

GLLEP Investment Board Agenda and Papers

Paper 0

Date and Time: Thursday, 20th July 2017 at 2.15pm

Venue: Meeting Room 1 - South Holland District Council Offices, Priory Road, Spalding, PE11 2XE

Item No	Item and Brief Description	Lead	Additional Information
1	Welcome and Introductions Apologies for Absence and Declarations of Interest Matters arising	Chair - Ursula Lidbetter Ruth Carver	
2	Draft Minutes: 23rd March 2017		Paper 1.0 – for approval
3	Growth Deal Update Report Programme level update, summary of key risks/issues	Halina Davies/ Linsay Hill- Pritchard	Confidential Paper 2.0 – for information and endorsement
4	Grantham Southern Relief Road Update Report	Ruth Carver/ Andy Gutherson	Paper 3.0 for presentation and discussion
5	Sutterton Roundabout • Due Diligence Report	Halina Davies	Paper 4.0 – for decision Paper 4.1
6	 FEZ Programme Recommendations for apportionment of GD3 allocation Programme Overview 	Halina Davies	Paper 5.0 – for decision
7	Replacement STEM scheme proposal for Grantham	Halina Davies	Confidential Paper 6.0 – for decision
8	Invest & Grow Progress Report	Cathy Jones	Paper 7
9	Any Other Business		

Confirmed Attendees: Ursula Lidbetter, Cllr Peter Wheatley, Cllr Colin Davie,

Cllr Rob Waltham, Herman Kok, Richard Wills; Mark Tinsley

Accountable Body: Linsay Hill-Pritchard

Officers: Ruth Carver, Halina Davies, Cathy Jones, Andy Gutherson

Observers: Pete Holmes

Apologies: Justin Brown, Chris Baron



Greater Lincolnshire LEP Investment Board 23rd March 2017

Wilkin Chapman, Cartergate House, Chantry Lane, Grimsby

	Paper 1.0
In attendance: Board Directors: Ursula Lidbetter (Chair); Cllr Colin Davie, Cllr Rob Waltham, Cllr Peter Wheatley; Chris Baron; Mark Tinsley; Richard Wills LEP Board Support: Ruth Carver; Halina Davies; Cathy Jones; Accountable Body: Linsay Hill-Pritchard Observers: Pete Holmes; Melanie Crunkhorn Apologies: Herman Kok	Actions
Welcome by the Chair – Ursula Lidbetter The Chair welcomed everyone in attendance. It was noted that the Board could be regarded	
as quorate for all matters.	
Declarations of Interest UL declared an interest in Boole Technology Centre, Lincoln Transport Hub and Meadow Way, Old Leake. Cllr Davie declared an interest in Holbeach Peppermint Junction and Skegness Countryside Business Park	
Minutes Minutes from the meeting held on 27 th January 2017 were agreed and can be published on the website following minor amendments.	LEP Secretariat
Growth Deal Update Report	
Progress Of the £47.9m government growth deal expenditure target for this financial year, GLLEP is currently on track to achieve £45.1m though this is subject to change. Mitigation measures have been applied where possible utilising freedoms and flexibilities previously agreed and the Accountable Body is estimating a capital offset figure this financial year of £9.3m. Actual outturn figures will be confirmed at the 26 th May Investment Board. The main slippage has been due to unforeseen delays, many of which have been related to decision processes with statutory agencies and utility companies. Future profiling should take an early account of potential risks where possible, factoring in additional time for project delivery and outcomes where necessary.	
Growth Deal 3 On Thursday, 9 th March, Government announced an allocation of £392m of Single Local Growth Funding to LEPs across the Midlands of which £29.45m applies to Greater Lincolnshire. A final profile for Growth Deal 3 is awaited from government to enable forecast adjustments to be made to the wider programme for 2017/18 onwards.	
Cllr Colin Davie and Richard Wills left the room	

Skegness Countryside Business Park

A variation to the existing contract will be required relating to servicing of 1.1ha of land on the site. LCC was originally to purchase and service this section of land, but it will now remain in Croftmarsh's ownership. This will not affect scheme outputs or the workspace development proposed by LCC on another area of the site. An external appraisal of the proposed changes has been carried out to ensure continued value for money and compliance. The resulting report recommended that the variation be incorporated into the existing contract. A Formal variation request will be considered by the Accountable Body next week.

