

NB: In line with our Local Assurance Framework (LAF) these minutes are published as a draft record until formal ratification at the subsequent meeting.



LLEP INVESTMENT PANEL

Minutes of the Meeting

3 November 2020

Attendance and Apologies:

Members		Representing	
Andy Reed OBE	AR	LLEP Board of Directors	Chair
Emma Anderson	EA	LLEP Board of Directors	
Sonia Baigent	SB	LLEP Board of Directors	
Ajmer Kaur Mahal	AKM	LLEP Board of Directors	
Dr Nik Kotecha OBE	NK	LLEP Board of Directors	
Neil McGhee	NM	LLEP Board of Directors	
Cllr Terry Richardson	TR	LLEP Board of Directors	
Officers			
Fiona Baker	FB	LLEP	
Cathy Martin	CM	LLEP	
Stuart McAvoy	SM	Leicester City Council – Accountable Body	
Helen Miller	HM	LLEP	
Mark Noble	MN	Leicester City Council – Accountable Body	
Mandip Rai	MR	LLEP Chief Executive	
Advisors			
Jaqueline Moody	JM	Cities and Local Growth Unit (CLGU)	
Peter Sutton	PS	Cities and Local Growth Unit (CLGU)	
Also present			
David Hankin	DH	Charnwood Borough Council	(for item 4.3)
Gavin Fletcher	GF	Nottingham City Council	(for item 5)
Stephen Meynell	SMe	Hinckley & Bosworth Borough Council	(for item 4.4)

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<p>1.</p> <p>1.1</p> <p>1.2</p>	<p>Welcome and Apologies</p> <p>AR welcomed those present to the meeting.</p> <p>There were no apologies for absence.</p>	
<p>2.</p> <p>2.1</p> <p>2.2</p>	<p>Declarations of Interest</p> <p>NM and NK each declared an interest in item 4, "Historical Business Rates Enterprise Zone investment – Charnwood Borough Council – Restocking the Business Base", as members of Loughborough Town Board.</p> <p>AR also declared an interest in item 4, "Historical Business Rates Enterprise Zone investment – Charnwood Borough Council – Restocking the Business Base", as a Non-Executive Director of Incus Performance, which was based at The Attic, at the LUSEP site.</p>	
<p>3.</p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p> <p>3.5</p>	<p>Minutes and Actions of the Previous Meeting</p> <p>MR gave an update on progress with the actions agreed at the meeting of the Panel held on 8 September 2020.</p> <p>Further to paragraph 4.5(a), "Terms of Reference", and paragraph 7.13 of minute 7, "Project Change Request – National Space Centre: Vision 2025", it was suggested that it would be useful for the Panel to receive guidance from the Board of Directors on how risk averse the Panel's assessment of investments should be. Risk sharing was important, as the LLEP should not be expected to take on the whole risk of projects being supported with public funds.</p> <p>Further to minute 6, "Dates of Panel Meetings 2020 – 2021", it was noted that the Board of Directors would be discussing the LLEP Forward Plan at its meeting on 1 December 2020. The dates of meetings for this Panel therefore would be reviewed when the Plan had been agreed. (See also minute 8, "Dates of Panel Meetings 2021", below.)</p> <p>The Panel recognised that its scheduled meetings currently did not fit well with some deadlines for other work, but suggested that the use of written procedures to take decisions should be avoided if possible, to enable full discussion on the matter(s) being considered to be held. If necessary, a special meeting of the Panel could be called to consider urgent matters.</p> <p>It was AGREED that:</p> <ol style="list-style-type: none"> 1. Guidance be sought from the Board of Directors on how robust and/or risk averse this Panel should be in its recommendations regarding projects under consideration; 	<p>HM/MR</p>

