



GLLEP INVESTMENT BOARD

27th September 2019

Boole Technology, Lincoln Science &
Innovation Park, Beevor Street, Lincoln,
LN6 7DJ

Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
13:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> Approval of Minutes 6th September 2019 	Chair	Paper 1 attached
13:05	<u>For Information</u> <ul style="list-style-type: none"> Growth Deal Update Report Scenario Planning (verbal update and discussion) 	Halina Davies, LEP Ruth Carver, LEP	Paper 2 attached
13:30	<u>For Decision - High Risk Contracted Project</u> Holbeach Food Enterprise Zone <ul style="list-style-type: none"> Lincolnshire County Council Progress Update Presentation Project Options and Recommendations 	Simon Wright, LCC Halina Davies, LEP	Papers 3 and 3.1 attached
14:00	<u>For Decision - High Risk Project</u> Lincolnshire Lakes (contracted) & Northern Junction (uncontracted) <ul style="list-style-type: none"> Homes England & NLC Progress Update Presentation Project Options and Recommendations 	Derek Gibbon & Stephen Cresswell - Homes England, Peter Henry and Andrew Roberts - Harworth Estates, and Simon Green, NLC Halina Davies, LEP	Verbal Update Paper 4 attached
14:45	<u>For Decision - High Risk Contracted Project</u> Access to Employment Zones <ul style="list-style-type: none"> Progress Update and Presentation on Phases 1 and 2a Project Options and Recommendations 	Chris Duffill, NELC Halina Davies, LEP	Verbal Update Paper 5 attached
15:15	<u>For Decision</u> GLLEP Feasibility Fund <ul style="list-style-type: none"> Report on E Factor Incubator Project and recommendations for approval 	Cathy Jones, LEP	Paper 6 attached

15:25	<p><u>For Decision</u> Huttoft Boat Shed Visitor Centre</p> <ul style="list-style-type: none"> • Covering Report and Recommendations • Due Diligence Report 	Halina Davies, LEP	Papers 7 and 7.1 attached
15:45	<p><u>For Decision</u> Review and Approval of Updated GLLEP Terms of Reference</p>	Ruth Carver, LEP	Paper 8 attached
15:50	AOB and close of meeting	All Members	

Additional Information: Appendix A (relating to Paper 3)

Attendees: Ursula Lidbetter, Cllr Colin Davie, Cllr Philip Jackson, Cllr Rob Waltham, Pat Doody,

Apologies: Chris Baron

Observers: Pete Holmes

Officers: Ruth Carver (GLLEP), Andrew Crookham (S151 Officer), Halina Davies (GLLEP), Cathy Jones (GLLEP), Sue Groves (Note Taker)

Parking Arrangements

Parking available at the Boole Technology Centre

27 September 2019 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Rob Waltham	Lincolnshire Lakes - Papers 4 and 4.1	NLC are applicants
Cllr Colin Davie	Holbeach FEZ - Papers 3 and 3.1 Huttoft Boat Shed Visitor Centre - Papers 7 and 7.1	LCC are applicants
Cllr Phillip Jackson	Access to Employment Zones - Papers 5 and 5.1 E Factor Incubator Project - Paper 8	NELC are applicants NELC are core partners



LEP INVESTMENT BOARD

6th September 2019

Lancaster House, 36 Orchard Street,
Lincoln, LN1 1XX

Draft Minutes

Draft Minutes

<p><u>Present:</u></p> <p><u>Board Directors:</u> Pat Doody (Nat West - Chair), Cllr Rob Waltham (NLC), Cllr Colin Davie (LCC)</p> <p><u>LEP Officers:</u> Halina Davies, Linsay HillPritchard, Sue Groves (Note Taker), Zoe Burse</p> <p><u>Observer:</u> Mel Phythian (BEIS),</p> <p><u>Apologies:</u> Ursula Lidbetter, (Lincs Co-op), Chris Baron (Butlins), Cllr Philip Jackson (NELC), Ruth Carver (LEP)</p>				
<p><u>Welcome by the Chair</u></p> <p><u>Apologies and Declarations of Interest</u></p> <p>The Chair welcomed Mel Phythian (BEIS Area Lead for GLLEP) Formal apologies were received from the following: Ursula Lidbetter (Lincs Co-op), Chris Baron (Butlins), Cllr Philip Jackson (NELC)</p> <p>Declarations of Interest:</p> <table border="1"><tr><td>Ursula Lidbetter</td><td>The Bridge</td><td>Wider Lincolnshire Science & Innovation Park landowner, but not involved in the meeting today</td></tr></table>		Ursula Lidbetter	The Bridge	Wider Lincolnshire Science & Innovation Park landowner, but not involved in the meeting today
Ursula Lidbetter	The Bridge	Wider Lincolnshire Science & Innovation Park landowner, but not involved in the meeting today		
<p>Full declarations of interest can be found at https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/</p> <p>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.</p>				
<p><u>Minutes (Paper 2) and Matters Arising</u></p> <p><u>Matters Arising:</u> Lincolnshire Lakes - North Lincolnshire Council has requested an extension of a couple of weeks to update the Board on the project following a meeting with Homes England. The scheme will now be discussed at the 27th September Investment Board.</p> <p>Future decisions on allocations from the Feasibility Fund will now be made in accordance with Lincolnshire County Council's Scheme of Delegation levels.</p> <p>The minutes of the 19th July 2019 were accepted as a true record.</p>	<p><u>Action</u></p> <p>Publish</p>			
<p><u>The Bridge (Paper 3)</u></p> <p><u>Paper Commercial in Confidence</u></p> <p>Investment Board approval was sought for this project to be moved to the contracting stage. The project is being considered as part of the Growth Deal Programme.</p> <p>HD informed the Investment Board members that this paper had been shared confidentially with Manufacturing Board members for their feedback on the project and provided a brief overview of the due diligence report and findings.</p>				

The Bridge will be a new-build, R&D facility of the Lincoln Science and Innovation Park and the £1,940,250 Greater Lincolnshire LEP grant would contribute towards the capital build elements of the project only.

The principal activities would be:

- Construction of a new-build two-storey R&D and innovation facility
- Equipping the Centre with cutting-edge instrumentation that will support R&D investigations, new product development and materials innovation.
- Assembly of a team with relevant skills and experience to address the key processes of the project.
- Delivery of R&D assistance to SMEs through a range of activities.
- Delivery of business engagement for R&D collaboration.

Comments from Manufacturing Board Members

- ❖ Largely positive addition to manufacturing support infrastructure
- ❖ Need to be mindful of challenges that academia has faced with engaging the SME business community
- ❖ Market demands not always met as effectively as they could be, need to be mindful of approach
- ❖ Intellectual property ownership may need careful consideration
- ❖ Client demand is likely to be fairly niche and might be limited by LEP geography
- ❖ The proposed GVA growth per business supported and number of jobs predicted seemed to be very conservative estimates
- ❖ Need to make sure that the equipment and facilities provided line up with the needs of materials, R&D and product development in the sector.
- ❖ Wider consultation is needed to engage the sector effectively

Investment Board Members recommended that the following conditions are required, either prior to or to be incorporated within the Fund Agreement:

Pre-Contract Conditions

- The University to provide updated project information, demonstrating that the scheme has as a minimum achieved RIBA Stage 3 and can proceed in accordance with the programme provided by the University for this project. In the event that the project has not reached RIBA Stage 3, the University to confirm measures in place that will enable the detailed design of the project to be complete in time so as not to impact on programme and deliverability of the scheme by the programme deadline of March 2021.
- The University to provide written confirmation that they will be solely responsible for any cost overruns and budget overspend so as to enable the scheme to be delivered as proposed within their application without any material change.
- University to confirm ESIF match funding being in place subject to contracting by October 2019.
- The University to provide a detailed monitoring plan to GLLEP for inclusion within contractual documentation.

Pre-drawdown of Funding Conditions

- The University to provide a detailed programme for delivery of the project and to keep GL LEP notified in terms of all progress and any potential slippage which may jeopardise delivery of the project beyond March 2021.
- The University provide a copy of the lowest tender and report on tenders once the procurement process has completed so as to verify that the procurement that current regulations have been complied with and that the project can proceed in accordance with the approved budgets.

- The University to widen its consultation base for the project and to produce a partnership document with a minimum of 50 businesses demonstrating their support/interest in the new research facility.
- That one or two GLLEP Manufacturing Board members are invited to work on the project steering group both at initial design stage and post completion.
- The University to monitor business engagement and tap into existing UK Knowledge on the sector.

It was suggested that collaboration with Nottingham University in particular may be helpful as they have already created something similar.

The Board specifically asked for the University to widen its business consultation base for the project and to produce a partnership document demonstrating support/interest in the new research facility.

Clarification of which outputs would be attributable to both Growth Deal and ESIF was also requested by the accountable body. GLLEP will liaise with the ESIF team.

The Board approved The Bridge scheme progressing to contracting stage, subject to the above pre-contract conditions being addressed.

Digital Technology Transport & Logistics Academy

Investment Board approval was sought for this project to be moved to the contracting stage. The project is being considered as part of the Growth Deal Programme.

HD summarised the project proposals and due diligence appraisal report findings.

This project will create an industry-driven Digital Technology, Transport and Logistics Academy with a main hub in Boston, spoke in Spalding and providing a complementary offer to the Institute of Technology.

The project will:

- Improve the skills and talents of the current and future workforce across levels 2-5
- Support key strategic sectors and national projects such as HS2
- Support business growth through access to resources and advice

The proposed centre will bring national partners, such as Network Rail, Victoria Group, Hire Association Europe and the Construction Plant-Hire Association (incorporating the Rail Plant Association), and their employer partners into Boston for sector specific training opportunities alongside Lincolnshire employers.

The new Academy will:

- Provide industry standard training facilities
- Offer a progressive skills pathway from Level 1 to Level 5
- Deliver a range of bite size modular training packages in new skills and technologies for new and existing employees
- Act as a hub for transport and logistics businesses, including rail, road and plant industries

The total cost of the scheme is £3,725,000 of which £200,000 is revenue funding. Greater Lincolnshire LEP Growth Deal would be contributing a grant of £2,425,000 (inclusive of GLLEP fees of 0.5%).

The board recommended coordination of this scheme with related training already being delivered by the University of Lincoln.

Grant conditions agreed were as follows:

Pre-contract Conditions

- Confirmation in writing to Greater Lincolnshire LEP that any additional costs are underwritten by Boston College.
- If the decision is taken to change the delivery mechanism from a traditional construction process to a modular one, that full scheme details are provided to Greater Lincolnshire LEP and a re-appraisal of costs, funding required and value for money is undertaken accordingly.

