

AGENDA

Marches Enterprise Joint Committee

Date: **Monday 15 February 2016**

Time: **10.00 am**

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

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

For any further information please contact:

Governance Services

Tel: 01432 260239

Email: councillorservices@herefordshire.gov.uk

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Agenda for the Meeting of the Marches Enterprise Joint Committee

Members:

Chairman

Councillor AW Johnson
Councillor M Pate
Councillor KS Sahota

Herefordshire Council
Shropshire Council
Telford and Wrekin Council

Non Voting Member

Mr G Wynn

Chairman of the Local Enterprise Partnership

AGENDA

		Pages
1.	<p>ELECTION OF CHAIRMAN</p> <p>To elect a Chairman.</p>	
2.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
3.	<p>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>	
4.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by members of the Committee in respect of items on the agenda.</p>	
5.	<p>MINUTES</p> <p>To approve and sign the Minutes of the meeting held on 19 March 2015.</p>	5 - 6
6.	<p>MARCHES INVESTMENT FUND ALLOCATIONS</p> <p>To allocate Marches investment funding against a loan application received by the Marches local enterprise partnership (LEP).</p>	7 - 10
7.	<p>GROWTH DEAL SKILLS CAPITAL PROJECTS</p> <p>To approve the allocation of funds to four projects that have been approved by the Skills Funding Agency (SFA) for funding under the Marches Growth Deal Skills Capital fund.</p>	11 - 14

MINUTES of the meeting of Marches Enterprise Joint Committee held at Craven Arms Community Centre, Newington Way, Craven Arms, Shropshire, SY7 9PS on Thursday 19 March 2015 at 9.30 am

Present: Councillor AW Johnson (Chairman)
 Councillors S Charmley and B McClements
 Non-Voting Member Mr G Wynn

In attendance: Councillor AJW Powers

Officers: Jacqui Casey (Marches LEP co-ordinator), Geoff Hughes (Director for Economy, Communities and Corporate, Herefordshire Council), Katherine Kynaston (Business and Development Planning Manager, Telford and Wrekin Council), Bill Norman (Assistant Director, Governance, Herefordshire Council), Mark Pembleton (Business and Enterprise Manager – Shropshire Council)

7. APOLOGIES FOR ABSENCE

Apologies were received from Councillors K Barrow and KS Sahota.

8. NAMED SUBSTITUTES

Councillor S Charmley substituted for Councillor K Barrow and Councillor B McClements substituted for Councillor KS Sahota.

9. DECLARATIONS OF INTEREST

There were no declarations of interest.

10. MINUTES

RESOLVED: That the Minutes of the meeting held on 11 December 2014 be confirmed as a correct record and signed by the Chairman.

11. MARCHES LEP ACCOUNTABILITY AND ASSURANCE FRAMEWORK

The Committee considered the Marches Local Enterprise Partnership Accountability and assurance framework for submission to Government.

The report stated that the LEP Partnership Board had reviewed the draft Framework at its meeting of 4 March 2015. The Board had requested some amendments which were reflected in the updated draft framework appended to the report. The Board had also suggested that consideration be given to an alternative name for the joint executive committee to provide greater clarity regarding its role, observing that the term “executive” could have different interpretations.

The Assistant Director, Governance (Herefordshire Council) reported that the Committee’s formal title in the Constitution approved by the three constituent Councils was the Marches Enterprise Joint Committee. He suggested that adopting this name for the Committee would address the comments of the LEP Board and would not require further consultation with the constituent authorities.

RESOLVED:

- That
- (a) **the Marches LEP accountability & assurance framework (at appendix 1 to the report) be approved as a working document for submission to government, noting the elements requiring further work;**
 - (b) **a further report be received to approve the final framework, including a scheme of delegation, following further consideration by the LEP Board; and**
 - (c) **the name Marches Enterprise Joint Committee be adopted as the Committee's name to provide greater clarity regarding its role.**

12. FUTURE MEETINGS

The Committee discussed how to make effective use of the time of Members and officers in discharging the Committee's role, having regard to Government expectations, the need to provide for public engagement and meet access to information requirements.

