

City Deal and Growth Deal Programme Board

Business Case Approval Form

1. Project title and proposing organisation(s)

The purpose of this business case is to seek LEP approval to undertake active financial management between two parallel funding streams to their mutual benefit. The funding streams in question are the Growing Places Fund (GPF) and the SSLEP Local Growth Deal (LGD) monies. The principle is to vire SSLEP Growth Deal monies into the GPF Programme to secure in year investment objectives for the LGD Programme with the GPF repaying the monies to the LGD Programme in future years.

The GPF has been made available from Central Government to SSLEP in line with the following objectives:

- To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing
- To allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies
- To establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

Approval has been granted for the GPF Programme to invest in the following projects in 2017/18, 2018/19 and 2019/20

- Garden Inn Hotel, GenR8, City Centre. Stoke on Trent
- Dunston Business Village Phase 2, Dunston. South Staffordshire
- Oak House Residential Care Home, Fenton. Stoke on Trent
- Omicron Service Centre, Redhill. Stafford
- Etruria Valley Enterprise Area, Stoke on Trent
- Bericote Phase 2 Underwriting. South Staffordshire.

This Business Case is submitted on behalf of Staffordshire County Council.

2. Decision date

CDGD Programme Management Board 30th January 2018.

3. Decision summary: Recommendation(s).

On the assumption that sufficient funding is available, that the City Deal and Growth Deal Programme Board recommends:

- Spending **of up to £7.2m** to settle the 2017/18 accounts payable on the GPF projects listed below and to mitigate against slippage of grant spending from the Growth Deal 1, Growth Deal 2 and Growth Deal 3 Programmes, full details are shown in Section 5.4

The GPF investment in these schemes has previously been approved by the SSLEP Board / Executive at the appropriate times during the lifetime of the programme. The SSLEP papers and minuted decisions can be made available if required

- Relevant funding will be repaid to the Growth Deal 1, 2 and 3 projects at the appropriate future date from the carried forward GPF Loan Fund balance.

4. Is the decision exempt from being publically reported by the LEP (if so please specify the reasons why)

The decision is not exempt from being publically reported by the LEP. However, the individual GPF investment papers have previously been treated as confidential therefore that principle should be maintained.

5. Options appraisal

The submissions from each GPF applicant contained scheme specific options appraisals, all of which were accepted by the GPF Appraisal Group and ultimately the LEP Board/Executive.

Regarding the proposal within this paper, the options are as follows:

Option 1 - Do Nothing

Without the proposed GPF investment the proposed projects potentially would not happen or would progress at a significantly reduced pace.

Without the financial management facility the LGD will experience significant 'in year' slippage.

Option 2 – Financial Management Facility approved

The GPF supported projects would still go ahead.

If the financial management facility is approved the LGD will be able to manage slippage.

Option 3 – SWAP Not Approved

The GPF supported projects would still go ahead.

Without the financial management facility, the LGD will experience significant in-year slippage.

5.1. Strategic case

The submissions from each GPF applicant contained a scheme specific strategic case linking the proposed project and its associated outputs / benefits to the LEP's Strategic Economic Plan.

The strategic case for adopting the initiative to vire or switch fund the monies between the two respective funding programmes is an overarching principle being made elsewhere.

5.2. Economic case

The scheme description and economic case for the individual GPF schemes is as follows:

Project description

Garden Inn Hotel Development by Genr8 Developments LLP

The development comprises the construction of a full service garden hotel.

Scheme outputs: a 140 bed full service Garden Inn Hilton Hotel.

Scheme outcomes: the creation of ca. 50 FTE jobs.

Requested investment: £2.96m grant.

Delivery programme: Construction period. Nov 2017 – April 2019.

Project description

Dunston Business Village extension – 'The Island' (round 7)

The original application was for the creation of 16 additional log cabin offices, 12 of which were to be raised on a platform, with parking beneath. As the scheme progressed, the applicant found that the stilted cabins were cost prohibitive, so built only the 4 standard log cabins at a cost of circa £245k GPF of the £730K approved.

Original Scheme outputs: 19,200 m2 of high quality office floor space.

Original Scheme outcomes: anticipated 160 jobs.

Requested investment: £0.73m loan (50% of total scheme).

Note. The 4 log cabins are now fully occupied and the applicant is awaiting Building Regulations approval for the redesigned office space. A Deed of Variation will be issued to contract the balance of funding.

Project description

Oak House Residential Care Home

Redevelopment of a former public house to provide an 8 bed CQV registered residential care home for people with learning disabilities., comprising 5 single occupancy flats and a 3 bed shared flat (each flat would have own kitchen, bathroom & lounge); development would include communal lounge area to ensure social opportunities.

Scheme outputs: Specialist community-based residential provision for 8 persons with learning difficulties.

Scheme outcomes: 40 jobs.

Investment: £0.22m loan (32% of total scheme).

Delivery programme: Loan will be fully paid in 2017/18 and is due for repayment Q3 2019/20.

Project description

Omicron Service Centre, Redhill

New building to accommodate training facility and customer services associated to the electrical industry. Ground floor will be dedicated to training academy with the upper floors associated to customer support.

Scheme outputs: 750 sq m OMICRON training facility and office accommodation.

Scheme outcomes: 300 professional personnel trained PA. 5 FTEs.

Requested investment: £0.4m loan (25% of total scheme).

Delivery programme: To be completed end 2017.

Project description

Etruria Valley Access Infrastructure

To develop transport infrastructure at Etruria Valley to unlock its potential as a significant driver of private sector growth for the sub-region through the development of the advanced manufacturing & knowledge based sectors.

Scheme outputs: 1.16km roads & bridges linking Shelton Boulevard to Festival Way.