Pre-drawdown of Funding Conditions

- Confirmation that the scheme has secured a satisfactory planning permission and is able to proceed.
- A copy of the report on tenders and lowest tender is provided to Greater Lincolnshire LEP to demonstrate the scheme is deliverable.
- An updated programme for delivery and drawdown of funds is to be provided once a contractor is appointed.

Post Completion Monitoring

- That within the first year of project completion, a statement is provided stating exactly what the new qualification offers are, and what new activity is taking place for on-going monitoring.

The Board approved the Digital Technology Transport & Logistics Academy scheme progressing to contracting stage, subject to the above pre-contract conditions being addressed.

Meeting closed

PAPER 2 GROWTH DEAL UPDATE REPORT

Publication	Public Paper (published)					
Meeting date:	27 September 2019					
Agenda Item:	2					
Item Subject:	Report to inform the Board of Growth Deal Programme progress					
Author:	Halina Davies					
For:	Discussion	Yes	Decision		Information	Yes

1. SUMMARY

- 1.1 Investment Board Directors are asked to note the Growth Deal Programme progress report.

2. BACKGROUND

- 2.1 This paper explains progress against 2019/20 forecast targets and the agreed improvement plan with government.

3. RISK MANAGEMENT

- 3.1 There are 10 schemes/phases with allocations still uncontracted with GLLEP. These amount to £13% of our total growth deal allocation with 87% of the programme now being fully committed. The table below shows which schemes fall within this category.

Projects still to go through due diligence or with complex negotiations		
Scheme	Allocation £m	Update
Northern Junction Roundabout	1.9	Site investor still to be confirmed - Verbal Presentation from Homes England and NLC being provided today
A46 Roundabouts	2.5	Update meeting held on the 16 th September. Due diligence expected late Q3 2019/20, however new tender process required and scheme variation to be discussed at November Board once details have been received.
Advanced Engineering Centre (The Bridge)	1.95	GLLEP approved the scheme to contracting stage on 6 th September. Decision by the GDT's IDG on ESIF match hopefully being made week commencing 23 September.

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Sleaford Growth Project	2	Due Diligence expected Q3 2019/20 however new tender process required as framework not deemed VFM.
Gainsborough Growth Project Phase 1b	2.79	Funding agreement sent to WLDC in August 2019 for review.
Access to Employment Zones Phase 2	2.1	At contracting stage, update being provided to the Board today.
Digital Transport and Logistics Academy	2.43	Scheme approved to contracting stage on 6 th September.
Borderville Expansion	1.23	Due Diligence expected Q3 2019/20
Huttoft Boat Shed Visitor Centre	0.24	Project being presented for approval to contracting stage today.
Total	17.14	

3.2 There are currently four high risk uncontracted schemes (Northern Junction Roundabout, Access to Employment Zones Phase 2, Holbeach Food Enterprise Zone and The Bridge) Progress on these projects has been summarised as part of the overall programme update on page 4 of this paper.

3.3 The LEP will continue to closely monitor all Amber and Red RAG rated schemes going forward as per risk mitigation processes agreed with the Board.

4.0 IMPROVEMENT PLAN AND MID YEAR REVIEW

4.1 Following on from the Annual Performance Review GL LEP agreed a delivery improvement plan with BEIS and four meetings to discuss progress against agreed milestones have been arranged with Government throughout the year, two of which took place on the 22nd May and 17th July 2019 with all forecast expectations being achieved.

4.2 As required by Government our Mid-Year Review was held on the 16th September with attendance from Cities and Local Growth Unit representatives, GLLEP and the Accountable Body.

4.3 An update was provided on progress against the improvement plan at the review with a final meeting for review being scheduled on 12th November.

4.4 The Mid-Year Review focused on compliance check results (no concerns to date), progress against actions from the 18/19 Annual Review, Delivery, Governance and Strategy. More detail is being

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GROWTH DEAL UPDATE REPORT

included as part of the LEP Directors report. It was a positive meeting with a number of clear actions agreed for both the LEP and BEIS.

5.0 GLLEP PIPELINE

5.1 The latest call for pipeline project ideas closes on the 27th September and assessment of the schemes will take place in October and November 2019.

6.0 CONCLUSION

6.1 It is recommended that the Investment Board notes the position of Single Local Growth Fund performance.

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CONTRACTED	£(m)	RISK RATING (Q1 LGF Reporting)	SUMMARY UPDATE
Grantham Southern Relief Road	28.000	A	<ul style="list-style-type: none"> The scheme is moving forward having hit the revised milestones with Phase 2 and 3 Site compound constructed and operational. Haulage roads for Phase 2 are under construction. Target price for Phase 2 being negotiated and temporary Traffic Regulations Order (TTRO) for works on A1 confirmed. HIF match funding for the scheme is in approval and a revised financial funding breakdown has been provided.
Boston Quadrant Infrastructure Programme	4.750	A	<ul style="list-style-type: none"> Preparation is on-going for works to commence on the stadium site once HIF Funding Agreement signed. Public benefit works will be completed but some continued slippage on match funding. 58 housing units have been claimed and evidenced this quarter.
Boole Technology Centre	3.375	G	<ul style="list-style-type: none"> Project has financially completed and has delivered a proportion of the required outputs. The applicant has also submitted an informal evaluation and continues to update on project impact.
Unlocking Rural Housing	4.108	AG	<ul style="list-style-type: none"> 8 out of the 9 schemes contracted are now physically complete, some projects were due to claim retention in Q4 last year but this has now rolled over to early 19/20. Boston Quadrant Affordable Housing was the last scheme to start but is on track with spend/grant.
Bishop Burton College Lincolnshire Showground Riseholme Campus	7.500	AG	<ul style="list-style-type: none"> The project is physically complete but is still to evidence some residual match funding into the scheme. Outputs have been claimed and the project is on target to deliver all contractual outputs. We will be scheduling a meeting with the applicant to review output evidence and assess progress on the formal evaluation (an informal evaluation has been provided)

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Tentercroft Street Growth Corridor Phases 1 and 2	1.100	G	<ul style="list-style-type: none"> The project has financially completed and we are still in the process of capturing final outputs for the scheme.
Lincoln Transport Hub SLGF/DFT	13.000	G	<ul style="list-style-type: none"> Two more claims due, which cover retention payments, these are expected in Q2 19/20 and Q2 20/21. Meeting held with the project in August to talk through remaining outputs to be claimed. Adjustment made as further non LGF expenditure to be captured as additional leverage.
Go Skegness Sustainable Transport	4.000	AG	<ul style="list-style-type: none"> We had expected the project to be fully completed by the end of last financial year however has a small amount to evidence in October 19. Outputs have been delivered.
Access to Employment Zones Phase 1 (Toll Bar)	1.894	AG	<ul style="list-style-type: none"> As at Q1 the project appeared to be on track, however following meetings with the applicant concerns over the projects deliverability within the existing timeframes were raised. A formal variation request was advised to be submitted and full update to be provided to the next investment board.
Normanby Enterprise Park	0.983	A	<ul style="list-style-type: none"> Despite the spend slippage last financial year, the project has advised that it remains on track to fully spend this year. Some further slippage did occur in Q1 and this has been reflected in the RAG rating and the spend profile is not brought back on track within Q2.
South Humber Infrastructure Investment Programme (SHIIP) Phase 1	2.000	AR	<ul style="list-style-type: none"> There have been some continued problems regarding site acquisitions and this impacted on a nil claim in Quarter 1 19/20. There are concerns over the full delivery of all mitigation sites and we are currently reviewing the impact on the spend timeframe and output delivery. The applicant has been asked to provide further information following a site visit in July. We can report: <ul style="list-style-type: none"> Cress Marsh Site is complete. Pumps to be put in Dec 19. BASF Site - currently in the process of being taken over (Solenis). HOTS agreed- looking at a start on site in September 2019. Sutton Estates Site - HOTS have been issued and awaiting sign off. Planning is in place for this site and an identified contractor is ready to start on site. Cristal Site - Acquisition delayed and negotiations with the land owner continue. Novartis Site - the company are leaving the country in 2020 but are keen to leave a legacy. Positive discussions are on-going and a position is hoped September.

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			<ul style="list-style-type: none"> RWE Site - Progress has been slow in progressing this sale and the project manager as assured that this will be prioritised in the next quarter.
Lincolnshire Lakes Lake 1	2.000	R	<ul style="list-style-type: none"> As previously advised, North Lincolnshire Council has suffered from significant delays due to the difficulties experienced by third parties involved with scheme's delivery. They continue to allocate resource and work extensively with major developers, key statutory agencies, public sector partners and house builders to expedite and achieve onsite delivery. The applicant and Homes England have been asked to provide a full update to board on the project position and its inter-relationship with the un-contracted Northern Junction scheme.
Agri-Food Centre of Excellence	2.400	AG	<ul style="list-style-type: none"> The project has now commenced and contracts have been signed with Willmott Dixon Construction for the delivery of the scheme, as well as with Perfect Circle JV for the professional services of Project / Cost Management The project has recently submitted a spend re-profile which is currently under review.
Holbeach Peppermint Junction	1.885	G	<ul style="list-style-type: none"> This was the final financial claim for the project and the held retention of grant has now been paid. As expected, total costs were less than contracted, which in turn reduced the grant required. The project will now move to output delivery.
Scunthorpe Town Centre	3.850	G	<ul style="list-style-type: none"> The project is progressing well with full project spend due to be achieved this financial year.
Sutterton Roundabout	0.751	G	<ul style="list-style-type: none"> The project is now complete and outputs are due to be claimed in future years.
Grantham Technology and innovation Centre	2.000	G	<ul style="list-style-type: none"> The project is progressing well with full project spend due to be spent this financial year.
Gainsborough Growth	1.601	AG	<ul style="list-style-type: none"> Following a meeting with the applicant we expect a formal variation to be issued and in particular to align the additions of Bowling Green Road and Corringham Road junction (Phase 2.) Work has progressed well on the Living over the shops element of the scheme and the transport modelling has been completed.
Skills Capital Investment Fund	7.340	AR	<ul style="list-style-type: none"> Spend for the 18/19 was much lower than expected and there have been lack of profile information submitted. This has been highlighted with the project

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			manager and the risk rating increased. A meeting with the Applicant has been scheduled prior to the next claim submission.
GL Centre of Medical Science	4.975	G	<ul style="list-style-type: none"> Newly contracted and project inception meeting arranged for 23rd September.
Holbeach Food Enterprise Zone	2.985	R	<ul style="list-style-type: none"> April saw the detailed design for the roads sent to Development Management for reviewing and a desktop study for ground investigation completed. £4.5million is due to be spent before the end of the 2019/20 financial year bringing utilities forward to the whole of Phase 1 site, whilst ensuring provision for future proofing (for Phase 2 as and when). Following meetings with the applicant over low spend we became aware of potential problems in delivery and output achievement. The project was risked accordingly and asked to present an update to board in September.
Hemswell Food Enterprise Zone	1.990	A	<ul style="list-style-type: none"> This is a newly contracted project and this is the second claim period, which has seen a NIL claim returned. We did not receive a progress report or profile but the AB and GD Manager met with this project in August 2019 to discuss the delays. There are some concerns over the delivery of the scheme but the applicant is currently seeking formal clarification from all parties given the good progress that had been made to date. The risk has been raised accordingly and we would expect a clear position by the end of September.
Europarc Food Enterprise Zone	1.791	AG	<ul style="list-style-type: none"> This is a newly contracted project and this is the second claim period, which has seen a NIL claim returned however spend was always estimated to be low. The progress reports details how they have obtained planning permission and are out to tender with returns due in July 2019.
South Humber Infrastructure Investment Programme (SHIIP) Phase 2	2.000	A	<ul style="list-style-type: none"> We attended a site visit in July and saw positive steps forward for construction of the road. This scheme is progressing but spend was less than expected due to initial delays and this has been reflected in the finances RAG rating. Following the visit we have confidence that the project will be brought back on track with some works progressing ahead of schedule in the hope of reducing the spend slippage.
Skegness Business Park	1.279	G	<ul style="list-style-type: none"> LEP milestones were achieved allowing a move to contract which was signed in Sept 2019. Construction start date expected September 2020 with completion February 2021. Project inception meeting scheduled 23rd September 2019.

