



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

Wednesday 27th February 2019 1.30-3.30

Wyvern House

Attending: Ged Barlow, John Downes, Paul Goodwin
Chris Hindley, Stewart Brown, Philip Cox, Lisa Harris
Tim Smith, Rachel Brosnahan

Apologies:

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 27 th February 2019	Chair	5 mins
	(ii) Actions Arising	Chair	5 mins
4	Improving Winsford Industrial Estate	Perran Baragwanath	10 mins presentation 10 mins questions
5	Programme Manager update including: Risk reporting Project progress summary report	RB	15 mins
6	ESIF update	TS	10 Mins
7	AOB	All	5 mins
Dates of next meetings, time 1.30 pm and Venue Wyvern House, unless otherwise specified:			
	17 th April 2019	Cancelled	
	15 th May 2019	Omega Local Highways Scheme OBC approval	
	19 th June 2019	A51 Tarvin Road	
	17 th July 2019	Ellesmere Port One Public Estate Final approval	
	21 st August 2019		
	18 th September 2019	WBC sustainable Travel Projects CEC Sustainable Travel Projects	
	16 th October 2019		
	20 th November 2019		
	18 th December 2019		



**Minutes of the Cheshire and Warrington Local Enterprise Partnership
Performance and Investment Committee Meeting
held on 27th February at 1.30 at Wyvern House**

In attendance: Ged Barlow (Chairman), Chris Hindley, Paul Goodwin, Rachel Brosnahan

Apologies: Stuart Brown, Lisa Harris, John Downes, Philip Cox

In attendance: Tim Smith for part of the meeting
Presentations on Poynton Relief Road by Paul Griffiths at CEC

Item No.	Item	To be Actioned by	By When
1.	Welcome, Introductions and Apologies Apologies from Stuart Brown, Lisa Harris, John Downes and Philip Cox RB to ask if LH can send a deputy in her absence	RB	End of Feb
2	Conflicts of Interest GB asked for any conflicts to be declared. Paul Goodwin declared his interest in Poynton Relief Road. Committee agreed it would be best practice for CEC to have a representative on the committee as the S151 attends in their capacity as S151 officer and not to represent CEC. Committee asked whether PC would be attending until new Finance Director is in place, to ensure separation of duties as PC also sits on the Strategy Committee RB to confirm who will represent the LEP on the Committee and to follow up appointment of CEC rep to the committee	RB	End of March
4	Minutes from the last meeting: The minutes were agreed and as per the email correspondence it was again confirmed that the committee were happy to give final approval to the Centre Park Link project (as the December meeting wasn't quorate)		

	Committee also confirmed approval of CLG q3 report which had also been done by correspondence.		
5	<p>Presentation on Poynton Relief Road</p> <p>Paul Griffiths gave a presentation on the Poynton Relief Road project (available on the LEP website)</p> <p>Committee confirmed conditional approval of the scheme.</p> <p>RB to issue offer letter</p>	RB	End of March
7	<p>Programme Manager update</p> <p>RB ran through the programme manager update highlighting key issues which included,</p> <p>A51 Tarvin Road estimates have increased. Officers are seeking council approval for additional funding and trying to reduce the cost of the scheme through value engineering.</p> <p>Ellesmere Port One Public Estate offer letter issued and expected to be signed by CWAC by the end of February at the latest</p> <p>Implementation Agreement signed with Network Rail for Sydney Road Bridge works. Bridge beams successfully lowered into place marking a big milestone for the project which is on track to complete in May.</p> <p>GB asked about progress with the Energy Fund. A new call for the Energy Fund will be issued written no later than July following completion of the Local Industrial Strategy. RB emphasised that it was important to make progress with this programme with only 25 months left to spend the funding.</p> <p>RB explained that the programme was currently behind profile for the year (if pro-rated), but due to the number of projects that are on site in full delivery, coupled with the conditional approval of Poynton Relief Road then the £16m target for the year should comfortably be exceeded. Funding for next year will be difficult due to payment from BEIS, but RB to manage through bringing all projects back in line with intervention rates. Potentially will need to borrow GPF to meet cashflow or delay q4 19/20 payments until May 20.</p> <p>ERDF application for a £20m Cheshire and Warrington Urban Development Fund still progressing against challenging timescales. Decision expected end of March.</p> <p>Not taking any new GPF applications at present as cashflow shows it will be fully committed by August. Waiting to hear from applicant</p>		

