



GLLEP INVESTMENT BOARD

26th February 2021

Microsoft Teams

Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
13:30	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> FOR APPROVAL - Minutes 19th January 2021 	Chair Chair Accountable Body	Paper 1 attached
13:40	FOR INFO Growth Deal Update, Annual Performance Review Feedback & GBF Update	Halina Davies, LEP	Paper 2 attached
13:55	<u>DECISION - Construction Centre Extension, Stamford College</u> <ul style="list-style-type: none"> Summary Report & Recommendations Due Diligence Report Value of Grant: £2,129,834 	Halina Davies, LEP	Papers 3 and 3.1 Attached
14:10	<u>DECISION - Horncastle Hub - Boston College</u> <ul style="list-style-type: none"> Summary Report & Recommendations Due Diligence Report Value of Grant: £1,231,490 	Halina Davies, LEP	Papers 4 and 4.1 Attached
14:25	<u>DECISION - Killingholme Marshes Drainage Scheme</u> <ul style="list-style-type: none"> Summary Report & Recommendations Due Diligence Report - <u>Commercial in Confidence</u> Value of Grant: £4,328,032 	Halina Davies, LEP	Papers 5 and 5.1 Attached
14:45	AOB and close of meeting	All Members	

Directors: Pat Doody (Chair), Cllr Colin Davie, Cllr Philip Jackson, Dean Fathers, Andrew Crookham (S151 Officer)

Apologies: Cllr Rob Waltham

Observers: Pete Holmes (BEIS), Nick Worboys, Darren Cunningham

Officers: Ruth Carver (GLLEP), Halina Davies (GLLEP), Sue Groves (Note Taker)

26/02/2020 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Colin Davie	Horncastle Public Sector Hub	LCC involved in land ownership of the site the scheme is now being developed on

Cllr Rob Waltham	Killingholme Marshes Drainage Scheme	NLC supported Able UK with the submission of the scheme and would be one of the beneficiaries
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Quorum rules -A quorum shall vary dependent on fund values to be voted upon. For projects with a value under £2 million, three members of the investment committee are required. For projects with a value above £2 million, four members of the investment committee are required. In each case, these require at least one Private Sector Director and one Non-Private Sector Director



LEP INVESTMENT BOARD

20th September 2021

MS Teams Meeting

Draft Minutes

Draft Minutes

Present: Board Directors: Pat Doody (Chair), Cllr Philip Jackson (NELC), Cllr Colin Davie (LCC); Nick Worboys;
LEP Officers: Ruth Carver, Halina Davies
Observer: Pete Holmes (BEIS)
Apologies: Cllr Rob Waltham (NLC); Dean Fathers; Darren Cunningham
Observer: Andrew Crookham (S151 Officer & Accountable Body)

Welcome by the Chair

Declarations of Interest: There were no declarations of interest for this meeting. The board were reminded that declarations of interest are required as part of LEP governance and must be submitted at least annually, and if anything changes to notify the LEP office at the earliest convenience.

Minutes and Matters Arising (Paper 1)

The minutes of the 1st April 2021 were accepted as a true record.

Action
Publish

SLGF and GBF Programme Progress Update Report - (Paper 2)

HD presented a paper on the Single Local Growth Fund (SLGF) and Getting Building Fund (GBF) programmes, providing an overview of progress to date.

The investment Board noted the paper and stated that they were surprised but pleased that most of the GBF Programme remains on target at the end of Q1 to complete fully by 31 March 2022 given the difficulties currently being experienced by the construction sector with staff and HGV driver shortages, material availability and extended delivery timescales. Investment Board requested an update report for October 2021 on any effects being experienced by GBF grant recipients by the end of Q2 in this regard.

Decision

- HD explained that Q2 claims and progress reports would not be due until 11 October but agreed to review the reports soon after this date to provide the update on any emerging issues requested.
- Six month output delay to the Skegness Business Park scheme was accepted based on the explanation provided in the report.
- Changes explained and proposed in the paper relating to retrospective costs for the Killingholme Marshes Drainage Scheme were supported by the Investment Board.

ACTION: Investment Board requested an electronic update report at the end of Q2 and in particular any concerns on costs and deliverability for the two remaining quarters.

Options for GLLEP Capital Funds (Paper 3) Confidential Paper

HD introduced the paper and the Investment Board discussed the seven options for reallocation of GLLEP balance sheet funding presented for consideration. The availability of capital and revenue funding possibilities was noted.