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PROJECT ALLOCATION	£(m)	RISK RATING	SUMMARY UPDATE
Gainsborough Growth Phase 2	2.400	AG	<ul style="list-style-type: none"> Contract drafted by GLLEP 14 August 2019 and contract negotiations with West Lindsey District Council are on-going with an expected resolution by 30th September.
Access to Employment Zones Phase 2 (Littlecoates)	1.802	R	<ul style="list-style-type: none"> In contracting stage, but awaiting completion of pre-contract conditions. NELC to update on progress against milestones and pre contract conditions by 20th September in advance of the 27th September meeting.
Northern Roundabout Junction	1.900	R	<ul style="list-style-type: none"> Joint presentation by Homes England and North Lincolnshire Council is scheduled for the 27th Sept Investment Board meeting to provide a full update on the scheme progress including delivery milestones, timescales and full risk analysis
A46-A15	2.500	AG	<ul style="list-style-type: none"> Due diligence expected Q3 2019/20 Update meeting held on 16 Sept 2019 to discuss design progress on the project and milestones for meeting due diligence deadline. Indication of revised submission details which will be confirmed to board in November.
Sleaford Growth Project	2.000	AG	<ul style="list-style-type: none"> Sleaford Growth Board last met on 20 August 2019. Due Diligence expected Q3 2019/20. Design work underway and the first cost estimates were expected on Friday 6 September (not received) for both schemes (Sleaford Rugby Junction and Holdingham. Sleaford Rugby Junction well advanced to meet due diligence timeframes however Holdingham timeframes have slipped.
Advanced Engineering R and D Centre (The Bridge)	1.950	A	<ul style="list-style-type: none"> Approved to contract on 6th September 2019 with a number of pre contract and pre drawdown conditions, and confirmation of ESIF match funding. Board also requested that a monitoring plan be provided by UOL and that engagement with SMEs from the relevant sectors be clearly demonstrated. Representation from the GLLEP Manufacturing Board is to be added to the project steering group and collaboration with other universities and national centres leading on advanced materials development is expected to be taken forward. ESIF bid decision is expected the week commencing 23 September 2019.

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Digital Transport and Logistics Academy	2.430	G	<ul style="list-style-type: none"> Approved to contract on 6th Sept 2019 and the two pre contracting conditions have now been satisfied. Pending sign off of the decision notice the funding agreement can be drafted by GLLEP.
Borderville Expansion	1.230	G	<ul style="list-style-type: none"> Due Diligence expected Q3 2019/20. Key milestones of Design and planning confirmation expected by 30th September 2019.
Huttoft Boat Shed Visitor Centre	0.240	G	<ul style="list-style-type: none"> Will be presented to the 27th September 2019 Investment Board meeting for approval to contracting stage.
Keadby Terminal Assisted Outfall (TAO) Pumping Station (Reserve)	3.400	G	<ul style="list-style-type: none"> Board approved as a reserve project in July 2019.

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HOLBEACH FOOD ENTERPRISE ZONE

1.0 Introduction

Lincolnshire County Council and its delivery partners are committed to bring forward the delivery of the Food Enterprise Zone as a priority scheme that will bring forward major benefits to the agri-food sector in South Lincolnshire and the wider region. The Holbeach FEZ is one of three similar developments planned for Lincolnshire and, with the University of Lincolnshire as a major anchor, the scheme will create a high quality environment for companies at the cutting edge of the sector to be based. The site already benefits from a simplified planning regime following the formal adoption of a Local Development Order by South Holland District Council and all partners continue to work on the provision of infrastructure to the site and various promotional activities.

2.0 Current position statement.

A great deal of positive and successful work has been done to progress the delivery of the FEZ and all partners are committed to the creation of a successful FEZ. A summary of the main milestones achieved, as well as forthcoming milestones during the remainder of the scheme, are shown in the table below:

Milestone	Date achieved	Target date
LDO approved by SHDC	November 2018	
Match funding secured	April 2019	
Place and complete orders for all utilities	May 2019	
Complete detailed design for road to adoptable standards	June 2019	
Procurement for road construction complete	September 2019	
Contractors appointed for road construction	September 2019	
Construction of service road commence		November 2019
Road construction complete		March 2020
Utilities installed for University Centre of Excellence	Date achieved	March 2021

It is recognised that the scheme is of a highly complex nature involving the development of greenfield land and the provision of all major services and access road etc. Whilst a great deal of positive work has been completed to date there are a number of high risks associated with the project and the purpose of this paper is to update the board and seek support for the completion of the scheme in light of the risk associated with the supply of electricity identified in the following section.

3.0 Electricity Supply

Whilst electricity supply issues were identified as a constraint to the full build out of the FEZ, early consultation with Western Power Distribution (WPD) suggested that an adequate power supply for Phase 1 of the FEZ could be provided broadly in line with the allocated budget (approx. £2 million) and could be provided by the March 2021 funding deadline. However, more recent engagement with WPD now indicates that the cost of providing power to Phase 1 has escalated to circa £4million and the lead in time has extended from approximately 18 months to three years plus. In particular, as there is only a very limited

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HOLBEACH FOOD ENTERPRISE ZONE

supply of electricity any new development will require substantial upgrade works to reinforce the overhead power lines between Spalding and Holbeach.

In order to gain greater cost certainty, the County Council has submitted a formal application to WPD for the provision of 1.6mw of power which will be adequate to power Phase 1. WPD have advised that their "offer" detailing the cost and timescale to provide power will be available by 21st October at the latest. Officers expect this offer to confirm the costs and timescale that WPD have informally advised and in expectation of this we have appointed Sustainable Direction, a specialist consultancy, to advise us on alternative approaches to the delivery of power at the FEZ.

Sustainable Direction completed their detailed technical report in early September and has advised the Council that there is a realistic opportunity for alternative power solutions to be delivered at the Holbeach FEZ which would in effect create a "micro grid" for the FEZ.

The technologies and energy sources suggested by Sustainable Direction comprise the following:

- Gas Engine Combined Heat and Power Generation
- Solar Panels
- Engines using liquid fuel which can be modified to use biofuel and methane/biogas
- Battery back up
- Thermal store

The above technologies can be used in various combinations to meet the needs of the FEZ. For example a mix of Solar panels and engines.

Whilst the advice from Sustainable Direction is that their proposal is deliverable in the timeframe set and with the budget available, the Council has commissioned a third party consultant to carry out a review of the Sustainable Direction report to verify their findings.

Sustainable Direction has advised that these solutions are deliverable and can be implemented within the funding timeline for the LEP funding (March 2021). The micro grid solution has a number of other advantages including:

- Its modular nature means that it is a scalable solution that can be increased to meet growing demand.
- It is capable of generating an income stream however this will need the creation of an appropriate delivery company to be owned by the County Council.
- It removes the need to pay a large up-front payment to WPD which would be subject to severe time limitations.
- Allows scope for the development of a combined heat and power system using locally generated energy resources in the future including biogas from local AD plants, biomass, PV or ground water heat pump or other solid recovered fuel from waste/refuse
- Early adoption of this approach would make the FEZ an exemplar of successful alternative energy solutions

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Sustainable Direction have provided an indicative timeline showing the major milestones for the delivery of their proposed solution which confirms that implementation can be achieved by March 2021 in a phased manner to meet the needs of the scheme.

At the moment we have identified some headline risks that will need to be dealt with. For example the scheme will require planning consent and the creation of a suitable delivery company. We would not expect planning to be a major risk following adoption of the Local Development Order but more work is required to understand the implications and licence considerations etc behind the proposal. In order to understand and mitigate these risks the County Council will immediately instruct Legal Services Lincolnshire to investigate the process required to create a suitable management company. It would also be beneficial understand more about the environmental impact of the proposals in order to ensure that the scheme accords with the Council's commitment to reduce submissions etc. and this is being investigated further.

In order to meet the proposed milestones, the County Council and its strategic partners will need to act promptly to secure the necessary support for the scheme. This process is already under way with an initial consultation with LCC members indicating their broad support for the scheme. The next step will be to carry out a further consultation with elected members and senior officers through the Stakeholder Engagement Forum due to take place on the 30th September. It is expected that shortly after this meeting a clear decision will be taken as to whether to proceed with the Sustainable Direction proposal or continue via the WPD route. In order to meet the milestones described by Sustainable Direction a firm decision on the most suitable implementation route must be taken by November 2020. This timescale is helpful as we expect to have received the formal offer to provide power from WPD and it will be possible for a direct comparison between the two schemes to be made.

We expect that implementation of the Sustainable Direction proposal will have greater resource implications for Lincolnshire County Council because it is so innovative compared with the WPD solution. Whichever approach is adopted the delivery team can call on additional support and advice via the existing framework of consultants advising the team which includes Gleeds and AECOM.

In summary, the proposal identified by Sustainable Direction requires a smaller initial investment that creates a financial return and can be delivered within the time available. Officers are progressing these proposals further with particular emphasis on gaining further understanding on the environmental impact of the proposals and also on the creation of a suitable delivery company.

These proposals will be discussed in detail with the FEZ Stakeholder Forum which is made up of senior officers and elected members at a meeting on 30th September and a final decision regarding the implementation of the Sustainable Direction proposals will be made shortly thereafter in order to meet the funding deadline.