	<p>whether they want to continue with application. If not, that potentially frees up some funding.</p> <p>PG requested copy of GPF cashflow.</p>	RB	End of Feb
	The committee members noted the contents of the risk registers.		
8	<p>Mid Term Evaluation</p> <p>RB gave a brief overview of the findings of the mid-term evaluation.</p> <p>The committee noted the contents of the report and the need for the recommendations to be followed up.</p>		
9	<p>ESIF update</p> <p>Tim Smith gave an update on the European Funds and ran through his paper.</p> <p>£10.5m of ERDF left to invest. £33m in application stage. Two further calls this year against the amounts outstanding in the different priorities.</p> <p>ESF - £220k left. May be underspend from projects finishing in April.</p> <p>£14.8m University Chester Workforce development bid in full application stage.</p> <p>Revaluation of programme due to exchange rate means there is an extra 11% now available.</p> <p>CH queried what would happen if the exchange rate changed again, TS stated that HMG will underwrite the full spend on the programme.</p> <p>There is a risk of not being able to spend all the ESIF funds but TS has been advised that there is potentially the opportunity to move funding between priorities.</p> <p>Rural fund is fully committed.</p>		
10	<p>AOB</p> <p>Agreed to cancel April meeting as it falls during Easter holidays. Moving it to May would make it close to the May P&I meeting. May agenda will be manageable.</p>		



Cheshire & Warrington Local Enterprise Partnership Performance and Investment Committee

Title: Unlocking Winsford Industrial Estate Agenda item: 4

Prepared by: Rachel Brosnahan

Date of Meeting: 20th March 19

1. Executive Summary

Improving Winsford Industrial Estate project is to provide infrastructure to unlock 28 ha of land adjacent to this already established industrial park for high value employment purposes.

The project was given conditional approval by the Performance and Investment Committee in November 17. The offer letter conditions have had to be extended while the council with it's development partner PSP worked on developing the detailed design for the scheme and sought planning permission. Planning approval was significantly delayed due to the discovery of an out of date COMAH (Control of Major Accident Hazards) zone. These issues have now been resolved and planning approval was granted in July 18 for the infrastructure works with outline planning approved for the development plots.

The total cost of the works is £12m, of which £3.8m is being requested from LGF. The application of £3.8m is towards the first phase of works only which are estimated to cost £5m. Phases 2 and 3 will be developed out by the council on receipt of proceeds from the sale of plots.

PSP the council's LLP have led on the procurement of a contractor and will oversee the delivery of all phases of work. Two shortlisted contractors were interviewed on the 13th March. It is expected that the preferred contractor will be appointed imminently and the costs for phase 1 confirmed. This is particularly important as a term in the conditional offer was that CWAC underwrote any costs over and above the phase 1 budget of £5m. The council have confirmed that there is no additional budget available. This presents a risk to delivery of the project, but the council in conjunction with PSP have worked up the detailed design and therefore have been able to refine costs and give greater cost certainty. They've also been able to complete enabling works on site.

The Final business case has been completed and appraised which shows a clear rationale for the project and a BCR of 51. The strategic case is strong as the project is addressing market failure. The appraiser has recommended the project for approval.

2. Recommendations /Actions / Decisions required:

2.1. The Performance and Investment Committee is asked to:

- **Note** the contents of the Final Business Case (FBC);
- **Note** the contents of the independent assessment of the FBC;
- Grant final **Approval** of the project subject to confirmation of costs for phase 1;
- **Authorise** the LEP executive to issue a final offer letter for £3.8m Local Growth Fund grant to the towards the total project cost of £5m to CWAC and allow onward grant to PSP as delivery partner.

3. Background

Winsford Industrial Estate is well established and has a good mixture of property available to businesses, ranging from professional start up business incubator units to large manufacturing, warehouse and logistics facilities.

The Estate is just a few minutes from Winsford town centre and is 5 miles from J18 of the M6 and 9 miles from J19 of the M6. There are major A-roads linking the estate with Merseyside, Chester and North Wales.