Scheme outcomes: 20 Hectares of developable land accessed potentially delivering 2,200 jobs.

Investment: £2.4m grant.

Delivery programme: SoTCC has requested flexibility of drawdown programming from GPF to assist scheme delivery. £0.86m will be drawn down in 2017/18 with the balance in 2018/19.

Project description

Bericote Phase 2 Underwriting

The Strategic Economic Plan identified the Bericote site in South Staffordshire as an opportunity to unlock a site within the corridor favoured by the automotive supply chain companies.

Scheme outputs: Reduce emissions locally.

Scheme outcomes: Unlocking of site to automotive supply chain.

Investment: £3m grant underwriting.

Delivery programme: £2.45m will be drawn down in 2017/18 with the balance in Q4 2018/19.

The strategic case for adopting the initiative to vire the monies between the two funding programmes is an overarching principles being made elsewhere.

5.3. Commercial case

All GPF funded schemes have been appraised by the LEP's Growing Places Fund Group. The objectives of the GPF are extremely wide and varied therefore each appraisal has been undertaken on an individualistic basis, but with each proposal having to prove its commercial viability underwritten by appropriate loan security.

Each applicant undergoes a commercial standing appraisal to ensure minimisation of risk to the GPF investment.

5.4. Financial case

The details of the suggested LGD temporary investment in GPF schemes are as follows:

○ Garden Inn Hotel	£2,960,000
○ Dunston Business Village	£ 224,604
○ Oak House Residential Care	£ 220,000
○ Omicron Service Centre	£ 400,000
○ Etruria Valley Enterprise Area	£ 858,998
○ Bericote Phase 2 Underwriting	£2,450,000

This totals **£7,113,602** (rounded to a figure of £7.2m).

5.5. Management case

The GPF is structured to be managed by the County Council in accordance with its financial procedures but accountable to the LEP through the GPF Group and ultimate accountability to the SSLEP Board. This provides transparency, ensures value for money as well as minimising accounting costs. The temporary switch funding of LGD monies into the GPF Programme will not cause any issues with the GPF Programme management.

5.6. Resource and VFM analysis

The figures in the following table are those relating to the complete scheme cost. All matched funding for each scheme is secured.

	GPF investment	Total scheme cost	Investment leverage ratio *
Garden Inn Hotel	£2,960,000	£17,000,000	£5.74
Dunston Business Village Ph. 2	£730,000	£1,460,000	£2.00
Oak House Residential Care Home	£220,000	£682,000	£3.10
Omicron Service Centre	£400,000	£1,600,000	£4.00
Etruria Valley Enterprise Area	£2,400,000	£38,854,815	£16.19
Bericote Phase 2 Underwriting	£3,000,000	£4,910,000	£1.64

* For each £1 invested levers in the finding shown

Value for Money is one of the appraisal elements and they are as follows:

	Outputs	Outcomes
Garden Inn Hotel	Construction of a Garden Inn hotel of circa 140 bedroom capacity	50 FTE's @ £59,200 per job
Dunston Business Village Ph. 2	19,200 sq. ft of office space	160 FTE's as employees of new tenants @ £4,562 per job
Oak House Residential Care Home	Specialist community based residential provision for 8 persons with learning difficulties	40 FTEs at £5,500 per job
Omicron Service Centre	750 sq m OMICRON training facility and office accommodation	300 professional personnel trained PA. 5 FTEs
Etruria Valley Enterprise Area	Construction of 1.16 km of highway (including the construction of a road bridge over the Trent and Mersey Canal)	25 FTE construction jobs either newly created or resulting from the safeguarding of existing positions (ii) the future development of the Site resulting in the creation of 2,200 permanent full time equivalent jobs

		either newly created or resulting from the safeguarding of existing positions
Bericote Phase 2 Underwriting	Unlocking of a site within the corridor favoured by automotive supply chain companies.	Resolve outstanding infrastructure constraints and unlock site to ensure that energy available is used to reduce emissions locally.

6. Consultation process

The GPF investment has been approved in each case by either the SSLEP Board or the SSLEP Executive. The details of the approvals can be found in the papers of the following meetings:

- Garden Inn Hotel - EXECUTIVE GROUP MEETING 13th October 2016
- Dunston Business Village Phase 2 - EXECUTIVE GROUP MEETING 15th October 2015
- Oak House Residential Care Home - EXECUTIVE GROUP 21st July 2016
- Omicron Service Centre, Redhill - EXECUTIVE GROUP 14th June 2016
- Etruria Valley Enterprise Area, Stoke on Trent – LEP PARTNERSHIP BOARD 16th December 2013.
- Bericote Phase 2 Underwriting - EXECUTIVE GROUP MEETING 11th February 2016.

7. Location of proposal

The locations of the schemes in question are as follows:

- Garden Inn (Smithfield) Hotel, City Centre, Stoke on Trent
- Dunston Business Village Extension Phase 2, Dunston, South Staffordshire
- Oak House Residential Care Home, Fenton, Stoke on Trent
- Omicron Service Centre, Redhill, Stafford
- Etruria Valley Enterprise Area, Stoke on Trent
- Bericote, South Staffordshire

8. Risk analysis

Each approved scheme within the GPF Programme includes a risk analysis. These will have been comprehensively analysed by the commissioned due-diligence consultant then by the LEP's GPF Group and further underwritten by an appropriate loan security guarantee.

9. Legal analysis

Each approved scheme within the GPF Programme has included a state aid compliance check, land ownership checks; and contractual arrangements checked within the due-diligence process. These will then have been reviewed by the LEP's GPF Group and again falls within the contractual framework of the loan security guarantee.

