

Meeting Minutes

Meeting title	GFirst LEP Board Meeting
Date/time/venue	17/04/2018 @ 08:30 to 10:30. Oxstalls Campus - Download
Attendees	<p><u>Members:</u> Diane Savory (DS) (Chair), Adam Starkey (AS), Neill Ricketts (NR), Roman Cooper (RC), Stephen Jordan (SJ), Mark Hawthorne (MH), Russell Marchant (RM), Jenny Raymond (JR), Deborah Potts (DP) & Mike Warner (MW)</p> <p><u>In attendance:</u> David Owen (DO), Karen Campbell (Minutes), Dev Chakraborty (DC), Doina Cornell (Doina C), Mally Findlater (MF), plus Claire Edwards & Keith Cooper for item 5 (Keith by Skype), Matt Smith for item 8.</p>
Apologies	Rob Loveday, Nigel Riglar, Katie Jenkins and Lynn Stacey

No.	Item	Action	By
1)	<p><u>Welcome & introduction</u></p> <p>DS welcomed all Board Members including an introduction to Doina Cornell (Leader of Stroud District Council), who replaces Steve Lydon as Observer from the districts. Apologies as noted above were given.</p> <p>DS confirmed that resignations from the Board had been received by Stephen Marston and Roman Cooper. The contributions that they had both made to the LEP were recognised.</p> <p>This was Roman's last meeting. DS thanked him for all his sterling efforts, his wonderful support of the LEP and for all his hard work developing the LEP strategy, supporting apprenticeships and engaging with businesses in his role as the Board's SME Champion. RC was presented with a small gift of thanks.</p>		
2)	<p><u>Minutes of last meeting 20th February 2018 & Matters Arising</u></p> <p><u>Minutes of the last Board meeting on 20th February 2018</u> - were approved as a true and accurate record.</p> <p><u>Cheltenham Growth Hub Plans</u> – A number of organisations had registered their interest in the opportunity to deliver the Cheltenham Growth Hub, the deadline for formal Expressions of Interest is Friday 20th April 2018.</p> <p><u>Growth Hub Expansion interiors and finishing scheme at Oxstalls</u> – At the last meeting DO informed the Board that there is a potential shortfall of funds to deliver the final fit out of the facilities in the Growth Hub Expansion building at Oxstalls. The LEP are in negotiations with the University of Gloucestershire. It is expected that a small contribution will be necessary from LEP project funding, but the negotiations are still to be completed. This is expected to be resolved soon, without any need to return to the Board.</p> <p><u>Re-allocation of funds</u> – All projects that were unsuccessful have met with the LEP to provide feedback and discuss any other ways that they can be supported.</p> <p><u>Annual Conversation</u> – The letter from Stephen Jones (Director of Cities & Local Growth) providing feedback on the annual conversation has arrived, confirming that GFirst LEP is well regarded and seen as a well performing LEP, against the priorities for Government (Governance, Delivery & Strategy).</p>	MF	18.05.17

