



**Cheshire and Warrington Local Enterprise Partnership
Performance and Investment Committee**

Wednesday 18th March 1.30-3.30

Wyvern House

Attending: Chris Hindley (Chair)
Ged Barlow, Stewart Brown, Lisa Harris,
Paul Goodwin, Ian Brooks,
Rachel Laver

Apologies: Nichola Newton, Alex Thompson and Pete Skates

AGENDA

Agenda Item		Lead	Timings
1	Welcome, introductions and apologies	Chair	2 mins
2	Conflicts of Interest	Chair	5 mins
3	(i) Minutes from the meeting of 26 th February 2020	Chair	5 mins
	(ii) Actions Arising	Chair	5 mins
4	Delivery Plan update	Roy Newton	10 mins
5	Blue Beck project	Sarah Williams	10 mins
6	Aviator Phase 2	RL	10 mins
7	P&I TORs	RL	10 mins
8	ESIF update	Tim Smith	10 mins
9	Delivery Plan review	RL	10 mins
10	Programme manager update	RL	10 mins
11	AOB	All	5 Mins
Dates of next meetings, time 1.30 pm and Venue Wyvern House, unless otherwise specified:			
15 th April 2020	Q4 report Delivery Plan Overall Performance Delivery Plan – EZ Assurance Framework Skills bid		
20 th May 2020	Omega Local Highways Scheme Phase 1 Final Approval		
17 th June 2020			
15 th July 2020			
19 th August 2020			

	16 th September 2020	
	21 st October 2020	
	18 th November 2020	
	16 th December 2020	

	<p>Strategy committee keen to have a 12-month rolling calendar of actions to monitor progress of work program. Quite a lot of the actions are not under the LEP control.</p> <p>Hopeful that the LIS will be one of three of the next batch to be approved, which will hopefully be by the end of March.</p> <p>RL to arrange a presentation of the LIS to P&I when it's approved.</p> <p>Press release to be prepared ready for when LIS is approved. AH confirmed there will be PR but possibly tagged on to something else if need be to raise the profile.</p> <p>Share embargoed PR with the local authorities so they are prepared with a statement.</p>	<p>RL</p> <p>CW</p> <p>CW</p>	<p>May</p> <p>Apr/May</p> <p>Mar</p>
5	<p>Skills Projects</p> <p>UOC – PJ Presented the update on the project. Stated that it is a more sophisticated project than the other skills bids. It's a different audience as the project could go into schools and colleges but also business parks.</p> <p>There is an element of service, but bid is aimed at developing skills.</p> <p>PJ confirmed the project isn't taking business away from other private companies providing printing services. The University is looking at live streaming into schools to reduce the need for travel.</p> <p>Committee agreed to ratify the approval of the project subject to the following conditions in addition to those detailed in the January paper:</p> <p>UOC to monitor the usage split between colleges and businesses. UOC must underwrite the cost of the project and ringfence any income generated from the project for further investment in the project.</p> <p>RL to issue offer letter.</p> <p>All the skills projects now have a sponsor from the employment and skills committee and all the project leads have now met twice to maximise the benefits of the schemes</p> <p>IOTA</p> <p>As requested Carpe Diem will ask to review the output figures and have stated that the figures are based on experience and are confident that the figures are reasonable. PJ believes that people will travel because of the links with companies such as Lego. Recognition that the project will need close monitoring and managing. PJ confirmed but she didn't think the kit list needed reviewing as the company are experienced in what they're doing.</p>	<p>RL</p>	<p>Mar</p>

	<p>Carpe Diem want to make this project a showcase.</p> <p>Committee agreed to ratify the approval subject to the kit list being checked for appropriateness and the insurance is provided for the kit to travel between sites and with the conditions detailed in the January paper.</p> <p>Blue Beck</p> <p>PS declared an interest as the project is in Macclesfield. The original bid was from a company called Digital Hive but there was concern that it was in newco. Blue Beck then became the applicant . Blue Beck have a strong reputation and are keen to promote gaming.</p> <p>The decision was deferred until a 5 case review had been carried out on the project.</p> <p>RL reported that there was still £360k left unallocated in the Skills fund but it is understood that bids are being developed.</p> <p>LEP need to look at the quality threshold and how this can be articulated. Any funding left unallocated should be subject to an open and transparent process.</p>	<p>PJ</p> <p>PJ</p>	<p>Mar</p> <p>Mar</p>
<p>6</p>	<p>Sustainable Transport Projects</p> <p>WBC – Chester Road</p> <p>JN gave a presentation on the Chester Rd scheme. The budget has gone up so it's an enhanced scheme due to improvements at the junction and a better crossing.</p> <p>The scheme links well with the Centre Park Link scheme which is currently on site and going well. The hope is that this project will be delivered jointly with the construction of Centre Park Link to minimise the traffic disruption. All the land is owned by the council so there are no issues there and clearance work has already been undertaken.</p> <p>The committee approved the project with the conditions are set out in the paper.</p> <p>Trans Pennine trail scheme</p> <p>Part of a much wider route, the section proposed links to employment sites and is currently underused due to the condition of the surface.</p> <p>The surface will be tarmacked and a 1.4-metre-high fence will be installed to stop anyone falling into the canal along the stretch. The committee approved the project, but with the conditions as set out in the report and the additional condition that signage should be improved to maximise usability.</p>		

	<p>Chester to Ellesmere Port canal towpath</p> <p>KL described the scheme and the links with other sustainable transport schemes, employment sites and residential areas. Surface to be used was queried, KL to feedback to the committee.</p> <p>KL confirmed that CWAC will underwrite the costs and the section 106 monies have already been received.</p> <p>Committee agreed to approve the project subject to the condition set out in the agreement on the surface being usable by cyclists.</p> <p>A5117</p> <p>KL gave an overview of the scheme; Internal process have been approved and it will be built under permitted development. Excellent links to other schemes.</p> <p>Committee approved the scheme subject to the surface being suitable for cyclists and the conditions set out in the accompanying paper.</p> <p>RL to issue offer letters for all four schemes.</p>	RL	Mar
7	<p>Alderley Park Blocks 22-24 and Car park</p> <p>RL ran through the paper. Glasshouse which completed in February has already made a good impression.</p> <p>Bruntwood looking at shuttle service to the site which in turn may help support the Macclesfield Housing Market.</p> <p>Committee agreed to endorse the approval subject to economic output data being provided.</p>		
8	<p>Delivery Plan review</p> <p>RL ran through the delivery plan by exception.</p> <p>Website developer now appointed and new site will go live in June.</p> <p>Growth Hub team further bolstered by three extra members of staff. Metrics being reviewed and will concentrate on key account management and intensive support moving forward.</p>		
9	<p>Programme Manager Update</p> <p>Again, report gone through by exception. Concern about progress with CHSRH. PS provided update regarding developer agreement. Hoardings now gone up around the site which is to be demolished. Good progress continues to be made with the Market Hall.</p>		

	<p>Looking at raising new life science fund to coincide with end of investment period of existing life science fund.</p> <p>Ellesmere Port OPE estate has slipped £800k but committed to spending £870k this year.</p> <p>Good progress is being made with the Energy Fund projects and in securing funding required for schemes. Blue Orchid already has 6 businesses booked in for surveys.</p> <p>Skills fund – need to ensure remaining £360k is allocated following a transparent and open process in the next few months.</p> <p>RL to follow up</p> <p>Committee members discussed the need to ensure that all members of all committees and the board understood the Local Assurance Framework and it was included as part of the induction process and a refresh was given for members that required it.</p> <p>PG again reminded the committee that P&I was the only committee that had S151 representation</p> <p>IB to arrange training of board and committee members.</p> <p>Ran through risks. Everyone ok with them.</p>	<p>RL</p> <p>IB</p>	<p>Mar</p> <p>April</p>
9	AOB – n/a		



Cheshire & Warrington Local Enterprise Partnership Performance and Investment Committee

Title: LGF Skills Fund Investment – Blue Beck Project

Prepared by Sarah Williams and Pat Jackson

Date: 9th March 2020

1. Executive Summary

The purpose of this paper is to seek ratification for the Blue Beck Growth Fund Skills investment that was reviewed by the Performance and Investments Committee meeting on 26 February 2020. At the meeting the Performance and Investments Committee deferred ratification of the investment until a five-case business model review had been completed, in order to comply with the Assurance Framework.