4. Scheme Proposal

The main objectives of the scheme are to open up the site so that further land can be developed to meet a stated demand. A masterplan for the site has been completed and the scheme is focussed on unlocking the delivery of high value B use class floorspace, targeted towards manufacturing and advance manufacturing. The plot sizes/ units are at the smaller end of the spectrum to address the needs of high growth SMEs.

A masterplan has been completed which suggest the site will be developed as follows (updated since OBC):

Use type	Area (sqm)	Area (sq.ft)
B1(c)/B2/B8	31,638	340,550
Hotel	1,347 (48 bed budget hotel)	14,500
Petrol Filling Station	348	3,746
Family pub	567	6,100
A3 – food/restaurants	467	5,030
A1 Retail	316	3,400
TOTAL	34,683	373,326
Tiger Trailers Phase 1 and 2 scheme	22,350	240,575
TOTAL with Tiger Trailers Ph 1 & 2	57,033	613,901

The appraisal is based on the outputs likely to be generated from the above mix.

The main components of the scheme are:

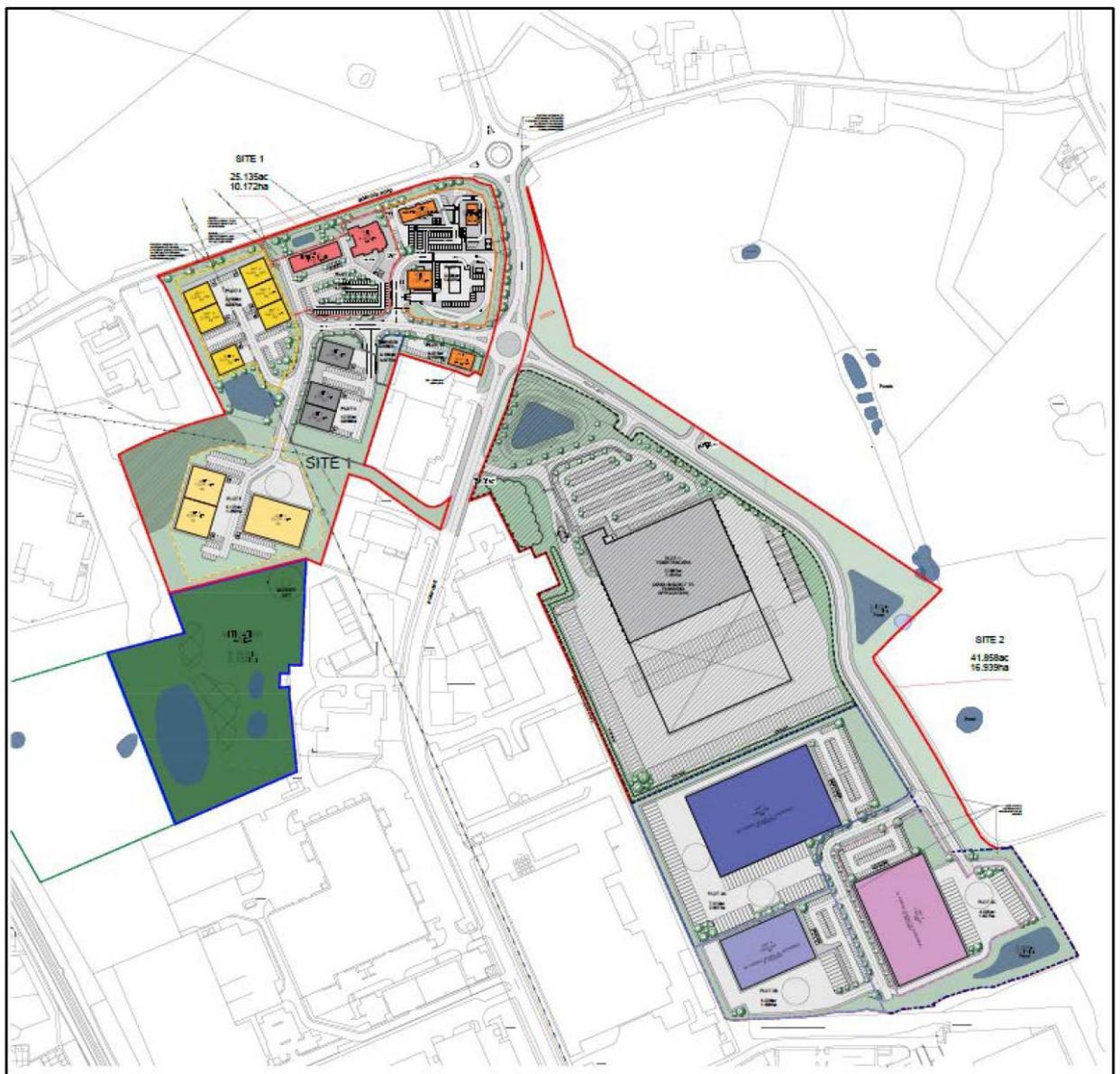
- On and off-site highway/access works (including new roundabout and access/estate roads)
- Utility diversions (to enable plots to be developable)