4.0 Outputs

We have reviewed the breakdown of outputs the scheme will deliver in light of the challenges it faces and the progress made to date against the milestones identified. In light of this review, and our understanding of the challenges regarding the future supply of electricity, we would like to make the following changes as shown in the summary of outputs table below.

**PAPER 3
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Proposed variation to project outputs							
	2016/17	2017/18	2018/19	2019/20	2020/21	Future Years	Total
i) Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)			£1,810,200	£2,819,800		£235,000	£4,865,000
Private Sector Investment Leveraged (£)						£13,668,000	£13,668,000
Number of new Jobs Created (gross)					15	68	83
Number of Jobs Safeguarded (gross)					20	314	334
ii) Local Strategic Outputs							
Number of businesses assisted to improve performance					5	20	25
Number of new businesses created					6	16	22
iii) Others (please list) *							
Total length of newly built roads (km)				155m			155m
Area of site reclaimed, (re)developed or assembled				23,365 m2		15,600 m2	38,965 m2
Utilities installed					Water, Foul Drainage, Gas, Broadband,		

PAPER 3 HOLBEACH FOOD ENTERPRISE ZONE

					Electricity		
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A summary of the revisions is as follows:

Number of jobs created:

The number of jobs created as a result of the scheme has not been amended however we have adjusted the timing of these jobs to reflect the impact of the challenges described above.

Number of jobs safeguarded:

Similarly, the number of jobs safeguarded remains as previously reported but the timing has been deferred to reflect the revised timings for the delivery of the scheme.

Number of new businesses created

The total number of new businesses created has not been altered as we remain confident that as Phase 1 of the FEZ progresses a number of new businesses will be established on the scheme. We have deferred the timing of this output however in response to the revised timeline for the delivery of the scheme.

Commercial floorspace refurbished/constructed:

We have removed details of this output as we have identified that the total amount of commercial floorspace for the whole of Phase 1 and Phase 2 of the FEZ was set against the Holbeach Peppermint Junction Single Local Growth Fund bid. The outputs indicated in the FEZ bid were for Phase 1 however we recognise that this has led to an element of "double counting" so they have been removed.

Number of businesses assisted to improve performance

It has been recognised that this output should more appropriately be used to support the University of Lincoln's funding bid for the Centre of Excellence as the majority of businesses assisted will be as a result of the services provided at the Centre of Excellence. We do recognise that the wider FEZ scheme will support businesses to improve performances in future years once networking and other knowledge sharing opportunities take place between businesses located at the FEZ.

Number of learners assisted

We have removed details of this output as we understand that these figures have been included by the University of Lincoln in their funding proposal for the Centre of Excellence and we wanted to avoid any "double counting".

We will continue to monitor and review the outputs generated as a result of the scheme and as the project progresses we will work closely with the Investment Team and other stakeholders to monitor the effectiveness of the development in meeting these targets.

A copy of the latest spend profile is included as Appendix A.

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HOLBEACH FOOD ENTERPRISE ZONE

5.0 Summary

This paper provides an overview of the progress made so far in the delivery of the infrastructure to facilitate the delivery of Phase 1 of the Holbeach FEZ. It also sets out in detail a major risk facing the project viz a viz the creation of an adequate power supply to the scheme.

The provision of all other utilities comprising water, gas and broadband etc is progressing as anticipated and no other major risks have been identified.

The summary of major milestones demonstrates that significant progress has been made so far but also acknowledges that there has been a slight delay in the delivery of the service road. Despite this delay, the tender for the construction of the road is about to be awarded and work on site is programmed to commence in November 2019. The service road construction will be completed in March 2020.

The governance structure put in place to monitor the scheme, provide oversight and make strategic decisions is functioning well and meetings are held in accordance with the agreed timetable in order to support the project.

We would very pleased to receive the continued support of the Board to deliver this project in accordance with the milestones set out in this report and would welcome any comments or questions that the Board may have on any matter raised in this paper, particularly regarding the proposals for the supply of electricity summarised above.

PAPER 3.1

HOLBEACH FOOD ENTERPRISE ZONE

Publication	Public Paper (published)					
Meeting date:	27 September 2019					
Agenda Item:	3					
Item Subject:	Holbeach FEZ Variation to Contract					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

1. SUMMARY

- 1.1 Board Directors are asked to discuss the presentation from Lincolnshire County Council (LCC) regarding proposals for revised contractual milestones and outputs, review details on deliverability within Paper 3 for the Holbeach Food Enterprise Zone (FEZ) and to consider options and recommendations.

2. BACKGROUND

- 2.1 The Holbeach FEZ scheme was contracted in March 2018 as part of our FEZ programme with a total estimated scheme cost of £7,615,000 and a grant contribution of £2,985,000.
- 2.2 The site is one of three key strategic FEZ investment sites in Greater Lincolnshire under the auspices of East Midland Manufacturing Zone status.
- 2.3 The scheme is classed in the high risk 'red' category and as a result the following process has been applied:
- The scheme has been placed in quarterly special measures (review points with the Investment Board).
 - If delivery against existing milestones is not demonstrated the LEP will look to withhold funding or clawback/withdraw funding in line with the grant funding agreement.
 - The scheme is subject to monthly meetings with LEP/accountable body teams.

3. VARIATION PROPOSALS

- 3.1 As presented by LCC, contract variation proposals are due to be submitted to the accountable body.
- 3.2 Milestones have slipped due to power considerations for the site having to be reassessed and negotiated in light of unexpected and sudden potential cost increases from the provider.
- 3.3 LCC has taken steps to mitigate the issue and is exploring alternative sustainable power solutions for the scheme, but as explained in Paper 3 a final approach is yet to be finalised.

PAPER 3.1 HOLBEACH FOOD ENTERPRISE ZONE

- 3.4 A request for changes in the Outputs is also being requested due to the unavoidable delays and also following a detailed review by the Project Manager in conjunction with Holbeach Peppermint Junction and the Agri-Food Centre of Excellence as the wider scheme continues to evolve.
- 3.5 The FEZ scheme reports to a FEZ Project Board and a Stakeholder Forum. Board meetings are held monthly and the emphasis on delivery of Phase 1 is evident to date.

4. CONCLUSION

- 4.1 Officers have reviewed the information provided to date (as demonstrated in Paper 3) and ask that the Board note the supporting presentation given by LCC today for what is a key strategic site for Greater Lincolnshire.
- 4.2 A decision on which power delivery route will be taken and the timescale implications of this decision should be determined by the end of November 2019 with full details being provided to the board.
- 4.3 There are three potential options recommended for the board to consider:

Option 1

That the Board continues to approve £2,985,000 Growth Deal support for utilities on the Holbeach FEZ site, agreeing to the revised milestones and outputs highlighted in Paper 3.

An alternative sustainable or mixed power solution is negotiated for the site by the end of November 2019 Investment Board meeting guaranteeing project delivery by 31 March 2021. Availability of required match funding is confirmed.

Option 2

That the board considers additional funding support solutions through its programme should an opportunity arise to do so, taking into account value for money and other strategic priorities.

Option 3

The GLLEP funding allocation is attributed to other utility and road infrastructure costs on the site in advance of a power solution being determined and delivered immediately at risk, enabling a longer period of time for LCC to resolve current power provision issues.

PAPER 4

LINCOLNSHIRE LAKES SITE

Publication	Public Paper (published)					
Meeting date:	27 September 2019					
Agenda Item:	4					
Item Subject:	Options and recommendations for our Lincolnshire Lakes related schemes					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

1. SUMMARY

- 1.1 Board Directors are asked to discuss the verbal presentations from Homes England and North Lincolnshire Council (NLC) and to consider officer recommendations within this paper.

2. BACKGROUND

- 2.1 The Lincolnshire Lakes Lake 1 scheme was contracted on 22nd July 2016 and the LEP is contributing £2m of grant funding towards this project. Despite some preparatory works having taken place, the main construction contract for the Lake has been held in abeyance pending written confirmation of investment in the wider scheme.
- 2.2 The Northern Junction Roundabout scheme was approved to contracting stage on the 25 May 2018 subject to a number of conditions. The condition relating to confirmation in writing of match funding being available to NLC is still to be achieved; hence GL LEP has been unable to proceed with the funding agreement to date.

3. LATEST PROGRESS UPDATE

- 3.1 Homes England, Harwood Estates and North Lincolnshire Council will be verbally presenting a full update on progress to the Investment Board on the 27th September. A report has not been provided in advance due to a key meeting being held between all delivery partners on the 26th September. This approach was agreed with BEIS representatives who have been closely engaged with the scheme over recent months.

4. CONCLUSION

- 4.1 Following regular updates and discussions, and taking into account the fact that the latest details on the project will not be available until the presentation on the 27th September 2019, LEP Officers make the following recommendation to the Board:
- The board discuss and question project partners on the 27th September regarding the deliverability and current status of the scheme.
 - The board decide whether having heard the presentations from the key partners involved with the scheme whether continued

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support for the £3.9m grant would be acceptable providing revised clear milestones are agreed; or that the risk to the wider Growth Deal Programme is too great and therefore the Lincolnshire Lakes Lake 1 and Northern Junction Roundabout projects should be returned to the GLLEP pipeline and the existing funding agreement for Lake 1 be withdrawn.

PAPER 5
ACCESS TO EMPLOYMENT ZONES

Publication	Public Paper (published)					
Meeting date:	27 September 2019					
Agenda Item:	5					
Item Subject:	Approval to extend deadline for variation to contract details					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

1. SUMMARY

1.1 Board Directors are asked to discuss the presentation from North East Lincolnshire Council (NELC), review details within Paper 5 for the Access to Employment Zones Scheme (Phase 1 Toll Bar and Phase 2 Littlecoates Road/Cambridge Road) and to consider officer recommendations.

2. BACKGROUND

2.1 The Access to Employment Scheme was awarded a provisional allocation of £4.2m as part of the LEPs Growth Deal 1 agreement with government. Phase 1 of the scheme relating to the construction of a new signalised crossroads junction at Toll Bar on the A16 to the south of Grimsby, was contracted in July 2017 (£1,893,516). Phase 2a remains uncontracted and Phase 2b (£504,375) was returned to GLLEP Pipeline on the 29th March 2019 with the funding having been provisionally reallocated to another project within the Growth Deal programme in May 2019.

2.2 The entire scheme is currently classed in the high risk 'red' category following potential contract variation discussions with NELC in August 2019 and as a result the following process has been applied:

- The scheme has been placed in quarterly special measures (review points with the Investment Board).
- If delivery against existing milestones is not demonstrated the LEP will look to withhold funding or clawback/withdraw funding in line with the grant funding agreement.
- The scheme is subject to monthly meetings with LEP/accountable body teams.

2.3 At the 19th July Investment Board a revised outline business case was requested by the Board for Toll Bar in relation to contract variations being explored by NELC. This was to be submitted to GLLEP by early August; however remains pending subject to cabinet decision in November 2019.