This paper presents the information previously presented in a different format in the format of the five-case business model review. An independent economist had already reviewed the outputs and given a Benefits Cost Realisation (BCR) figure, also included below. The equipment list has been sent to the LEP's IT consultant to review for appropriateness, we expect the results of this to be available in time for the Performance and Investments Committee on 18 March 2020.

There have been 15 Local Growth Fund Skills applications received in total. If the project included in this report is approved along with 13 projects already approved, there will be £385k left to allocate.

The Employers' Skills and Education Board are currently finalising proposals for the investment of the remaining budget – building on the good practice and opportunities for innovation already identified by the earlier investments.

The additional investments would include a focus on digitalisation in the construction industry and further digital and advanced manufacturing equipment and associated training to be made more accessible to local communities in libraries, community centres and 'pop-up cafés'. This could include investment in live streaming facilities that would significantly extend the reach of our investments. We would expect these investments to be agreed over the next few months to ensure spend within the timescale of the existing LGF programme.

2. Background

The LEP has £5 million from Local Growth Fund round 3 of capital funding available to help deliver the skills and education priorities identified in Cheshire and Warrington's Strategic Economic Plan and the Skills and Education Plan.

Following advice from the Employers' Skills and Education (ESE) Board, the LEP issued three invitations to bid for the funds last summer:

- A maximum of five investments of up to £20,000
- A maximum of two investments of up to £250,000
- A maximum of five investments between £500,000 and £1,000,000

To date thirteen projects have been approved and ratified and are in the process of being established, mainly through the purchase of equipment and the refurbishment of space. We expect the majority of the expenditure associated with these investments to be completed within the next 6 months.

The ratified projects have been through a five-case approval process as set out in the Local Assurance Framework. Each project has been considered individually, rather than collectively for approval however, the Employers' Skills and Education Board has maintained a strategic overview of the investments to ensure that we invest in the most appropriate equipment that will encourage innovation in the delivery of the curriculum and as wide an access as possible to all our residents and local businesses.

Two planning and synergies meetings have taken place in January and February involving all the projects that have been approved by the Employers' Skills and Education Board. This is ensuring the projects work together to achieve the maximum impact. In addition, each Member of the Employers' Skills and Education Board has decided to 'sponsor' one of the investment projects to ensure we maximise our investment and share good practice where appropriate.

3. Blue Beck – Games_Hubb

The project investment will create a leading gaming hub to engage and grow the independent gaming community through fully resourced development, experience and events facility with on-site access to industry expertise.

The gaming hub, based in Macclesfield with accessible transport links, will enable independent (indie) gamers to be able to publish their work on international platforms including, but not limited to, mobile platforms, Playstation, Xbox, Nintendo and upcoming VR/AR platforms such as Oculus. This hub will include a range of high-powered gaming devices, tools and equipment for developing, demonstrating and hosting gaming projects and events across the region.

The gaming hub will also be used to support schools and colleges in the Cheshire and Warrington area for work experience placements and experience days to gain insight into games development, games industry as a whole and learn about new technologies. In addition, the gaming hub will be working with the eSports community to drive national and international growth of competitive eGaming through events, competitions and workshops. Some of the equipment will be mobile so that it can be used in local schools, colleges and libraries.

In the skills paper presented to the Performance and Investments Committee meeting on 26 February 2020 paper it was explained that investment was first considered by Employers' Skills Board on 16 October 2019 where a number of concerns were raised. The investment proposal was originally submitted by the Digital Hive in Macclesfield. The Employers' Skills Board Members supported the idea of the project but expressed concern about the fact that the Digital Hive had been operating for a very short period of time. In the subsequent discussion with the applicant and their sponsor (Blue Beck), it was been agreed that Blue Beck will be the accountable body and applicant for the Local Growth Fund investment.

There have also been a number of other changes to the bid in response to concerns raised by Employers' Skills and Education Board Members:

- A revised equipment list needed to deliver the project has been submitted.
- A clearer project description has been provided that includes the use of the hub by schools and colleges for experience days, to learn about the new technologies and use of the hub to provide work experience opportunities, the description is included in table 2 of the attached Annex.
- A commitment to engage with 26 schools and colleges in the first 2 years and a further 50 in years 3 – 5.
- A commitment to engage with 176 indie developers
- Confirmation of use of the equipment at careers fairs and exhibitions.
- Confirmation of collaboration with Priestley College in the curriculum design of their T-levels.
- An increase in the number of businesses being supported from 50 to 74.
- The promotion of eSports and links with the British eSports Association with links to schools and youth groups.
- A commitment to facilitate ease of access to the equipment by as many people as possible.

Blue Beck have also confirmed the following:

- All capital spend will be completed by March 2021
- Outcomes and matched funding have been revised to span 5 years
- A commitment to work with the Pledge and / or Accelerate Programmes

All these changes were approved by the Employers' Skills and Education Board on 15 January 2020. The revised bid (**Annex B**), business case (**Annex C**) are attached. The project's five-case business model review is set out below:

3.1. Strategic Case

The business case states that the global gaming market is worth £120bn in 2019 and predicted to grow to £150bn by 2020 at a 9% Compound Annual Growth Rate (CAGR). With a healthy 10% CAGR and a record-breaking revenue at £5.7bn. The UK games industry is one of the most cutting-edge and fastest growing in the World. Investment in the UK's mobile gaming market has been focussed on London and its surrounding areas, leaving northern development in this sector underfunded. The project investment, along with support from gaming industry expert Blue Beck who have 15 years minimum experience in the industry, will provide the necessary infrastructure and opportunities to establish Cheshire and

Warrington as a leading gaming hub, which will nurture and retain local talent and help drive business growth and expertise in the local region.

Based on previous experience of Blue Beck working with the local community, consultation with the British eSports Association and local schools and colleges through careers fairs and the Pledge and planned future working alongside the Pledge, the project intends to provide 1,200 learners from 76 schools with access to gaming development opportunities and work placements over the next five years. This will engage more young people to increase their awareness and interest in new technologies and develop their skills, increasing the number of people with digital and STEM related skills and address the gap in the market. The project will also work with 74 businesses and support 176 independent games developers to publish their games and in turn grow their teams.

The project has an extremely good fit with the SEP and the Skills and Education plan and supports the work of the Cheshire and Warrington Digital and Skills partnership and the Cheshire and Warrington Pledge Partnership.

3.2. Economic Case

The business plan states that the project will run for five years and the outputs are based on this, ensuring value for money.

Working with other initiatives such as the Pledge and Accelerate Cheshire and Warrington will further increase the impact of the project and maximise the opportunities that can be gained from it.