Since the OBC was developed the costs for the scheme have come down by £2 but then working with Scottish Power it has become apparent that a sub-station is required to services the new plots which is estimated to cost £2m. CAC have stated that there will be enough power on site to service phase 1 plots and that the sub-station works can be funded by the sale of future plots.

Phases two and three will provide further infrastructure works which will include:

- Site drainage
- Landscaping
- Ecology
- Site clearance/demolitions

Proposed site plan:



5. Timescales

5.1. The key milestones for the project are set out below:

Milestone	Date
Procurement of contractor for the infrastructure works	March 19
Start on site – infrastructure works	May 19
Completion of initial phase of publicly funded infrastructure works	May 20
First phase of commercial floor space delivered	May 21
Phase 2 and 3 infrastructure works completed and new buildings occupied	2026

6. Delivery

The works are being procured by PSP CWaC LLP. PSP are in the stages of finalising the contractors for the phase 1 works and will manage the contractors. Work is expected to start on site in May and enabling works have already been completed.

7. Financial Summary

The project delivery is being managed by PSP the council's LLP. Final costs are yet to be received so the FBC is based on estimated costs. The Council has confirmed they won't be able to fund any costs over and above the £5m approved project costs. £1.2m is being provided by CWAC and £3.8m from LGF.

The total cost of all three phases is estimated at £12.1m. Future phases will be funded through the sale of plots. There has already been strong interest in one of the plots which should help to accelerate delivery.

8. Value for Money

The project has been given a BCR of 51 (up from 39 at OBC stage). This extremely high figure has been queried and the project manager and appraiser has confirmed it is correct and is based on the high amount of private sector leverage and jobs the developed out site is likely to bring.

The outputs profiled to be generated from the overall scheme are:

Output	No.
New commercial floor space unlocked (sqm)	57,033
Net new jobs	484
Net GVA (over 10 years)	£247m
Private Sector Leverage	£6.3m
Public sector Leverage	£1.2m

9. Independent Appraisal

Regeneris have carried out the appraisal of the project based on the five case model and have recommended that the LEP approve the £3.8m LGF grant for the project.

Summary of appraisal

Area	Comment
Strategic case	Strategic Case is strong as is the market failure. The project aligns with national and local policy. Recognised as key investment opportunity in Constellation Partnership.
Economic Case	The options analysis is strong and robust. The Benefits assessment is HMT compliant and make sensible assumptions. BCR of 51. Cost per net additional job represents very high value for money.
Financial Case	£5m is the minimum amount of public funding required to make the scheme commercially viable.
Commercial Case	PSP have engaged independent costs consultants and project managers to lead on the procurement. The appraiser is satisfied with the commercial case.
Management Case	The project is due to be delivered by PSP Cheshire West and Cheshire LLP with support from Mid Cheshire Programme manager and day to day project management by the PSP development manager.

10. Risks and Issues

There are a number of risks with the project:

- CWAC expect the site to be fully occupied by 2026. There is a risk that with all the other developments in the region that this isn't achieved.
- The need for a sub-station might limit the type of companies that occupy phase 1 and hinder the development of the site.
- The funding needed to develop out the rest of the site is expected from the sale of plots. If sales are slow it will be difficult to cashflow the additional infrastructure works.
- Costs go up when the contract is let/ in delivery.