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	<p>2. The Board of Directors be recommended to seek risk sharing on projects, with project promoters sharing risk with the LLEP, this being prudent use of public money;</p> <p>3. The use of written procedures for decision-making by this Panel be avoided where possible, with special meetings of the Panel being called instead as appropriate; and</p> <p>4. The Minutes of the meeting of the LLEP Investment Panel held on 8 September 2020 be confirmed as a correct record.</p>	<p>HM/MR</p> <p>HM/MR</p> <p>All to note</p>
<p>4.</p> <p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.3.1</p> <p>4.3.2</p> <p>4.3.3</p> <p>4.3.4</p>	<p>Historical Business Rates Enterprise Zone investment</p> <p>MR reported that, during the negotiation with the Billing Authorities on the legal agreement, a discussion had been held about the use of the historical business rates to aid Covid-19 recovery work, with both billing authorities wishing to retain 50% of the 85% of the LLEP allocated rate element. This was taken to the Board of Directors and once agreed both billing authorities were invited to apply for this funding.</p> <p>Leicester City Council also had been invited to apply, but as no historical business rates existed in relation to the Waterside development, no business case had been submitted.</p> <p><u>Charnwood Borough Council – Restocking the Business Base</u></p> <p>The position regarding state aid remained to be clarified. A written response on this had been received from the Accountable Body’s lawyer, but it had not been possible to assess this yet, or discuss it with the applicant.</p> <p>Slightly less funding was available than anticipated, so Charnwood Borough Council would have to reduce the cost of its proposal by reframing the project.</p> <p>It was queried whether Charnwood Borough Council would be giving priority to certain types of applications for funding and suggested that the Council could be encouraged to consider the fit of the proposed programme with both existing and new and emerging sectors. DH advised that participants would firstly be sought from people being made redundant from jobs in the Enterprise Zone and then from a wider area. The number of potential redundancies as a result of the current Covid-19 pandemic was not known yet, but this project would enable a structure to be in place to capture the talent pool if it became available.</p> <p>In response to a question from the Panel about how this project would be promoted across the LLEP area, DH advised that a marketing strategy was being developed.</p>	

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4.3.5	HM also advised that the LLEP Executive already had recommended that uptake of the offer be monitored to ensure that the target market was being reached and that non-graduates were not being unintentionally excluded. The Council also had been advised that the LLEP would like to see some commitment to the medium-term scenario in relation to jobs generation as part of the overall outcomes. DH confirmed that the admission criteria were very broad, but could be re-examined to ensure that no-one was being excluded.	
4.3.6	Panel members also suggested that it would be beneficial for participants if part of the course being offered by Charnwood Borough Council could focus on the management of risk as a key skill.	
4.3.7	The Panel further suggested that some learners from the course could be asked to make presentations to this Panel on what they had learned and how their businesses were developing as a result. This could contribute to evaluation of the programme on completion, with consideration given to how successes could be used to inform future projects.	
4.3.8	Lessons learned from the project also would be an important part of its evaluation and future consideration of whether the project could, or should, be replicated.	
4.3.9	The importance of course participants becoming part of the local business network was stressed, it being noted that improved co-ordination of start-up businesses was part of the general Covid recovery work being planned, to ensure that they continued to receive support as they developed.	
4.3.10	Some concern was raised that provision should be made to replace any businesses that failed while participating in the project. DH explained that it was anticipated that, as people would join the programme in cohorts, any vacancies within a cohort could be filled as needed and, if necessary, newly joined participants would complete the course with the cohort following theirs.	
4.3.11	In response to a question about the cost of office space, HM explained that, as the University had higher overheads, the cost of office space at LUSEP could look higher than for other locations. However, the costs for this project were in line with usual costs.	
4.3.12	It was recognised that using university facilities could be intimidating for some people. However, the Council was in the process of acquiring premises in the town centre through the Town Deal programme for use for this project, which it was hoped would be less intimidating.	
4.3.13	DH reported that some of the support received from partners in this project would be "in kind". For example, Charnwood Borough Council would be	

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	supporting the project through the provision of the premises referred to above.	
4.3.14	On behalf of the Panel, AR thanked DH for attending the meeting.	
4.3.15	It was AGREED that: <ol style="list-style-type: none">1. Analysis of the recently received response on state aid from the Accountable Body's lawyer be included in the next report on this proposal; and2. The Board of Directors be recommended to approve investment in this programme, subject to satisfactory information being received regarding state aid compliance, close monitoring of the offer by Charnwood Borough Council and delivery partner, and the matters discussed above.	HM HM
4.4	<u>Hinckley and Bosworth Council – MIRA EZ</u>	
4.4.1	It was noted that Hinckley and Bosworth Borough Council had not yet signed the agreement for the MIRA Enterprise Zone. The Panel was assured that no funding would be passed to the project sponsors until all contracts and agreements were in place.	
4.4.2	HM confirmed that work would continue on developing the business case for this project, particularly in relation to causal links between interventions and jobs and the position in relation to state aid and business grants. Value for money assessments could not be undertaken until this information was available.	
4.4.3	SME advised the Panel that the number of projects had reduced from 14 to nine, some having been combined with others and some having been removed from the programme. Discussions with various partners on the remaining projects were continuing in order to address the current gaps in the business case.	
4.4.4	Although the Panel recognised that the three main themes of careers, skills and employment and business support in the form of a "soft landing" project underpinned the programme, it was suggested that further work was needed to clarify what the desired outcomes from this programme were and how the projects within it were related. This in turn would clarify what the LLEP was being asked to fund. However, the Panel welcomed the potential for the scheme to be complementary to that proposed by Charnwood Borough Council in minute 4.3 above.	
4.4.5	On behalf of the Panel, AR thanked SME for attending the meeting.	
4.4.6	It was AGREED that:	