There are some delays due to an outstanding legal agreement between Croftmarsh and LCC. Though the agreement should be resolved by 15th May, it is likely that the main contract works will not be able to proceed in earnest until September because of summer restrictions on road closures in this area. Some preparatory work could begin in July/August however.

Holbeach Peppermint Junction

Tenders have been received and assessed and the lowest tender from Eurovia will be awarded in the week commencing 20th March.

The overall cost has come in slightly below the original tender estimate, which is of course good news. The original estimated scheme cost was £5,435,000 with growth deal funding contributing £2.4m. We are now looking at a tender figure of £4,800,899. Impact on overall programme leverage is not a concern given that the original programme leverage target is forecast to be greatly exceeded despite this variation. There was a discussion about what should happen to the reduction of £634,101 and it was agreed that the contributions from GLLEP and LCC should be reduced proportionately.

Cllr Davie and Richard Wills returned to the room

Fee Charging Arrangements

Board members are asked to consider fee charging arrangements in relation to Single Growth Fund 3 and future Invest and Growth Fund bids.

Members endorsed a percentage charge of 0.5% based on the amount of funding sought and secured for each new Growth Deal/Invest and Grow scheme. This will in the main reflect the relative complexity of each scheme and ensure that the changes applied are commensurate with the level of technical work and expertise required in appraising the respective applications. Most schemes take an average of two years to complete (some longer), requiring programme management for the whole of that period.

Grantham College STEM Building 20 Funding

The Grantham College STEM Building 20 project was allocated £2.3m growth deal in October 2014. It subsequently was approved in March 2016 and contracted in June 2016. The College purchased the former Police Station 4 acre site opposite the main college in July 2012 using cash reserves. The site was cleared in late 2016 ready for development to take place and tenders for the main build were received back in February 2017, however, the lowest tender came in £1m over budget. The project aimed to create a new build housing the Business, Computing, Media and Technology curriculum underpinned by cross college support for developing enterprise and employability skills for local people. The college has advised the LEP that it is unable to increase its level of borrowing against the scheme. The

decision on whether the college should proceed with the project was taken to the College's Board of Governors on the 7th March and it was confirmed to Greater Lincolnshire LEP soon afterwards that the match funding required could not be found and that the project should be withdrawn from the Growth Deal programme. A small amount of funding, totalling £159,084, has already been claimed and released to the applicants in 2016/17 and will be recovered in due course by the Accountable Body. All other expenditure to date has been met by the college itself.

As the £2.3m will not be spent as forecast in 2016/17, there is an opportunity to bring forward another approved scheme within the existing growth deal programme to ensure that the allocation can still be spent in 2017/18 and 2018/19.

With regard to what happens with the £2.3m growth deal allocation, the following sequential approach was endorsed by the Board:

- > The LEP Executive will explore additional funding to deliver the scheme, ie, EU funding, other partners. Options may include a smaller scale scheme.
- > A similar project responding to local need is invited for submission from stakeholders/businesses in the Grantham and surrounding area.
- > The £2.3m is reallocated to an existing Growth Deal 3 scheme that did not receive all the funding it requested.
- > The £2.3m would be reallocated to the next priority pipeline scheme within the Growth Deal 3 bid, which would be the Housing Viability Gap funding programme.
- An open call for growth related schemes.

Invest and Grow Fund

Grange & Links Hotel and Golf Course at Sandilands

Greater Lincolnshire LEP has received an Expression of Interest for an Invest and Grow Ioan from GrangeLinks Property Ltd for a development at the Grange and Links at Sandilands, Sutton on Sea.

The project total is approximately £3.3m and the amount sought is £1.5m for Phase 1. The purpose of the loan is to finance a development of 24 flats, retail units and a community access swimming pool and health suite on a site adjoining the Grange and Links Hotel and Golf Course. The applicant has identified constraints relating to flood risk, planning constraints and impact of the 2008 credit crisis.

The Board acknowledged the potential economic significance of the scheme to the local area. However, they identified concerns relating to deliverability and risk, and noted that the outputs were relatively modest for a potential £1.5m investment. After considerable discussion, they agreed that the proposal was not strong enough to justify asking for a full application.