11. Conclusion

There is a clear strategic case for the project. The project sits in a very deprived part of Cheshire and the project will create much needed jobs. Market demand analysis has shown a clear case for manufacturing space and the already established and successful Winsford Industrial Estate should mean that the spaces is readily occupied.

There remains concern about the funding of the project and as such it is recommended that a final offer isn't issued until details of the contracted costs for phase 1 have been received and reviewed.

Appendices:

Full Business case

Regeneris Appraisal



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

Title: Programme Manager Update Report

Agenda item:5

Prepared by: Rachel Brosnahan

Date of Report: 20th March 2019

1. Executive Summary

There hasn't been a significant amount of project changes since the last report.

Work on a Cheshire and Warrington Evergreen Fund has continued in earnest. Cheshire East Council has agreed to act as the Entrusted Entity and MHCLG have formally written to them to invite them to apply for funding. The application has been submitted along with an updated ex-ante report and a decision is expected at the end of the month. The fund would provide £20m to help unlock development across the region.

CEC's annual audit of the LEP has been completed a report sent to BEIS, this allows the release of the 19/20 grant funding which is expected at the end of April. There were no major issues identified.

The LEP was selected for a deep dive audit as part of the annual conversation moderation work. Again there have been no issues raised and the LEP has maintained the same rating as last year.

The A51 Tarvin Road was due to come before the committee for final approval but this has been postponed while the council confirms the funding position. The project continues to make good progress though on land negotiations and enabling works.

It was pleasing to attend the opening of the Employer and Learning Hub at Reaseheath college. Further larger events are planned for the sports centre and Agritech centre later this year.

Local Growth Fund project update

Below are updates on projects by exception:

1.1. Sydney Road Bridge

The major tasks of dismantling the old bridge and lifting the new bridge beams into place have been successfully completed. A time lapse video of the impressive feat can be found here:

https://www.cheshireeast.gov.uk/highways_and_roads/roadworks/major-projects/sydney-road-bridge-crewe/sydney-road-bridge-diary-of-work.aspx

Old bridge being lifted out:



New beams being lifted into place



1.2. Crewe High Speed Ready Heart

The final business case has been delayed while the council works with the developer to refine the costs of the overall scheme. There continues to be delays with gaining vacant possession of the market hall.

The citizens advice bureau has now vacated their premises which will be demolished shortly. This is an important milestone in moving the bus station, to free up the old station site for development.

1.3. Tarvin Road

The Council are due to consider a request for the additional funding required for the scheme at their cabinet meeting in June. Therefore, it seems sensible to wait for this decision before the project is bought before P&I for final approval. Work will continue on refining the scheme and negotiating with land owners and the council will be able to continue to claim LGF grant against the project.

1.4. Sustainable Travel

CWAC has made some good progress with its sustainable travel projects. Sutton Way estimates are coming in £250k under budget but the A5517 is coming in £400k over budget.

P&I re asked to approve CWAC's request to move the money between the schemes. Further details will then be provided on submission of the final business cases.

WBC are continuing to prepare the CPO for Omega to Burtonwood Boulevard and making good progress with their other two schemes.

CEC also continues to progress their schemes and will submit them for approval in September.

1.5. Energy Fund

A paper will be put to the Strategy Committee in May about how a new call for the Energy Fund could be shaped with a far more strategic focus linked to the developing Local Industrial Strategy. It is pleasing to see progress being made with this project with only 24 months left to spend the money.

2. Growing Places Fund (GPF) Update

An applicant has withdrawn their application based on the interest rate proposed. It was impossible to offer a lower rate because of state-aid. Therefore, there is now some flexibility within GPF as this funding is no longer earmarked.

The sale of two plots at Cheshire Green Employment park has completed. The LEP will be paid the net proceeds.

3. Mid-term Evaluation Follow up actions

CEC have agreed to provide some support in updating the LEPs grant offer letters to a more simplified form as recommended in the evaluation.

