



Business Board: Minutes

(Draft minutes published on 29th June 2022)

Date: 24th June 2022

Time: 1:00pm – 1:40pm

Present: Andy Neely (Acting Chair), Vic Annells, Tina Barsby, Belinda Clarke, Councillor Lewis Herbert, Mike Herd, Al Kingsley, Jason Mellad and Andy Williams

84. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Mayor Dr Nik Johnson, Aamir Khalid, Nitin Patel and Rebecca Stephens.

There were no declarations of interest.

The Acting Chair paid tribute to the work carried out for the Business Board by the former Chair, Austen Adams.

85. Recycled Local Growth Fund Project Funding Awards

The Business Board received a report which proposed a recommendation to award recycled Local Growth Fund (LGF) to four projects, including Net Zero Training Centre, Student Space, Mega Factory and Produce Hub. The applications that had been received from Category 2 projects had been evaluated by Combined Authority officers, an Entrepreneur Assessment Panel (EAP) and an external evaluator, with the subsequent scores and recommended allocations set out in section 2.11 of the report. The report contained two appendices which were exempt from publication and the Business Board was informed that if it wished to discuss the appendices, then it would need to consider moving into confidential session.

While discussing the report, the Business Board:

- Observed that scores from the external evaluator were different in the report and Appendix 1, and that the difference in scores affected the order in which some of the projects were ranked. Noting that the data contained within Appendix 1 came from an initial submission from the external evaluator that was subsequently updated, the Project Proposals Officer confirmed that the data included in the cover report was the final scoring. She clarified that the external evaluators had been provided with additional information on some of the projects in relation to their match funding expectations, and she confirmed that it was standard procedure to provide such information after an assessment had already commenced.

- Queried how the external evaluator had been selected. It was confirmed that a direct award had been made to a local company that had previously carried out due diligence for the Combined Authority on projects.
- Noted that some of the projects had been given a higher scoring by the EAP than by officers and the external evaluator, and sought reassurance that there was justification for such increases. Emphasising that the EAP was able to consider additional evidence and reassurances on deliverability that were not available in the written submissions, the Project Proposals Officer confirmed that the higher scores were justified.
- Observed that although the report recommended a reduced award of 50% of the requested amount to the Produce Hub project, the figure of £762,762 that was included in the recommendation did not equate to 50% of the requested amount of £1,158,525. It was noted that the figure was in fact 50% of the full project cost, although it was also observed that such a figure was erroneous and should have read £726,762.
- Clarified that the award of grant funding to the Mega Factory project was subject to match funding and private equity investment being secured, along with additional conditions that were recommended by the external evaluator.
- Observed that the ranking of projects detailed in the bullet points of section 2.11 of the report did not align with the ranking of projects detailed in the accompanying table in the same section of the report.
- Sought clarification on what would happen to the funds if they were allocated to the Mega Factory project, and the project subsequently failed to meet the condition of obtaining additional funding. Members were informed that the Business Board would then be able to decide whether to run a further call for applications or consider awarding funding to alternative projects that had already submitted applications.
- Clarified that two of the projects had a 0% score from the EAP because they had submitted bids below £500k, which was the amount required for consideration by the EAP.
- Expressed concern that the projects that had been recommended to receive a reduced level of grant funding had not been consulted on the viability of their projects if they were to receive reduced funding, although the Project Proposals Officer informed members that the external evaluator had identified alternative sources of funding that could have also been available to the projects.
- Considered whether to defer the item until the next Business Board meeting on 11th July 2022 in order to obtain greater clarity on the ranking and figures in the report, although it was noted that two of the applications were linked to Levelling Up Fund applications, which were required to be submitted by 6th July 2022. Notwithstanding, it was agreed to defer a decision on whether to recommend funding to the Produce Hub to a later date, once greater clarity had been provided, and it was noted that this could be done via the Business Board's Urgency Procedure in order to ensure a decision was made prior to 6th July 2022.

It was resolved unanimously to:

- a) Recommend that the Mayor, in consultation with the Combined Authority Board, approves:
 - (i) Grant funding for the Net Zero Training Centre project;
 - (ii) Grant funding for the Student Space project, subject to the repatriation of LGF funds;
 - (iii) A revised grant funding offer of £200,000 for the Mega Factory project, subject to the repatriation of LGF funds;
- b) Defer recommendation of grant funding for the Produce Hub project;
- c) Subject to match funding being secured and a further external due diligence report being completed, recommend that the Mayor, in consultation with the Combined Authority Board, delegates authority to the Chief Finance Officer, in consultation with the acting Chair of the Business Board and the Monitoring Officer, to award the remaining requested funding for the Mega Factory project; and
- d) Note that projects ranked 5 and below in the table at paragraph 2.11 of the report have been declined based on the funding not being available for all remaining projects.

Chair
11th July 2022