10. Delivery

The list of schemes put forward for inclusion in this exercise are those where there is reasonable certainty of appropriate expenditure being incurred. Further schemes are included in the GPF programme but with a reduced probability of expenditure in 2017/18, these have been excluded from this initiative.

11. Timetable

The timetables for the schemes in question are as follows:

- Garden Inn Hotel, Stoke City Centre. Construction period November 2017 – April 2019.
- Dunston Business Village Extension Phase 2, Penkridge, Stafford. Awaiting Building Regulations approval for the redesigned office space. Starting development Spring 2018.
- Oak House Residential Care Home, Fenton. Construction completed and final payment made in Q2 2017/18.
- Omicron Service Centre, Redhill. Construction completed end 2017.
- Etruria Valley Enterprise Area. First draw down of GPF Q4 2017/18. Final draw down Q4 2020/21.
- Bericote. First draw down of GPF Q4 2017/18 £2,450,000. Final draw down Q4 2018/19.

All the schemes are currently underway, hence providing the surety of financial delivery required for this active financial management initiative.

12. Author

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13. Decision details

For official use only – details of date considered by City Deal and Growth Deal Programme Board and any additional information for decision record.

APPENDICES

LEP BOARD / EXECUTIVE PAPERS

1. Garden Inn Hotel, GENR8
2. Dunston Business Village, Phase 2
3. Oak House Residential Care Home
4. Omicron Service Centre
5. Etruria Valley Enterprise Area
6. Bericote Underwriting

Stoke-on-Trent and Staffordshire Local Enterprise Partnership
Executive Group
13th October 2016

Confidential – Smithfield Hotel – Amended Proposal

1.0 Introduction

- 1.1 The purpose of this report is to update the Executive Group on progress in the development and funding of a new hotel at “Smithfield” in the City Centre of Stoke-on-Trent. It sets out the background and seeks the Executive Groups view on the improved proposal.

2.0 Recommendations

- 2.1 It is recommended that;
- i. The Executive Group considers the report and appendices.
 - ii. Subject to the clarification of state aid, the financial profile, and an agreed overage share arrangement as detailed in section 4.0, the offer of a loan of £4m be amended to a grant for a maximum of £2.95m.
 - iii. The City Council in conjunction with the developer is asked to provide the clarification requested at the earliest opportunity.

3.0 Background

- 3.1 In May 2014 Genr8, the developer of the Smithfield area within Stoke on Trent City Centre applied to the SSLEP for a £4m loan from Round 5 of the Growing Places Fund to support the construction of a 120 bed Hampton by Hilton Hotel.¹ This application was considered at your meeting on the 11th September 2016 and approved subject to a set of conditions as follows;
- i. An independent due diligence review of the proposal to validate the application and its assumptions*
 - ii. The resolution of the security requirements set out in 3.1 and 3.2*
 - iii. The repayment and investment risks being managed in accordance with the principals set out in 3.3 to 3.6*
 - iv. Milestones specified in the final approval*
 - v. Any shortfall in this scheme not adversely affecting the funding available for projects elsewhere in the LEP area.*
- 3.2 To answer (i) SCC on behalf of the LEP secured advice from Grant Thornton on the assumptions made by the developer in forecasting the performance of the hotel. Following consideration of this report Staffordshire County Council as the Accountable Body and the SSLEP wrote to the applicant – Genr8, and Stoke-on-Trent City Council setting out the terms on which a loan for the scheme could be approved. The letter is included as appendix 1. As will be noted the major concern related to State Aid and loan requirements. A maximum loan of 40% of the end value of the project was specified.

¹Executive Group Meeting 12th June 2014

- 3.3 In February of this year the City Council advised the Executive that following further discussions with Genr8 the applicant had identified that a sum of less than £4m would be required but that ideally this should be in the form of a grant.² Subsequently the City Council provided the SSLEP and Staffordshire County Council with an opinion from counsel³ that a state subsidy of £2m, £1.5m from SSLEP would comply with State Aid requirements.
- 3.4 The City Council has subsequently engaged in negotiations with Hilton which has resulted in an improved proposal for a full service Garden Inn Hilton Hotel.

4.0 Garden Inn Proposal

- 4.1 The City Council has prepared an updated proposal for the scheme which is included as appendix 2. The increase in the quality of the hotel on offer has resulted in an increase in the development costs to £17m. However this will result in the construction of a much improved facility which will provide a full service to its customers and act as a demonstration of the ambition for the development of the City Centre and support the cultural offer. In recent discussions with local businesses the quality and supply of the hotel offer in the area remains a concern.
- 4.2 The City Council is seeking a £2.96m grant from the Growing Places Fund for the scheme in conjunction with a £4.55m loan from it at commercial rates. The value at completion is £2.69m less than the development costs.
- 4.3 The SEP has the creation of a Core City as one of its objectives and discussions with the business community repeatedly raise the need for growth in the number of hotel bed spaces. The Executive group has previously agreed that the proposal to develop a hotel at Smithfield has a strong fit with the LEP's aspirations. The caveats that have been applied revolved around financial and state aid issues.
- 4.4 The paper provided by the City Council as appendix 2 has been compiled by it taking into account the development costs and valuation assumptions.
- 4.5 In considering the revised proposal the Group needs to consider the following points.

Strategic Principle

- 4.6 As set out in 4.3 and in appendix 2 there is a considerable body of evidence of the need for and catalytic impact of investment in a new hotel.

State Aid

- 4.7 SCC and SSLEP have been concerned to ensure that any grant or loan is compliant with the requirements of State Aid. Opinion provided by the City Council previously suggests that the investment will be compliant but two areas need to be confirmed;
- That Genr8 satisfy the requirements to ensure that it can be regarded as an SME for the purposes of State Aid and,
 - That the previous counsel advice is for a grant of £1.5m. It would be prudent to have counsel's opinion updated to reflect the new scenario.

