre-liquidation and will include future contingent assets and liabilities. A final simplified balance sheet/Declaration of Solvency for the LEP will leave core cash as the asset with no liabilities and therefore a solvent position. • Distribution of surplus funds – in accordance with the Articles of Association the distribution of surplus funds can be determined either by the LEP Board which would be pre liquidation; or as directed by government post liquidation. <p>A resolution will be proposed later in the meeting to determine where the surplus funds are to be distributed. If a resolution is passed the liquidators will then be able to distribute on that basis as they will have a record of the resolution as part of the minutes of this meeting.</p> <p>Overall, the objective is to achieve a seamless transfer of operations to Shropshire Council, in particular for the end business users.</p> <p>SR thanked the presenters and informed members that a number of resolutions were proposed in relation to the processes described in the presentation.</p> <p><i>It was resolved that a General Meeting of the Company be convened at 3:30pm on 12 March 2024 at which the following resolutions would be considered and if thought fit, passed:</i></p> <ul style="list-style-type: none"> (i) <i>That the Company be wound up voluntarily;</i> (ii) <i>That Adam Stephens and Christopher Allen of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG be appointed joint liquidators of the company for the purposes of the voluntary winding-up.</i> 	<p>RL, EV</p>
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	<p>(iii) <i>That any act required or authorised under any enactment to be done by a joint liquidator may be done by all or any of the persons for the time being holding such office.</i></p> <p>(iv) <i>That the joint liquidators be authorised to divide among the members of the Company in specie part or the whole of the assets of the Company and may for that purpose value any assets and determine how the division between members should be carried out.</i></p> <p>(v) <i>That the joint liquidators' remuneration for both pre and post liquidation matters be fixed by reference to the time spent by them and their staff in attending to matters arising before and during the liquidation. These fees are to be paid as and when funds permit. Such fees are estimated to total, and will be capped at, £25,000 plus disbursements and VAT.</i></p> <p>(vi) <i>That the company's books and records be held by the directors/members/accountable body to the order of the joint liquidators and may not be destroyed without the express permission of the joint liquidators, which will not be granted until 12 months after the dissolution of the company.</i></p> <p><i>Resolutions (i) and (iv) being special resolutions and the remaining resolutions being ordinary resolutions.</i></p> <p><i>It was further resolved that:</i></p> <p><i>Sonia Roberts MBE was appointed to chair the members' meeting to be held to resolve to wind up the Company.</i></p> <p><i>Evelyn Partners LLP be instructed to:</i></p> <p>(a) <i>Send to the members notice of the General Meeting;</i></p> <p>(b) <i>Assist the directors in the preparation of the Declaration of Solvency to be laid before the members' meeting; and</i></p> <p>(c) <i>Advise the directors on the financial control and supervision of the business between the date of this meeting and the date of the passing of a resolution for winding up;</i></p> <p><i>The registered office of the company be changed to the offices of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG.</i></p> <p><i>(10 votes for; 1 Abstention)</i></p>	<p>SR</p> <p>RL</p>
<p>5.</p>	<p>LEP Wind Up Update Report</p> <p>SR said that members were being asked to approve the timescales in the paper at item 5i. However, it was proposed that item 5ii be considered first as the outcome of the discussion on options for residual funds may have an impact on some of the timescales set out.</p> <p>RL commented that the 'LEP staff all finish' milestone of 31 March 2024 was to be confirmed as the redundancy consultation period was still live, and not due to complete until 23 February 2024.</p> <p>a. Options for residual funds – agenda item 5ii</p> <p>SR went through the potential options detailed in the paper for use of residual LEP core funds which are:</p> <ul style="list-style-type: none"> • Additional funding for Business Boards (the LEP Board has already agreed a total of £35k of support for the two business boards over a 5-year period) • Allocation to small business loan fund 	

- Retained by the Marches Joint Committee for Economic Development

The potential funds available are:

Telford Land Deal – capital only; the TLD Board must approve any distribution of funds, and this would need to be spent by April 2025.

Residual LEP core funds - approx. £192k.

Shell Store repayments £100k per year.

Hereford Enterprise Zone £100k per year towards LEP operating costs.

£75k had been allocated to the transport study from Marches Investment Fund but the Council has now indicated that this can only be paid for using revenue funding. £35k had been provisionally allocated to the 2 business boards over a 5-year period.

SR commented that there is limited time to make any decisions on what do with residual funding and allocation would have to be done via an open call and a transparent process. FM said that the LEP can set the timetable within common sense limits, and it needs time to assess what money is available for ongoing business board-type support.

GA reiterated government expectations that LEP functions are transferred by 31 March 2024 and the plan for the assets must be in place by then. There is clear overlap between government expectations and what is stated in the LEP Articles of Association. The responsibility for business representation will be transferred to the LA Joint Committee therefore the mechanism for capturing the business voice will be up to them.

SR said that it is understood that government expectation is that a plan is in place for the assets by 31 March 2024. If we were to consider an alternative to the retention of core funds by the Joint Committee, there would not be the staff in place to carry this out. Board members have to balance the desire to do something different against having the resources available to do this.

SC commented that government guidelines were not in conflict with the Articles of Association and the paper is clear. The funds are small and would benefit from the multiplier effect of putting them into a bigger pot managed by the Joint Committee. As a director this is the safest option as directed by government. There are lots of checks and balances as standard practice in LAs and the funds are ringfenced for economic development.