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	<ol style="list-style-type: none"> 1. Progress with the development of the MIRA Enterprise Zone be noted and welcomed; and 2. In principle support be given to the areas of intervention identified for the MIRA Enterprise Zone, but that further work is needed on the submission before it can be recommended to the Board of Directors for approval. 	HM
<p>5.</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>5.4</p> <p>5.5</p> <p>5.6</p> <p>5.7</p> <p>5.8</p>	<p>EZ investment pipeline - MIRA Low Carbon Innovation Hub</p> <p>HM reminded the Panel that this project had been developed late in the summer of 2020 from work with the MIRA Steering Group, as a number of occupants of MIRA premises wished to use low carbon facilities. It also would help MIRA attract a new type of occupant.</p> <p>There were ambitions for the development of other sites in the region, such as the former power station at Ratcliffe, or the HS2 development in Toton, but they did not have options for the development of low carbon and/or hydrogen models. The proposal for the MIRA Low Carbon Hub was part of a medium – longer term ambition to join up different capabilities across the area.</p> <p>Information on state aid was awaited from the applicant, but was expected shortly. When received, the Accountable Body’s lawyer would assess it.</p> <p>The Panel questioned how it was decided to use external appraisers for projects such as this. Decisions on whether to seek external appraisal currently were taken on the basis of the cost of doing so in relation to the cost of the scheme being appraised, but the Board of Directors could be asked to consider setting formal criteria for the use of external assessment of schemes above a certain value.</p> <p>The Panel requested information on how close MIRA was to signing heads of terms with the tenant. The appraisal report indicated that this was to be undertaken shortly, but no timescale was included.</p> <p>Some concern was expressed by the Panel that MIRA had been late filing its most recent accounts and some indication of the reasons for this was requested.</p> <p>HM advised that monitoring arrangements for the funding were not yet agreed, as no contracts were in place for any Enterprise Zone investments. However, it was anticipated that reports on these investments would be made quarterly for each project, in line with other programme monitoring and reporting on the general development within the Enterprise Zones.</p> <p>In response to a question from EA, HM advised that there were not usually financial security issues with any grants made by the LLEP, as investments were made in projects that would provide a business rates uplift. MR</p>	

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	<p>advised that any financial risk from a project rested with the investing authority and this was set out in the legal agreements for each project. The host authority had the first opportunity to fund a project and if this was not taken the project was offered to other authorities for funding. Repayment was by rates growth, the method of calculation being set out in legislation.</p>	
5.9	<p>In this case, it was unlikely that confirmation that it would underwrite this project would be received from Hinckley and Bosworth Borough Council before the meeting of the Board of Directors on 1 December 2020. This Panel therefore was asked to consider giving in principle approval.</p>	
5.10	<p>On behalf of the Panel, AR thanked GF for attending the meeting.</p>	
5.11	<p>It was AGREED that:</p> <ol style="list-style-type: none"> 1. The Board of Directors to be asked to consider setting criteria for triggering the use of external analysts to undertake project appraisals; 2. HORIBA MIRA be asked to address the issues outlined above regarding signing the heads of terms with the tenant and the delay in filing its most recent accounts; and 3. The Board of Directors be recommended to support this project in principle, with final approval to be considered when satisfactory information has been received regarding state aid compliance, business rates projections and the issues set out in 2. above. 	<p style="text-align: right;">HM</p> <p style="text-align: right;">HM</p> <p style="text-align: right;">HM</p>
<p><i>NK left the meeting at this point</i></p>		
6.	Economic Recovery Investment	
6.1	<p>MR reminded the Panel that £1.6million of the Growing Places Fund was available for economic recovery investment in response to the Covid-19 pandemic. Themes for this investment had been suggested at the meeting of the Board of Directors held on 6 October 2020, (minute 7, "Investment Panel / Economic Recovery Plan", referred).</p>	
6.2	<p>Business cases for the areas identified were being developed, but the criteria for funding could still be redrawn. However, the grants available for economic recovery investment were comparatively small, so it would be useful if themes and categories were not too restrictive.</p>	
6.3	<p>The Panel suggested that business grants should be reserved for businesses that had not received any previous financial support in response to the Covid-19 pandemic. These businesses often were important to local economies, including helping provide NEET support, but were finding it hard to find support under government schemes.</p>	