Finance

² Executive Group 11th February 2016

³ Anthony Verduyn 4th March 2016 Reference 599955

- 4.8 The Growing Places Fund operates as a revolving loan fund and it will be necessary to phase expenditure in accordance with the availability of reserves. The City Council has indicated that it is willing to re-phase the grant contribution to the Etruria Valley scheme to ensure that the expenditure matches the available funds.

Returns

- 4.9 The rationale for LEP investment is that it will be catalytic in delivering our shared ambition for Stoke-on-Trent City centre. As evidenced by the previous work the prediction is that the value at stabilization will be lower than the sums invested. However, it would be prudent to agree with the developer a mechanism for the return to the GPF of an appropriate proportion of any additional profit should the value at stabilization exceed the investment in the project.

2. DUNSTON BUSINESS VILLAGE PHASE 2

Item 9

STOKE-ON-TRENT AND STAFFORDSHIRE

LOCAL ENTERPRISE PARTNERSHIP

EXECUTIVE GROUP MEETING

15th October 2015 - CONFIDENTIAL

Report of the Chair of the Strategic Funding & Finance Group and Financial Officers

Growing Places Fund Round 7 – Review of Applications

Received

1. Introduction

- 1.1 The principal of the fund is that it is used to unlock development that would otherwise not occur. Applicants are required to provide security of the investment and repay it within a defined period. Applicants are charged interest where necessary for state aid purposes and due diligence and legal costs are borne by the revenue funding allocated to the LEP. The Growing Places Fund (GPF) programme is operated as a series of rounds within a defined set of criteria which are set out on the LEP's website and in the application material.
- 1.2 Overall, 31 applications have been made, 17 have been approved but 12 were withdrawn by the applicants for their own business related reasons. Therefore there are 5 active projects (currently proposing to loan a total of £8.235m from the GPF). Round 7 elicited 3 applications, these are as follows:
 - (1) Dunston Business Village extension – 'The Island';
 - (2) Lichfield South Office Campus. Access & on site infrastructure and plateau remediation/creation works;
 - (3) London House student accommodation
- 1.3 All three schemes have been reviewed by the Growing Places Fund Group and all should have passed the due diligence appraisal by the meeting of the LEP Executive Group.

2. Recommendations

The Executive Group is recommended to consider these applications and whether it wishes to approve the investment of the requisite sums of Growing Places Fund money into the schemes.

Final approval is subject to satisfactory completion of the final elements of the due diligence appraisal and the separate legal agreements supported by the loan security arrangements.

3. Background

3.1 The details of the three schemes are as follows:

(1) Dunston Business Village extension – ‘The Island’

Applicant scheme description: The continued development and expansion of Dunston Business Village, through the creation of 16 additional log cabin offices. 12 will be on a raised platform [The Island] which will not only give car parking and storage underneath but will also allow the cabins to have unrivalled views over the adjacent countryside.

Scheme outputs: 19,200 m² of high quality office floor space

Scheme outcomes: anticipated 160 jobs

Requested investment: £730,000 (50% of total scheme)

Note. The first phase of the GPF supported scheme has been completed and over 200 people are now based in those log cabin offices.

(2) Lichfield South Office Campus. Access & on site infrastructure and plateau remediation/creation works

Applicant scheme description: Infrastructure works including A5127, A5 and site access roadworks. Plateau re-profiling, remediation works across the subject site and delivery of utilities all scheduled for completion May 2016. Ultimately the catalyst for development of 12,500m² of Grade A Headquarter Office Buildings, providing a critical mass for retention of key employers in Lichfield, attracting significant inward investors.

Scheme outputs: 4 hectares of development plateau with supporting infrastructure

Scheme outcomes: 1,350 jobs

Requested investment: £922,500 (50% of total scheme)

(3) London House student accommodation

Applicant scheme description: The project will comprise the development of a children’s play-centre located in the centre of Stoke-on-Trent. This will involve the demolition of the existing building and the construction of a new purpose built student block. The property will hold a total of 122 self-contained student studios. The expected date of completion is September 2017.

Scheme outputs: 122 self-contained student studios

Scheme outcomes: 4 jobs, significant student expenditure in local facilities

Requested investment: £1,062,500 (25% of total scheme)

Note. This is the second phase of student accommodation to be provided within the development. It is catering for the more affluent students who require higher-end accommodation; for example, international students.

4. **Update on Financial Programming**

- 4.1 The following table shows the current balance of the Growing Places Fund Capital.

Table 1 – Growing Places Fund Capital Programme		
Activity	Total received*	Total Allocated
GPF available to projects	£10,720,652	
Round 1 (1 project)		£2,400,000
Round 2 (2 projects)		£1,585,000
Round 3 (1 project)		£750,000
Round 4 (0 projects)		£0
Round 5 (1 project pending approval)		£4,000,000
Round 6 (0 projects)		£0
Total		£8,735,000.00

* includes interest on Capital sum

- 4.2 Due to the revolving nature of the Growing Places Fund, investment then repayment sometimes with interest, identifying an under/over allocation is no longer appropriate. A more robust system is to report the forecast minimum level of funds available. Currently, this minimum point is Q2 2017/18 when £1,876,000 is available. This represents the maximum available for Round 8, the bidding window for which will close on 23rd October.

5. **Update on Approved schemes**

- 5.1 The following table shows the current position with the approved schemes.

