



# GLLEP INVESTMENT BOARD

29<sup>th</sup> November 2019

Apollo Suite, Mercury House, Willoughton  
Drive, Foxby Lane Business Park,  
Gainsborough, DN21 1DY

## Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
13:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> <li>Approval of Minutes 27th September and 1st November 2019</li> <li>Electronic Approval Note (November 2019) - The Bridge (for information)</li> </ul>	Chair	Paper 1 attached Paper 2 attached  Paper 3 Attached
13:15	Growth Deal Update <ul style="list-style-type: none"> <li>Overview Report</li> <li>Q2 Dashboard</li> </ul>	Halina Davies, LEP/Lindsay Hill Pritchard, Accountable Body	Papers 4 and 4.1 attached
13:45	<b><u>For Information &amp; Confidential Decision (Purdah)</u></b> Access to Employment Zones Phase 1 (contracted scheme)	Halina Davies, LEP	Papers 5 and 5.1 <u>Confidential</u> Paper 5.2 attached
14:05	<b><u>For Decision</u></b> Northern Junction Roundabout <ul style="list-style-type: none"> <li>Summary Report</li> <li>Due Diligence of revised proposal</li> </ul>	Halina Davies, LEP	Papers 6 and 6.1 to follow
14:30	<b><u>For Information and Decision</u></b> Holbeach FEZ Contract Variation <ul style="list-style-type: none"> <li>Update Report on power solution, match funding and recommendations for approval</li> </ul>	Simon Wright, LCC/Mick King, LCC	Paper 7 and 7.1 attached
14:50	<b><u>For Decision</u></b> A46/A15 Riseholme Roundabout <ul style="list-style-type: none"> <li>Summary Report &amp; Recommendations</li> <li>Due Diligence Report</li> </ul>	Halina Davies, LEP	Papers 8 and 8.1 attached
15:10	<b><u>For Decision</u></b> Sleaford Growth Project Phase 1 <ul style="list-style-type: none"> <li>Summary Report &amp; Recommendations</li> </ul>	Halina Davies, LEP	Papers 9 and 9.1 attached

	<ul style="list-style-type: none"> <li>• Due Diligence Report</li> </ul>		
15:30	<p><b><u>For Decision</u></b> Borderville Extension, New College Stamford</p> <ul style="list-style-type: none"> <li>• Summary Report &amp; Recommendations</li> <li>• Due Diligence Report</li> </ul>	Halina Davies, LEP	Papers 10 and 10.1 attached
15:50	<p><b><u>For Decision</u></b> Proposed Extension to Unlocking Rural Housing Fund</p> <ul style="list-style-type: none"> <li>• Report &amp; Recommendations</li> </ul>	Cathy Jones, LEP	Paper 11 attached
16:10	<p><b><u>For Information and Decision</u></b> GL LEP Category A Pipeline</p> <ul style="list-style-type: none"> <li>• Overview Report and Recommendations</li> <li>• Due Diligence Report - Keadby Pumping Station</li> </ul>	Halina Davies, LEP/Lindsay Hill Pritchard, Accountable Body	Papers 12 and 12.1 to follow
16:40	<p><b><u>For Information</u></b> Invest &amp; Grow Loan Fund</p> <ul style="list-style-type: none"> <li>• Update Report</li> </ul>	Cathy Jones, LEP	Paper 13 attached
16:50	AOB and close of meeting	All Members	

Additional Information: Paper 12 Appendix A (To Follow)

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

Apologies: Andrew Crookham (S151 Officer)

Observers: Pete Holmes (BEIS)

Officers: Ruth Carver (GLLEP), Halina Davies (GLLEP), Cathy Jones (GLLEP), Lindsay Hill Pritchard (Accountable Body), Sue Groves (Note Taker)

### Parking Arrangements

Parking available at Mercury House

### 19<sup>th</sup> July 2019 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Rob Waltham	Northern Junction Roundabout - Papers 6 and 6.1	NLC are applicants
Cllr Colin Davie	Holbeach FEZ Contract Variation - Paper 7 A46 Riseholme Roundabout - Papers 8 and 8.1	LCC are applicants
Cllr Phillip Jackson	Access to Employment Zones Phase 1- Papers 5 and 5.1	NELC are applicants
Cllr Phillip Jackson Cllr Rob Waltham Ursula Lidbetter	GL LEP Category A Pipeline - Papers 13 and 13.1	Applicants or Projects Partners - Each scheme conflict to be clarified as discussions take place



