

**Performance and Investment Committee Meeting**

**Minutes of the Cheshire and Warrington Local Enterprise Partnership Performance and Investment**

**Committee Meeting**

**held on 24th October 2016 at Richmond House CW9 7TN**

**Present:**

Ged Barlow (Chair) Paul Goodwin Howard Hopwood Susie Woodward-Moor

**Apologies:**

Peter Bates Alison Knight Martin Ashcroft Steve Park

Mark Livesey

**In attendance:**

Kerry Billington Francis Lee Steve Hunter (AI 5 i)

Paul Vernon (AI 5ii) Richard Farrow (AI 5ii) Maud Duthie (AI 5ii) Heather Thompson (AI 5ii)

**Agenda Item 1: Welcome, Introductions and Apologies**

Apologies were received from Martin Ashcroft, Steve Park, Mark Livesey, Peter Bates, however Paul Goodwin attended in his place, Alison Knight, however Susie Woodward-Moor attended in her place.

**Agenda item 2: Conflicts of Interest**

No conflicts of interest were declared from Committee members. No decisions were being made.

**Agenda Item 3: Minutes and Actions from the meeting on 22nd August 2016**

The minutes of the meeting of the 22nd August 2016 meeting were agreed as a true and accurate record.

**Agenda Item 4: Activity Log Review**

The action log was reviewed to review dates for completion of actions and those completed or ongoing, all other actions have been completed, or addressed in the meeting agenda. It was discussed that action no. 43 could be closed as the Growth Hub was starting to monitor and report on performance as discussed at P&I. It was noted that the Evergreen 2 ex-ante appraisal was likely to be presented in November (action 10).

**Agenda Item 5i : Warrington West Station - presentation on project progress**

Stephen Hunter (SH) gave a presentation to the Committee on the background to the Warrington West Station scheme and the progress to date on it. The key points to note were:

* Cheshire and Warrington Local Transport Body awarded £6.53m funding towards the scheme which formed part of the LEP’s Growth Deal award;
* Arriva North Rail Limited (northern) announced as successful bidder for the Norther Rail Franchise with 3 train per hour specified at Warrington West, 1 express and 2 ‘stopping’
* Likely total project cost now at over £20m for consented scheme compared to agreed budget of £13m already secured;
* Alternative funding sources identified, including New Stations Fund (NSF);
* Scheme value engineered to achieve savings to reduce scheme cost to £18.4m;
* Scheme is still ‘high; value for money and supports over 12,000 jobs on Omega and around 2,000 new homes at Omega, Lingley Mere, Dawson House and Gemini 16;
* A NSF2 bid is to be submitted for circa £4m to DfT by their deadline of 25th November 2016, with outcome of process expected by March/April 2017 but no definitive date has been released.
* WBC will continue to develop the scheme ‘at risk’ and subject to funding, hope to commence the project late 2017 and complete in 2019.

The Committee thanked SH for his presentation.

**Agenda Item 5ii : Intelligent Energy Systems Demonstrator, Thornton - presentation on project progress**

Four members of the project team – Paul Vernon (PV), Heather Thompson (HT), Richard Farrow (RF) and Maud Duthie (MD) gave a presentation to the Committee on the progress to date of IESD project at Thornton and the vision of the project, the strategic fit at the Campus, University and regional level, masterplanning, team development, and visitors to the project. The key points to note were:

* The refurbishment of the building is well underway with the forecast date of completion of 14th March 2017 likely to be brought forward. Construction progress to date is:
	+ Internal demolition / strip out complete;
	+ Sign installed;
	+ Roof and plant room completely refurbished;
	+ External curtain walling 95% complete;
	+ 1st floor ‘show offices’ 80% complete;
	+ Remaining offices 50%;
	+ Ground floor ceilings and walls secure. Shutter doors, power installations, stud walls and new flooring required now;
* Equipment to enhance the building’s offer has been identified for procurement by the University and for match donations;
* The client journey was outlined as was the business engagement, showing the pipeline activity to date. It was noted that no tenants have been secured by way of contract so far;
* A communications and marketing plan had been produced and was handed out at the meeting. The next steps were outlined as:
	+ Branding – ‘The Energy Centre @Thornton’: to be discussed at next steering ahead of webpage and dedicated social media channel launch;
	+ Communications & Marketing Plan – implementation of ‘phase 1’ (short term) including – launch of webpage and social media channels, production of marketing literature, and organisation of ‘launch event’ – in partnership with LEP (possibly to coincide with Energy Summit);
* A 3-year financial forecast was presented showing the income and expenditure for the operation of the building;
* The next steps for the project are;
	+ Staff recruitment
	+ Implement marketing plan
	+ Web presence
	+ Closing deals, match, occupancy, collaborations & partnerships
	+ Engage sponsor for second floor
	+ Complete construction and commissioning
	+ High profile launch event, possibly Energy Summit
	+ Establish impact, reporting and support framework

The Committee thanked the team for their presentation and update. The good progress on the refurbishment work to date to ensure timely completion of the building was noted. Discussions were held on the future operations of the building post completion and concerns about the future financial viability, until such time full occupancy is achieved, were raised by the Committee. It was noted that the UoC were fully committed to the project and would meet any annual funding shortfalls. However, it was agreed that P&I would like to have a more detailed presentation of financial and occupancy projections at a future meeting.