Any (Other	Business

None

Date of Next Meeting

Friday, 26th May 2017





Grantham Southern Relief Road delays to programme due to third parties

Investment Board, Date: 20 July 2017

Background/Recommendation:

This report provides an update for the members of GL LEP investment Board on GSRR project delivery. The report highlights the delays to progress and the actions being taken by LCC and partners to address those delays. The delays are largely due to matters in the control of third parties which has impacted on LCC's ability to manage with certainty the outcome of these issues

The board is requested:

- to note the reasons for the delays on scheme progress;
- to note actions being taken to address those delays;
- to note the impact on spend profile, re-affirm financial support for the project and agree a revised funding profile;
- to consider further interventions that could be made by the GL LEP to address the role of external bodies such as Highways England and Network Rail on the delivery of infrastructure projects.
- 1.1 The GSRR project is a complex project involving a range of third party organisations in the delivery activity. This includes other public sector bodies, Government Agencies, landowners and developers and other private sector organisations including for example utility providers. There are a number of processes running both in parallel and sequentially with interdependencies that are all part of the critical path to delivery. This report highlights some of those and indicates the impact that these have had on delivery progress. A key aspect of these processes is the reliance on third party input to and sign off on the processes, which has necessarily impacted on the ability of LCC to fully control timescales. The focus of this report is on the immediate issues to address for Phase 2 of the scheme. The focus of the approach is to manage the risks attached to the various aspects of the scheme delivery.

1.2 Progress Update

Phase 1 of the GSRR has been constructed within the terms of the contract awarded. LCC Officers have delegated powers to award the main works contract to Galliford Try through the Midland Highways Alliance Medium Schemes Framework 2. Galliford Try have now completed the tree / hedgerow clearance along embankments of the A1 utilising specialist equipment to access the trees from the adjacent land away from the A1. Galliford Try have completed Ground Penetration Radar Surveys during the lane closures, mainly in the area where the new underbridge is due to be constructed. This will reduce risk by identifying any unknown utilities in this section of the road network. Detailed design and technical checks are well advanced for phase 3 of the project which will enable early start on the procurement process once the orders processes have been completed. SKDC Planning Committee were due to determine the Spitalgate Heath Planning Application on 18 July. SKDC are progressing with consultation on the Local Plan which will identify future land allocations for further growth around Grantham and the Plan includes policies designed to secure further developer contributions to offset scheme costs.

- 1.3 Phase 2 of the scheme involves connection to the A1 which requires technical approval from Highways England and this process has taken significantly longer than expected.
- a. Technical Approval is the review of the design by the highway authority for any redesign of the strategic road network. This is to ensure design compliance with the authority's specific needs. Kier are undertaking this work on behalf of Highways England (HE).
- b. The design prepared on behalf of LCC has now undergone a number of iterations for approval with Kier. This has included revisiting of the details of the drainage and lighting design in spite of previous indications that an acceptable position has been reached.
- c. The technical approval has taken 8 months longer than the originally planned 6 weeks. A significant amount of delay to this process appears to be due to resource availability and priority within Kier & HE to progress the work. Dialogue continues with HE but LCC are largely relaint on HE availability for meeting attendance. We expect that final sign off based on the progress to date taking 10 months (September/October 2017) altogether. The matter is being escalated within HE
- 1.4 A Section 6 agreement is required with Highways England to allow LCC to work on the strategic road network and these negotiations have been protracted
- a. The Highways Act 1980 requires that a section 6 agreement be signed between the Secretary of State (SoS) and the County Council to enable the county council to have the appropriate powers to make amendments to the strategic road network.
- b. Three issues have caused additional complication and delay to the process due to
 - Lack of understanding of the process and delegations required for HE to delegate their "powers" due to the introduction of the Infrastructure Act 2015
 - The introduction of the Act has changed HE's roles and responsibilities in relation to the SoS.
 - Delays in the responses received from HE.
- c. We expect that this would need at least another 2 months to resolve and finalise but this is not based on any previous example of a Section 6 Agreement having been finalised under the 2015 Act.
- d. The agreement cannot be signed until both sides are satisfied with the content within the document, technical approvals being completed and commuted lump sums being agreed.
- 1.5 The development site known as King 31 is now subject to a revised planning application for a Designer Outlet Village (DOV) which was submitted on 27 June 2017 and will be considered by SKDC. The pre-application dialogue on the planning application has involved detailed transportation modelling work which has taken over 6 months to scope out and deliver with implications for the Phase 2 design and technical approval processes. This process has been led by the landowner and their developer partner.
- 1.6 There are a number of land acquisition issues required to enable delivery of the scheme to progress which have an impact on statutory procedures for confirming line orders and any necessary CPO procedures. A legal agreement for the transfer of land between LCC and land owner with significant stake in the scheme is still being negotiated. LCC have requested that an amendment to dates defined within the agreement to reduce the risk to the county council going forward is agreed to reflect the delays that have so far occurred in the scheme progress. This has now been agreed in principle.
- 1.7 In parallel LCC have now made offers to land agents for additional land required to construct the grade

