

**Cumbria LEP Investment Panel**

**09:30, Tuesday 17<sup>th</sup> January 2017**

**LEP Conference Centre, Redhills**

**Minutes**

**1. Welcome and Apologies**

In Attendance

Investment Panel Members

Jackie Arnold (Chair)  
Alison Hatcher  
Peter Hensman  
Rob Johnston  
Simon Sjenitzer  
David Southward

Officers

Pam Duke (Section 151 representation)  
Eleanor Farrell  
Graham Haywood  
Emma Turner  
Ruth Pugsley  
Corinne Watson

The LEP Director welcome Emma Turner from BEIS to the meeting

**2. Minutes of the last meeting**

The October minutes were accompanied by the December 17 Board paper requesting endorsement of the IP's December recommendation of the 5 projects that will form the Cumbria Growth Deal 3 programme. The LEP Director confirmed the Board endorsed the programme and the Record of Decision is reflected in the minutes of the December Board meeting.

The agreed projects and values were as follows:

- Carlisle Station Gateway (£1m)
- Growing our Potential 2 (£1m)
- Lillyhall North (£5m)
- Whitehaven Town Centre (£4.5m)
- Skills Capital 2 (£1.16m)

The minutes from the last meeting were agreed and no matters arising.

**3. Growth Deal 3 Update**

Graham Haywood gave a verbal update on the current position of the Growth Deal 3 programme. The December Board endorsed the IP's recommendation on the composition of the Growth Deal 3 programme to enable an announcement by Government to be made before Christmas. To date no announcement has yet been made, however it is expected to be done before the end of January. The announcement is important as it will allow projects to start to develop the next stage of their business cases. Equally important will be the announcement of the profile as this will help identify how quickly schemes can progress and whether there needs to be any further reprofiling of the existing deal to accommodate activity that needs to start more quickly. Although the Growth Deal 3 allocation was smaller than requested or anticipated, there is still a combined deal of £60m which is a sizeable amount to spend over the next 4 years. There is also a similar amount of European Funds that are available and it is important to maximise the opportunities available under this source.

Future opportunities may be through the development of the Industrial Strategy, where funding may be made available. Further details of the strategy are due to be published at the end of January and it's hoped that this will play to Cumbria's strengths. When the announcements on the strategy and on the Growth Deal 3 programme are made, they will be brought back to the Investment Panel with further details.

#### **4. Programme Update**

Corinne Watson took the Investment Panel through the paper and highlighted the difference in the Growth Deal Offer Letter target (£19.5m) and the current predicted spend (£18.3m). Agreement is in place for this shortfall to be covered through the CCC Capital programme and paid back in later years. The paper presented the option to accelerate spend on the Carlisle Airport project if the State Aid Article is in place before the end of the financial year. The Panel agreed to reconsider the proposal at the February meeting when it is hoped the profile for GD3 will be in place which will allow for a more comprehensive discussion on the underspend and options for reprofiling.

The position regarding opportunities for European Funding was presented, as well as an update on the RGF programme and Growth Hub provided. Details of the CIF programme were given however a more comprehensive discussion on the status of the CIF programme was held under agenda item 4

#### **4. CIF Update & Change Control**

Eleanor Farrell provided the panel with an update on the current position of the CIF programme. The programme is an 'Evergreen' fund and the balance of the programme currently stands at £3,271,191. £3m of the fund is committed to cashflowing the Growth Deal in future years. Whilst the IP understand the reasons for this it was felt that it would be beneficial for this to be recorded on the CIF performance sheets to provide information on when this source of funding will become available and the possibility of schemes being worked up in anticipation.

**ACTION: Economic Programmes team to include the Growth Deal commitment within the Cumbria Infrastructure Fund performance management information for the February Investment Panel.**

The programme therefore has a balance of £271,191 available for allocation. At the October Investment Panel a paper was presented that detailed options for the CIF funding. The Panel agreed that this funding could be utilised where Expressions of Interest are made to the LEP Investment Panel, a range of funding sources are considered and this funding is considered to be an appropriate source to support the activity identified. Where this funding is considered appropriate it would be in the form of small loans, for projects where funding was required in emergency and exceptional circumstances, utilising the Small Business Development Loan Criteria.