The Assistant Director, Governance (Herefordshire Council) undertook to produce a briefing paper setting out options for consideration.

Mr Wynn suggested that he could then discuss proposals and issues as appropriate with the national LEP networking group which could in turn make representations if it saw fit.

The meeting ended at 9.46 am

CHAIRMAN



Marches enterprise joint committee	
Meeting date:	15 February 2016
Title of report:	Marches investment fund allocations

Classification

Open

Key Decision

This is a key decision because it is likely to result in the councils incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates; and 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 area.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Purpose

To allocate Marches investment funding against a loan application received by the Marches local enterprise partnership (LEP).

Recommendation(s)

THAT: a loan of £720,000 (5.04% interest rate) to Dicentra LLP be approved.

Summary

- 1 The Marches Investment Fund is a scheme that aims to address the need for investment to unlock stalled developments in the Marches area that will create much needed homes and jobs. Funding is provided in the form of a loan, equity or, joint venture and is subject to interest charges and an arrangement fee. Investments made by the fund are repayable at a competitive market rate using the EC reference rate.

2. The finance for this recycling fund was obtained from the Government's Growing Places fund. The award of £8.1m was received by the LEP in 2012 to cover the loan finance and the management of the scheme. The minimum capital loan request that is available from this fund is £250,000. This cannot exceed 60% of the value of the completed project. Funding can also be sought for final stage feasibility work. The request for feasibility funding cannot exceed 50% of the cost of the study and the minimum loan is £20,000 with the maximum loan capped at £100,000.
3. The scheme criteria, detailed above, was devised following an independent review of the Marches Growing Places fund in April 2015. On the 18th May 2015, the LEP board approved amendments to the Fund criteria based on the consultant's recommendation and the revised Fund was launched on 1 July 2015. The fund was rebranded as the Marches Investment Fund to acknowledge the change in the criteria.

Application process

4. Applicants are required to submit an expression of interest form, by an agreed deadline, enabling the submission to be assessed by a shortlisting panel. The Panel consists of two LEP Board Members and the LEP Partnership Manager. The Panel assesses all the applications submitted, supported and advised by the procured independent technical advisor (ITA), Thomas Lister Consultancy. The panel then makes recommendations to the LEP board regarding which applications should proceed to full due diligence appraisal.
5. Thomas Lister undertakes the independent technical due diligence appraisal and presents recommendations to the LEP board. The due diligence process adopted by the ITA has satisfied accountable body auditors, is state aid compliant and is also used by other LEPs when allocating Growing Places funds. The LEP board considered recommended loan value, interest rate, repayment terms and pre-conditions to be satisfied before funds are drawn down by the applicant. These are available to the Committee as an exempt background paper.
6. One application from the last round has now successfully completed the full due diligence assessment and the LEP board has recommended that this proceeds to the Marches executive joint committee to seek approval and enable loan agreement to be issued. This project is:

Project 1

Applicant: Dicentra LLP

Project: to renovate the former Brintons factory site located on Halesfield 15, Telford to bring back into use 6,292 sq.m of industrial floor space and a site totalling 4.04ha. The project will create new local employment opportunities (approx. 200 FTE).

Loan Request: £720,000

Recommendation: Approve a loan of £720,000 at an interest rate of 5.04%.

Alternative options

- 7 It is open to the committee to reject the loan request or offer an alternative loan sum. This is not recommended as a lower loan sum would not secure the economic benefits anticipated, and the application has been through a robust and independently assessed appraisal process.

Financial implications

- 8 Growing Places funding was issued to the LEP (accountable body Shropshire Council) on 21 February 2012. A total sum of £8,190,847 of which 2% can be used for revenue funding for the delivery and management of the fund. So far, one project has entered into a loan agreement and is now repaying the loan on an annual basis.
- 9 The application presented to the committee totals £720,000. The remaining funds, £6,771,316 will be available to potential applicants through the published application process for the Marches Investment Fund. The next application round closes on 19 February 2016. The funds will be released to the applicant in several payment tranches based upon evidence of defrayed expenditure.