Table 2 – Approved scheme progression	
Scheme (Capital)	
Etruria Valley, Etruria.	On-going liaison with the Applicant (Stoke City Council) regarding the legal contract.
Dunston Business Village. Phase 1, Penkridge	Scheme complete and operational
Leekbrook Industrial Estate Extension, Leek	Applicant advises that scheme start on site is imminent
HellermannTyton Design & Logistics facility, Cannock	Scheme 3 months into construction.
Hampton By Hilton Hotel, Smithfield, Hanley	Outstanding legal issues for applicant to resolve.

Scheme (Revenue)	
Stoke District Heating Network	On-going liaison with the Applicant (Stoke City Council) regarding the legal contract.

3. OAK HOUSE RESIDENTIAL CARE

Item 12

Stoke-on-Trent and Staffordshire Local Enterprise Partnership

Executive Group

Thursday 21st July 2016

Sub Group and Policy Group Updates

**1. Growing Places
Page 2**

**2. Inward Investment
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**3. Business Growth and Innovation
Page 7**

Report of the Chair of the Strategic Funding & Finance Group

Growing Places Fund Round 9 – Review of Applications

(Confidential)

1. Introduction

- 1.1 The principal of the fund is that it is used to unlock development which requires short term loan financial support to be made financially viable.
- 1.2 Round 9 elicited 9 eligible and a series of non-eligible enquiries. As usual, site meetings were held with all the prospective applicants from the eligible schemes. All applicants underlined the need for the availability of funding of this nature but also the caveat that the vagaries and volatility of the commercial sector was causing forward planning problems. For whatever reason, applications were only received for the following three schemes:
 - (1) Caverswall Castle, Caverswall, Staffs Moorlands
 - (2) Omicron Training Centre, Stafford
 - (3) Oak House Residential Care Home, Stoke
- 1.3 All three schemes have been reviewed by the Growing Places Fund (GPF) Group and passed both the Stage 1 application process and the interview stage. The Oak House Residential Care Home has passed the Stage 2 appraisal.
- 1.4 Diary pressures have caused a setting aside of the normal timetable with the GPF group working to the applicant's preferred timescale within reasonable constraints.

2. Recommendations

- 2.1 The Executive Group is recommended to consider the application from Shelton Care Ltd for the Oak House Residential Care Home project and whether it wishes to approve the investment of the requisite sum of GPF funds into the scheme. This approval is subject to satisfactory completion of the final elements of the due diligence appraisal and the separate legal agreements supported by the loan security arrangements.
- 2.2 The matter in Section 4.1 be accepted.

3. Background and scheme details

- 3.1 The details of the three schemes are as follows:
- 3.2 Caverswall Castle. Boutique & spa hotel

Applicant scheme description: Car parking and ancillary works to support the conversion of this 13th century moated castle into a boutique hotel and

health & wellbeing spa. Also further facility acquisition and conversion to support further leisure use and associated accommodation.

Scheme outputs: A spa treatment centre with associated infrastructure, 18 guest bedrooms in the castle of 4 or 5 star standard and a discretely located luxury log cabin/glamping facility.

Scheme outcomes: anticipated 30 jobs

Requested investment: £490,000 (50% of total scheme)

Note. As explained in the previous report, the scheme had been submitted for Round 8 then withdrawn by the applicant as the project development was insufficiently advanced. This project would create facilities unique to Staffordshire but the applicant has been permitted extra time prior to submitting a Stage 2 application due to the requirement to focus on the resolution of planning difficulties which could undermine the scheme.

3.2 Omicron Ltd, Stafford. A new training centre

Applicant scheme description: Creation of a national centre for training on the testing of high energy electrical generation and transmission equipment.

Scheme outputs: 750m² of training facility and office accommodation

Scheme outcomes: 5 direct jobs and 200 Electrical Engineers trained per annum

Requested investment: £800,000 (50% of total scheme)

Note. This application has undergone significant analysis due to the low job creation and the fact that half of the development would be for non-training related uses. Countering this aspect is considerable usage of local facilities (hotel accommodation, taxis, etc) used by the trainees during their week-long training. The company trains a notable proportion of Engineers from local major employers, e.g. GE, GTDS & Siemens so is of significant local importance. Balancing these aspects, the GPF group proposed a lower offer - £400,000 (25% of the scheme total). Omicron has responded positively despite the reduced offer and is close to submitting a stage 2 application.

3.3 Shelton Care Ltd. Oak House Residential Care Home

Applicant scheme description: Redevelopment of a former public house to provide an eight bed CQC registered residential care home for people with learning disabilities.

Scheme outputs: 5 single occupancy flats & 1 three bed shared flat

Scheme outcomes: anticipated 40 jobs

Requested investment: £220,000 (32% of total scheme)

Note. The scheme has passed the Stage 1, Interview & Stage 2 processes with ease. The due diligence work is due to start on Friday 15th July but no difficulties are expected. The job creation will cover a range of personnel from a Registered Manager to more than 30 support workers.

4. Additional GPF matters

4.1 Leekbrook Industrial estate extension scheme, Staffs Moorlands

In November 2012, Newby Developments Ltd applied for GPF support for the extension of the Basford Lane Industrial estate, Leekbrook, Leek and £1m was allocated. Due to a lack of progression, in December 2014 the GPF group set a deadline requiring a substantive start on site by 31st May 2015 or incur a 50% de-allocation. A site inspection in early June revealed no progress on site so the partial de-allocation was instigated.

Again, due to a lack of progression, the developer was invited to make a presentation to the GPF group in November 2015 to explain the issues. The applicant explained that the issue has been the inability to secure planning permission. Information was received subsequently that the scheme was due to go to Planning Committee in January 2016. With this date in mind, as well as the desire to ensure the Growing Places Fund money wasn't locked up for an excessive period, a final guillotine for complete de-allocation was set requiring a substantive start on site by 30th June 2016.