#### **Classic Desserts- Change Control**

The Investment Panel were presented with the Change Control for Classic Desserts where issues have been faced by the applicant in their ability to repay their SBDL of £150k. Three options were

presented to the panel as detailed in the accompanying paper. The Investment Panel discussed the recommended option of repaying at a level similar to the original repayment plan, however they felt that this may preclude the applicant from being able to repay and that they would fall into default. It was therefore agreed that option 1 would be pursued which sees a lower repayment figure for the first 12 months, increasing in the 2<sup>nd</sup> year. The Investment Panel would review progress on an annual basis.

**Record of Decision:**

**For Classic Desserts (CIF 051) Approve the extension request in line with Option 1 of the Change Control- To extend the payment term to 31<sup>st</sup> March 2022 and restructure the payments in line with Appendix 2 of the Project Change Control.**

**Strategic Outline case**

Project	Record of Decision
<p>LEP 40b</p> <p>Funding is sought to provide the final funding gap in a £6.62 development project.</p>	<p>The IP discussed the submitted SOC. It is understood that this is a complex project with a number of funding sources already contributing to the project. The IP were supportive of the Strategic Fit of the project, however there is currently no grant funding available to the LEP to support the activity identified. There is a small amount of unallocated CIF resource which could be a possible source of loan finance. Other opportunities for funding through the EAFRD programme should also be considered for support.</p> <p><b>Record of Decision: Approve the applicant to proceed to full application stage for a Small Business Development Loan of up to £100,000.</b></p>

**Cumbria Infrastructure Fund Project Decision**

Project	Record of Decision
<p>Atlantic Geomatics</p> <p>The project represents an opportunity for the applicant to expand into a new area of activity.</p>	<p>The assessment on the Full Application was considered for suitability for CIF support. An assessment has been undertaken with a recommendation for approval given, subject to a number of conditions identified within the application.</p> <p>The IP were made aware of the grant offered through the Chamber's RGF 6 programme for £40,000. It was therefore agreed that a recommendation in principle could be given, subject to a meeting being held with the applicant, the LEP, the Accountable Body and the Chamber to confirm the composition of the funding package.</p> <p><b>Record of Decision:</b></p>

	<p>A loan of up to £100,000 is approved subject to:</p> <ul style="list-style-type: none"> <li>• A meeting with the applicant, the LEP, the Accountable Body and the Chamber to confirm the funding package and outputs.</li> <li>• An interest rate of 1% per annum to be applied and any 'discount' when compared to assessed commercial borrowing rates will be provided through the De Minimis state aid route</li> <li>• Release of the full loan value on execution of a Loan Agreement, subject to any conditions precedent being cleared first</li> <li>• Security to be provided in the form of a Personal Guarantee from the Managing Director (or other Directors), for the full repayable value of the loan</li> <li>• 13 full time equivalent jobs (subject to meeting above) to be created within the business, specifically on the delivery of the Burial Ground Management System, within the first 2 years if delivery</li> <li>• Repayment of the loan to commence 12 months from execution of the Loan Agreement</li> <li>• Asset finance is only used towards the balance of eligible capital costs, to avoid the loan being used as working capital during delivery</li> </ul> <p>Conditions to be cleared prior to execution of the Loan Agreement:</p> <ul style="list-style-type: none"> <li>• Satisfactory completion of credit checks by the Accountable Body</li> <li>• Completion of a Personal Guarantee for the full repayable value of the loan</li> </ul> <p>Conditions to be included within a Loan Agreement to be cleared prior to release of funds:</p> <ul style="list-style-type: none"> <li>• Written confirmation that an appropriate overdraft to be provided by the applicant's bank (HSBC)</li> <li>• Copies of completed asset finance agreements are provided, for capital items included within the project costs.</li> </ul>