Thought should be given about when and how the LEP should start commissioning appraisals. Given the low number of project left to have approval it may seem more sensible to wait until new funding comes on line and a budget has been provided for the LEP to commission the appraisals rather than the applicant.

4. Finance

The financial position of the LGF programme hasn't changed since February as we only receive quarterly claims. From discussions with project leads it still looks likely that we will exceed profile for the year.

5. Outputs

The outputs have been updated to include the contracted Poynton Relief Road outputs:

Outputs	BEIS Target	Contracted on projects	Achieved to date	Percentage achieved	Percentage achieved against BEIS target
New Commercial Floorspace (sqm)		180,190	363,971	202%	
Renovated Commercial Floorspace (sqm)		3671	3671	100%	
Businesses receiving investment		29	11	38%	
Jobs created	16223	25,293	7,943	31%	49
Private sector Leverage	359.78	308	500	162%	139
Public Sector Leverage		128	76	59%	
New homes completed	5,750	13,384	3,019	23%	53
New home starts		8,242	0	0%	
GVA		136.5	3.91	3%	
Space occupied at Alderley Park (sqft)		18580	1077	6%	
Total amount of new road (meters)		3481	1081	31%	
Total amount of road resurfaced (meters)		2120	2920	138%	
Constructions jobs		960	90	9%	
Learners benefitting		511	25	5%	

6. Risks

The top operational and programme risks are shown below.

Operational Risks

RISK REF	RISK SCENARIO		FUTURE CONTROLS / MITIGATION MEASURES	Residual risk rating		
	RISK	IMPACT		IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
20	Current political landscape and lack of clear support for LEPs from opposition creates risks to delivery of economic development projects in Cheshire and Warrington. May take significant time to transfer delivery to another body.	LEP potentially would have to be wound up and delivery of projects and realisation of benefits could be delayed.	Promote the LEP achievements and its effectiveness at delivering regeneration.	5	3	15
48	Criticism of credit card transactions	Reputational damage to the company and questions over transparency of process and impropriety could be raised.	Clear policy on the purchase of Alcohol and corporate entertainment. Add notes to credit card statements with details of event attended and who was present when	4	3	12

			there are transactions for hospitality.			
36	Not complying with the General Data Protection regulation	Could lead to legal action against the LEP by not conforming.	Review current data held and update how information is held so compliant. CEC to come in and review what info the LEP holds and make recommendations for how the LEP manages info.	4	3	12
34	Loss of key staff	Causes continuity issues, loss of knowledge and reduction in delivery capability while new staff and employed and get up to speed. Unable to carry out key tasks. E.g. counter sign payments and contracts.	Have adequate approved delegation limits and signatories. Make sure staff don't operate in a vacuum and that key tasks are understood by at least one other member of staff. E.g. how to use the claims system (LOGASNET) or payment systems. Look at developing formal programme to ensure we have ability to cope in short term with loss of member of staff.	3	3	9

38	Key stakeholders become disengaged	Loss of relationships and potential influence and support for the LEP activities	Review and update stakeholder management plan. Establish a communications committee	3	3	9
29	Loss of core funding/ Uncertainty about funding from year to year impacts on staff retention.	Staff don't feel secure in their jobs which could lead to a higher than expected staff turnover, loss of expertise and increase in recruitment costs	Look at developing other funding streams and developing an operational surplus to provide a contingency. Funding now confirmed for two years. Build up EZ reserves to give provide appropriate cushion.	3	3	9
27	Not delivering programme level outputs	Reputational damage and impact of future awards of funding. Clawback/repayment of grants	Ongoing monitoring and early identification of any slippage. Consider how projects are contracted robustly.	3	3	9

