**LEP Strategy Programme Board**

**MINUTES (DRAFT)**

Meeting Held: Wednesday 11th October 2022

Teams

**Present:**

Rupert Collis (Vice Chair) Stephen Gleave Steve Park

Carol Young Philip Cox Ian Brooks

Melissa Crellin Gemma Davies Peter Skates

**Apologies:**

John Downes Eunice Simmons Charlie Seward

Robert Davis Nicola Dunbar Connor Diskin

Jayne Traverse

**Agenda Item 1: Welcome, Introductions & Apologies**

The Vice Chair welcomed members to the meeting. Apologies were received from John Downes, Nicola Dunbar, Charlie Seward, Jayne Traverse, Robert Davis, Eunice Simmons, and Connor Diskin.

**Agenda Item 2: Declarations of Interest**

Rupert Collis declared an interest in Cheshire Green Industrial Park, related to the discussion but not on the agenda today, as they are a client of Fisher German where he is a Partner. There were no other declarations of interest.

**Agenda Item 3: Growing Places Fund Review**

Ian Brooks ran through the paper which summarised that we are currently in a position where all Growing Places Fund funds have been repaid and there is an opportunity to take stock prior to allocating further funds. GPF has up to date been deployed as a property loan fund with broadly commercial rates, with lending at the lowest rate to avoid state subsidy. GPF has previously supported loans and grants and has wide flexibility in terms of its application and repayments. Equity is possible but risky.

There is currently £9.7m in the bank account, though £5m has been committed by the LEP Board to underwrite the contribution to a second life sciences fund (LSF2) in the event of timing differences between returns from LSF1 and investments into LSF2, or a shortfall in returns. The returns are expected from 2025 in 2-3 years’ time. This leaves a total of £4.7m available currently.

The Board enquired as to whether there was a GPF strategy defining the eligible geography and priority areas for investment. It was clarified that the LEP has approached the fund opportunistically in the past, as it is a relatively small fund compared to the £200m Evergreen Fund.

The Board asked for an evaluation of the performance of the fund. The Board considered questions including how and whether there should be publicised calls for projects, how to align the fund to strategic priorities such as sustainability and inclusivity through for example social value criteria, and to key sectors. Also, the merits of using it as a soft loan to get over the first funding gap for projects. Views were expressed about the merits of a revolving loan facility rather than grant.

In summary, IB was asked to prepare more of a strategy including how the fund should be allocated between loan, equity and grant, due diligence on debt, lessons learned from GPF to date and how it has been deployed, with consideration of viability gaps in projects.

When this has been developed, it was suggested to raise awareness with the sectors that the fund can support.

**ACTION: IB to prepare strategy**

**Agenda Item 4: Public Speaking Time / Open Session**

There were no members of the public at the meeting.

**Part B – non-public items**

**Agenda Item 5: Growing Places Fund – Application from Recresco**

Ian Brooks talked through the paper: The LEP has been approached by Recresco for a loan of £1.5M towards a £2.7M (55%) refurbishment of their site at Manisty Wharf in Ellesmere Port. The EoI in Appendix 1 on the paper sets out details of the project. In short it involves removing old, leaking, asbestos containing cladding from their glass recycling unit and replacing it with insulated panels which include solar units for electricity generation. The project is recommended for approval and to progress to further discussion. If agreed by the Board, the next steps would be to develop the proposal in more detail with the objective of establishing Heads of Terms before progressing to legal agreements. An independent appraisal of security would also be commissioned.

The Board agreed the proposal seems to hit the right priorities and the business appears profitable. A number of suggestions were made for the due diligence stage to understand more about:

* the value of the building before and after, as to whether there will be a charge put on the building or if the loan will be paid back from cash flow
* whether the profit stems from this facility or other facilities nationally
* the wider impacts, how it will fit with the decarbonisation agenda, what supply chain links it has and what social value considerations there could be
* why there is a gap in the loan from HSBC
* their credentials about the claims they make about ‘leaders in avoiding landfill’ etc

The Board approved the project in principle.

**ACTION: IB to action the next steps for the project and bring it back to the Board when ready.**

**Agenda Item 6: AOB**

There was no AOB.

**Agenda Item 7: Date and Time of Next Meeting**

Meeting schedule to be confirmed.