	<p>Follow on discussions resulted in a consensus that it would be timely to refresh and develop how the Board and LEP executive should measure success. It was agreed that this would be included in a future away day agenda.</p> <p><u>Project tours</u> – DC confirmed the dates for the tour of the projects will be in May & October</p>	LS	Year end 2018
3)	<p><u>Declarations of Interest (standard record attached).</u> Please declare any pecuniary or personal interests relating to specific matters on the agenda.</p> <p>The board members have now completed and signed all Declarations of Interest forms, which are available on the GFirst LEP website.</p>		
4)	<p><u>Growth Deal mid-term review</u></p> <p>DO delivered a presentation to give an update on progress for both the Growth Fund capital programme and the European funding programme. He recognised the success of the wide breadth of projects, all being delivered on time and achieving tangible benefits. DO also recognised the important contribution made by the Board members, the Accountable Body at GCC, and the LEP team in achieving this successful delivery. DO confirmed the intention to continue to deliver business representation and leadership through the quality and contribution of private sector Board members, and the ongoing development of the sector groups. DS confirmed that, in addition to these ways of hearing from business, the LEP will continue to engage with other top business leaders, to ensure that their ideas and opinions are reflected in LEP policy.</p> <p>Work on the Local Industrial Strategy has begun, with a commitment to produce a short statement by mid-summer.</p> <p>A copy of his presentation to be forwarded with these minutes.</p>	MF LS	Summer 2018 17.05.18
5)	<p><u>Merrywalks Centre redevelopment funding approval and Bakers Quay verbal update</u></p> <p>Doina C has an interest and left the meeting whilst the discussion took place (note, Doina C did not receive the board paper with the agenda on this item). Keith Cooper (the external assessor) attempted to join the meeting via Skype, however the technology failed so he was unable to contribute to the discussion.</p> <p>DS & DO introduced the item, noting in particular the speed at which the due diligence assessment and subsequent negotiations have been conducted, without any compromise on quality, by the Accountable Body, the Assessor (Keith Cooper) and the LEP team</p> <p>MF introduced the Merrywalks project. The investment is for the acquisition and refurbishment of the Merrywalks Centre in the town centre of Stroud by Dransfield Properties Ltd (DPL). The property comprises two key elements: Merrywalks Shopping Centre and the adjacent King Street properties. Together, they create a self-contained, town centre block.</p> <p>The Merrywalks Shopping Centre currently has 34 retail units over 2 floors, a gym, a bowling alley, a cinema and the 230 space multi storey car park.</p>		

The King Street property comprises eight retail units, including Poundland and the Grade II listed No 3 King Street.
The vision for this investment is transformative, delivering a high quality retail and recreational facility that will be the catalyst to significant economic growth for Stroud.

This project was allocated indicative funding of £3m in the recent reallocation process for Local Growth Funds. The promoter had requested £4m.

The case for public centre investment rests on a viability gap for the private investor. This has been robustly tested through a very thorough independent assessment. The report produced for the Board confirms the viability gap at £3m, but also a cash flow challenge of £1m, which supports the request for a GIIF loan as well as the Local Growth Fund (LGF) grant of £3m. In order to protect the grant element of the investment, the promoter has agreed in principal to an 'overage' clause.

The Board discussed the project in some detail, in particular the added value to Stroud and the wider economy. MH raised some concerns relating to the justification for public funding in this instance, and the certainty of delivery of the long term impact, which were debated generally. Other Board members were very positive about the potential impact of the investment, and also that they were supportive of the flexibility to consider private sector promoters if appropriate protections for public funds can be put in place.

The past history of the promoter with similar schemes across the country was of particular interest, providing some reassurance to any doubts about their long term commitment. As this is different to previous proposals, the Board were keen to understand the detail of the appraisal, and the protections that the overage clause would provide.

The Investment panel considered the project on 20.03.18 and recommended approval of the £3m LGF grant and the £1m GIIF loan, with a number of specific conditions attached. The Board was asked to vote on the primary recommendations, and to decide on each of the conditions.

Decision:

The Board approved the allocation of a £3m Local Growth Fund grant and £1m GIIF loan funds for the Merrywalks Centre redevelopment. There was one abstention (MH). All other votes were in favour.

The Board decided that the following conditions should be attached to the funding agreements:

Common Conditions to Funding Agreement(s)

- Provision of title documents
- Provision of tender reports for each works contract before award
- Provision of details of the consultancy team for the project.
- Provision of a full statement on how quality is to be assured, especially in terms of environmental (BREEAM or other environmental assessment) and social inclusion
- Agree to advertising of GFirst LEP investment(s) in publicity and site hoardings
- Agree to the administration fee for LGF and GIIF as required

Additional Conditions applicable to LGF (*Noted as amended through negotiation just prior to the LEP Board meeting*)

- Overage condition should the scheme net realisable value increase over £28.2m with 25% of any excess being repaid up to the maximum of grant

