

Cumbria LEP Investment Panel

20th February 2018

Minutes

10:00– 11:30 LEP Conference Centre Redhills

1)	<p>In Attendance</p> <p>Members</p> <p>Jackie Arnold (Chair)</p> <p>Alison Hatcher</p> <p>Simon Sjenitzer</p> <p>David Southward</p> <p>Officers</p> <p>Pam Duke (Section 151 representation)</p> <p>Eleanor Farrell</p> <p>Graham Haywood</p> <p>Ruth Pugsley</p> <p>Corinne Watson</p> <p>Apologies</p> <p>Peter Hensman</p> <p>Rob Johnson</p>
2)	<p>Declarations of Interest</p> <p>None Declared</p>
3)	<p>Minutes of previous meetings</p>

	Minutes of the previous meeting were agreed
4)	<p>Matters Arising</p> <p>No matters arising not covered on the agenda</p>
5)	<p>Programmes Update</p> <p>Programmes Paper</p> <p>The Investment Panel were taken through the details of the Programme Paper. There is currently an overprofile of £7m however there are some projects with spend profiled for 17/18 that are unlikely to draw down the full allocation.</p> <p>The IP noted the programme appendices.</p> <p>Growth Deal cashflowing in future years- It was originally suggested that the Council could be requested to support a formal inclusion of a £2m - £5m forward funding proposal within its 2018-19 capital programme to allow the Growth Deal programme flexibility to over programme spend. However due to changing risks within the LEP governance structures and the potentially reduced appetite of the Council to potentially provide this cash flow position officers did not take forward this proposal.</p> <p>Instead it is proposed that if the Growth Deal programme in 2018/19 did achieve higher expenditure than planned (including utilisation of the CCC capital financing available from previous years) then funding for that accelerated spend of up to 20% would be requested to the Accountable Body as and when the risk became apparent through the regular monitoring. This funding would then be repaid from future years Growth Deal grant.</p> <p>If this approach is agreed then the CIF money currently ringfenced to cashflow the Growth Deal in future years can be released back to the CIF programme.</p> <p>The LEP welcomed the above as it is a helpful approach to deliver programme activity and have additional flexibility.</p> <p>The IP updated on the performance of the Growth Deal, reporting by exception for schemes within the Deal.</p> <p>Mark House</p> <p>There are currently delivery concerns with regard to the ability of the applicant to achieve the pre let condition. At a recent performance meeting LEP Officers were made aware of the possibility of the development being marketed as a Community Hub. This would be a deviation from the strategic fit on which the project had originally been approved and would potentially have changed the results of the KPMG assessment and Due Diligence. There may be a request to the LEP to change the nature of the project and if this is the case any significant changes would be reported back to the IP for decision.</p> <p>Port of Workington</p> <p>Significant work has been undertaken with regard to the Contracting of this scheme. The contracting process is nearly complete and nearly ready to be released.</p>

Lilyhall North

This project is now split into three schemes, James Walker, SIS and Lilyhall North.

The business case for James Walker is currently being developed and it is anticipated that this will be presented to the March Investment Panel.

A draft of the SIS business case was received in January, however significant queries were raised. A resubmission has not yet been received.

Lilyhall North- Allerdale Borough Council are finalising the business case and have advised that this will be submitted shortly. The strategic fit of the application is similar to the original proposal in unlocking land for development.

South Ulverston- This project still has a RAG rating of Amber due to the issues relating to the North Lonsdale Terrace. The Council as the applicant are looking into the cost of the scheme to ascertain whether it is still viable with the escalating costs. An update will be brought to the next meeting.

Nisi Prius- Currently rated as Amber, however the risk rating on this project is likely to escalate to Red as the ERDF match funding application has been unsuccessful in progressing to the next stage. This is due to planning not being in place within the timescales required for ERDF support.

It was agreed that a mid term review of the programme would take place in March to review the existing programme as well as those within the pipeline. It was agreed that output targets would be key as part of this consideration.