**ACTION: KB to feedback to the next Thornton Project Steering Group the concerns of the Committee members**

**Agenda Item 6: Feedback from Strategy Committee**

KB informed the Committee that she would circulate the minutes from the last Committee when the Committee’s Chair had agreed the draft. KB did however update the Committee on the discussions that took place in the meeting that related to the GPF and FE Skills programmes/projects as part of the agenda items below.

**ACTION: KB to circulate the minutes of the last Strategy Committee meeting**

**Agenda Item 6: Performance Monitoring**

**6i Programme Risk Register**

KB presented the latest risk register to the Committee and members noted:

The number of red uncontrolled risk entries has gone down from nine on the last risk register due to the following risk having its impact score reduced:

* Skills lost to the Sub Region as MMU withdraw from Crewe

There have **no** **new** risks added to the risk register since the register presented in August

There has been **one risk closed,** shown below**,** since the risk register was presented in August, as it was no longer deemed applicable because TA has been confirmed and resources matched to the funding available:

* EU Technical Assistance (TA) funding has been confirmed at a lower intervention rate than the bid submitted which puts at risk the resources required to manage delivery against targets in full to 2020.

**6ii LGF Update**

KB presented a report to the Performance and Investment Committee and asked members to:

* **Note** that **£6,312,546** LGF has been drawn down this financial year of the LGF funding of **£45,787,235 paid** to the LEP’s Accountable Body in April 2016. The future years’ payment profile remains the same as indicated previously.
* **Note** that there is still however a risk to the 2016/17 profile from those projects started in 2015/16, because the FE skills capital sub-programme is not yet fully committed and the current contractual arrangements for drawdown of funds by the Life Science Fund Manager to meet current pipeline investments will not achieve the LGF profiling of this project. The LEP’s Programme Manager is in discussions with the LEP’s Accountable Body about any mitigations to be put in place during 2016/17 to address this;
* **Note** there are ongoing discussions with Reaseheath and West Cheshire Colleges to take forward projects, subject to approval by Strategy Committee and satisfactory due diligence and appraisal by P&I to take up the remaining headroom of the FE Skills programme;
* **Note** there is still risks to the remainder of the LGF projects due to start in 2016/17 and to date only the business case for the M62 J8 highway improvements scheme has been submitted to the LEP for conditional approval, however there is significant work underway in developing these and the latest dates for these are shown below;
* **Note** all the above risks to 2016/17 have resulted in the currently quarterly forecast as profiled at the beginning of the year at risk and significant pressure on performance in the final quarter;
* **Note** a detailed review is taking place on current outputs and outcome forecasts to show the latest forecasts per year over the Growth Deal lifetime to assess whether there are any risks to achievement of the targets;
* **Note** this year’s annual conversation is taking place on 5th December.

Committee **noted** the update.

**6iii Growing Places Fund Update**

KB presented a report to the Committee to update them on the two loan applications received by the LEP for GPF:

**Cheshire Green Employment Site**

* Strategy Committee have agreed the loan application to open up the Cheshire Green Employment Site in principle and due diligence has been commissioned. This is anticipated to be completed by the end of October and a report will be presented to the next P&I Committee for approval to the loan;

**Digital 2020**

* A new application has been received from Cheshire East Council for a loan of £1,689,000. This loan is one element of an £11.6 million funding package for the Digital 2020 programme across Cheshire and Warrington. Digital 2020 will enhance access to ICTs for SMEs in the Cheshire & Warrington LEP area. It will improve the quality (speed and reach) of digital infrastructure and boost the use of digital technology by businesses. Digital 2020 will strengthen the competitive potential of SMEs, help develop new products and services, and ensure businesses exploit e-commerce opportunities to access new markets.
* Strategy Committee have been informed of the application at a high level and a paper detailing the project will be taken to the next meeting. Quotes for due diligence and legals are being sought.

**Cheshire Science Corridor Enterprise Zone**

* A further loan has been proposed and discussed at the Enterprise Zone Board of £500,000 to actively promote and develop the Science Corridor and the Enterprise Zone, which will be paid back from future revenues generated from the Business Rate Income.

The Committee **noted** the contents of the report.