Decision

The Investment Board agreed three options for consideration by the GLLEP Board on the 28th September 2021.

No other business items were raised at the meeting

Meeting Closed

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GETTING BUILDING FUND & SLGF UPDATE REPORT

Publication	Public Paper (published)					
Meeting date:	26 November 2021					
LAgenda Item:	4					
Item Subject:	Report on GL LEP GBF and SLGF Programme Progress – Joint Report from LEP and AB LCC.					
Author:	Halina Davies/Linsay Hill Pritchard					
For:	Discussion		Decision		Information	Yes

1. SUMMARY

1.1 The Investment Board is asked to note the Quarter 2 progress made in delivery of its Getting Building Fund (GBF) and Single Local Growth Fund (SLGF) Programmes, and measures being taken to manage output delivery and grant expenditure this financial year.

2. BACKGROUND

2.1 The SLGF Programme grant has now been completely drawn down, with a few schemes still in final stages of delivery as per agreed freedoms and flexibilities. Outputs and outcomes continue to be monitored and evaluated.

2.2 The £25.8m GBF programme has a government delivery deadline of March 2022 with all grant funding having been drawn down by the 31 March 2022. Total Programme costs are now likely to be £48.482Million.

3. PROGRESS TO DATE

3.1 GBF -Table 1 - Quarter 2 Summary Position

	Expected	Actual	Variance
Spend to Sept 21	£28.680	£14.210	£ -14.469
Grant to Sept 21	£14.888	£7.463	£ -7.424
Match to Sept 21	£13.792	£6.747	£ -7.045

3.2 Since the programme's inception there is a 50% underspend on forecasts as of the end of Quarter 2. Many projects are now experiencing delays/shortages in supplies and COVID safe working practices are also causing time pressures. Procurement for some schemes has become difficult as projects fight to get fixed prices on contracts.

3.3 The full £25.8m allocation from government has been received by the accountable body, with £10m secured in Freedom and flexibility (Offset). No other freedoms and flexibilities have been utilised as projects have been paid on agreed in year intervention rates.

3.4 The main concerns in terms of extended delivery timescales are Killingholme Marshes Drainage Scheme and the ELITE project within the Skills Capital Investment Programme, as they have potential 6 and 3 month delays (details and proposed mitigation measures provided in the table below). Despite this we are confident that the £12.9m grant received this year will be spent within the financial year.

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3.5 As a worst-case scenario, if all projects were delayed by a quarter then £10m of grant would shift to 2022/23. Without using any other freedom and flexibility this could be covered by the offset figure.

3.6 The government's Delta return is due on the 26th November and this will be formally submitted following review and Sign off By the Accountable Body S151 Officer.

Table 2 - Update on GBF scheme and programme progress

Project Name	Delivery (5)	Finances (5)	Reputation (5)	Overall (15)	Previous risk rating
Centre for Innovation in Rural Health	1	0	1	2 Green	3 Green
Holbeach FEZ Phase 2	2	5	2	9 Amber	9 Amber
Skills Capital Investment Programme	3	5	2	10 Amber/Red	7 Amber
Lincoln Science & Innovation Park Ph2	2	5	2	9 Amber	3 Green
Killingholme Marshes Drainage Scheme	4	5	3	12 Amber/Red	6 Green/Amber
Greater Lincolnshire Cycle Programme	3	5	1	9 Amber	7 Amber

Scheme	Applicant	Grant Allocation	Status
Centre for Innovation in Rural Health	UOL	£1,300,004	Scheme completed - monitoring of outputs and outcomes on going.
Holbeach FEZ Phase 2	LCC	£6,367,839	Potential delay by a month - Land acquisition is complete and contracts exchanged 31 st March 21. Phase 1b road is constructed and complete - retention due to be paid in July 2022 (circa £22k). The latest programme projection for the Hub Building from the contractor is showing a completion date of 11 th April 2022. There is a manufacturing issue in getting chemicals that would form part of the cladding and this is the 3 rd delay the project has had from the manufacturer, which has unfortunately now triggered an April finish. Everything else is going well and what