Legal implications

- 10 Shropshire Council is the accountable body for the scheme and issues the legal agreements to applicants on behalf of the Marches LEP. Thomas Lister Consultancy undertakes due diligence on each applicant seeking support and makes recommendations to LEP Board on the basis of a full technical appraisal. In the event of a default that is not reconcilable, Shropshire Council, as the accountable body for the fund, has a first charge over the site and buildings, the value of which far exceeds the proposed loan. In the event of default, the LEP and local authority partners would, in line with the scheme Memorandum of Understanding, agree how to proceed.

Risks, opportunities and impacts

- 11 Risks:
- The decision to award finance and the calculation of the interest rate to be applied has been calculated based a robust due diligence process approved by government auditors, is State Aid compliant and has been undertaken by an experienced ITA to ensure compliance and to minimise risk.
 - A First legal charge will be placed upon the site to ensure funds can be recovered in the event of a default.
 - Funds will only be released subject to evidence of defrayed eligible expenditure, certified by a qualified surveyor overseeing the programme of works.

12 Opportunities:

New employment opportunities direct and indirect by the development

Consultation

- 13 The LEP board has been consulted at three board meetings (22 September 2015, 24 November 2015 and 26 January 2016) on the shortlisting process and the outcome of the due diligence assessment and has recommended the project for approval in line with the pre-conditions proposed by the ITA. The ward member is being informed of the proposal and any views will be reported verbally to the committee.

Additional Information

None

Appendices

None

Background papers

Marches LEP Board Papers re scheme preconditions and loan repayment terms. *Exempt from publication by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A Local Government Act 1972, as amended.*



Marches enterprise joint committee	
Meeting date:	15 February 2016
Title of report:	Growth deal skills capital projects

Classification

Open

Key Decision

This is not a key decision.

Purpose

To approve the allocation of funds to four projects that have been approved by the Skills Funding Agency (SFA) for funding under the Marches Growth Deal Skills Capital fund.

Recommendation(s)

THAT the following skills capital allocations be approved:

- (a) Hereford and Ludlow College - £197,400;**
- (b) Herefordshire Group Training Association - £158,200;**
- (c) SBC Training Ltd - £50,000 (of which £40,000 conditional on SFA confirmation of satisfactory receipt of further information as set out at paragraph 3); and**
- (d) Derwen College - £56,000.**

Summary

- 1 The Marches local enterprise partnership (LEP) issued two calls for expressions of interest (EOI) from further education and private training providers in 2014/15 seeking responses that delivered capital projects (i.e. for equipment and training facilities to address the training needs of key sectors in the Marches strategic economic plan). The response was limited and a number of applicants subsequently withdrew mainly due to the shortage of match funding. The LEP scored the EOIs against agreed criteria and invited four training providers to submit full applications by 14 Sept 2015. The four applications received (are summarised at appendix 1). The applications were submitted to the Skills Funding Agency (SFA) for due diligence appraisal. The SFA have an in house team which undertakes such assessments for all capital investments the SFA undertakes and the SFA offered to do these assessments on behalf of the LEP as we did not have this expertise. The total project costs of the four projects is £1,170,600 with grant funding requested of £461,600 being 39.4% of the total costs.

- 2 The SFA recommended to the LEP that three of the projects passed the SFA due diligence appraisal – Herefordshire and Ludlow College, Herefordshire Group Training Association and Derwen College.
- 3 An element of the fourth project, from SBC Training, requested grant funding of £40,000 towards the cost of fit out of a new training facility SBC are in the process of purchasing in Shrewsbury. The SFA has recommended that the grant for the capital equipment element of £110,000 for this application is approved at this stage but that the element for fit out (£40,000) be conditional on provision of satisfactory detailed figures on the proposed fit out. This information is expected to be available by March 2016. The Marches LEP board recommended approval of the balance of the grant once they had been satisfied that the capital works meets the SFA requirements.