**6iv ESIF Update**

FL presented a report to the Committee to provide an update on the ESIF Programme including the impact of the decision to leave the European Union and the subsequent decision by HM Treasury to suspend the ESIF Programme. The key points to note are:

* Cheshire and Warrington LEP is therefore seeking to agree approximately £60M worth of Projects representing half of our ESIF Programme before the Chancellor’s Autumn Statement to secure these funds for investments in Cheshire and Warrington’s economy.
* The Treasury has also put in place arrangements for assessing whether to guarantee funding for specific structural and investment fund projects that might be signed after the Autumn Statement, but while we remain a member of the EU at least until March 2018. Project proposal spreadsheets have therefore been circulated to partners by the LEP during late September for completion with a view to maximising the benefits of the remaining EU funds to the LEP area while possible. To support the co-ordinated delivery of current projects the LEP is hosting a Scale-Up business event on 30 November at the Centre in Birchwood to bring together our Growth Hub and our EU funded business support projects for international trade, innovation, manufacturing growth support and business grants and Northern Powerhouse Investment Fund finance.

The Committee **noted** the contents of the report.

**6iv a Building capacity and capability in health and life science businesses ERDF application**

FL presented an ERDF application for funding of £847,000 towards a £1.6m project to build capacity and capability in health and life science businesses. The project will enable SME’s to better understand, work with and sell to the health and social care markets.

An appraisal had been carried out by Heather Jones who considers that significant issues raised during appraisal of the project have now been addressed and recommends the project is approved, subject to the following proposed conditions:

* Procurement evidence for all contracts procured to date - in particular further information is required on stationary and IT equipment contracts awarded to ensure the contracts awarded are compliant – pre-contract condition;
* The Innovation Agency is to provide a final version of a signed SLA between themselves and delivery partner GM AHSN - prior to PIV;
* The Innovation Agency to check all procurement carried out by delivery partners (NHS Trusts) to ensure compliance and keep an audit trail of all partner procurement carried out with the project files – contract condition;
* A cost-coding system is required to be set-up and demonstrated at PIV to ensure that only ERDF related activity is claimed.

The Committee **noted** the contents of the report and **endorsed** the recommendation.

**6iv b C&W Growth Hub scale-up Programme (previously ISOMETRIC)**

FL presented an ERDF application for funding of £1,337,000 towards a £2.674m project which is intended to support and enhance the competitiveness of enterprises in Cheshire and Warrington by targeting a clear gap in the current provision of Business Support services within the LEP area.

An appraisal has been carried out by Brittany Mason and reviewed by Rachel Shwe. It was summarised that the applicant has fulfilled all conditions raised at outline application stage successfully. The applicants state aid position is still to be confirmed. The changes proposed since outline stage appear reasonable. The project is approved, subject to the following proposed conditions:

* Due diligence will need to be concluded on the applicant;
* An MOU to be established between the applicant, the local Growth Hub and other LEP area based business support provision (including the Pan LEP Specialist Manufacturing Service) to discuss each other’s provision and agree a referral process (this may be co-ordinated by the local Growth Hub lead). The MOU will articulate how the applicant will work with the local Growth Hub and other local LEP area based business support providers, to map out in detail:
	+ The applicant’s proposed offer of support and how this will be delivered within the LEP area;
	+ Where the applicant is unable to offer support, ensure that the applicant refers SME’s back to the Local Growth Hub and other local LEP are business support projects for continued support; and
	+ Detail the referral process, which should be monitored by both the applicant, local Growth Hub and other local LEP are based business support providers
* Confirmation of the applicant’s state aid position of P13 type activity;
* In order to demonstrate compliance with the Treat principles, Blue Orchid Ltd and SME’s will also need to ensure that the SME procurement process and templates reflect the following:
	+ Put in place processes that manage potential conflicts of interest;
	+ Impartially assess each bid against the same criteria; and
	+ Select the winning bid on merit.
* The applicant will need to provide an update on cash flow of SME contribution (actual and forecast to accompany their quarterly grant claim.

The Committee **noted** the contents of the report and **endorsed** the recommendation.

**Agenda Item 7: LGF3**

KB informed Performance and Investment Committee members that there has been no feedback on the LGF3 but it was anticipated still that there would be an announcement on the funding awarded to each LEP on or around the Autumn Statement on 23rd November.

**Agenda Item 8: Cheshire and Warrington Growth Hub**

The Committee **noted** the Growth Hub September performance report.

**Agenda Item 9: AOB**

The Committee discussed venues for future meetings because of the difficulties in parking at Richmond House, SWM informed the Committee that one of the CEC premises at Wyvern House could accommodate future meetings. It was agreed that the next meeting would be held there and if that was agreed to be a better alternative venue, that all future meetings would be changed to there.

**ACTION: KB to send update meeting invitation to Committee members showing the revised venue once SWM had sent through parking details to KB**

**ACTION: GB to contact SP to inform him of the actions agreed in terms of change of venue to address parking difficulties**

**Date, time and venue of next meeting:**

**PLEASE NOTE CHANGE OF VENUE**

14::30 on 21st November 2016 at WYVERN HOUSE, THE DRUMBER, WINSFORD, CHESHIRE, CW7 1AH. Parking details have been provided with the meeting invite.