2.4 Progress against milestones in relation to Littlecoates Road/Cambridge Road (Phase 2 £1,802,109) has been provided as covered within the report below:

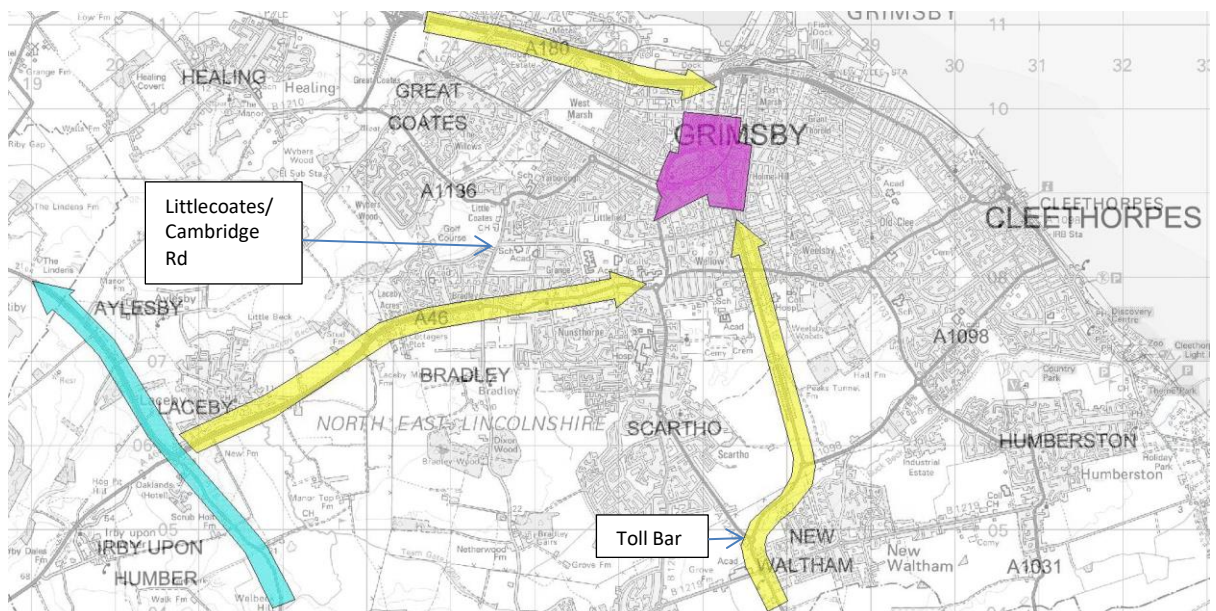
PAPER 5 ACCESS TO EMPLOYMENT ZONES

- July 2019 Milestone for confirmation of utility consultation and statutory undertaker requirements was not achieved, but details were confirmed with GLLEP verbally on the 18 September and in writing on the 19th September 2019.
- Expectations by the board were that the detailed design for Littlecoates Road/Cambridge Road would be completed and submitted to the LEP for review by 9 September 2019 for continued grant support, with a view to contracting and starting on site in November 2019. This milestone was delayed slightly, but full details were provided on 19th September 2019 confirming deliverability of the scheme and a November 2019 start on site as previously scheduled.
- Pre-contracting conditions have all been resolved and confirmed in writing by NELC on the 19th September.

3. PROJECT SUMMARY

3.1 Toll Bar

The Toll bar scheme was originally to have been completed this autumn, however key milestones have not been achieved and NELC are presenting to the Board today to explain the reasons why and to update on progress against the contract (Paper 5). Delivery on site will now follow completion of Littlecoates Road (Phase 2a) in July 2020.



3.2 Littlecoates Road/Cambridge Road (as shown in the picture above)

The Littlecoates Road/Cambridge Road improvement scheme junction is situated in western Grimsby. It lies immediately to the north of the A46, which has been identified by Midlands Connect as an important, pan-regional route connecting the West Midlands with the Humber

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ACCESS TO EMPLOYMENT ZONES

Ports. This scheme will provide a new, full sized roundabout to replace the existing, substantially congested mini roundabout. NELC have GLLEP approval subject to contracting for a Growth Deal contribution of £1,802,109 towards an overall Phase 2a cost of £2,003,008 (88.64%).

- 3.3 The table below sets out all remaining milestones which will remain closely monitored throughout 2019/20; in particular implications of any further cabinet, stakeholder and public engagements.

Detailed Design	11 March 2019 - 9 September 2019
Creation of PM documents & processes	11 March 2019 - 1 April 2019
Consultation with affected Ward Members (intermittent)	25 March 2019 - 9 September 2019
Engagement with Utility companies for any required diversions	20 May 2019 - 15 July 2019
Consultation with public and stakeholders (intermittent)	8 April 2019 - 18 November 2019
Tender Period	7 October 2019 - 28 October 2019
Tender review and contract award	4 November 2019
Mobilisation Period	11 November 2019 - March 2020
Phase 1 Construction	2 December 2019 - March 2020
Phase 2 Construction	March 2020
Phase 3 Construction	March 2020 - April 2020
Phase 4 Works	May 2020
Completion	June 2020

4. EXISTING CONDITIONS

4.1 Littlecoates Road/Cambridge Road

The Due Diligence appraisal carried out in March 2019 identified the following conditions in relation to Phase 2a:

Pre-contract conditions (all now evidenced in writing)

- Written confirmation of match funding being secured whether this is from Homes England or through the Council's own reserves.
- Written confirmation that the Council will meet any cost increases incurred on the scheme and have the reserves to do so.
- The programme and process for completing all required consultations and securing necessary Cabinet approvals to be confirmed prior to the scheme being able to proceed.
- All necessary Cabinet approvals to be in place as a condition of funding.

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Pre-drawdown conditions

- A copy of the report on tenders and lowest tender to be provided for the scheme once the procurement process has completed.
- An updated programme for delivery of the scheme to be provided once a contractor has been appointed.

Post-contract and completion of the works

- Six monthly updates to be provided to GL LEP in relation to delivery of the respective housing developments that provide outputs for the GL LEP LGF funding - post-contract and completion of the works.

5. RECOMMENDATION

- 5.1 Following regular meeting and discussions LEP Officers have considered progress made by the recipients in progressing Phase 1 and Phase 2a and would make the following recommendation to the Board:
- 5.2 **Littlecoates** - That the Board continues to approve £1,802,109 Growth Deal support for the Littlecoates Road/Cambridge Road element of the project, given that the conditions identified within the due diligence appraisal have all been satisfied. All remaining milestones will remain closely monitored throughout 2019/20.
- 5.3 **Toll Bar** - Contract variation for the Toll Bar scheme is to be taken through due diligence appraisal prior to the November 2019 Board. A decision will be made at the November Board meeting regarding support for the contract variation proposed.

PAPER 6 FEASIBILITY FUND

Publication	Public Paper (published)					
Meeting date:	27 September 2019					
Agenda Item:	6					
Item Subject:	Feasibility Fund Application – E-Factor Incubator Project					
Author:	Halina Davies					
For:	Discussion	Yes	Decision		Information	Yes

1. SUMMARY

- 1.1 Investment Board Directors are recommended to approve £21,551 grant to E-Factor Group Limited for the E-Factor Incubator project.

2. BACKGROUND

- 2.1 This paper presents an application for feasibility funding, a summary of the panel assessment and recommendations for approval.
- 2.2 Since re-opening the Feasibility Fund to applications from short and short/medium-term projects on the GLLEP pipeline, we have funded two grants to Gradus Business Centre, Market Deeping, and Huttoft Boat Shed Visitor Centre. This is the third application received.
- 2.3 The Fund has been re-opened to pipeline projects on a rolling basis with no closing date for applications. Applications may, therefore, be submitted at the right stage in the development of a project, rather than to an artificial deadline.

3. FEASIBILITY ASSESSMENT CRITERIA AND ELIGIBLE COSTS

3.1 Funding Criteria

- The fund is open to public, private and voluntary sector applicants
- The maximum amount of funding available to applicants for individual projects is £50,000
- All applicants seeking funding must demonstrate that at least 50% of total feasibility costs are either secured or expended to date as match funding
- The funding **will not be available** to undertake feasibility where projects are at a very early stage of the development/concept stage. Projects must be advanced to a stage where there is certainty and prospects for delivery. This is required to mitigate the risks that the LEP pay for feasibility reports and then ultimately the project does not proceed
- Pilot schemes would be considered only where they significantly contribute towards achieving SEP priorities and where there is an identified gap in existing provision
- Applicants seeking funding must be able to demonstrate previous investment made in the project in terms of overall development and progress made to date

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- Applicants must be able to demonstrate that LEP funding sought is the last resort and all other means to secure funding to meet the costs of the required feasibility have been exhausted.

Eligible Costs

Costs considered for funding by the LEP are as follows:

- Professional fees relating to undertaking/completing detailed design
- Activity which pilots innovative services
- Studies and surveys required to discharge planning conditions
- A contribution towards costs of preparing detailed planning applications including professional and Planning Authority fees
- Funding of some onsite investigations and surveys to be considered, provided that these will enable final feasibility and due diligence to be completed by the applicant
- Costs incurred after 29/3/2019
- Other potential feasibility fees and costs may be considered on a project by project basis.