An independent economist has reviewed the outputs data and provided the following commentary and BCR calculation:

- We must allow for a discount factor to reflect timing, risk and additionality and we suggest 60% co-efficient to allow for the five year timeframe.
- The applicant states that GVA per head is £91,800 = £165,000 per annum (discounted) and if we allow for 5 year persistence (based on the application) this will produce GVA of £829,000.
- This produces a **BCR of 1: 7.7** based on the LEP investment and excluding any benefits from the skills outputs.

The BCR shows high value for money with 64% of total costs of the project being provided by private match. The table below details all the outputs that the project expects to generate. At least 3 new graduate job roles in the business are being created as a result of the project. In addition to engaging and upskilling learners from school and local businesses, the business case states that approximately one new job role per a month would be created indirectly, it is not clear how this has been calculated and has therefore not been included in the BCR analysis. This information has been requested and the response will follow. The outputs related to eSports competitions and coaching events are not included in the outputs table.

The outputs for the project are:

Outputs:	
Private Match	£193,418
Jobs connected to the intervention (FTE) to run the service	3
Number of learners (students / work placements) benefitting	1,230
No of schools and colleges engaged	76
Indie developers engaged in support to develop their products.	176
New learning space created m ²	126
Businesses Supported/ benefitting	74
Jobs connected to the intervention (FTE)	3

Consultation has been carried out with British eSports Association and local schools and colleges through careers fairs and the Pledge. The business case states that public consultation has taken place, detail has been requested and the response will follow.

3.3. Financial Case

The LGF grant will be used to fund 100% of the capital costs of the scheme.

The revenue costs of £193,418, incorporated as private matched funding for the project, include software subscriptions, rental of a dedicated leased line, staffing costs (developer support, industry expertise consultancy) and marketing costs. The business case states that legacy benefits will be establishing Cheshire and Warrington as the place to be for gaming.

The proposed funding profile is set out below:

Funder	Amount (£)
Private Sector Match	193,418
LGF	108,901
Total	302,319

Blue Beck are committed to running the project for at least five years and are underwriting the associated costs. The service will need to generate revenue to ensure viability and Blue Beck have multiple routes to secure revenue for providing the service. Financial contingency has been built into the project, information has been requested related to the % of financial contingency and examples of the routes, the response will follow.

3.4. Management Case (delivery)

Project management details have been provided and there is one central contact for project management, providing weekly status reports to the management team and monthly production of financial reports. Regular progress reports will be provided, in line with LEP guidelines. In addition there will be interim evaluations after one year and an end of project evaluation will be provided. Information has been requested on previous experience of managing other grant programmes and the response will follow.

A prime route to market for schools, colleges and business will be through the Pledge Partnership. Details of who will be responsible for marketing the project has been requested and the response will follow.

Consultation has been carried out with British eSports Association and local schools and colleges through careers fairs and the Pledge. The business case states that public consultation has taken place but does not provide any detail.

A project plan has been provided which shows all the equipment will be in-situ within 1 month of the project starting. The project plan provides a start date for the pilot but has not indicated a date for the service being fully up and running, the date for this has been requested and the response will follow.

The key milestones are listed below:

Milestone	Start	Finish
Obtain up to date quotes, evaluate and purchase once funds confirmed	March 2020	March 2020
Setup and fit out	March 2020	April 2020
Start recruitment process	April 2020	May 2020
Initial testing of systems	May 2020	May 2020
Service up and running	This date has been requested and the response will follow.	

3.5. Commercial Case

The LGF will be used to buy equipment which will be done following Blue Beck's own procurement rules, with 3 quotes being provided. Details of Blue Beck's procurement rules have been requested, along with information on aspects of spend that will be via a tender and the response will follow.

3.6. Conclusion and Recommendation:

The project's key aims to nurture and retain local talent, upskill learners from schools, colleges and local business and help drive business growth and expertise in the local region have a good strategic fit. The Games Hubb needs to generate revenue in order to be viable. There is a risk that the income projections aren't accurate, and the games hub becomes unviable during the proposed duration of the project.

It is recommended that the project is ratified subject to the following conditions:

- Blue Beck confirms that grant is state-aid compliant.
- Clarification on how the estimated job roles created per month figure has been calculated.
- The outputs related to eSports competitions and coaching events should also be added to the outputs table.
- Blue Beck commit to doing a mid-term and end of term evaluation of the project. The reports should be shared with the LEP and the findings disseminated as appropriate e.g. to the VIOT.
- Provision of a detailed project plan by the end of March 2020.



Cheshire & Warrington Local Enterprise Partnership Performance and Investment Committee

Title: Aviator Phase 2

Agenda item: X

Prepared by: Rachel Laver

Date of Meeting: 26 February 2020

1. Executive Summary

Redsun Projects Limited has submitted a business case seeking a total of £1.024m investment from the Cheshire Science Corridor Enterprise Zone to develop Phase 2 of the Aviator scheme at Hooton Park, which will comprise a 7,784 sqm (83,787 sq ft) industrial unit. The project would generate c.£143,500 per annum in retained business rates, generating up to £2.87m in retained business rates over the remaining lifetime of the EZ. On this basis the investment would pay back in 7.1 years (excluding any interest payments on borrowing). The applicant is seeking grant funding for the project on the basis of a gap in the overall financial viability of the scheme.

The EZ Board approved the investment at its January 2020 meeting subject to the conditions set out in the recommendations below. The LEP Board will be considering the EZ Borrowing Facility at its 26 February meeting.

2. Recommendations /Actions / Decisions required

It is recommended that the investment in the Aviator Phase 2 scheme is approved subject to the following conditions:

- a) No legal agreement is entered into until the LEP has the funds in place via the EZ borrowing facility
- b) Confirmation of Redsun's financial standing and ability to fund the scheme
- c) Confirmation that the appointment of a contractor complies with public procurement rules where applicable
- d) An updated State Aid opinion.

3. Background

Hooton Park was a vacant derelict site situated on North Road, adjacent to the Vauxhall car plant in Ellesmere Port, which had been in public ownership for over thirty years. Hooton Park was designated as a site within the Cheshire Science Corridor Enterprise Zone in April 2016. The 9.18ha (22.68 acres) site comprises two plots that can accommodate up to

39,500 sqm (425,000 sq ft) of commercial floorspace. The site is eligible for Enhanced Capital Allowances and has had a Local Development Order in place since December 2015.

Redsun Projects Limited, exchanged a conditional contract with Homes England in December 2017 to acquire and develop the Hooton Park site and has delivered a Phase 1 scheme, which comprises an 11,600 sqm (125,000 sq ft) industrial unit, which received £1.7m of investment from the LEP. The Phase 1 scheme is due to complete in March 2020.

4. Scheme Proposal

Redsun Projects Limited is seeking a total of £1.024m investment to deliver a £7.47 million project to develop a speculative 7,784 sqm (83,787 sq ft) industrial unit at Hooton Business Park in Ellesmere Port. The development of this unit would form the second phase of the Aviator scheme following the delivery of a 11,600 sq m (125,044 sq ft) logistics unit on the adjacent plot, which received a £1.7m investment from the EZ.

Ellesmere Port has many factors that are attractive to key employers such as good transport connections and a large and skilled labour pool. However, the area has a shortage of high-quality industrial stock of sufficient scale to attract major employers to the area. Speculative development in Ellesmere Port is unviable due to increasing construction costs and prevailing industrial rents and yields, which have largely remained static since 2008 and the reluctance of commercial lenders to provide finance in non-prime markets. Investment from the LEP will enable Redsun to develop the scheme on a speculative basis, enabling Ellesmere Port to secure occupier enquires.

