

GFirst Local Enterprise Partnership

Board Paper – 25th April 2017

- 1. Agenda Item 6**
- 2. What is this item for:**

To provide the Board with an update with regards to the Growth Hub project including:

- a. Growth Hub Network update
- b. Growth Hub Business Plan refresh
- c. RAU Due Diligence report

a. Growth Hub Network

Background

At the February Board meeting an update with regards to the Network spend was provided and approval given to continue work on the Business Case for the Growth Hub App and Cheltenham Growth Hub. Progress since the meeting is set out below.

- The Growth Hub Network funding agreement has been signed.
- The Collaboration Agreement between the University and GFirst LEP has been signed.
- Cheltenham Growth Hub – further work has taken place to complete the business case but without sponsorship the current proposal is not viable, a number of other potential partners are in discussion with the LEP and may submit proposals during the next procurement round – procurement timeline details below.
- Gloucestershire Libraries have completed due diligence and the funding agreement is now being developed.
- Tewkesbury Borough Council will now start due diligence in April 2017.
- RAU have completed Due Diligence.

Growth Hub Digital Infrastructure Project

- The new CRM system – Salpo – is now in use by GFirst LEP and Growth Hub staff, as is Mailchimp, which replaces ClickDimensions. There will be further enhancements made to the CRM system up until mid-June, such as integration with EventBrite and the connection of RSS feeds to improve the research capabilities of Navigators and Guides. Additional improvements will see the expansion of the 'Knowledge Bank' to make signposting and referrals easier.
- The new Growth Hub website launched on Wednesday 12th April. Again, small improvements will be made up until mid-June, including the capability to offer full self-serve functionality.
- The Business case for the Growth Hub app is completed and attached as a separate paper.

Element of Network Project	Investment
Digital Infrastructure (including staff costs)	£625,000
Gloucestershire County Libraries	£220,000
Tewkesbury Borough Council	£385,000
Royal Agricultural University	£1,250,000
Professional fees	£45,000
Total	£2,525,000

A further round of procurement will start on 7th May and will focus on investments in Cheltenham, Stroud and the Forest of Dean.

b. Growth Hub Business Plan

Background

- A condition of the Network and Expansion funding agreements was a revised business plan, the deadline for this was extended until 30th April as announcements for the ESIF projects were ongoing. The University has been successful in securing the ESIF funding to revenue fund the core Growth Hub activity and the joint Business Plan for the Growth Hub project has been refreshed to reflect this. The business plan has been approved by the University Executive and is now awaiting approval from the LEP Board to meet the end of April deadline agreed with the Accountable Body.

c. RAU Due Diligence report

Background

The RAU has completed the Due Diligence assessment, the report has been reviewed by a sub group of members from the Growth Hub Management Board. The group have agreed that the proposal is credible and should be approved for funding subject to the inclusion of the following conditions and recommendations:

Item	Due diligence/review finding	Action taken to mitigate/manage	Notes	GH Mgt condition or recommendation
1.	A revised cost plan and funding profile for the projects.	<p>Pg 9 RAU must commit to cover any overspend and additional costs attributed to Farm 491 build at Harnhill with RAU funding the overspend over that agreed in the Farm 491 funding agreement, along with any cost overrun on the company building.</p> <p>Pg 11 It should be a pre-condition of the funding agreement that RAU provide an</p>	Need to ensure that any overspend on Farm 491 is covered by the RAU directly and not from investment intended for the Growth Hub	<p>1) As pre-condition to the funding agreement RAU must commit to the provision of a full cost breakdown.</p> <p>2) Any additional costs to the Farm 491 project will be covered directly by the RAU so that any overspend does not impact negatively on either the Farm 491 or SCGH projects. (South Cotswold Growth Hub)</p>

Agenda Item 6

		updated cost and funding profile post tender.		
2.	A Monitoring and Evaluation Plan to be produced	Suggest –RAU will produce performance data in relation to the project as agreed with GFirst LEP which will be standardised across all Network partners and aggregated data reported to the Growth Hub Management Board. RAU will provide additional reports as and when requested by the LEP Board, Growth Hub Management Board or HM Government	The Growth Hub management board will monitor activity across all network partners in accordance with ESIF and BEIS monitoring processes. The outputs counted for the SCGH needs to be additional to Farm 491 with exception of where business need requires access to both projects.	1) Condition of funding agreement will be to register all activity for SCGH on the Growth Hub system. This will include all referral activity including that of referrals to Farm 491 so that jobs, and GVA can be attributed to the appropriate capital investment.
3.	The option of seeking an appropriate environmental standard designation for the new building	Suggest – as per P20 Provision of environmental certification with through BREEAM or similar which is appropriate and proportionate to the investment.		Agreed by sub Group to not make BREEAM a formal condition of the Funding Agreement.
4.	Salary of Business Navigators	P13 Suggestion that salaries for Business Navigators should be higher.	Code of Conduct document to be developed in May 2017 by LEP and approved by UoG Agreed that people were a large part of the	Condition to be included within all Network partner agreements – to ensure that project related services and activities are delivered to standards that will be set out in a Code of Conduct to be agreed in writing between

Agenda Item 6

			brand but that DD could not set salary rates.	the promoter, UoG and each Network partner prior to the award of any grant funding agreement.
5.	P17 Planning Conditions	Suggest – Pre-condition of funding agreement is that the restricted use of the building has been amended so that GH activity can be fully supported	Need clarity around process in connection with Condition 3. States that a new planning application will be necessary if it is proposed to change the use of the premises to any use other than that specified in this condition.	1) Pre condition of the funding agreement is that restricted use of the building by sector has been amended to the breadth of predicted SCGH activity.
6.	P19 State Aid compliance	Suggest – RAU has full responsibility for compliance with State Aid and any costs associated with that compliance	Membership model compliant with state aid. This would be up to RAU to prove. Will be covered by standard clauses in Funding agreement.	
7.	P12 Revenue funding		Sub group raised concerns with regards to revenue generation figures. Room occupancy does not reflect visitor numbers. How will RAU support revenue costs if there is a shortfall in income.	1) RAU to provide review and explanation of figures pre funding agreement. 2) Condition of funding agreement that any shortage in forecast revenue funding will be covered by the RAU so that staffing requirements are maintained to deliver SCGH outputs.
8.	Claw back		Suggestion that claw back period is set at 8 years from start of operational activity.	1) The expectation is that the facility will continue to be used for the purpose outlined in the funding agreement for the full period of 8 years. Should circumstances change such that the RAU deems it necessary or desirable to significantly change this purpose, the LEP Board must be notified, and

Agenda Item 6

				agree to the proposed changes.
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3. **Decisions required:**

The Board is asked to:

- Form a subgroup to review the Growth Hub App Business case to approve funding
- Approve the revised Growth Hub Business Plan
- Approve the development of the funding agreement for the Growth Hub at RAU

4. **Further information:**

For further information points raised in this Board paper, please contact Sarah Danson sarah.danson@gfirstlep.com