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			works can be done are being done, but without the cladding the project cannot fundamentally make the building watertight, and all works inside the building get pushed back. These delays are not impacting on the overall budget, but solely on timescales to deliver before the end of March 2022.
Killingholme Marshes Drainage Scheme	Able UK	£4,328,032	Potential 4 month delay (pumping station itself on track) - current market conditions, linked to the price and availability of steel and concrete, have seen price increases and delays of up to 3 months. The project has also encountered a design fault which necessitates the construction of a second cofferdam with an additional cost to the grant recipient of approximately £350,000 and further delay. A further issue has arisen with respect to the extent of the works necessary to construct the outfield channel. This is a function of increased ongoing accretion on the foreshore linked to the physical presence of the ABP HIT terminal. Consequently, the drainage channel will need to be significantly deeper than originally planned, resulting in a higher level of dredged material which also necessitates a variation to the existing marine licence, which dates back to 2011. The variation could be granted within 8 weeks of application, but the application will need to be informed by revised construction method statement (currently being prepared with suitably experienced contractors) With the increased level of dredging the costs of this element are estimated to increase by up to a seven-figure number and may not be completed until July 2022. At the same time however, the actual construction works of the pumping station itself continue as planned. As things stand, the project must assume that the probability of defraying all scheme costs by the end of March 2022 are less than 80%, however the board could take the view that providing the pumping station is completed by March 2022 (which it can be) funding for the wider scheme could be considered as match only/leverage.
Cycle Programme	GLLEP	£2,216,860	Hobson Way completed in July and snagging works also complete. A180 completed in August 2021 and landscaping works and snagging works also complete. The A1173 has seen delays, construction was due to start in July but now late November 2021. Northern

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			<p>Power Grid wish to install a new connection along the same route and works cannot start until discussion on this is resolved. Full programme is still expected to complete within the March 2022 deadline.</p>
<p>Skills Capital Fund Programme</p>	<p>GLLEP</p>	<p>£7,899,175</p>	<p><u>GC Energy Centre</u> -Potential delay by a month. The College has been in negotiations with the main Contractor to ensure that the price remains ‘fixed’, but the scheme is under constant pressure to ensure that the materials are secured in a timely fashion to ensure price and programme certainty. The anticipated completion date for the project has moved from the end of January to the middle of April due to these issues, but also because of the need to increase the phasing of the works, and an increase in the extent of asbestos discovered. It is felt that the revised completion date is achievable, and all parties are working to mitigate any further delay. Work commenced on site in September, but the invoice for valuation 1 was received just after the Q2 reporting period.</p> <p><u>Institute of Technology, Holbeach</u> The construction start date was delayed by a month which in turn has had a knock-on effect to the completion date, but the project is on track to complete by 19th November 2021 according to submitted profiles. Construction has progressed well in the past quarter, the site was prepped, and units have been delivered and are now watertight. Service connections have been prepared in readiness for final connections in Q3.</p> <p><u>Construction Centre, Stamford</u> 1 month delay likely. The latest build forecast is £3.283m against an estimated project value of £2.683m when the grant funding agreement was signed. While about £100k of the additional cost is BREEAM related, generally all elements of the building programme are subject to approx. 10% increase from the original costing. The project does not anticipate the building being finished on time. The project has received a DFE Grant to cover additional costs</p> <p><u>CaRe Core</u> The window replacements for the Trent block have been completed and fully paid. The construction works started on 12th July 2021 and were due to complete on 24th September</p>