separated junction. One of the deals is expected to be confirmed by Trustees during July 2017. One of the land agents are keen to include a potential future access to their land within the legal aspects of this land transfer, as well as asking LCC to future proof a required water main diversion. This is in effect placing a ransom to LCC where these are not necessary or essential for delivery of the scheme. This is becoming a key factor in the ongoing negotiations both in terms of delay and potential increased costs.

- 1.8 Counsel Advice is being sought on how best to take the orders forward. The format in which these orders are to be taken forward is also to be determined
- 1.9 The orders to be considered include Line Orders (for A1 Slip Roads), Side Road Orders and Compulsory Purchase Order for the required parcels of land. A meeting is scheduled on 18 July 2017 between both LCC and HE legal teams to firm up the details on what is required in order for statutory orders to be published.
- 1.10 The orders process carries risk and is potentially subject to a public inquiry should objections be registered when orders are advertised so addressing land ownership issues and the processes required with HE are key to reducing the risk of a PI being required.
- 1.11 The following pre-requisites need to be achieved in order to publish the orders:
- a. A decision on the format of the orders (July/August 2017)
- b. A fully completed HE technical design approval (September/ October 2017)
- c. A signed section 6 agreement (October 2017)
- d. A decision by the Council Executive to proceed. (Nov 17)
- e. Contract award phase 2 (Spring 2018) Subject to outcome of publishing of orders
- f. Start on site phase 2 (Summer 2018) Subject to outcome of publishing of orders
- g. Tender process phase 3 (Autumn 2018) Subject to outcome of publishing of orders
- 1.12 The orders process would take a minimum of 9 months from the point they are published and we would not be able to go out to tender for Phase 3 until this process is completed.
- 1.13 Initial Archaeological works for phase 3 are now completed. There have been findings of significant interest which have resulted in the recommendation for further archaeological work. The decision has been made by LCC extend the current contract with AOC to complete these works and expedite the process. This work is going to take an additional 12 weeks to complete. The risk exists that it may take longer should more significant findings be made.
- 1.14 Network Rail have advised that LCC need to undertake monitoring of the rails and ECML embankment during construction of both the piers and the eastern embankment for Phase 3. This is an additional requirement which needs to be planned and costed for.
- 1.15 LCC are to expect additional costs for any impact on the GSM-R (Global System for Mobile communications Railways). WSP are looking into this additional work and its impact on programme and costs.
- 1.16 LCC and NR are continuing to negotiate shared value for Phase 3 of the scheme. This is a complicated series of negotiations which takes into account issues such as future local developments and impact on NR and their infrastructure.
- 1.17 A significant increase to cost and time is expected should a rail possession be needed for the construction of the Bridge. The process which requires a 2 year advanced booking does not guarantee LCC a possession. LCC are currently trying to mitigate this risk by means of a bridge launch under the rules of the rail.

1.18 Risk mitigation – LCC are aware of the risks to ensuring project delivery and are managing these as follows:

- Highways England responding to the formal processes and providing escalation within HE to move matters forward;
- Network Rail negotiating on the detail of the shared value to have an agreed and acceptable financial position. Seeking Ministerial intervention through Executive Cllr
- Network Rail technical work responding to requests and developing cost plans
- Land acquisition pursuing land acquisition by negotiation. If CPO is required this could have further implications on project timeline
- Orders processes agreeing with Counsel the most appropriate way to progress
- Financial profile revising spend profile accordingly and developing a detailed strategy for advance funding of activity if appropriate.