Alternative options

- 4 It is open to the committee to reject the applications or recommend an alternative grant allocation. This is not recommended as the applications have been through a robust appraisal undertaken by the SFA and funding allocations have been proposed in line with nationally determined funding criteria.

Financial implications

- 5 Confirmation has been received from DCLG that the funding for skills capital (£3.3m) is now available. This funding needs to be allocated and utilised in 2016/17.

Legal implications

- 6 The LEP team will put in place commercial contracts with the training providers awarded the skills capital funds. The contracts have been drawn up with the support of Shropshire Council legal team. The LEP team will monitor on a quarterly basis performance and spend against agreed contractual milestones and outputs and will report on this to both the LEP Skills Board and the LEP Performance, Risk and Monitoring Committee which are sub-groups of the LEP board. If the grant is not used for the purposes it was contracted the college or training provider, as outlined in the contract, will be required to pay back the grant.

Risks, opportunities and impacts

- 7 The £3.3m skills capital funds need to be spent in 2016/17 so we need to ensure we have the capacity in the LEP team to get the tenders and contracts in place in order to draw down the unspent balance of these funds. A new post is being recruited to amongst other things monitor performance and spend against agreed milestones and outputs in the contracts with the skills providers on a quarterly basis and will report on this to both the LEP Skills Board and the LEP Performance, Risk and Monitoring Committee which are sub-groups of the LEP Board. If the grant is not used for the purposes it was contracted the college or training provider, as outlined in the contract, will be required to pay back the grant.
- 8 The Marches LEP board has recommended approval of the proposed grants.

Additional Information

None.

Appendices

Appendix 1 project summary

Background papers

None

MARCHES ENTERPRISE JOINT COMMITTEE

Appendix 1 : Projects Summary

Summary Sheet - Marches LEP Skills Capital Funding applications					
Updated Submissions November 2014					
Applicant	Project Name	Project Cost	Skills Capital	Private Match	Skills Capital Match %
Herefordshire and Ludlow College	Engineering for Agriculture The project is for new equipment to support agricultural engineering, agriculture, general engineering and new apprenticeships in poultry and cider fruit growing	£592,200	£197,400	£140,000	33%
Herefordshire Group Training Association	Transformation of Centre of Vocational Excellence for Engineering This project will increase Advanced Apprenticeships Level 3 provision and qualifications in skill shortage areas of engineering essential for efficient manufacture. Principal areas covered are: Programmable Logic Controllers – Fluid Power Hydraulics – 3D Computer Aided Design - Refrigeration – Traditional and computerised metal cutting processes - Non contact measuring systems.	£316,400	£158,200	£144,000	50%
SBC Training Ltd	Advanced Engineering Manufacturing Project This project aims to develop the range of facilities to be able to expand the range of engineering and electrotechnical training available to employers within the LEP area that is specifically aimed at the development of a workforce that meets their needs and supports opportunities that can be created specifically to engage young people in viable and sustainable employment. The initial aims of this project will be to increase the capacity of the Training Academy .	£150,000	£50,000	£100,000	33%
		Total	£1,058,600	£405,600	£384,000
		Skills Capital Pot Total	£3,300,000		
		Balance	£2,894,400		
EOIs Received 6th March 2015					
Derwen	Farm buildings refurbishment The project to develop farm buildings which have been redundant since closure during the foot and mouth crisis. They need a significant amount of work to bring them to a standard suitable for current college use. The focus for the re-use of the Farm Buildings will be on environmental sustainability with reuse and recycling at the forefront	£112,000.00	£56,000.00	£56,000.00	50%
		Total	£112,000	£56,000	£56,000
		Total Project Costs	£1,170,600		
		Skills Capital Spend on above 4 applications	£461,600		
		Skills Capital Pot B/F	£2,894,400		
		Total balance of unallocated skills capital funding	£2,838,400		