RISK REF	RISK SCENARIO		FUTURE CONTROLS / MITIGATION MEASURES	FUTURE RISK RATING		
	RISK	IMPACT		IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
1	Delivery of the projects to meet financial and output targets in a timely manner are adversely affected by changes to factors such as partner staffing resources, capacity or skills, planning or environmental issues, construction related factors, or financial issues, which could result in delays to projects and/or the programme success given the sensitivity of the programme on a small number of key projects.	Projects and/or programme does not deliver cost or quality requirements on time and fails to achieve the targeted outputs and outcomes within the Growth Deal timeframe. Potential to damage relationships with the LEP. Reputation of the LEP as able to deliver bids submitted to Government is negatively affected. DCLG could potentially take back flexibilities given to manage the LGF Programme. Could affect the award of future funding to the LEP.	Look at revising the offer letter to put stiffer penalties in place for non-achievement of outputs.	4	3	12
2	Overall programme performance impacted by poor performance of the Major transport Projects	LGF programme does not realise its economic growth targets due to nature of focus of Department of Transport objectives versus LGF outputs/outcomes. Achievement of the aims and objectives of the programme adversely affected by any significant issue or risk in any one of the projects. Reputation of CWLEP to deliver is adversely affected due to the scale of the transport scheme projects.	<ul style="list-style-type: none"> - Agreement with DfT and grant recipients on monitoring and reporting requirements against LGF targets. - Work with DfT to understand the funding conditions and any conditions/clawback if the non-transport outputs are not achieved. - Explore to tie in stronger penalties to non-achievement of outputs to the funding offer. 	4	3	12

3	Lack of suitable projects and/or appropriate match funding to form ESIF programme pipeline to meet eligible criteria including meeting cross cutting thematic objectives and revised Treasury deadline of March 2018 for final project submissions. Flexibility or delay in decisions to use of LGF3 as match. Lack of partner support to deploy remaining funds and sources of match funding particularly under the European Social Fund.	ESIF programme does not meet its outputs/outcomes which could result in loss of funding for the sub region. Damage to LEP reputation and credibility both locally and nationally as well as with Government which could impact on consideration for future funding rounds i.e. the future prosperity fund. Loss of funding to the Sub Region to support delivery of growth, jobs and businesses in Cheshire and Warrington and delivery of SEP.	Consider more long term staffing arrangements.	4	3	12
7	Failure to implement the seven recommendations of the ABR Review of FE has a detrimental effect on the delivery of FE skills provision across Cheshire and Warrington..	The benefits to employers, learners, the colleges and the economy more generally will not be achieved.	The Strategic Forum will work to achieve the political buy-in to the implementation	3	3	9
31	Ellesmere Port Estate project significantly delayed and or reduced in scale	Would need to find another project to take up spend, which will get increasingly harder as time passes.	Potentially need to find new "off the shelf" project that could achieve spend and necessary outputs within LGF timescales	3	3	9
33	Fragility of current government means that there is a risk the government could change and lead to a change in policy regarding LEPs.	Change in funding and support for LEPs	Continue to promote the work of the LEP and engage counsellors and MPs from all parties.	3	3	9

34	Due to the unusual investment profile the programme may underperform in 17/18 and then over perform in 19/20 leading to cash flow issues.	There is reputational risk with underperforming this year which could reduce funding available to us in future years. The lack of cash flow in future years again will affect reputation with stakeholders and is difficult to manage once projects are on site.	May need to agree staggering payment profile with LAs.	3	3	9
5	ESIF targets and measurement criteria for C&W, set by Government to meet the National targets, pose a challenge in some of the priority axes to deliver against which puts at risk the achievement of overall LEP ESIF targets and aspirations and could put at risk the 6% performance programme target.	Agreed targets may not be delivered and the ESIF and SEP targets not delivered in full. If by December 2018, the LEP is not forecasting to achieve its targets by the end of the programme, it risks losing a performance reserve of 6% of the programme (approx. £3.6m) Reputational damage if the LEP does not meet its targets.	- Work Northern Powerhouse Investment Fund (NPIF) to explore achievement of additional programme outputs and outcomes and ongoing sustainable reinvestment of EU funds post Brexit. - Possible increase in fund allocation of funds e.g. rural funding. - Work with Government on any early end of programme targets in view of Brexit. Increased output targets for projects required if investments made in Evergreen. New Calls to specifically focus on additional out put requirements in key areas (e.g. grants to business).	3	3	9
	Northgate isn't delivered to the size and scale anticipated when the bus station scheme was approved or within the timescales given.	Loss of outputs and potential reputational damage. Would affect the overall impact of the LGF programme. Chester City continues to lose trade impacting the businesses that already exist there.	Offer to provide additional support to the delivery of the project?	3	3	9