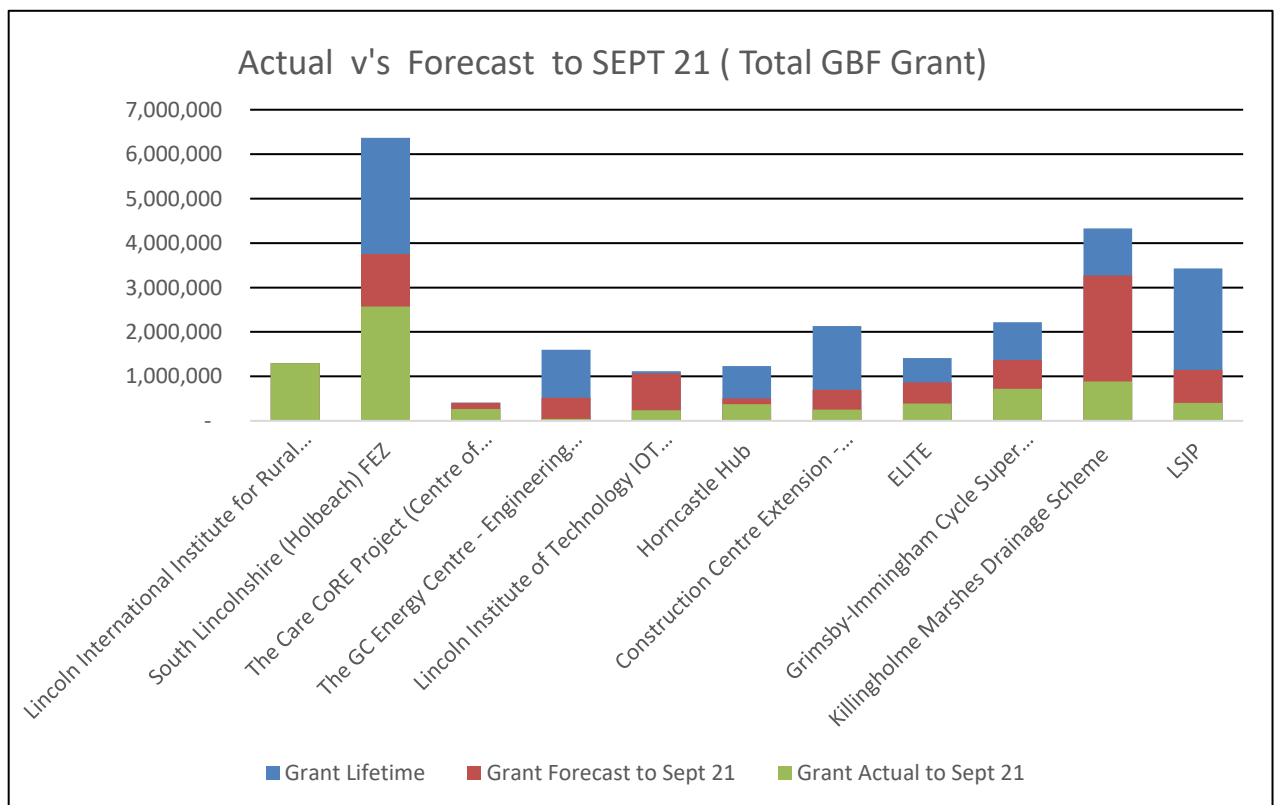
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			<p>2021. However, due to supply issues with materials and labour the completion date has slipped into October/November. The classrooms were handed back and were in use from 6th September, ensuring the Health and Social Care learners had accommodation from day one. The offices, ward and the flat complete. The lift installation has seen the largest delay, with installation not booked until 8th November 21. The project spend profile and report indicate that the final claim for this project will be made in Q3 21. Scheme delivery should be fully completed by December 2021.</p> <p><u>Horncastle Hub</u> Likely delays of a month - some confusion over profiling which is being discussed. Positively, works are underway with all demolition works complete including removal of external hard standing areas; tarmac basecourse has been laid to the roadways in the southern car park area; foundations for the new build have commenced and are nearing completion; structural Steelwork has been erected and is nearing completion; grouting of steel column bases has commenced; PCC stairs have been installed; temporary handrails to the 1st floor & roof have commenced; and Kerbs and stoning up to formation has been completed in the Southern Car Park area.</p> <p><u>Elite</u> Delay of 3 months expected. Q2 was the project's first claim. The project has experienced delays and has only just gone out to tender on the build. The closing date for this is the end of November. They anticipate scoring in December with a start date on site of 10th January 2022. This has of course had a knock-on effect to the completion date estimated as June 2022. Although the project hasn't started Tec Partnership are delivering the courses in other areas of the campus - classroom activity to begin with and will then do the vocational side once the build is complete.</p>
Lincoln Science & Innovation Park Phase 2	LSIP	£3,430,090	Works have started on site for both elements of the project and the project has hit all milestones to date. However, both elements of the project will not complete as per the

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			GFA, the enabling infrastructure works were due for completion in January 2022) and now see a completion date of March 2022 (although due to unforeseen work may extend into April 2022 and the I-STAR building was due for completion in February 2022 and now also sees a completion date of March 2022. Delays are mainly due to price increases and supplier delays. The project has clear mitigation measures in place
Fees 1%	GLLEP	£258,000	Applied at programme level
Overall		£25,800,000	Amber risk rating overall mainly due to finances, as a 5 is given to all projects with 10% spend variation, also individual project scores impact at programme level i.e. Skills Programme

3.2 Good progress continues to be made across the programme despite delays due to increased costs, supply chain impacts and unforeseen site works. It is also important to note that several Q2 claims have been lower than contractually forecast, thus impacting significantly on RAG ratings even if works are proceeding well. The table below shows an overview of grant achievement against contract total and cumulative forecast to Sept 21:



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3.3 In order to meet the full £12.9m GBF spend target for March 2022 freedom and flexibility options based on risk assessment and past performance may need to be considered, but it remains too early to tell at this stage. Most projects remain on or very close to the government deadline target for completion.