Sutterton Roundabout Pinch Point Scheme

Investment Board, 20 July 2017

Recommendation: A Paper for decision

This paper provides Board Directors with a summary of the due diligence report findings attached and makes recommendations for a formal decision on taking the project through to contracting stage.

Background Information

The Sutterton Roundabout scheme was originally submitted a part of a wider transport programme bid in the Growth Deal 3 submission to government in July 2016. The LEP agreed with BEIS Local that the project could proceed at risk last autumn given that growth deal 3 announcements were of course delayed from the autumn statement. It should be noted therefore that the project is now substantially completed and any agreements and subsequent claims would be retrospective.

The Project

This is a strategic highway junction improvement to unlock growth potential of development land near Sutterton, Boston and improve flows for strategic traveling into Greater Lincolnshire. It involves works to enhance the A17 roundabout in Sutterton, enabling enhanced transport links for the agri-food sector, alleviating congestion and improving traffic flows.

Economic success is vital in this key area along the A17, and its potential will only be achieved with a quality investment environment. Without GL LEP funding, the cost of providing utility infrastructure and the highway improvements necessary to facilitate future development would have a significant, negative impact on the viability of commercial and residential development on neighbouring land.

The applicant has asked for a contribution of £905,834 towards the project and the overall scheme cost totals £991,534. The match funding is being provided fully by Lincolnshire County Council.

None of the landowners for the development sites have been approached for a contribution as planning applications have not been submitted in order to bring forward development with the exception of one, which is still under the stages of deliberation and yet to be determined. At this time therefore there is no ability to seek contributions (if appropriate) through the planning process.

SLGF funding would be contributing towards the following elements of the scheme:

Professional fees for feasibility studies, detailed design and site supervision

Statutory undertakers' costs

Traffic management arrangements

General site clearance, including trimming of trees

Widening of roundabout exits and re-surfacing for the length of the widening

Earthworks to enable carriageway and verge widening

New curb and footway alignments

Changing to drainage network to accommodate increased highway area and relocated ironworks/other operators

Changes to traffic signs and road markings

Relocation of street lights

Widening of certain approaches and resurfacing of approaches for the length of the widening

Creation of an overrun area between the A16 south approach and A17 west exit

Resurfacing both sections for the length of the widening

Resurfacing the roundabout

Outputs and Outcomes

Having taken into account deadweight, leakage and displacement the following outputs and outcomes are expected form the project and offer very good value for money:

Core Outputs	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Public Investment	£84,000					£84,00
levered (LCC)						
New Jobs (net)				26	217	242
Housing				30	1150	1180
Local Strategic Outputs	2017/18	2018/19	2019/20	2020/21		Total
GVA Uplift					£98,000,000	£98,000,0
Outcomes	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Construction jobs	64					64
Industrial					1 ha	1 ha
Land				, H		•
Unlocked						

Growth Deal 3 project allocations were supported by Government on the basis of what could be achieved by 2025, but still taking into account outputs and outcomes beyond this timeframe. A full monitoring and evaluation plan will be agreed with the applicants as per the GLLEP Framework. Indeed the public sector leverage, land unlocked and construction jobs target have already been achieved.

Contract Conditions

As the works have now reached practical completion, in order to drawdown the SLGF funding, these conditions are recommended;

- Evidence of expenditure and payments made during the construction process.
- Copies of all certification confirming that practical completion has been reached.
- Statement of total expenditure in relation to the scheme, to verify the amount of SLGF required remains in accordance with the application made.

Recommendation

That the Board approves grant funding of £905,834 as a contribution to the Sutterton Roundabout scheme and agrees that the project can proceed to contracting stage.



Food Enterprise Zone Programme

Investment Board, 20 July 2017

Recommendation: A Paper for decision

This paper provides Board Directors with a summary of the recent scoring outcomes and subsequent officer recommendations in relation to the Food Enterprise Zone (FEZ) Programme. The recommendation will form indicative allocations, and would be subject to full due diligence reports that would be brought back to the Investment Board at a later date.