4. ASSESSMENT: E-FACTOR INCUBATOR

Project summary	The applicant is seeking £21,551 towards a £43,102 project which will develop business incubator facilities in central Grimsby in an existing Grade II listed heritage building. The building will require refurbishment which will bring it back into use.
Panel score	13 out of a maximum 20 points
Application detail	E-Factor Group Ltd provides business advice to SMEs across North East Lincolnshire in conjunction with the Growth Hub, and has identified a significant gap in the business environment for start-up accommodation and coordination of support for high growth companies. The project will identify high potential, high impact (HPHI) start-ups and create a more intensive incubation support package for them, strengthening their chances of long-term success. Feasibility funding is sought for preparation of the detailed planning application for the preferred site option to enable E-Factor to proceed to acquire the building. It includes professional and Planning Authority fees which are eligible costs.
Panel comments	E-Factor are a delivery partner for the Business Lincolnshire Growth Hub. A 2018 review of new GLEP business survival rates over 5 years found that NE Lincs figures were alarmingly low. Upon investigation we found that HMRC were using the Grimsby VAT office for all off-shore business registration and failures and this figure was included on the ONS data for NE Lincs. However, even with the miscoded business registrations NE Lincs still have a low survival business rate. BEIS are keen to ensure that Growth Hubs focus on high-growth businesses with the potential to scale, so an incubator facility providing support to new, rapid-growth businesses is welcome and supports our direction of travel. As part of the feasibility and viability study the design stage will be progressed up to and including tender stage. This will enable

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	<p>accurate costs to be obtained for all of the associated refurbishment works as well as obtaining statutory approval for planning/listed building consent and building regulations.</p> <p>The application scores reasonably well against our Strategic Fit, Economic Case and Deliverability criteria, and slightly less well on Impact:</p> <p>Strategic Fit: the proposed project fits well with the Government's Industrial Strategy which identifies improving the business environment as one of the key foundations of productivity for the UK. It further notes that it is right to give attention to the ambitious high potential small and medium sized businesses that are critical to jobs and productivity; and highlights that more can be done to increase the number of businesses that achieve their full potential.</p> <p>Economic Case: the applicant notes that there are over 4,500 small businesses in North East Lincolnshire, with nearly 600 starting each year. Around 60% of these have closed by Year 5. Currently whilst e-Factor is providing support for all SMEs in the area there isn't a specific offering or accommodation that is suitable for the new businesses that have high growth, high impact potential. This is what the project seeks to address.</p> <p>Deliverability: The applicant states that as a non-profit organisation they direct their financial resources to providing freely available business support services. Funding the feasibility in full from existing budgets would detract from service delivery to North East Lincolnshire businesses. They are using their own funds as match, however, which seems reasonable.</p> <p>Plans to progress the project post-feasibility, at a cost of £888,842, involve a mix of LEP Growth Fund (or whatever follows it) and private loan funding.</p> <p>Impact will be limited to North East Lincolnshire businesses rather than the whole LEP area, but could be significant within the local patch if successful.</p>
Panel recommendation	The panel ranked the project as a medium priority project and recommends that feasibility funding is awarded to the amount requested.

If approved the Feasibility Fund position will be as follows:

Scheme	Amount Requested	Allocation(s)	Budget
(Budget at start of Round 3)			£203,474
Gradus Business Centre, Market Deeping	£7,000	£7,000	£196,474
Huttoft Boat Shed Visitor Centre	£4,534	£4,534	£191,940
E-Factor Incubator (recommended)	£21,551	£21,551	£170,389
Total		£33,085	£170,389

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FEASIBILITY FUND

5. RECOMMENDATIONS

- 5.1 Investment Board are recommended to approve the allocation of £21,551 to the E-Factor Group Limited for the E-Factor Incubator project.

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HUTTOFT BOAT SHED VISITOR CENTRE

Publication	Public Paper (published)					
Meeting date:	27 September 2019					
Agenda Item:	7					
Item Subject:	Approval to Contracting Stage					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

1. SUMMARY

- 1.1 Board Directors are asked to review and discuss the due diligence appraisal in Paper 7.1 for the Huttoft Boat Shed Visitor Centre and approve progression to contracting.

2. BACKGROUND

- 2.1 The Huttoft Boat Shed Visitor Centre was awarded a provisional allocation of £240,000 by Greater Lincolnshire LEP in May 2019.

3. THE PROJECT

- 3.1 This project will deliver a new visitor attraction to help realise the potential of Lincolnshire's undeveloped natural coast, improving the facilities on offer, extending the traditional tourist season and encouraging visitors to stay longer. The project generates interest and support for the conservation of the area's natural and cultural heritage
- 3.2 The building will contain a high quality café, kiosk, roof terrace and external deck for hosting larger 'pop-up' food and other events. It will also host satellite art exhibitions and activities in conjunction with the North Sea Observatory Gallery in Chapel St Leonards.
- 3.3 Huttoft Visitor Centre will provide information on local attractions and support events within the Lincolnshire Coastal Country Park, providing refreshment and toilet facilities for walkers using the newly completed National Coastal Footpath, passing outside the building.
- 3.4 The existing redundant boat shed will be replaced with a new building that includes internal and exterior space, adaptable enough to host larger 'pop up' summer events.
- 3.5 The lack of quality facilities, a quality food offer, information and poor infrastructure continue to hold back the Lincolnshire Coast from reaching its full potential. The new boathouse café project at Huttoft will add another new venue offering locally sourced food and raising the standard in the area, building on and complementing the similar success of the North Sea Observatory and Gibraltar Point Visitor.

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- 3.6 The project strengthens the quality of the visitor experience, supporting local jobs and enhancing the areas long-term growth potential.

4.0 PROJECT TIMELINE AND MILESTONES

Milestone	Forecast Commencement/ Submission Date	Forecast Completion/ Award Date	Comments
Initial scheme design	Completed	Completed	Attached to application
Feasibility work	Completed	Completed	Attached to application
Acquisition of statutory powers	n/a	n/a	
Detailed design	3 rd June 2019	20 th September 2019	
Planning Permission	12 th August 2019	1 st November 2019	Some elements of the detail design not affecting the planning application, like internal finishes etc will continue during the planning process period.
Match funding secured	completed	completed	
Procurement process	23 rd September 2019	18 th October 2019	Undertaken during the planning process
Procurement contracts Awarded	21 st October 2019	15 th November 2019	Followed by a six week lead in time for the contractor.
Construction	30 th December 2019	12 th June 2020	Main building construction finished by 18 th April 2020, followed by 2 weeks handover, then followed by 6 weeks for tenant fit out, furnishing, trialling, and fitting interpretation.
Activity/Outcomes	26 th June 2020		
Payment of main contractors retention	30 th April 2021		

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HUTTOFT BOAT SHED VISITOR CENTRE

5.0 RISK ANALYSIS

5.1 The main risks associated with the project are as follows:

Risk	Owner	Probability	Impact	Mitigation
Planning Permission not secured.	LCC	L	H	Ongoing discussions with the local planning authority to ensure that any potential issues can be addressed.
Environment Agency consent required	LCC	L	H	Pre-application discussions have been held with the Environment Agency with no issues raised. Dialogue will be maintained with the Environment Agency throughout the duration of the project.
Programme is delayed.	LCC	L	M	The project is at a relatively advanced stage and unforeseen matters likely to arise at this stage are therefore deemed to be low. LCC will continue to monitor and manage this project in accordance with experience and internal policies and procedures.
Cost overruns	LCC/Contractor	L	M	Any cost overruns will be sought to be met by existing contingency provision and design engineering if required. In the event that these measures fail, LCC will be required to meet any cost increases accordingly.
Inclement weather	Contractor	M	M	Some inclement weather during the construction programme running over the winter and spring months is inevitable; however, will be managed on site wherever possible so as to avoid any significant delay. Some provision for inclement weather has been made within overall programme.
Failure to attract a café operator	LCC	L	H	Careful and extensive promotion of the opportunity to the café operator market will be undertaken. Given that Huttoft already forms part of the Lincolnshire Coast Country Park and is a facility used by visitors and

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HUTTOFT BOAT SHED VISITOR CENTRE**

				tourists in any event and the ability to link and coordinate with other facilities along the coast, should be an attractive proposition for a café operator. The marketing process will be subject to ongoing monitoring and review to ensure maximum exposure to the market.
Visitor numbers fail to materialise	LCC	M	H	LCC will promote this facility as part of its operational network and utilise other partners who are associated with operation and activities of the Lincolnshire Coast and Country Park. This project is seeking to capitalise on existing activities and visitor numbers to the Lincolnshire coast as opposed to trying to establish a new market in this regard. Promotion of the facility will therefore be targeted and managed throughout the existing network and partners.

- 5.2 A detailed risk register for the project will be prepared and managed as an integral part of the construction process and LCC will continue to maintain a risk register post completion of the works and at a time when the facility is operational.
- 5.3 The site sits behind the sea defences. The Environment Agency were consulted in the pre-planning stage and requested that the building should be flood resilient and flood tolerant, recommendations in a document produced by the DCLG ('Improving the Flood Performance of New Buildings - Flood Resilient Construction' DCLG 2007) were therefore incorporated in the building's design. As part of the planning application process LCC also produced a Flood Risk Assessment document.
- 5.4 Displacement is not a concern as this new facility is located on a section of the coastline that has very low provision of this sort of facility. The nearest facilities North along the coast are 3 miles away at Sutton on Sea, 3 miles south to Anderby Creek, and inland there are a number of small rural villages with very few facilities for visitors. The majority of existing facilities on this part of the coast are summer only facilities.
- 5.5 There is a growing market on the Lincolnshire Coast for this sort of facility and LCC have already had two enquiries from organisations wanting to run the new building, one an existing local business and

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the other a renowned national organisation. In the highly unlikely event that a commercial operator does not come forward immediately then the County Council would run the building. Any revenue costs to do this would be covered by the income the building would generate.

6.0 OUTPUTS AND VALUE FOR MONEY

6.1 Overall the project provides a good range and package of outputs and is therefore assessed as being good value for money for SLGF funding of £240,000.

	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years	Total
Public Investment Leveraged (£)	£179,250	£55,750	£5,000				£240,000
Number of new Jobs Created (gross)		5					5
ii) Local Strategic Outputs							
Commercial floorspace refurbished/constructed and occupied (sq m)		75					75
Number of new businesses created		1					1
GVA Uplift			£10,000	£10,000	£10,000	£50,000	£80,000
New visitors		15,000	25,000	25,000	25,000	75,000	165,000

7.0 DELIVERABILITY

7.1 The project is deemed to be highly deliverable, given that the only outstanding matters to be concluded are securing planning permission and the final element of project funding from GL LEP. There are also limited risks associated with delivery, given that the planning application has already been submitted and is not deemed to be novel or contentious, with approval anticipated in November 2019.

8.0 COMMENTS FROM THE ACCOUNTABLE BODY

8.1 This is a small scale project that will support a SEP key sector and has progressed further following submission under the pipeline call. Design is at an advanced stage, match funding secured and a planning decision pending. The scheme appears deliverable within the timeframe of the programme and offers added value in terms of building on the demonstrated success of the North Sea

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HUTTOFT BOAT SHED VISITOR CENTRE

Observatory. The board will wish to satisfy themselves that flood mitigation risk has been considered for the project and that the applicant has a clear strategy for identifying an appropriate operator that enhances the visitor offer on the coast.

9.0 CONCLUSION

- 9.1 The recommendation is that the board approves £240,000 of Growth Deal grant funding towards Huttoft Boat Shed Visitor Centre and the scheme's progression to contracting stage.



Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

in respect of

Single Local Growth Fund

for

Huttoft Boat Shed

Huttoft

Lincolnshire

13th September 2019

Paper 7.1

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APPENDICES

- I. BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
- II. DESIGN AND ACCESS STATEMENT
- III. RLB COST APPRAISAL

1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 Lincolnshire County Council (LCC) has submitted a Detailed Business Case seeking £240,000 from the Single Local Growth Fund (SLGF) to contributing towards 50% of costs to enable the demolition of an existing redundant boat shed and its replacement with a new visitor facility and café, just meters from the seafront at Huttoft. The Boat Shed site is in the ownership of LCC and sits within other public facilities in Huttoft, including the surrounding Coastal Country Park.
- 1.2 The replacement building will contain a high-quality café, kiosk, roof terrace and external deck for hosting larger pop-up events. The facility will also host satellite art exhibitions and activities in conjunction with other successful and similar facilities along the coast being the North Sea Observatory Gallery in Chapel St Leonards and Gibraltar Point at Skegness.
- 1.3 Visitor facilities will also be provided to sign post information on local attractions and events within the Lincolnshire Coastal Country Park, with the café to provide a good quality food offer and shelter for visitors to the beach and events, along with walkers using the newly completed national coast footpath which passes outside of the building.
- 1.4 Whilst a modest project, geographically the Huttoft Boat Shed occupies a well-used location with Huttoft beach and coastal path utilised by numerous visitors and tourists. Despite the prominence of the location, visitor use tends to be seasonal and a drive to the destination given the relative isolation from any supporting facilities other than WC's, with short term stays and low levels of spend generated within the area.
- 1.5 Therefore, the new boat shed café will be in a prime position to deliver/promote new activities whilst increasing a more year round and sustainable use of existing coastal activities along with the promotion of new ones. Existing activities at Huttoft that will be promoted include organised walks and beach/sea safaris, sea dipping, whale, seal and dolphin watching events, beach cleaning and events raising the awareness of plastic pollution along with promoting the new national coastal footpath and local walking and cycling.
- 1.6 Importantly, the provision of a visitor centre and café in this location will assist in linking to and extending existing facilities extending northward, which link Gibraltar point in the south through to the North Sea Observatory at Chapel St Leonards and the recently renovated café at Anderby Creek to Huttoft, the latter of which is only a couple of miles south of the proposed project. The subject scheme therefore provides the opportunity to strengthen the network of coastal facilities, by offering a greater choice and number of sustainable destinations in closer proximity along the coast.
- 1.7 LCC have commissioned Kier to design scheme proposals for the new facility, to provide a specification and estimated costs for delivering the scheme.
- 1.8 The main contract works for demolishing the existing structure, preparing the site and constructing the new facility, including all professional and design fees, along with a contingency, has been estimated at £462,716. In addition, a further £17,284 has been estimated as being required to fit out the internal of the building, along with exterior landscaping and surfacing to existing parking spaces. This element of cost has not been included within the main contract works and will be funded by LCC.
- 1.9 The scheme will require planning permission and the full planning application was submitted on the 12th August 2019 with a decision anticipated by the 1st November 2019. The application is not considered to be contentious and an approval is anticipated in accordance with usual timescales for the planning process.

- 1.10 Once the new facility is completed, LCC will put in place arrangements for operation of the visitor facility and providing all necessary information along with co-ordinating events in conjunction with a network of other organisations, including the Arts Council, organisations associated with the Lincolnshire Coast and business marketing in terms of the ability to host various pop-up events.
- 1.11 In terms of the café operator, once planning permission has been secured and a decision on the GL LEP funding application made, the marketing process to find a café operator will be undertaken.
- 1.12 Based on the success of other facilities along the coast as previously referred, and the ability to capitalise and build upon the successful facilities already operating, it is not anticipated that there will be any issues in securing a café operator to the project once completed.
- 1.13 The scheme is therefore considered to be at an advanced stage of development with an ability to commence on site by the end of December 2019/January 2020, to be completed and operational by the end of June/July 2020.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 Total costs for delivering the project including fit out works have been estimated to be in the region of £480,000. GL LEP, SLGF of £240,000 is sought by LCC to meet 50% of total cost of delivering the project.
- 2.2 LCC have confirmed that they will be meeting the balance of costs of £240,000 from their internal capital budget and this funding has been approved and is therefore in place.
- 2.3 No other sources of funding are required in order to fully deliver the project as proposed.

3.0 KEY ISSUES

- 3.1 The small scale nature of this project, the fact that it is at a relatively advanced stage of design, and in a position to proceed to delivery subject to planning and SLGF being secured, means that few issues have been identified in respect of this project.
- 3.2 The only queries that have been raised with LCC has been the availability of more detailed information to support and justify the estimated construction costs. This matter has been resolved by direct dialogue between RLB on behalf of GL LEP and LCC.
- 3.3 The outcome of the appraisal of this project is detailed within Section 6 of this report. There are no other issues that have been identified as requiring to be addressed as part of this due diligence process.

4.0 STRATEGIC FIT

- 4.1 The project has been established as having strong strategic fit with GL LEP's Strategic Economic Plan in terms of supporting the visitor economy and in sustaining existing use of the coast facilities, whilst seeking to expand tourism and general visitor use on an all-round and sustainable basis.
- 4.2 The project also supports the performance of businesses along the coast through building upon and seeking to expand the network of other facilities already successfully operating along the Lincolnshire coast. The project will also serve to further promote the Lincolnshire coast as one of the county's prime coastal destinations.

- 4.3 The project will also support the SEP in terms of job creation, which albeit is minimal within the facility itself, will serve to stimulate other economic/employment generating activities through linking with local businesses and encouraging use of the facilities for various pop-up and other events throughout the year. Huttoft forms part of the coastal region that suffers with a host of socio economic problems and low levels of economic activity. With an ageing and sparse rural population coupled with seasonality issues, without means to encourage visitors, businesses and residents to the location and to sustain this as a critical mass and all year round, prospects for the economic wellbeing of parts of the coastal area are limited.
- 4.4 The project also supports LCC's strategy in promotion and expansion of the Lincolnshire Coastal Country Park along with the strategic objectives of the Government's Coastal Communities Fund, which has already invested in the delivery of two major new facilities at Skegness, being Gibraltar Point Visitor Centre and the North Sea Observatory at Chapel St Leonards.
- 4.5 In addition, the project accords with the strategic objectives of the Arts Council, with whom relationships are already established through the art and other exhibitions which are hosted at the North Sea Observatory and Gibraltar Point and who have also confirmed interest in seeking to expand such activities to also take place at Huttoft.

5.0 MARKET ASSESSMENT

- 5.1 LCC has undertaken significant feasibility in respect of providing a further facility along the Lincolnshire coast and within the country park, in accordance with need and on a sustainable basis.
- 5.2 The feasibility work undertaken identifies that the Lincolnshire coast provides two very different seaside experiences, being the fun coast and the rural coast. It is established that between the traditional seaside resorts of Skegness and Mablethorpe, wildlife thrives in the tranquil rural coast. These wild areas of sand contain a wealth of wildlife and a significant untapped potential for increasing tourism numbers.
- 5.3 Research undertaken by the Greater Lincolnshire Nature Partnership (GLNP) estimated that the current value of nature based tourism and leisure activity to Greater Lincolnshire could be as much as £325 million with £51 million from holidays and day trips alone.
- 5.4 GNLP identified a series of challenges that needed to be addressed if the potential tourism and leisure spend was realistically going to be captured and these included a lack of coordination across Lincolnshire in marketing and promoting coast and particularly for niche tourism for wildlife/nature tourism, a lack of facilities, eating places and good quality accommodation and absence of funding to provide and operate facilities. GNLP did recognise and endorse the strengths that exist in Lincolnshire and are flagships for further investment such as the North Sea Observatory and Gibraltar Point. There is the opportunity to develop clusters around these facilities and to create an additional critical mass in terms of marketing and destination.
- 5.5 In terms of other facilities along the coast, around 250,000 people visit the Saltfleetby and the Theddlethorpe National Nature Reserve, whilst 60,000 visit Donna Nook each autumn to watch the seal colony giving birth. The new Gibraltar Point visitor centre attracted nearly 100,000 visitors in its first year and the new North Sea Observatory is on course to attract the same number in its first year since opening.
- 5.6 In addition to the research undertaken, LCC has undertaken public consultation as part of the planning process and there are good levels of support for this project with no known objections at this time.

- 5.7 This project therefore provides an opportunity to considerably expand on existing and highly successful tourism facilities along the Lincolnshire coast, expanding the offer to tourism to capitalise on the expansive activities that it offers whilst contributing to the local economy.
- 5.8 No issues have therefore been identified; any lack of interest in the facility post completion, given the success of other facilities in the area and that the Huttoft Boat Shed project will form an integral part of an existing network of such facilities.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A development appraisal of this project has not been undertaken in the traditional sense, given the nature of the project being primarily a visitor centre and information point, for which such use will not generate any income. The facility will also be owned and retained by LCC as part of a network of existing facilities.
- 6.2 It is noted that the economic activity to be undertaken within the boat shed relates to the operation of a café. LCC have confirmed that in accordance with other facilities it is operating along the Lincolnshire coast, the café element of the building will be let at market rates to an operator who will effectively lease the café space and pay a market rent to LCC.
- 6.3 Revenues received by LCC from the café operator will therefore be utilised to assist in running costs of the visitor centre and its facilities, along with ongoing maintenance of the building.
- 6.4 The main aspect of appraisal that has been undertaken therefore relates to the assessment of construction costs that has been completed by RLB.
- 6.5 RLB report that initial information provided for this project comprised just the order of cost summary, which was largely lump sums with a number of quotations referenced. RLB issued a further request to Kier to provide drawings for the scheme, providing the relevant quotations and providing a breakdown of costs for various lump sum items.
- 6.6 RLB have produced a cost report which includes an assessment of the order of cost estimate (modular option) dated 29th April 2019 which was also provided by Kier.
- 6.7 With regards to the breakdown of costs for demolition, site clearance and construction of the new building by way of a modular construction, along with all external works, are generally accepted to be reasonable with only a few items identified being slightly on the high side.
- 6.8 RLB note that at this time, the scheme is at a relatively early stage of design, with the detailed design and specification to be concluded once planning permission has been issued and the full quality level/specification agreed with the contractor during the procurement and detailed design process.
- 6.9 It is therefore recommended that once the procurement of the contractor has completed that a copy of the report on tenders and lowest tender and copy of the final agreed specification be provided to GL LEP for information and to demonstrate that the scheme can be undertaken as currently proposed.

7.0 DELIVERABILITY AND PROGRAMME

- 7.1 The project is deemed to be highly deliverable, given that the only outstanding matters to be concluded are securing planning permission and the final element of project funding

from GL LEP. Once these final matters have been addressed, the project can complete the detailed design process and can commence through the procurement process.