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6.4	The Panel stressed the need to ensure that rural schemes were included in the funding, as well as those that were urban based, as a lot of the county was rural. This could be important if funding for rural schemes was not available from elsewhere.	
6.5	It was suggested that a focus could be given to Looked After Children under the NEET theme, but FB advised that it was felt that this was not necessary, as partners such as schools, headteachers and social services would be aware of which young people were most likely to be NEET and so could best target this work. However, it was noted that the Kickstart enhancement could be delayed by the current "lockdown" restrictions in response to the Covid-19 pandemic.	
6.6	Clarification was sought of the support requested for the MIT/REAP scheme, as different figures appeared to be included in the business case. HM confirmed that the total investment applied for was £100,000.	
6.7	The Panel noted that the paragraph in the "Preparing for zero carbon" element of the Economic Recovery Plan on whether intervention would be targeted referred to two specific projects. The Panel suggested that this reference be removed, to allow flexibility in the future for this funding.	
6.8	<p>It was AGREED that:</p> <ol style="list-style-type: none"> 1. Funding for Business Grant investment be reserved for businesses that have not received any previous financial support in response to the Covid-19 pandemic; 2. The wording of the paragraph in the "Preparing for zero carbon" element of the Economic Recovery Plan on whether intervention will be targeted be amended to remove reference to the two specific projects, to allow flexibility in future activity; and 3. NM liaise with HM on possible typographical errors in the business plans. 	<p style="text-align: right;">HM/FB</p> <p style="text-align: right;">HM/FB</p> <p style="text-align: right;">NM</p>
<i>SB, AKM and TR left the meeting at this point</i>		
7.	Programme Monitoring	
7.1	<u>Local Growth Fund Update Q2 2020/21</u>	
7.1.1	CM introduced the report, noting that the current positive position for the LGF.	
7.1.2	CM reminded the Panel that a Project Change Request for the National Space Centre: Vision 2025 had been supported at the last meeting of the Panel, (minute 7, "Project Change Request – National Space Centre: Vision 2025", 8 September 2020 referred), and agreed by the Board of Directors,	

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	(minute 7, "Investment Panel / Economic Recovery Plan", 6 October 2020 referred).	
7.1.3	It was noted that some delays had been experienced with the Leicester Strategic Flood Risk Management project, but assurances had been received that the approved funding would be spent.	
7.1.4	Attention was drawn to the RAG rating for each project. From this, it was noted that the Leicester Strategic Flood Risk Management and the National Space Centre: Vision 2025 projects had been rated as Amber/Green for Quarter 2, due to the short time available in which to claim their remaining funding. The former was considered to be the project most at risk of slippage, as the work was being undertaken on the flood plain, so was at risk from adverse weather conditions.	
7.1.5	Some concern was expressed that the deliverable quantities of housing and jobs in relation to the M1/J23 and A512 Improvements appeared to be low. CM advised that there had been a delay in signing the contract for this work, but a lot of what would be delivered through this project would be infrastructure.	
7.1.6	The Panel noted that some bodies made repeat requests for funding and suggested that their previous performance on projects should to be taken in to consideration when assessing new applications for support.	
7.1.7	It was AGREED that applicants' previous performance on projects be taken in to consideration when assessing new applications for support from the Local Growth Fund.	CM
7.2	<u>Enterprise Zone</u>	
7.2.1	Deferred for consideration at the adjourned meeting (see item 9 below)	
7.3	<u>Growth Hub</u>	
7.3.1	Deferred for consideration at the adjourned meeting (see item 9 below)	
7.4	<u>Enterprise Advisor Network</u>	
7.4.1	Deferred for consideration at the adjourned meeting (see item 9 below)	
7.5	<u>GPF</u>	
7.5.1	Deferred for consideration at the adjourned meeting (see item 9 below)	
7.6	<u>General</u>	

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7.6.1	It was AGREED that consideration of how much information should be provided for monitoring purposes, and in how much detail, be deferred to the adjourned meeting (see item 9 below).	HM/CM
8.	Dates of Panel Meetings 2021 It was AGREED that dates of Panel meetings in 2021 be reviewed when the Board of Directors has agreed the LLEP Forward Plan. (See also minute 3.3, "Minutes and Actions of the previous Meeting", above.)	HM/Democratic Support
9.	Adjournment of Meeting Although the meeting remained quorate, due to the number of members of the Panel who had had to leave the meeting, the meeting adjourned at 5.49 pm. A future date and time to review the final agenda items is to be agreed.	All to note HM/Democratic Support