5. Timescales

Construction of the Phase 2 scheme will commence in April 2020 with an estimated construction period of 9 months, due to complete in January 2021.

6. Financial Summary

Project Item	Total
Costs	
Land	535,000
Construction	4,724,720
Professional Fees	231,610
Other Fees/Costs	1,443,831
Finance Costs	369,318
Total Costs	7,304,479
Revenue	
Net Development Value	6,280,324
Surplus/Gap	
Gap	-1,024,156

There is an identified viability gap in the project of £1.02m as evidenced by Redsun's appraisal. Cushman & Wakefield have reviewed Redsun's development appraisal and are

satisfied that the cost and value assumptions are reasonable for a scheme of this nature. The project would generate c.£143,500 per annum in retained business rates, generating up to £2.87m in retained business rates over the remaining lifetime of the EZ. On this basis the investment would pay back in 7.1 years (excluding any interest payments on borrowing). The applicant is seeking grant funding for the project on the basis of a gap in the overall financial viability of the scheme.

7. Value for Money

The applicant was initially seeking a £1.54m investment from the EZ. However, following negotiation around value for money compared to the previous phase (£1.7m ask for a £10.8m project to deliver a 125,000 sq ft unit) and the length the estimated payback period, the request for EZ investment has been reduced to £1.024 million. This has been achieved through the reassessment of achievable values and the stripping out of previously incurred or 'sunk' costs.

The project would deliver a number of reasonable and quantitative project outputs including floorspace, jobs and GVA. The project represents good value for money on a cost per job basis relative to the EZ ask. The project can also demonstrate delivery of wider benefits in the form of opportunities for employment, construction supply chain, enhanced market profile and confidence thus strengthening the local market.

8. Benefits

Benefit	Quantum
New commercial floorspace (sq ft)	83,787
Brownfield land reclaimed (ha)	2.1
Number of new businesses attracted to EZ	1
Number gross new permanent jobs	126-235
Number net new permanent jobs	62-217
Number of temporary construction jobs	47
Gross Value Added (£)	1.84m
Annual retained business rates	143,500
Total retained business rates (£)	2.87m
Private sector investment leveraged (£)	10.8m

9. Risks

Risk	Impact	Likelihood	Mitigation
1. Estimated level of retained business rates not achieved	Would impact on the ability of the LEP to repay funding.	Low	Cushman & Wakefield have assessed the estimates provided by the developer as reasonable and benchmarked them against available VOA data on comparable properties in Ellesmere Port.
2. Developers do not deliver projects on time or on budget	Delays in completion of schemes would impact on level of retained business rates, whilst budget overruns would further increase the viability gap on schemes.	Moderate	Redsun Developments are an experienced regional industrial developer with a strong track record of delivery of this type of scheme across Merseyside and Cheshire. Longstop project start and completion dates within the legal agreement as well as capping the

				level of EZ investment regardless of cost overruns.
3.	Schemes do not achieve practical completion, which does not trigger the payment of business rates	Would impact on the ability of the LEP to repay funding.	Low	Track record of the developer and a longstop completion date set within the legal agreement, with clawback penalties for under-performance.
4.	Developers deploy rate mitigation schemes to avoid empty rates	Could reduce empty rates payable to 25%, would impact on the ability of the LEP to repay funding.	Low	A 'no rate mitigation' clause built into the EZ investment legal agreement.
5.	Schemes do not attract occupiers	Limited impact as developers still have to pay empty rates	Moderate	Applicant has evidenced market demand through a market report provided by Knight Frank.
6.	Investments are not deemed to be State Aid compliant	Limited impact as the risk on State Aid sits with the developer	Low	Provision of a State Aid opinion as part of the legal agreement and by the LEP's legal advisers. Clawback provisions in the EZ investment legal agreement are triggered by any State Aid breach.

10. Independent Appraisal

Cushman & Wakefield have undertaken an independent technical appraisal of the proposed investment which notes that:

- a) The project demonstrates good strategic fit with overarching Cheshire Science Corridor Development and Investment Strategy; the site-specific Development Plan for Hooton Park; the Ellesmere Port site specific Development Plan and a number of wider local and national strategies.
- b) There is a clear 'demand' for the project as evidenced within the Knight Frank Marketing Report which demonstrates good take-up of similar scale units across the sub-region alongside a shortage in available high quality supply
- c) The 'need' and rationale for public sector intervention is based on a demonstrated lack of financial viability and an unwillingness of investors to fund speculative development despite an occupier preference for built space.
- d) The project would deliver a number of reasonable and quantitative project outputs including floorspace, jobs and GVA are identified and the impact of additionality considered. The project can demonstrate good value for money on a cost per job basis relative to the EZ ask and also wider benefits in the form of opportunities for employment, construction supply chain, enhanced market profile and confidence thus strengthening the local market.

- e) The applicant estimates that the project would generate £138,156 per annum in retained business rates. Cushman & Wakefield consider this to be an underestimate against their own estimate of £143,500 per annum to reflect office component and impacts of 'rounding' on RV. This equates to a payback period of 7.1 years (based on full occupancy) or £2.7m over the remaining lifetime of the EZ.
- f) The project is considered to be deliverable. Redsun Projects Limited has evidenced a conditional contract with Homes England to acquire the site and the development is considered close to receiving detailed planning approval imminently, thus supporting commercial deliverability. An appropriate delivery strategy appears to in place but lacks detail, although Redsun has provided a detailed delivery plan for Phase 1. Redsun are experienced at delivering such projects, they have a suitable and experienced team in place and would seek to reappoint the same contractor as Phase 1. Confirmation of State Aid compliance for Phase 1 was provided by an external legal expert but this will require updating.
- g) The scale of EZ funding requested is evidenced through a development appraisal identifying a gap in viability. Evidence is provided to support the value and cost assumptions which are considered to support the identified gap to represent the minimum cost to the LEP. The LEP should seek clawback and overage clauses in the legal agreement. Further due diligence on the financial stability of Redsun Projects Ltd to meet financial liabilities is recommended in advance of any contractual agreement.
- h) Redsun Projects Limited is an established and experienced commercial property developer and the project will be managed by a competent named Project Manager. A number of other external professionals make up the delivery team. The building contractor is yet to be confirmed but is anticipated to be the same contractor as Phase 1. A sensible risk register is set out but lacks mitigation. A detailed project programme has been provided.
- i) Concern was raised about Redsun's financial capability to meet the costs of the scheme, their commitment to cover any cost overruns and the negotiation of an overage clause were raised by Cushman & Wakefield in their appraisal. A letter confirming that the Evergreen Fund is willing to provide funding for the project (subject to approval by the Evergreen Board) has been received since Cushman & Wakefield undertook their appraisal. Commitment for the developer to cover cost overruns and overage provisions are standard clauses in EZ legal agreements.

11. Conclusions

Overall, the Aviator Phase 2 project can make a good case to supporting the aspirations of the EZ in terms of delivering new employment floorspace, attracting businesses and creating new jobs in target automotive and logistic sectors. The project can also demonstrate wider economic benefits and good value for money on a cost per job basis relative to national benchmarks. Further, at 7.1 years the project represents a reasonable rate of repayment in respect of estimated retained business rates. Cushman & Wakefield have recommended some further due diligence in respect of the financial capabilities of Redsun Projects Ltd and the compliance of the appointment of a contractor with any relevant public procurement regulations. The negotiation of an overage agreement will

also help to ensure the LEP benefits from any cost savings and/or increases in revenue as the project progresses to completion and letting.