- 7.2 There are limited risks associated with deliverability of this scheme, given that the planning application has already been submitted and is not deemed to be novel or contentious, with approval anticipated in November 2019.
- 7.3 LCC working with its consultants, Kier, will procure the construction works in accordance with LCC's public procurement policies and are highly experienced in procuring projects of this nature, which is also deemed to be low risk given that it is a small scale development project.
- 7.4 Minimal risks have been identified in relation to the budget allocated for the works contract and as the contract will be let on a fixed price basis, there is limited risk associated with any cost overruns.
- 7.5 The overall programme for delivery of the scheme is anticipated to commence in December 2019/January 2020 and to be completed by June/July 2020. This programme is considered realistic; however, will be subject to a more detailed programme once planning permission has been secured and the procurement process to secure a contractor underway.
- 7.6 Milestones for delivery of this scheme are contained within Section 11 of this report.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 A State Aid opinion has been provided by Lincolnshire Council's Legal Services Team. The State Aid advice identifies that whilst part of the new facility will be operated as a café, which is an economic undertaking, the fact that the café operator will be procured at a market rent, following an open market process that funding from GL LEP for the construction of the facility does not distort competition and will not confer any competitive advantage over any other operators in the rental market by reason of the funds being granted.
- 8.2 As the facility is to be owned and operated by LCC with the visitor facilities being open and free to use by the general public, there are no other issues of potential State Aid identified.

9.0 PROCUREMENT

- 9.1 As referred earlier within this report, LCC will be procuring a contractor for this scheme in accordance with its public policy and procurement regulations.
- 9.2 The works will therefore be subject to a competitive tender exercise and a contractor appointed following this process.
- 9.3 A three week tender process has been allowed for, which will commence during the planning process followed by a six week lead in time for the contractor.
- 9.4 It is recommended that as a condition of SLGF, that a copy of the report on tenders is provided following completion of this process, along with confirmation that the project can proceed in accordance with the current identified budget.
- 9.5 In the event that costs are higher than provided for, LCC to provide written confirmation that they will meet any additional costs in order to enable the project to proceed.

9.6 It is also recommended that an up to date programme for delivery of the scheme is provided by LCC once a contractor has been appointed and programme is crystallised.

10.0 OUTPUTS AND VALUE FOR MONEY

10.1 Outputs generated by the project are detailed in the table below:

	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years	Total
i) Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)	£179,250	£55,750	£5,000				£240,000
Number of new Jobs Created (gross)		5					5
ii) Local Strategic Outputs							
Commercial floorspace refurbished/constructed and occupied (sq m)		75					75
Number of new businesses created		1					1
GVA Uplift			£10,000	£10,000	£10,000	£50,000	£80,000
iii) Others (please list) *							
New visitors		15,000	25,000	25,000	25,000	75,000	165,000

10.2 The outputs in the table above are considered realistic based upon the information provided. In accordance with information provided within the business case, provision has been made for some GVA uplift in accordance with standard benchmarks and visitor numbers have also been increased to show a further 75,000 over a further three years.

10.3 The value for money assessment of the proposed outputs is detailed below:

- Public investment leveraged is £240,000 which equates to a leverage ratio of 1:1. Whilst this falls below leverage benchmarks of 2:1, this is justified on the basis that LCC are also a public authority and are providing a facility that is partly non-income generating given visitor use with the exception of the café.
- Number of new jobs created - 5 jobs at a cost of £48,000 per job is significantly in excess of standard benchmarks at around £15,000 per job. It is acknowledged however that jobs are not the primary output created by this project and as ancillary are therefore accepted to cost in excess of standard benchmarks.
- New commercial floor space at 75 sq m equates to a cost of £3,200 sq m which is significantly in excess of standard benchmarks of circa £200 per sq m. Again, it is acknowledged that floor space created is not a primary output it is the ability to provide tourism facilities which is the key output in this regard.

- One business created at a cost of £240,000 per business. This output is also poor value for money, but businesses created are not the primary objective of the facility and is therefore accepted as being defined as part of a package of outputs delivered.
- GVA Uplift at £80,000 is deemed to be conservative but reasonable at this stage in the absence of any more detailed information and is justified as part of a component element of overall project outputs.
- New visitors to the site at 165,000 over a 5 year period is deemed to be realistic based upon visitor numbers evidenced for other facilities along the coast and is assessed as being good value for money.

10.4 Overall therefore the project provides a good range and package of overall outputs and is therefore assessed as being good value for money for SLGF funding of £240,000.

11.0 MILESTONES

11.1 The key milestones identified for the delivery of this project are as follows:

- Match funding package – approved and in place with the exception of SLGF only.
- Planning permission – anticipated to be received November 2019.
- Procurement process commences - October 2019.
- Procurement process complete and contract awarded – December 2019/January 2020.
- Site mobilisation – November and December 2019.
- Construction works commence on site – January 2020.
- Construction works complete and building fit out – June/July 2020.

11.2 The above milestones are considered to be reasonable and realistic; however, will be required to be confirmed in due course once the contract has been awarded to the main works contractor and a final programme for delivery provided.

12.0 RISK ASSESSMENT

12.1 The main risks identified for the delivery of this project are as follows:

Risk	Owner	Probability	Impact	Mitigation
Planning Permission not secured.	LCC	L	H	Ongoing discussions with the local planning authority to ensure that any potential issues can be addressed.
Environment Agency consent required	LCC	L	H	Pre-application discussions have been held with the Environment Agency with no issues raised. Dialogue will be maintained with the Environment Agency throughout the duration of the project.
Programme is delayed.	LCC	L	M	The project is at a relatively advanced stage and unforeseen matters likely to arise at this stage are therefore deemed to be low. LCC will continue to monitor and manage this project in accordance with experience and internal policies and procedures.
Cost overruns	LCC/Contractor	L	M	Any cost overruns will be sought to be

				met by existing contingency provision and design engineering if required. In the event that these measures fail, LCC will be required to meet any cost increases accordingly.
Inclement weather	Contractor	M	M	Some inclement weather during the construction programme running over the winter and spring months is inevitable; however, will be managed on site wherever possible so as to avoid any significant delay. Some provision for inclement weather has been made within overall programme.
Failure to attract a café operator	LCC	L	H	Careful and extensive promotion of the opportunity to the café operator market will be undertaken. Given that Huttoft already forms part of the Lincolnshire Coast Country Park and is a facility used by visitors and tourists in any event and the ability to link and coordinate with other facilities along the coast, should be an attractive proposition for a café operator. The marketing process will be subject to ongoing monitoring and review to ensure maximum exposure to the market.
Visitor numbers fail to materialise	LCC	M	H	LCC will promote this facility as part of its operational network and utilise other partners who are associated with operation and activities of the Lincolnshire Coast and Country Park. This project is seeking to capitalise on existing activities and visitor numbers to the Lincolnshire coast as opposed to trying to establish a new market in this regard. Promotion of the facility will therefore be targeted and managed throughout the existing network and partners.

12.2 The identification and assessment of risk is considered to be appropriate for the nature and scale of the project, with sufficient mitigation measures in place.

12.3 A detailed risk register for the project will be prepared and managed as an integral part of the construction process and LCC will continue to maintain a risk register post completion of the works and at a time when the facility is operational.

13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

11.1 The following conditions are recommended to be incorporated within the funding agreement:

- Confirmation to GL LEP that any additional costs are underwritten by LCC – pre-contract condition.

- Confirmation that the scheme has secured a satisfactory planning permission and is able to proceed - pre-drawdown of funding.
- A copy of the report on tenders, lowest tender and final specification is provided to GL LEP to demonstrate that the scheme is deliverable – pre-drawdown of funding.
- An updated programme for delivery and drawdown of funds is to be provided once a contractor has been appointed – pre-drawdown of funding.

14.0 CONCLUSIONS

- 14.1 LCC are proposing to deliver a tourist attraction and visitor centre along with a café at a replacement building at Huttoft seafront.
- 14.2 The project will capitalise upon the untapped potential and opportunities that exist along the Lincolnshire Coast and Country Park and will link in to a network of existing facilities already operating at Gibraltar Point and Sutton-on-Sea. Huttoft will therefore provide an opportunity to both complement and enhance existing facilities and to promote use of the Lincolnshire coast on an all round basis.
- 14.3 The scheme has now progressed to a relatively advanced stage, with the planning application submission and a decision expected in November 2019. At this point the project will be able to move to implementation stage, following the procurement of a contractor on a competitive basis and marketing of the facility to secure a café operator.
- 14.4 The project is therefore deemed to be relatively low risk and highly deliverable.

15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that SLGF of £240,000 be approved by the GL LEP Board, subject to the conditions detailed in Section 13 above.



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Date: 13th September 2019

Paper 8

Governance: Terms of Reference Review

Publication	Public Paper (published)					
Meeting date:	27 th September 2019					
Agenda Item:	8					
Item Subject:	Governance: Terms of Reference Review					
Author:	Kate Storey					
For:	Discussion	X	Decision	X	Information	

1 Summary

- 1.1 LEP Company Boards (1) BOARD (Directors), (2) Investment (3) Appointments (4) Finance and Audit, have been redrafted to align to the newly adopted LEP Articles of Association updated in April 2019.

2 Background

- 2.1 The LEP solicitor (Wilkin and Chapman) has proposed a new model for ToRs and recommended that only the main board is henceforth entitled 'board' whilst the company sub-boards above are renamed as committees, in line with standard ltd company models.

The redrafted ToR for the Investment Board (Committee) is enclosed for review and recommendations to be brought to the November Directors Board for approval.

3 Terms of Reference

- 3.1 The primary adjustments are:

1. Constitution

- New header including adoption date.

2. Duties and Terms of Reference

- Corrected reporting lines and removed references to LCC / EMDA;
- Added commissioning approach (aligned to Assurance Framework);
- Expanded on roles and responsibilities and lines of responsibility (aligned to Articles);

3. Funding Programme

- No change

4. Membership

- Adjusted to min of 3 and max of 8 with minimum of 3 private and one public sector (aligned to Articles)
- Added appointment and disqualification process (aligned to Articles)
- Added term and renewal process (aligned to Articles)

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Governance: Terms of Reference Review

5. Attendance at Meetings
 - Increased from 4 to 6 meetings pa (aligned to working practice).
 - Added telephone conference meeting option (aligned to Articles)
 - Added observer attendance and code of conduct (aligned to Articles)
6. Notice of Meetings
 - Added circulation, timescales and minuting (aligned to Articles)
7. Quorum
 - Adjusted to one private and one public sector to quorum of 3 (aligned to Articles);
8. Declarations of Interest
 - Reworded in new general matters section (aligned to Articles)
9. Voting
 - Added telephone conference option and proxy voting (aligned to Articles);
10. Authority
 - New generic section (standard ltd co model)
11. Reporting
 - Added annual signing of Code of Conduct to annual Declarations of Interest (aligned to Articles);
 - Added declarations in meetings (aligned to Articles);
12. General Matters
 - New generic section across all company board ToRs (standard ltd co model)

4 CONCLUSION

- 4.1 LEP Investment Board members are asked to review and approve the updated ToRs to align to the new Articles adopted April 2019.