A site visit was held on 4th July 2016 which confirmed no work had taken place. Whilst complete de-allocation should be enacted in accordance with the previous Board approval, it is requested that a short stay of execution is permitted. If the funds were released through the de-allocation process, it would be of no benefit to the operation of the Fund. The next time the magnitude of fund availability is needed will be the start of the next bidding window. As this is 1st August, the LEP Executive is requested to defer the process of 'de-allocation unless a substantive start is made on the construction of the scheme' until 23:59 on 31st July 2016.

Contact details:

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**Notes of the LEP Executive Group Meeting
Broad Eye Building, Earl Street, Stafford, ST16 2QR**

21st

July

2016

Minutes

Present

Group Members

David Frost (Chairman)
John Henderson
Kerry Diamond
Jonathan Dale
David Sidaway
Cllr Abi Brown
Ken Stepney
Ian Parry

Chief Executive, Staffordshire County Council
Continental Engineering
Denoviant
City Director, Stoke-on-Trent City Council
Deputy Leader, Stoke-on-Trent City Council
JCB
Deputy Leader Staffordshire County Council

Advisory/Secretariat

Peter Davenport
Julie Frost
Chris Gill
Alison Thomas

Stoke-on-Trent & Staffordshire LEP
Office Manager, Stoke-on-Trent & Staffordshire LEP
(Consultant) Programme Director
Communications Manager, Stoke-on-Trent & Staffordshire LEP

In Attendance

Simon Hooton
Cllr Sybil Ralphs MBE
Dai Lerner
Richard Lawrence

Regeneris
Leader, Staffordshire Moorlands District Council
High Peak Borough Council/Staffordshire Moorlands District Council
Stafford Borough Council

Apologies

Cllr Philip Atkins
Cllr Patrick Farrington
Richard Cotterell
Prof Trevor McMillan
Kevin Oakes
Cllr Danny Cook
Andrea Whitworth

Leader, Staffordshire County Council
Stafford Borough Council
Perkins Engines
Keele University
Steelite
Tamworth Council
BIS West Midlands

1. Introductions

The Chairman welcomed attendees to the meeting and introductions round the table were made.

2. Apologies

These were noted.

3. Notes of the previous meeting and any matters arising

Action Point on Item 9 remained outstanding. Nigel Senior would be updating the list of grants available and circulating for information.
The notes were agreed as a record of the meeting.

4. KPI

The table was circulated for information.

5. **Declarations of Interest**

A record of declarations was available at the meeting.

6. **Chairs Delegated Decisions and Actions**

The Chairman fed back on the recent Growth Deal 3 Challenge Session at the Department for Transport where the LEP had been given a clear guidance to look at leverage.

The Chairman also reported back on the Midlands Connect Supervisory Board meeting he had attended that day. The message that came from the meeting had been to pay attention to existing connectivity issues.

7. **Implication of the Referendum Result - Confidential**

A decision had been made to continue with the pipeline projects but there was uncertainty on projects that had not already been signed off. Several projects were at risk, primarily Keele University's and the LEP had offered support. A call with DCLG had been scheduled for September but there was uncertainty on whether this would now take place. Feedback from businesses was concerns over losing non-UK nationals currently in their employ. Both Keele University and Conti Engineering had experienced application withdrawals from senior, highly skilled, managers they had offered positions to who no longer wanted to relocate to the UK.

Action: Jonathan Dale to circulate a table outlining funding allocation

8. **City & Growth Deal Programme Board Report**

The Executive Group noted the report and agreed;

- That following a review of the business case by the CDPB £2.66m be invested in the of the Friarsgate Lichfield development.
- That the Programme management team and the Accountable Body develop proposals to mitigate any underspends in 2016/17 in conjunction with the Chair of the CD&GD Programme Board.

8. **Growth Deal 3 Submission**

Regeneris had prepared a draft of the submission which had been circulated in advance of the meeting.

A presentation was given which set out the progress to date and the constituent elements of the packages in priority order. The Group supported the approach that had been adopted and the review work that had been undertaken in the preparation of the bid. A package of core projects forming the basis of the "ask" of Government with a further pipeline of projects for development.

It was noted that the GVA calculations would be heavily scrutinised.

In discussion Chairman identified the need to more clearly explain how the ceramic proposals fitted together and contributed to the "world capital of ceramics" mantra"

The group agreed the Core and Pipeline ask.

Action:

- The Secretariat to finalise the Growth Deal bid and submit to CLoG.
- David Sidaway undertook to provide clarification to the Chairman on the relationship between the ceramics proposals

9. Draft Financial Accounts 2015/16

To demonstrate transparency an annual set of accounts had been prepared by the Accountable bodies for publication. It was agreed that they should be published on the website.

Action – Secretariat to publish the accounts.

Confidential - In discussion it was noted that Stoke-on-Trent City Council representatives would be meeting with Hilton representatives at the site of the proposed new hotel at Smithfield in the following week. It was hoped work would be started on the 122 bed hotel in mid-September.

10. Agri-Tech Update

SSLEP was working with Cheshire & Warrington, the Marches, and Worcestershire LEPs on Agri Tech. Collectively Consultants, BE Group and Mickledore, had been commissioned by four LEPs to:

- Provide analysis and understanding on the scope of the agri-tech sector and its assets (by LEP area and cross-LEP)
- Identify commonalities, synergies and differences – where they pose opportunities / barriers to growth
- Identify options and next steps to deliver value-added growth

The final draft of the report was in preparation and the work had illustrated the benefits of a collaborative approach which had been widely supported. LEP Board Member, James Leavesley was actively involved.