12. Appendices

- a) EZ Board Paper
- b) Aviator Phase 2 Business Case
- c) Cushman & Wakefield Appraisal
- d) Funding Letter from CBRE

Delivery Plan key action monitoring

Skills		Rag Rating	latest Position
1. Establish a Virtual Institute of Technology (subject to funding agreement)	Q3	→	DWP approval received-and now contracted. Roll out of investment planned over next few months with small pilot starting in February. Service level agreement signed between University of Chester (the accountable body) and the LEP. Also developing an expression of interest in response to DfE's prospectus for institutes of technology in every area of the country. Deadline for submission is 16 March.
2. Evolve the Employers' Skills and Education Board so that it takes on the additional functionalities of a Skills Advisory Panel (including Local Authority representation) that works with local training and education providers to deliver the Skills and Education Plan priorities and to ensure training and education reflects the needs of employers in Cheshire and Warrington and the wider economy	Q3	→	First meeting of new E&S board held in September. Also established Data and Labour Market Steering Group with all colleges and local authorities, the University, representatives of Secondary School Head teachers and Jobcentre Plus to work together to understand and advise Employers' Skills and Education Board on skills gaps and shortages and other key challenges that emerge from the data and analysis work. Data work needs to meet DfE specification set out for Skills Advisory Panel functions. First report published December 2019. Additional funding (£75K) for 2020/21 confirmed by DfE.

<p>3. As a Digital Skills Partnership, ensure that digital skills are a key priority as the skills and education priorities of the Employers' Skills and Education Board (the Pledge network and the Virtual Institute of Technology) are delivered. Recruit a Digital Skills Co-ordinator</p>	<p>Q1</p>	<p>→</p>	<p>Digital skills coordinator appointed and in post for 2019/20 and additional funding (£75K) from DCMS for 2020/21 confirmed. Already benefitting from national programmes being offered into C&W as a result of digital skills partnership e.g. Google delivered workshop to 700 young people during summer holidays. Working extensively with Pledge network to ensure digital programme is fully coordinated with Pledge delivery. First partnership meeting held on January 14th. Also ensuring, in line with requirements of Employers' Skills and Education Board that Local Growth Fund skills investments all have a strong digital theme.</p>
<p>4. Agree priority investments to invest £5m of Skills Capital funding</p>	<p>Q2</p>	<p>↗</p>	<p>15 investments approved (total value £4.53m) and contracts issued. Further one investment (total value of bids (£110K) to be submitted for ratification to March P&I. Meetings of all investments to identify opportunities for collaboration in January and February and all investments now sponsored by at least one Member of the Employers' Skills and Education Board. All investments have strong strategic fit with LEP's skills and education priorities and all are focused on digital or STEM related learning. Proposals for allocation of remaining funding £385K being finalised.</p>

5. Develop and implement a skills and education stakeholder engagement plan	Q3	→	A Data and Labour Market Steering Group has been established with all the colleges, local authorities, the University, representatives of secondary head teachers and Jobcentre Plus to develop a shared understanding of the labour market and any mismatches between the supply and demand for skills and education. Initial report published December 2019 and further funding (£75K) received from DfE for 2020/21. Work is also underway to develop a marketing and branding programme for all skills investments.
6. Recruit Pledge Facilitators to establish and support 9 local Pledge Partnership Boards	Q4	↗	13 staff now employed. 96% of all secondary schools engaged and progress on Gatsby benchmarks means that Cheshire and Warrington has moved from performing below national average to on-line with national average with strong trajectory for improved performance going forward. Now developing coherent plan of activities across Cheshire and Warrington.
7. The Skills and Education priorities to be reviewed and evaluated and a Future Strategy for Skills developed from it.	Q4	→	Next phase of data and labour market intelligence work has started with meeting of Data and Labour Market Intelligence Group planned for 25 March. This will start to highlight key issues that need to be addressed during the review of the skills and education priorities.
Strategy			

1. Develop and publish the Local Industrial Strategy (LIS) for Cheshire & Warrington	Q4	→	LIS complete. With government for consideration. LEP will develop implementation plan to start from April.
2. Develop and publish a delivery and investment plan for the LIS. Delivery of early projects to commence in Q3	Q4	→	Initial work underway in conjunction with the Director of Transport & Investment. Will only go ahead if the LIS is published.
3. Complete the development and publication of a Digital Strategy, including a Digital Infrastructure Plan	Q1 & Q3	→	Digital Strategy Complete. Tender for development of the Digital Infrastructure Plan has been issued.
4. Complete the development and publication of the LEP's Science and Innovation Strategy and Delivery Plan.	Q1	→	Completed and to be uploaded to the LEP website.
5. Develop a strategic partnership with Homes England and the LAs to deliver our Housing Strategy in conjunction with the Sub Regional Leaders Board	Q4	→	Ongoing. Sub Regional Housing Board has been established, supported by the LEP, and Chaired by the CEO of Warrington BC. Work underway to develop and agree a prioritised sub regional project pipeline and this activity is on course for completion in February 2020
Business Development			
1. Specific Outputs to be achieved by end of 2019/20:			Funding of £1.5m for additional support has been offered by BEIS. All the outputs below are to be reviewed and updated by the end of October.
1,350 Enquiries from individuals and businesses require support to start up and with growth (150 businesses are scale-ups with the aspiration and potential to deliver significant turnover growth over the next 3 year period of at least 50%):		→	Overall we remain in deficit @639 to end February. Although we have recruited new team members and the Mickledore contract going 'live' 2/3/20. The work of new team members and contract are focussed on scale-up businesses.
• 450 businesses and individuals supported – low intensity support (circa 1 hour support)	Q4	↗	We have achieved 488 YTD.

• 800 businesses – medium intensity support (Information Diagnostic and Brokerage)		↗	148 YTD and expect to end the year under target. Targeting some activity with advisor team.
• 100 businesses – high intensity support (Over 12 hours)		↘	
660 Businesses being signposted and referred to a business support programme/s		→	594 referrals YTD for 343 businesses.
330 of the referrals made successfully progressing onto a business support programme/s		→	Subject to ongoing review with partners. Difficult to capture data as the Growth Hub does not directly deliver.
2. Establish the Business Growth Committee to oversee the Growth & Skills Hub	Q1	→	Q2 Complete. Was dependent on Board appointments. Schedule of regular meetings.
3. Develop and launch a new website, alongside a refreshed LEP website	Q2	↗	Tender has closed. Working on website structure and content with MarComs Director and Marketing Cheshire. Hoping for a 'go live' date of June 2020.
4. Deliver Account Management for Foreign Owned businesses landing 6 projects during 2019/20 and trade/investment advice to 50 companies	Q4	→	Ongoing, on track to achieve target.
5. Develop a CRM system to support the day to day operation of the Growth Hub and inform the LEP's policy development work	Q1	↗	CRM is live with and being fully utilised by Growth Hub. Interim contract extended with current supplier. Working with Technical Specialist on CRM implementation plan.
6. Develop an inspirational programme of events engaging 82 SMEs, with Enterprise Co-ordinators working with 40 schools and engaging 3,050 young people	Q4	→	Pledge team is now recruited and integrated into Growth Hub, development of programme has commenced and SMEs have started to be engaged. Enterprise Coordinators on target. Over 50 schools engaged and more than 2000 young people engage. 250 employers engaged.