Business Support- Growth Hub

The Investment Panel were updated on the achievement to date on the Growth Hub. 42 assists have been achieved so far, with the activity going through to June to achieve the 110 target. Projections show that the full contract will be delivered.

Cumbria Infrastructure Fund

The papers included the performance information for the CIF. However, the figures still include the commitment to Growth Deal, therefore an updated programme report will be brought to the next meeting.

Atlantic Geomatics

The panel were presented with a paper relating to Atlantic Geomatics and the request to revise the repayment schedule in line with the CIF investment drawn down to date. The Investment Panel considered the request and agreed that the repayment could be revised in line with the amount drawn down.

Record of Decision

Agree to variation of repayment terms at a lower rate in line with funding drawn down to date.

Willow Water

The Investment Panel were updated on the RGFxxx project and the company ceasing operation. The applicant had requested that the assets purchased from the investment be transferred to

another organisation within the wider group, who had also been a beneficiary of RGF support. Although the recommendation within the report was supportive of this, advice from CLG Officer representation was that this couldn't take place due to state aid regulations. The Accountable Body are required to make a claim as part of the administration of the business.

Record of Decision

The recommendation within the paper was not approved. The Accountable Body will instigate the recovery of funds process.

6) Project Decisions

Strategic Outline Case		
LEP 047	Scroggs Wood	Record of Decision

The Project is development of a high quality, mixed use development at Scroggs Wood, Kendal.

Although supportive of proposal to develop the site due to its strategic location the assessment the Investment Panel felt the project currently lacks focus, particularly with regard to the planning status of the land.

Record of Decision

Reject at this stage but would reconsider with a more progressed scheme.

CIF		
CIF 073	Item 6c - Kingmoor Park Enterprise Zone	Carlisle City Council

CIF will be used to provide grant funding to Kingmoor Park Properties Ltd (KPPL), the private sector owner of the site. Governance of the EZ is via the LEP's EZ Board established between KPPL and the public-sector partners (Cumbria LEP, Cumbria County Council, Carlisle City Council) and Chaired by the LEP. The Kingmoor Park EZ Board is proposing a £5m programme of investment in site servicing and ground works across the Enterprise Zone as part of its initial 5-year Implementation Plan, the objective being to encourage/accelerate early take-up and development of serviced plots either by occupiers or by KPPL directly.

The Investment Panel considered the option of applying an interest rate to the investment, however as the investment will be repaid with business rates that would come to the LEP anyway, but at a faster rate, there would be no benefit in applying a rate.

An appropriate long stop date was considered. It was agreed a date of 2024 would be an appropriate date and if an extension is required the applicant comes back to the Investment Panel to request this.

Record of Decision

Condition	Condition	Condition Type (Prior to Funding)
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Number		Agreement/Pre-Payment/Conditions for Delivery)	
1	A Long Stop Date of December 2024. If an extension of this is required then the applicant must make a request to the Investment Panel for an extension.	Condition of delivery	
3	Appropriateness of modelling approach to establish outputs to be considered by KPMG.	Prior to Funding Agreement	
4	Evidence of Match Funding	Pre-Payment	
5	<p>Prior approval of the grant funding agreement between KPPL and Carlisle City Council. The grant agreement will include the following conditions</p> <ul style="list-style-type: none"> - payment of grant of up to £1.5m against claims evidencing match funding and defrayed expenditure with the grant being payable at a maximum intervention rate of 30%, - appropriate procurement by KPPL and evidence of tender assessment having been undertaken prior to award of works contract, - consents and permissions being in place for individual zones prior to grant being released - output achievements and reporting. - Claw-back clause in event that the outputs are not achieved - Evidence of land ownership prior to release of grant - State aid opinion provided by KPPL - Marketing and promotion strategy to be provided prior to payment of grant 	Pre-Payment	
7)	Governance Update		
8)	Any Other Business		
9)	Next Meeting; 10:00 – 11:30 Tuesday 27 th March 2018, LEP Conference Centre, Redhills		