It was suggested that representatives from Leek's Cattle Market and dairy farmers in the Staffordshire Moorlands be involved in discussions.

The update was noted

Action: Secretariat to check on the list of companies involved

11. Policy and Task Group Updates

Confidential – the group agreed the investment of £220,000 from the Growing Places Fund in the development of Oak House Residential Care Home subject to the satisfactory completion of the due diligence appraisal and the separate legal agreements supported by the loan security arrangements.

The group agreed that unless a start was made on site of the Leekbrook Industrial Estate project the process of de-allocation should commence after the 1st August.

A report giving an update on the Growth Hub, Inward Investment, Skills and BGI was circulated for information and noted.

A verbal update was given on the latest position on the "Post 16 Further Education Review". A summary paper was likely to be issued in the following week and discussions were in progress between a number of institutions regarding their future relationships including a merger between Newcastle-under-Lyme and Stafford Colleges. The proposals for a LEP led Forum had been agreed by the FE Commissioner.

Recent Skills activity included the "Apprenticeship Graduation", and the "Skills Ladder".

12. Any Other Business

- The SSLEP had been asked to provide a letter of support for Cheshire East Council's application for funding through the DfT Large Majors Scheme Funding for the dualling the A500 west of the M6. This was agreed.
- John Henderson outlined work that was in progress on the "One Public Estate" initiative. This would involve making more effective use of public sector assets across government. A bid had been submitted to support a programme of development. LEP support would be useful in taking this forward.
- Kerry Diamond asked members to make businesses aware of the opportunities available in the cross LEP HS2 Supply Chain programme.
- Jonathan Dale mentioned that the newly-introduced 'smart' motorways had presented a serious safety issue for road recovery personnel. This had been raised with the Transport Select Committee.

Date of Next Meeting:

Thursday 15th September, Broad Eye Building, Earl Street, Stafford, ST16

4. OMICRON SERVICE CENTRE



EXECUTIVE GROUP

Notes of the LEP Executive Group Meeting Boardroom, Staffordshire University Wednesday 14th June

Present

Group Members

David Frost (Chairman)	
John Henderson	Chief Executive, Staffordshire County Council
Jonathan Dale	Denoviant
Kevin Oakes	Crown Derby
Sarah Montgomery	National Memorial Arboretum
David Sidaway	City Director, Stoke-on-Trent City Council
Cllr Abi Brown	Deputy Leader, Stoke-on-Trent City Council
Cllr Mark Winnington (representing Cllr Atkins)	Staffordshire County Council

Advisory/Secretariat

Peter Davenport	Stoke-on-Trent & Staffordshire LEP
Julie Frost	Stoke-on-Trent & Staffordshire LEP
Alison Thomas	Stoke-on-Trent & Staffordshire LEP

In Attendance

Prof Martin Jones (representing Prof Barnes)	Staffordshire University
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Apologies

Richard Cotterell	Perkins Engines
Cllr Philip Atkins	Leader, Staffordshire County Council
Prof Liz Barnes	Staffordshire University
Cllr Patrick Farrington	Stafford Borough Council
Ken Stepney	JCB
Cllr Brian Edwards	South Staffordshire Council
Andrea Whitworth	Cities and Local Growth Unit

1. Introductions

The Chairman welcomed everyone to the meeting and introduced Prof Martin Jones.

2. Apologies

These were noted.

3. Declarations of Interest

It was noted that Cllr Winnington and the Chairman had attended MIPIM.

4. Notes of the previous meeting and any matters arising

The minutes were agreed to be a true record of the meeting.

It was noted that the Enterprise Zone Implementation Plan had been signed and submitted to DCLG.

Actions:

- Peter Davenport to send Sarah Montgomery a copy of the revised SEP
- Peter Davenport to circulate a list of the top 100 companies

5. Chairman's Delegated Decisions and Actions

The Chairman gave an update on the recruitment and appointment of business Board members. A substantial response had been received and interviews had been scheduled. An update would be provided at the next Executive Group meeting.

6. KPIs

The report was circulated for information.

In discussion, a request was made to note gaps in vacancies to identify skills shortages. The Chairman stated that evidence suggested the economy was softening and it would be important to continue to closely monitor the situation.

Action: Peter Davenport to bring Trend Data on vacancies to be tabled at the next Executive Group meeting

7. Discussion – Impact of the General Election – Confidential

In general, it felt like 'business as usual' following informal discussions with BEIS, with key ministers continuing to be very supportive. There was uncertainty on whether the focus would switch away from the manifesto due to the forthcoming withdrawal from the European Union. The Chairman encouraged members to look at the voting statistics released by YouGov.

The recent terrorist attacks in the UK had impacted on the leisure industry and concerns were raised over potential ripple effects.

8. Ceramics Sector Deal

A verbal update was provided and the offers and asks also would need to be agreed by those involved. It would be important to ensure that the proposals stood up to scrutiny and included 'place based' evidence. Regeneris had been contracted to complete the document and a version would be circulated once it was finalised. It was noted that the BCC were hosting a parliamentary reception on the 11th July.

9. Inward Investment Review & MIPIM 2017-18 – Confidential

The circulated Inward Investment report was considered and concerns expressed by Stoke-on-Trent City Council and Staffordshire County Council about the work proposal. It would be imperative the level of detail provided to the Executive was sufficient to enable decisions to be made. City representatives noted they had made no decisions on expenditure.

Actions:

- ***Inward Investment to be a substantive agenda item at the next Executive Group Meeting***
- ***Updated report containing more detail to be brought to the next meeting***
- ***Chairman to liaise with Kevin Oakes***

A report on MIPIM was noted considered and discussed. The Group agreed there was good value in attending MIPIM Cannes, as the high profile stand attracted high quality visitors, but would only support MIPIM UK by attending as delegates. The City representatives commented MIPIM UK was of particular benefit to them in respect of Ceramics Valley and they were planning to attend in that capacity.