7. Aggregate demand for skills and education from x businesses to ensure they receive the training their businesses need.	Q4		Virtual Institute will not commence until Q3 at earliest, work has begun with pledge team but further work required. Need VIOT to be established
Infrastructure			
1. Work with partners to produce initial business cases for the key infrastructure projects identified in the Strategic Transport Plan to include, transport, broadband/IT and services (e.g. water and electricity)	Q3	→	List of key projects collated. Work to prioritise schemes ongoing. The process for prioritising studies and/or business case development for potential LEP funding contributions has been agreed by Strategy Committee, who have allocated £400k in 2019/20 and a further £300k for 2020/21 to support business case development for the following projects: Crewe Hub Access Package, Winnington Hill/Bridge Corridor Study, Chester City Gateway Masterplan, Warrington Last Mile, Warrington LCWIP, Vauxhall Options Study (non-transport), Ellesmere Port Masterplan; and Warrington Bus Strategy. Strategy Committee will consider further proposals later in the year for the remaining

2. Develop a Bus Strategy which fits in with Local Authority Transport Plans	Q2	→	Initial meeting held with CWAC to review their work on the Bus strategy. Workshop was undertaken in December 2019 with operators to identify key issues. Next step is to create working group(s) to develop options for the identified issues. Timing for delivery will be impacted on by central government developing a national bus strategy which we will need to take into account. Likely to be complete by end of Q3.
3. Develop a strategic outline business case for re-opening Middlewich rail Line	Q1	→	Feasibility study complete. Consultants working on SOBC. Scheduled to be complete by end of Q4.
4. Work with CEC and other sub-regional partners to ensure Crewe operates as a genuine HS2 hub station, enabling easy, quick connections to the rest of C&W and beyond.	Q3	↘	Working with CEC to develop draft business case. Discussions ongoing. Government has announced its commitment to delivering HS2 in full, though there will be a review of the later phases, which will consider them within a wider context including NPR and the existing rail network.
5. Influence Transport for the North to reflect the sub-regional priorities	ongoing	→	Ongoing. LEP and LAs feeding in on a regular basis and have representation of all the TfN groups.
6. Ensure continued successful delivery of projects in the LGF programme, achieving spend of at least £16 million	Q4	→	£19.8m spent. Working towards £25m of spend by end of q4.
7. Put in place a £4m investment programme to develop the region's energy infrastructure	Q2	→	Complete. Funding now fully allocated against 6 projects.
8. Ensure Growing Places Loan Fund is fully deployed to support the development of the C&W economy	ongoing	→	£19.4m has now invested from the £12.1m fund. Limited funding available for new investments but open to applications. Further funding will be available when additional funding secured for EZ.

9. Secure an extra £20 million of Evergreen funding	Q2	→	Complete. CBRE now appointed as fund manager and fund launched.
Enterprise Zone			
1. Develop a long-term strategy for the development of the Cheshire Science Corridor linked to the Local Industrial Strategy	Q1	→	Discussion paper on long-term strategy for Science Corridor taken to Sep EZ Board
2. Develop a business case for the Crewe Hub EZ to support the delivery of the new HS2 station at Crewe and maximise the benefits of HS2 for the wider sub-region	Q2	→	Developing combined strategic case for Crewe Hub and TIF. Meeting with BEIS, DFT, MCHCLG and Treasury officials 21 Feb.
3. Develop and actively manage the investment pipeline for the Cheshire Science Corridor EZ	Q4	→	Active discussions with landowners developers about prospective investors at Alderley Park, Birchwood Park, Hooton Park, Protos, Newport Business Park and Thornton Science Park
4. Invest £12.8m in 8 new schemes in the Cheshire Science Corridor EZ	Q4	→	Business case for £4m investment at Alderley Park approved by Sep EZ Board. £1m investment in Aviator Phase 2 approved by January EZ Board. In discussions with Birchwood about two investments and with two prospective investors at Protos.
5. Attract 55 new businesses into the Cheshire Science Corridor EZ	Q4	→	20 new businesses at end Q2.
6. Attract 1,200 new jobs onto the Cheshire Science Corridor EZ	Q4	→	112 new jobs at end Q2. Target is premised on Royal London landing at Alderley Park in early 2020.
7. Create 580,000 sq ft of new floorspace in the Cheshire Science Corridor EZ	Q4	→	560,000 sq ft new floorspace currently under construction. In discussions regarding a further 250,000 sq ft of development in the EZ
8. Leverage £72m of new public and private sector investment in the Cheshire Science Corridor EZ	Q4	→	£9.3m private sector investment in Q2. £50m investment in existing projects under construction that will complete this year.

9. Generate £1.7m in retained business rates from the Cheshire Science Corridor EZ	Q4	↘	£1.53m forecast retained business rates in local authority NNDR1 forms
10. Support University of Chester to secure a JV partner for the development of Thornton Science Park	Q4	↘	Finalising due diligence around outstanding legal issues. Aiming to publish OJEU in April 2020.
11. Promote the wider science corridor in conjunction with neighbouring LEPs.	Q4	↘	Not started - waiting for rebrand/updated marketing material for Science Corridor
12. Develop business cases for Enterprise Zones elsewhere in Cheshire and Warrington to be deployed when the opportunity arises.	Q4	→	Business case for the creation of a Crewe HS2 Growth Corridor under development.
In the process of securing £30m loan facility from the three local authorities	Additional	↗	Draft legal agreement agreed between parties. Borrowing facility being considered by the March LEP Board.
Marketing and Comms			
1. Establish Marketing Cheshire Board's leading governance role on Marcomms for LEP; working in partnership with local authority partners and other sub-committees as appropriate.	Q1	→	Complete. Sub-committee is now meeting monthly with key projects underway.
2. Develop and implement a multi-channel corporate communications and marketing plan, including delivery of campaign activity	Q1	↗	GH comms is ongoing, and we are now in the planning stages for business engagement for corporate activities in 2020.
3. Development of a place marketing and inward investment strategy (including future appearances at MIPIM) for Cheshire and Warrington	Q2	↗	External perceptions underway. Inward Investment research procured and consultant appointed. Both projects will run together. Inception meetings for both projects in the diary.
4. Deliver a programme of events and associated communications activity to support the work of the Growth Hub, to support increased stakeholder engagement activity	Ongoing	→	Q4 activity ongoing. 2020/21 plan approved in principle and will form part of a combined Growth & Skills approach.
5. Developing a comprehensive database of stakeholders and businesses, to support effective and increased engagement (captured and maintained within the LEP's CRM system)	Ongoing	→	Data acquisition underway to support business engagement.