	<p>advance. The overage calculation** to be undertaken at the point of Practical Completion of Phase 4 of the project and/or no later than the 31st December 2021, the same date as the proposed GIFF repayment. (<i>*agreement of the base value has been the subject of final negotiations in advance of the funding agreement. ** The Gross Development Value (GDV) and base constructions costs will be the basis for the overage valuation. The Board tasked the Accountable Body to continue to refine the negotiations on both these points)</i>)</p> <p>Additional Conditions applicable to GIFF</p> <ul style="list-style-type: none"> • Dransfield Investments Ltd (Company Number 09922121) as parent company to DPL agree to provide a guarantee of repayment of £1m by 31st December 2021, or no more than 3 years after the last advance, whichever is the later <p>The Board decided that the following condition should NOT be attached to the funding agreements, as the residential element will not be included in the project:</p> <p>Additional Conditions applicable to LGF</p> <ul style="list-style-type: none"> • Conditions requiring a re-assessment of costs and values, and any associated clawback of grant, if or when planning permission for any residential component to the project is obtained. <p>Baker’s Quay verbal update: DO informed the Board that a Business Case to support a request for GIFF funding for the Bakers Quay project in Gloucester has been presented to the Investment Panel. On 20.03.18 the panel requested that the project is taken from Business Case to due diligence appraisal and returned to the May Investment Panel meeting for consideration on behalf of the LEP Board.</p>		
6)	<p><u>Board Member re-election</u> The Board unanimously agreed to re-select Rob Loveday as a private sector board member for a second term of three years.</p>		
7)	<p><u>Board Membership</u></p> <p>Replacements for Stephen Marston (SM) and Roman Cooper (RC) – SM’s role has been to represent the HE sector. This role is performed by a nominee from the sector. RM will seek nominations from the Gloucestershire Federation of Universities and Colleges by email circulation, to propose to the LEP Board.</p> <p>RC’s role will be filled following an open recruitment for a private sector member. He currently has an additional responsibility as Small Business Champion. DO has asked for any current private sector Board members who are interested in taking on this added responsibility to let him know soon. If there isn’t any interest from current members, this would be included in the brief for the new recruitment.</p> <p>In the context of the change of source of the match funding for the LEP from the County Council to the Business rates pool, DO asked Board members whether there should be an increase in representation from the Districts, and therefore a balancing increase in the private sector representation. DO explained that the role of observer was seen as an active one, with contributions to discussions welcomed, which could be judged to provide sufficient representation. The general consensus was that the status quo was sufficient, however it was agreed that the current Local Authority members of the LEP board should bring forward</p>	<p>RM</p> <p>DO</p> <p>DO</p>	<p>05.06.18</p> <p>05.06.18</p> <p>May 2018</p>

	any changes to representation through the Gloucestershire Economic Growth Joint Committee for consideration by the LEP Board if they felt it appropriate.	MH/SJ	20.06.18
8)	<p><u>Digital Technology – Matt Smith</u></p> <p>Matt Smith gave a presentation about the work that Fastershire is doing in Gloucestershire. Fastershire is a collaboration between Herefordshire and Gloucestershire County councils to improve the provision of enhanced broadband infrastructure across the county. He presented information that showed the scale of the problem initially, followed by 3 stages of investment that have made a significant impact. However, there is a residual problem in areas of the county which will now be addressed in phase 4, with European funding. Although it will not be possible to achieve 100% superfast broadband coverage, this investment is well funded and will make a significant impact</p> <p>DS commented that it would be good to have an update in 12 months to ascertain progress.</p> <p>A copy of the slide presentation will be sent with these minutes</p>	LS	17.05.18
9)	<p><u>AOB</u></p> <p>No other business. Meeting closed.</p>		

Dates of Next Meetings:

- Tuesday 5th June 2018 @ 8:30
- Tuesday 11th September 2018 @ 8:30
- Tuesday 4th December 2018 @ 8:30