TT said that this is covered in the Transfer Deed under “surplus funds” i.e. core funds, and “special projects” i.e. the residual income eg Shell Store payments. If we can find a middle ground on the wording for this including on the business voice, we can get agreement by all parties. A number of people are working on this including the liquidators and the Joint Committee, and JW as the Section 151 officer will be ensuring that the funding is spent in line with the agreement.

WW concurred with SC that any decision must consider the individual risk to directors. The legacy of the LEP was the multitude of successes that have supported economic growth, achieved by the commitment of the Board and the LEP staff and ensuring that that the voice of businesses has been heard. The collective learning and relationships formed over the years were equally as important and we must think locally now, and not lose the legacy. FM and WW

would continue to talk as business board chairs, but the business voice will be specific to our local communities, and we will form strong relationships with our LAs to ensure that our knowledge is carried forward.

SR raised the option of potential allocation of funds to small business loan funds. PK stated his concern that economic development is a very generic term and the LEP would have no control over how the surplus funds are distributed in the future if they were under the auspices of the Joint Committee. The Board has the power to make a decision today if it wants to use the funds for other purposes. If the LEP wants to create a legacy that we have decided upon, we should look at the small business loan fund. The contract for the Shell Store funds could be novated to one of the Community Development Finance Institutions which are not for profit, originally set up by government. The funds are loans which then get recycled and grow. This has been done by many LAs across the West Midlands.

SR commented that this was an interesting proposal, but the LEP would have to go through an open procurement process in order to distribute any residual funds. SC suggested that there were various conflicts of interest regarding this issue. The assets of the company are as a result of public funding, and we could be passing the responsibility to another body where we couldn't prescribe what happens and may not have the level of scrutiny of an elected Joint Committee that is prescribed by 3 LAs.

SR summarised the options in the paper and asked members to vote on them. As already discussed, option 1 has already been agreed. It was noted that as with any vote taken by LEP Board members, the LA members would be acting in their capacity as directors of the company.

Option 2 - Allocation to small business loan fund (1 vote)
Option 3 - Retained by the Marches Joint Committee for Economic Development (8 votes)
(2 Abstentions)

Following discussion under Item 5ii of the Board Paper on Options for Residual Funds, the Chair invited the Board to pass the following resolution:

The Board confirms that it has been guided by the applicable winding-up provision of the Articles of Association (Article 5) as to how any surplus funds are to be distributed to the Members of the LEP on its proposed winding-up by means of a Members' Voluntary Liquidation (MVL).

The Board resolves that such distribution of the surplus funds by the Liquidators, who will in due course be appointed to undertake the MVL, should be made to Shropshire Council acting for itself and for on behalf of the Joint Committee representing Borough of Telford and Wrekin, County of Herefordshire Council and Shropshire Council. (Unanimous)

The resolution was passed.

FM – left the meeting at 4:51pm.

	<p>b. Key Milestones for winding up the LEP – agenda item 5i</p> <p>TT highlighted that there is a clear distinction between things that will happen pre-liquidation and post-liquidation, therefore almost everything needs to be done to gear up for seamless transfer on 12 March 2024. Legally and commercially, we will hand the 'empty shell' over to the liquidators. The residual core funds circa £192k will be distributed to Shropshire Council later in the year for management by the Joint Committee.</p> <p>RL – the date for finalising the Transfer Agreement of 27 February may be a little optimistic, but it will be finalised as soon as possible.</p> <p>Chris Allen confirmed that the LEP Board would still be required until the liquidators are appointed on 12 March 2024. Following the appointment there is no requirement for the directors of Marches LEP Ltd to resign, and it is quite common in a solvent liquidation that the directors don't resign. Following appointment of the liquidators the responsibilities and duties of the directors cease. They remain recorded as a director of Marches LEP at Companies House but have no powers. If directors wish to resign, they can do so but it can also be done post liquidation. It is up to individual directors, as long as there is a quorate board up to the point of liquidation.</p> <p>SC asked if quoracy for the general meeting could include directors attending the meeting online. The Articles of Association are silent on this re general meetings but there is provision for directors taking collective decisions via in person or virtual attendance. Adam Stephens confirmed that remote attendance or voting by proxy is acceptable.</p> <p><i>The Marches LEP Board agreed the timescales set out in the paper. (Unanimous)</i></p>	
6.	<p>Any Other Business</p> <p>LEP Celebration Event – this was confirmed as taking place after the last LEP Board meeting and the General Meeting on Tuesday 12 March 2022. Location is to be confirmed but will be in the Ludlow area.</p> <p>Vote of thanks – the Chair said that she was extremely grateful to all Board members for their hard work and patience during the events of recent months.</p> <p>She also wished to thank the LEP staff on behalf of the LEP Board, for their hard work, continued diligence and enormous commitment to the Marches LEP through some very difficult times.</p>	
	The meeting closed at 5:05pm.	
Current Dates for Future Meetings:		
Mar 2024	<p>12 March 2023 3.30pm Board Meeting followed by a General Meeting – location TBC, Ludlow area.</p>	

Signed (electronically):

Sonia Roberts, Chair Marches LEP

Date: 12 March 2024