6. Review the LEP Brand and that of its sub-brands (Growth Hub, Science Corridor, Skills/Pledge/IoT)	Q2	↗	Agreement received to reivew the LEP family brand approach. This will support the timelines for the website redevelopment and role out of Accelerate/skills marketing
7. Redevelopment of the LEP website including the site for the Growth Hub, Science Corridor and Invest in Cheshire, to support increased stakeholder and business engagement activity	Q2	↗	Clarification meetings taking place 13/3/20 and supplier to be appointed w/c 16/3/20 with build deadline of mid-June.
8. Implementation (and ongoing evaluation) of plans	Q4	→	ongoing
Governance and Transparency			
Appointment of Finance Director and incorporation of Marketing Cheshire into LEP's governance structure	Q1	→	Completed
Commence recruitment of a new Chair to ensure a timely handover	Q2	→	Complete. The new chair and deputy chair appointments have been announced and both individuals have begun induction meetings.
Formulating membership of LEP sub-committees to enable them to take delegated financial decisions, including open recruitment of private sector members	Q1	→	Completed, Q2
Establishment of:			
➤ Business Growth Committee	Q1	→	Complete Q2. The business growth committee has been formed with a chair and deputy chair appointed from the board.
➤ Inward investment Strategy Group	Q1	→	The Inward Investment Strategy Group has met twice and is developing a draft for consultation with Local Authorities. This may begin at Growth Directors' late August.
Publish Annual Review	Q2	→	Complete. The annual review was published alongside the AGM held on October 17th
Hold an Annual General Meeting	Q2	→	Complete. 17/10 afternoon at Alderley Park.
Review and update the Local Assurance Framework	Q4	→	National Guidance not issued. Will update with new committee membership details.

Establish a Junior LEP Board	Q4	↗	Recruitment campaign underway. Number of applications already submitted. Deadline 13th March.
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Complete

**Cheshire and Warrington Local Enterprise Partnership
Performance and Investment Committee**

Title: ESIF Update

Agenda Item: xx

Prepared by: Tim Smith

Date of Meeting: 18th March 2020

1. ERDF (European Regional Development Fund)

Cheshire and Warrington Final Round of Calls

The following Outline Applications were received by the deadline of 30th September 2019.

<i>priority</i>		<i>applications received</i>	<i>ERDF requested</i>
1	Research and Innovation	Alderley Park Accelerator (extension)	£0.421m
		C&W 4.0	£2.006m
2	Digital	Digital Cheshire	£2.999m
3	Business Support	C&W Health Matters (extension)	£0.207m
		C&W Business Growth Programme (Phase 3)	£1.022m
		Enhancing SME's International Trade Performance (extension)	£0.164m
		St James Business Centre	£2.595m
		Support and Space: The Port in Focus	£1.269m
		Support and Space: Winsford in Focus	£1.854m
4	Low Carbon	ECO-I North West (pan-LEP project)	£3.460m
	total		£15.997m

The Outline Applications were considered in terms of strategic fit at ESIF Committee in November 2019. Bids for extensions to existing activity would be progressed as Project Change Requests. The remaining bidders were invited to submit Full Applications by late February / early March 2020. They will then go through MHCLG's usual appraisal process. However, it was agreed that the following projects would come back to ESIF Committee for further consideration:

St James Business Centre
Support and Space: The Port in Focus
Support and Space: Winsford in Focus

} for further consideration of strategic fit and responses to issues raised at initial appraisal; also bearing in mind that this priority might be oversubscribed

ECO-I North West: for clarity on the level of spend and outputs to be achieved in Cheshire and Warrington

It is intended that the next ESIF Committee meeting will be in late April 2020.

National Reserve Fund

Provisional – to be confirmed

It is anticipated that calls under the National Reserve Fund will be launched on 20th March 2020, with a deadline of 31st August 2020.

There is a total of £69m ERDF available, of which £33m will be allocated for More Developed Areas, which include Cheshire and Warrington. The indicative breakdown by Priority Axis of that £33m is

PA1 (Research and Innovation)	£10m
PA3 (SME Support)	£10m
PA4 (Low Carbon)	£10m
PA6 (Environment / Resource Efficiency)	£3m

There will be one call for each priority, and it will be a single stage application and appraisal process. These will be the final calls under the ERDF programme.

Note that bids totalling £16m were received for the final round of Cheshire and Warrington calls, so a Reserve Fund allocation of £33m nationally will be very competitive. Draft priorities indicated a strong preference for projects with pan-LEP coverage and impact.

2. ESF (European Social Fund)

The final round of calls under the Cheshire and Warrington programme will close on 18th March 2020.
The latest known position is shown below.

<i>IP</i>	<i>call title</i>	<i>details</i>	<i>ESF available</i>	<i>update</i>
1.1 / 1.2 / 1.4 merged	Inclusive Labour Markets	<ul style="list-style-type: none"> - Support for parents of young children who take up the free childcare entitlement, and for parents of young children who have not engaged with those services - A range of activities to support digital inclusion for unemployed and economically inactive people 	£3,490,110	The three Local Authorities have bid for £973k for Parents First: a new project addressing the “support for parents” priority, running with a similar partnership approach to the recently approved Journey First project.
2.1	Enhancing Equal Access to Lifelong Learning	<ul style="list-style-type: none"> - Workforce development - Support to address in-work poverty - Redundancy support 	£1,970,000	<p>University of Chester is leading a bid, in partnership with the third sector. The offer will include</p> <ul style="list-style-type: none"> - digitised learning and digital skills developed and delivered by specialists in digital curriculum - workplace wellbeing and resilience skills - support to up/re-skill skills deliverers <p>with a particular focus on</p> <ul style="list-style-type: none"> - individuals facing in-work poverty and/or redundancy - trainers/skills providers - volunteers with the potential to move into paid employment
2.2	Supporting Employers	<ul style="list-style-type: none"> - Promoting career opportunities in key sectors - Articulating the needs of SMEs and helping to ensure that local skills delivery meets those needs - Strengthening digital skills 	£500,000	The Pledge partnership is bidding to support SME’s, not only to promote their sectors and articulate their needs, but to also help with recruitment practices resulting in increased take up of young people into those opportunities.

3. RDPE (Rural) Growth Programme

The National Reserve Fund for the Rural Growth Programme invited Expressions of Interest from 4th November 2019 to 16th February 2020. Cheshire and Warrington's original allocation was over-subscribed, so this allowed one final opportunity for our rural businesses to bid for funding. There are three priorities: Business Development, Food Processing, and Rural Tourism Infrastructure. Grants can be from £25k to £175k, and for up to 40% of total project costs.

A headline summary of bids received is shown below.

<i>Description</i>	<i>location ("near...")</i>	<i>grant requested</i>
Purchase of a potato washer	Knutsford	£60k
Fitting out of a custom built events building within a stable yard	Nantwich	£175k
Conversion of Grade 2 listed barn into wedding and events venue	Nantwich	£175k
Installing 15 log cabins and associated infrastructure	Northwich	£167k
Additional office space for an established rural business	Cheshire	£22k
Extension to a boarding kennels	Winsford	£120k
Convert existing building into a microlight storage, workshop and maintenance facility	Crewe	£28.6k
Purchase and install a new pasteuriser	Nantwich	£24k
Building extension to provide office space, meeting room and training facility for businesses	Nantwich	£112.8k
Purchase and install a wood and straw chipping machine to produce horse bedding	Chester	£106k
Create 4 waterside lodges and refurbish a redundant farm building into a two bedroom cottage	Tarporley	£90k
Relocation and expansion of a craft brewery	Frodsham	£57.2k
Multipurpose venue including a community hub with a café, conference rooms and large area for equestrian and other events	not stated	£164k
		£1.3016m

Bidders that have satisfied the initial appraisal criteria will be invited to submit Full Applications.



**Cheshire & Warrington Local Enterprise Partnership
Performance and Investment Committee**

Title: Programme Manager Update Report

Agenda item: 10

Prepared by Rachel Laver

Date of Report: 18th March 2020

This is a very brief paper as the last meeting was only held two weeks ago at the time of writing.