10 City & Growth Deal Programme Report – Confidential

- ***The report was noted, particularly the following points:***
- ***It was agreed that a proportional change should be levied on GD3 project to cover programme management and legal costs***
- ***LSTP allocations were being finalised***
- ***As a consequence of an over-allocation by Government in 2017/18, we will need to work hard to avoid an underspend this year***

- *The concern about progress on the London Mill, Rugeley Phase 2 and Friarsgate schemes were being voiced urgently with the promoters*
- *The teams had been asked to advise on how the completed sites were being marketed*
- *A wider range of skills outputs are to be determined when considering more schemes*

11. Growing Places Fund – Approval of Application – Confidential

Cllr Winnington declared a conflict of interest and did not participate in this item.

The Executive Group approved the application for the investment for the investment of £400,000 of Growing Places Fund as a loan to Omicron Electronics UK Ltd to develop the Omicron Training Centre project it wishes to approve the investment of the requisite sum of GPF funds into the scheme. This is subject to satisfactory completion of the final elements of the legal agreement supported by the loan security arrangement.

12. Revenue Budget 17-18

The report was noted and:

- i) The updated revenue budget plan as set out in section 2 and subsequent budget table was agreed
- ii) The funding proposals set out in section 3; Bank Search Research Studio and MIPIM France were agreed
- iii) The appointment of a new Programme Management Consultant was noted

13. Midlands Engine Update

It was reported that Keele University had been announced today as members of 'Midlands Innovation'. The Executive Group saw this as a positive move. It was felt that LEP involvement in the government structure should be stronger with more involvement from both the City and the County. The government would be investing £4 million into the project but match funding would be expected.

Both the LEP Chairman and Partnership Manager would be attending the Midlands Engine Supervisory Board Meeting on the 30th June and would provide feedback to the Executive at next month's meeting.

14. Policy & Task Group Updates

Skills Update:

The revised proposals for the Skills structure were agreed. This would involve the Employment, Skills and Education Board being supported by a Forum and Data sub group.

ESIF

The update was noted. Concern was expressed about delays in payment from the programme which was causing severe problems and closures.

Action: Chairman and Jonathan Dale to liaise on progress of discussions with DCLG outside of this meeting (met 29th June)

15. Any other Business

The County and City representatives agreed to meet to discuss the Constellation Partnership.

It was noted that the allocation of the Apprenticeship Levy was causing serious concerns to businesses. Clarity was required on the situation but its effects were known to be having a detrimental impact. It was agreed that Skills Staffordshire and Staffordshire University would produce and action a survey to establish a clearer picture from employers on the effect the levy was having.

Action: Jonathan Dale and Prof Martin Jones to liaise re production of survey

Date of Next Meeting:

Thursday 20th July, Judges Drawing Room, Stafford. Refreshments will be available from 5.30pm

5. ETRURIA VALLEY ENTERPRISE AREA

*** **CONFIDENTIAL** ***

Stoke-on-Trent and Staffordshire Local Enterprise Partnership

16 DECEMBER 2013

Powerhouse Central - A Wave 2 City Deal for Stoke-on-Trent and Staffordshire

- d) That to facilitate the development of the Etruria Valley employment site, the existing Growing Places Fund allocation for Phase One of the development be recycled as grant to support Phase Two delivery.

5.3 A specific request is that the existing Growing Places Fund allocated to Phase One of the Etruria Valley employment site be recycled into Phase Two (a City Deal Priority). However, it is recommended that this funding (estimated to be £2.4m) be offered as grant to be spent in full by the end of FY15-16. Although this will preclude it from being recycled in future, it will ensure the successful delivery of the site.

6. BERICOTE PHASE 2 UNDERWRITING

Item 14

STOKE-ON-TRENT AND STAFFORDSHIRE

LOCAL ENTERPRISE PARTNERSHIP

EXECUTIVE GROUP MEETING

THURSDAY 11 FEBRUARY 2016

Bericote Site Investment Package

CONFIDENTIAL

1. Introduction

- 1.1 To advise the group of an opportunity to market the Bericote Site to companies in the Automotive Supply Chain.

2. Recommendations

- 2.1 The Executive Group is recommended to increase the allocation to the Bericote project to £4.91m subject to confirmation of the sites availability for early occupation and market interest. The additional funding to be invested in the necessary public infrastructure. The increased allocation will be covered by the appropriate contracts

3. Background

- 3.1 As Executive Group members will be aware the Strategic Economic Plan (SEP) identified the Bericote Site in South Staffordshire as an opportunity to unlock a site within the corridor favoured by Automotive Supply Chain companies. The project was agreed in the first Growth Deal with Government. The LEP has already agreed that £1.91 m should be invested in the highway network.

In discussions with occupiers and the developer it has become clear that by advancing the improvement of the junction on the A449 and investing in an energy supply from the Four Ashes site it would be possible to resolve all of the outstanding infrastructure constraints and unlock the site. This will require an increase in the funding allocation to the project from £1.91 to £4.91m. Four Ashes was identified as an energy opportunity in the City Deal and this investment will help ensure that the energy available is used to reduce emissions locally.

It is proposed to achieve this by over-programming the LGF by £3m in excess of the funding allocated. To ensure that the LEP has an adequate reserve to cover this it is proposed to retain £3m in the Growing Places Fund as a reserve.

Suitable agreements will need to be put in place with the developer of the site and Staffordshire County Council which is delivering the infrastructure. These will be linked to the sectoral focus of the SEP on the automotive supply chain.

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