3.4 In terms of risks and mitigation measures for the GBF programme the updated table below provides an overview of concerns and our suggested approach:

Risk	Mitigation Measure	Deadline
Projects are unable to meet the GBF £12.9m spend target by 31 March 2022	LEP to discuss and agree in principle freedoms and flexibilities with the accountable body and C&LGU in Q4 if necessary	Prior to Annual Performance Review in February 2022
Procurement, cost, or supply chain issues due to Brexit and Covid 19 impacts	LEP will work closely with applicants to ensure that any changes to procurement rules, cost increases or delays due to Covid 19 can be planned for and resolved as soon as possible	Ongoing
LEP Review and Levelling Up White Paper announcement outcomes have direct implications for the LEP and its programmes	LEP to work with C&LG to update on progress made, share reasons for any delays, and provide reassurance & evidence that the GBF programme remains achievable LEP to respond to any emerging LEP Review changes as swiftly as possible, ensuring that any subsequent programme implications are shared with grant recipients as soon as possible.	February 2022

4.0 SLGF

4.1 The focus of this programme is to complete delivery of the projects listed below (remaining expenditure being attributed to capital offset as agreed previously) and to monitor and evaluate performance against these and all fully completed schemes within the programme.

4.2 The forecast for Quarter 2 (based on Year end outturns) was £20.2m total project cost forecast and £1.2m of offset. Unfortunately, only £9.868m of the overall forecast was achieved and £219,716 of offset. At the start of the financial year we had £8.508m of offset left to release, of which £7.8m was forecast in 2021/22.

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We have achieved a cumulative amount of £1.087m to date and expect to achieve a revised target of the £6.950m target by March 2022 with the balance being achieved in 22/23. The LEP team would therefore like to seek approval from the Investment board to this approach.

Distribution of SLGF Offset	21/22	22/23
Unlocking Rural Housing	0.060	0.230
Advanced Engineering R and D Centre - (The Bridge)	1.091	0.655
Grantham Southern Relief Road	4.200	
Sleaford Growth	0.904	0.014
Borderville	0.165	
Huttoft	0.113	
DTLA	0.021	
Skegness Gateway	0.082	
Europarc FEZ	0.125	
A46/A15	0.085	
Northern Junction	0.104	
Underspend	0.000	0.658
Total changes	£ 6.950	£1.558

- 4.3 Grantham Southern Relief Road is behind forecast but will complete Phase 2 this December, achieving its £80m overall contract value figure in this financial year despite delivery of Phase 3 continuing in 2022/23. We expect a £4.2m claim in Q3.
- 4.4 Sleaford Growth Phases 1 and 2 will complete this financial year as per remaining forecasts for the overall programme. Holdingham Roundabout in final stages of delivery.
- 4.5 The remaining £230,000 of housing programme grant for Boston Quadrant will not complete until next financial year now with 23 housing units forecast to finish in 2022/23.
- 4.6 The Bridge scheme is behind schedule, but we remain hopeful the scheme will still complete the main construction this financial year, with £1.106m of spend expected in Q3.
- 5.0 PROGRESS ON OUTPUTS
- 5.1 Output delivery remains a key focus activity on both programmes although currently output delivery on the GBF scheme is limited until projects complete. The Accountable body team have recently received the new LGF reporting template and are discussing some discrepancies with the central team prior to submitting an updated return on 26th November.

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5.2 Work continues output profiling and providing adequate breakdown of contractually classed “future years delivery” outputs. These will be assessed on the basis of new yearly breakdowns up to March 2025 with a quarterly breakdown submitted at the beginning of each financial year to enable regular monitoring against delivery.

5.3 Work is also beginning on producing up to date case studies to show case the work on the LEP.

6.0 CONCLUSION

6.1 The Board are asked to note delivery progress of the GBF and SLGF programme to date.

6.2 Year end grant spend will met for GBF, however the revised forecasts indicates project spend will slip into the new financial year. The LEP team would therefore like to seek approval from the Investment board to this approach.