1. Executive Summary

It continues to be a very time for the LGF programme with just over 12 months of the investment period left. The only funding left to contract is the £360k of skills funding. Great progress has been made with several of the skills projects and the Energy projects are progressing well. Several of the larger projects have made starts on site this month, including Ellesmere Port One Public Estate and Winsford Industrial Estate.

Below are updates on projects by exception:

1.1. Winsford Industrial Estate

The contractor has now started on site and we have accepted a claim for £1m against transport works (S278). We expect a further claim at the end of the quarter.

1.2. Tarvin Road

Good progress has been made with this project and despite some difficulties they expect to finish only £51k behind profile which can be managed within the programme. Procurement of the works packages is expected to complete in April, with work due to start on site in q3.

1.3. Energy Fund

The Business Energy and Efficiency programme has gone live and already had a great deal of interest. There are issues with the funding of Crewe Heat Network and an update will be given at the meeting. The Waste2Tricity scheme secured planning permission in early March and has had made some positive progress in securing funding.

There are still issues with state-aid advice being given on the Network Visibility project. They have been given until the first week of April to sign the offer letter and address the outstanding conditions.

1.4. Skills Fund

Some good progress has been made on several of the skills projects and the Warrington Vale Royal have now claimed the full grant for the digital hubs having acquired all of the kit. The Youthfed has acquired all the kit and furniture required for the Security Operations Centre and is expected to be operating from February.

2. Alderley Park - EZ investment

The economic outputs to be generated from the Alderley Park investment approved at last month's P&I meeting are:

Benefit	Quantum
New commercial floorspace (sq ft)	97,000
Brownfield land reclaimed (ha)	N/A
Number of new businesses attracted to the EZ	15-30
Number of new permanent jobs created	300
Number of temporary construction jobs	331
Gross Value Added (£)	18m
Annual retained business rates (£)	401,500
Total retained business rates (£)	8.3m
Private sector leverage (£)	15.8m

3. Finance

By agreement we have accepted mid quarter claims from some projects and encouraged claims from others where the quarter end position won't be any different. To that end we have now spent £21.4m to date this year and £99.4m spent overall out of the £127m allocated.

4. Growing Places Fund (GPF) Update

There has been a second repayment of the loan for Cheshire Green and there continues to be good interest in the site.

5. Evergreen

Fund has now been launched. CBRE are working hard to get in touch with potential projects across the sub-region.

1. Risks

The top corporate and programme risks are shown below.

The potential risks and impacts of Coronavirus have been added to this risk register. The mitigation measures are subject to a separate paper to the board.

Corporate

RISK SCENARIO		RISK RESPONSE	CURRENT CONTROLS / MITIGATION MEASURES	Controlled risk rating		
As a result of....there is a risk that...	the impact of which could result in....			IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
As a result of the high degree of volatility with regard to EZ income arising from forecast accuracy, potential VOA revaluations, there is a risk of failure to exceed baseline on EZ sites meaning less or no income would be due to the LEP. Also future changes to Business rates may impact funding available	Unable to undertake the necessary EZ investments, repay loans and develop other areas of LEP activity.	REDUCE	Meet with business rate function staff to improve forecast accuracy and determine contingencies. Establish a reserve within EZ funds. Manage expectations about availability of finance and reduce investment programme accordingly if need be.	3	4	12

<p>Corona Virus: internal staffing internal delivery External delivery Local economy</p>	<p>Staff to be made aware of latest govt guidance. Encourage remote working and remote meetings - ie conference calls. Invoke BCP if building closed. delivery targets are not met, costs could go over on projects due to delays, projects may have to be scaled back. Regeneration is delayed, economic improvement is hampered. LEP may be criticised for not providing advice</p>	<p>REDUCE</p>	<p>Continue to operate remotely as much as is viable. Lobby for extra funding if significant staff shortages.</p>	<p>5</p>	<p>2</p>	<p>10</p>
<p>As a result of uncertain economic conditions, or onerous programme deliverables, there is a risk of a lack of suitable projects, or demand for LEP funds.</p>	<p>Failure to deliver economic growth, skills or the quality of place aspired to in the Strategic Economic Plan and Local Industrial Strategy.</p>	<p>REDUCE</p>	<p>The LEP continues to market support to local authorities, businesses and colleges for programmes commitment with the various programme funds initiated by Government departments.</p>	<p>3</p>	<p>3</p>	<p>9</p>
<p>Policy change within government may mean that LEPs are disbanded</p>	<p>The LEP needs to ensure it maintains adequate budget to wind up the LEP including staff redundancies and the legal costs of transferring contracts, winding up all the services etc.</p>	<p>ACCEPT</p>	<p>The work that the LEP does can perhaps largely be transferred to other bodies. The reason for holding the reserves should continue to be made clear in the accounts.</p>	<p>3</p>	<p>3</p>	<p>9</p>
<p>As a result of uncertain economic conditions, or onerous programme deliverables, there is a risk of a lack of suitable projects, or demand for LEP funds.</p>	<p>Failure to deliver economic growth, skills or the quality of place aspired to in the Strategic Economic Plan and Local Industrial Strategy.</p>	<p>REDUCE</p>	<p>The LEP continues to market support to local authorities, businesses and colleges for programmes commitment with the various programme funds initiated by Government departments.</p>	<p>3</p>	<p>3</p>	<p>9</p>

Policy change within government may mean that LEPs are disbanded	The LEP needs to ensure it maintains adequate budget to wind up the LEP including staff redundancies and the legal costs of transferring contracts, winding up all the services etc.	ACCEPT	The work that the LEP does can perhaps largely be transferred to other bodies. The reason for holding the reserves should continue to be made clear in the accounts.	3	3	9
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Programme Risks

RISK SCENARIO		EXISTING CONTROLS / MITIGATION MEASURES	FUTURE RISK RATING		
RISK	IMPACT		IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
Crewe Hub - Risk that project may not happen due to national political uncertainty and or that the funding isn't fully spent due to the delays with the project	Reputational risk. If govt decide not to go ahead then there the economic benefits won't be realised. Not achieving the maximum connectivity to the Hub and thereby reducing the economic benefits of the Hub and VfM.	Working closely with new govt/, CEC, DfT and the rail industry to deliver a scheme which supports the wider economic growth of the region.	5	3	15
Failure to deliver Accelerate in line with SLA	Reputational damage, loss of funding, funding could be reclaimed/ fines imposed and lost opportunity.	Recruited 2 staff with one to be appointed. Changing focus of third role to bring range of expertise. Regular monitoring using CRM, Weekly meetings with all staff inc. UOC. Delivery board and mgt board established to give adequate oversight.	4	3	12

<p>Website not developed on time or budget due to number of websites that need to be integrated and to support CRM and intelligence across the LEP.</p>	<p>Expectation that the website will be completed is detailed in the LEP delivery plan, failure to delivery could impact on the LEPs governance score. Need for the website to function well to ensure transparency.</p>	<p>Brief due to go out by end of year. Keeping stakeholder engaged. Team developing content and technical rqts of site, so can start to build quickly once contractor appointed.</p>	<p>4</p>	<p>3</p>	<p>12</p>
<p>Crewe High Speed Ready Heart fails to spend all the LGF due to delays with the programme</p>	<p>Loss of LGF, Funding gap for the council, reputational damage to the LEP and Council. May impact ability to secure future funding. Impacts the LEP rating</p>	<p>Council looking at options for achieving spend including making stage payments to the developer. Need to look to see if there are other projects to spend the LGF on within the council.</p>	<p>4</p>	<p>3</p>	<p>12</p>