Background Information

In July 2016, the Greater Lincolnshire LEP submitted a nationally competitive bid to Government for £106m of Growth deal 3 funding. In March 2016 a formal announcement confirmed that an allocation of £29.45m was to be awarded to Greater Lincolnshire, of which £6.5m would be towards a FEZ Programme (£10m was originally requested based on initial business case submissions). Three FEZ schemes are being proposed for the LEP area and they were submitted for consideration as a collective bid.

The Process

Following announcement all three FEZ applicants were invited to revise and update their business cases and make a bid for a share of the allocated funding. Responses were received from all three schemes. An impartial officer panel was brought together to assess and score the submissions as per the assurance framework guidance in late June, and the findings were as follows:

Scheme	Overall Score	Requested Allocation	Original GD3 Request	Recommended Allocation
Europarc FEZ	31.05	£2,025,000	£3,000,000	£1,500,000
Central Lincolnshire FEZ	33.05	£2,664,511	£2,000,000	£2,000,000
South Lincolnshire FEZ	37.25	£3,750,000	£1,500,000	£3,000,000

The strategic scores (out of 20) were added to further scores on the economic case, deliverability and Impact providing an overarching score per project (out of 50). As can be seen from the table above all 3 projects scored reasonably well and individual feedback will be provided in writing to applicants on their submissions.

Recommended allocations have taken in to account the overall scores; how strategic the projects are deemed to be based on the information provided to date; original allocation requests (bearing in mind these were submitted over a year ago); and current levels of deliverability.

Paper 3.1 provides a brief overview of each project including outputs and outcomes identified.

Recommendation

That the Board approves officer recommendations in relation to provisional allocations for each FEZ project and reviews these at due diligence stage to ensure continued value for money and assurance on deliverability.

Name of Project	Арр	Description	Total Project Value	LEP Funding Request	Estimated Start Date	Outputs/Outcomes
South Lincolnshire FEZ, Holbeach	LCC	Funding will be used to create necessary service roads and utility infrastructure on what will be phase 1 of the Peppermint Park Food Enterprise Zone (FEZ) on land already owned by LCC (some 11.3 acres). Once site access arrangements and enabling infrastructure is in place, the development plots will be offered to the market for sale to end users and developers. The initial 11 plots in Phase 1 will The 11 plots will be able to accommodate over 12,500 sq. m (131,500 sq. ft.) of employment space and additional capacity to provide 3,870 sq. m (41,600 sq. ft.) of ancillary uses. For example, a hotel.	£7,615,000	£3,750,000	Dec 2017. Project starting on site August 2018.	£4,865,000 Public Investment levered; 50 jobs created by 2021, 83 total; 70 jobs safeguarded by 2021, 334 total; Commercial floorspace 2,200sqm by 2021, 16,000sqm total; 15 businesses asisted to improve performance by 2021, 25 total; training/learning floorspace 23,800sqm; 12 new businesses created by 2021,22 total; GVA uplift £794,000; learners supported 300 by 2021, 400 total.
Central Lincolnshire FEZ, Hemswell Cliff	WLDC	Former airfield site. Phase 1 - 26 acres employment land and 36,600sqm floorspace over 6 months (52% of floorspace for entire site). Upgraded priority junction at the location of the existing eastern site access point, comprising of carriageway widening and a new right turn lane. Building upon the success of the larger agri-business firms already located at Hemswell Cliff.	£4,311,461	£2,664,511	01/08/2017. Start on site is October 2018.	Public sector leverage £150,000; Private sector leverage £1,496,950; 250 jobs by 2021, 1000 total; GVA uplift £9.87m by 2021, £61.7m total; Commercial floorspace 24,000sqm by 2021, 70,000sqm total; commercial leverage £24,000 by 2021, £70,000 total; 26 hectares of land brought forward for development.

Europarc FEZ, Grimsby	NELC	The project will unlock the construction of two new substantial Food Enterprise Zone factories in North East Lincolnshire on the Europarc III site.	£6,750,000	£2,025,000	01/11/2017. Start of construction March 2019.	£4,725,000 private sector leverage; construction of two new agri-food sector units 90,000sqm; 150 jobs created by 2021; 8,400sqm commercial floorspace by 2021; 72 construction jobs; GVA uplift £5.25m by 2021.
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