# LEP INVESTMENT BOARD

27<sup>th</sup> September 2019

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

Draft Minutes

## Draft Minutes

<u>Present:</u>		
<u>Board Directors:</u>	Ursula Lidbetter - Chair (Lincs Co-op), Pat Doody (Nat West), Cllr Rob Waltham (NLC), Cllr Colin Davie (LCC), Cllr Philip Jackson (NELC)	
<u>LEP Officers:</u>	Ruth Carver, Halina Davies, Sue Groves (Note Taker)	
<u>Observer:</u>	Pete Holmes (BEIS),	
<u>Apologies:</u>	Chris Baron (Butlins)	
<u>For Agenda Items:</u>	Simon Green (NLC), Derek Gibbon (Homes England), Stephen Cresswell (Homes England), Peter Henry (Harworth Estates), Andrew Roberts (Harworth Estates), Chris Duffill (NELC), Simon Wright (LCC), Warren Peppard (LCC), Cathy Jones (GLLEP)	
<b>Welcome by the Chair</b>		
<b><u>Apologies and Declarations of Interest</u></b>		
Formal apologies were received from the following: Chris Baron (Butlins)		
<b>Declarations of Interest:</b>		
Cllr Rob Waltham	Lincolnshire Lakes, Papers 4 & 4.1	NLC are applicants
Cllr Colin Davie	Holbeach FEZ, Papers 3 & 3.1 Huttoft Boat Shed Visitor Centre, Papers 7 & 7.1	LCC are applicants
Cllr Philip Jackson	Access to Employment Zones, Papers 5 & 5.1 E Factor Incubator Project, Paper 8	NELC are applicants NELC are core partners
Full declarations of interest can be found at <a href="https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/">https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/</a>		
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.		
<b><u>Minutes and Matters Arising (Paper 1)</u></b>		<b><u>Action</u></b>
<b><u>Matters Arising:</u></b>		
The minutes of the 6 <sup>th</sup> September 2019 were accepted as a true record.		Publish
<b><u>Growth Deal Update Report (Paper 2) - Halina Davies</u></b>		
HD informed the Investment Board members that there are 10 schemes/phases still uncontracted with GLLEP, these amount to 13% of our total growth deal allocation with 87% of the programme now being fully committed. Five of these schemes are at contracting stage with GLLEP.		
There are currently four high risk uncontracted schemes (Northern Junction Roundabout, Access to Employment Zones Phase 2, Holbeach Food Enterprise Zone and The Bridge). 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.

A summary of progress against each scheme within the programme was provided as part of the growth deal update report.

The mid-year review with Government took place on the 16<sup>th</sup> September reviewing progress against Strategy, Delivery and Governance and was a positive meeting agreeing a series of Actions for the remainder of the financial year. The Annual Review will take place in January/February 2020. Progress against the current improvement plan was also discussed, with GLLEP having met all required milestones to date.

#### Scenario Planning

The Board had a discussion about the current programme position, project risk management and options for mitigation to ensure programme delivery and expenditure by 31 March 2021.

It is a challenge for the remaining uncontracted projects to hit the due diligence requirements and meet the timeframes to contracting, and to bring forward spend if existing projects drop out. The board agreed to the following:

- Extensions to existing contracts for strategic schemes should any growth deal funding need to be reallocated, though this needs to be balanced with VFM and programme output delivery.
- Over programming projects at risk and reviewing the current pipeline to bring more projects forward if necessary.
- Need to review schemes that are contracted but not performing to ensure that deliverability remains.
- Continued work on supporting provisionally allocated projects to progress full business cases and fulfil due diligence requirements.
- Focus on projects that could contract by December 2019.
- Seek short-term delivery projects with the refreshed pipeline - target date of November 2019.

#### Delivery Risk Management Options

- Continue to have regular meetings with high risk projects.
- Withdraw/reduce funding from poor performing contracts.
- Review option of flexibility on S31 grant payments.

#### CLlr Colin Davie left the room

#### Holbeach Food Enterprise Zone (Paper 3) - Warren Peppard & Simon Wright

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 scheme.

Whilst electricity supply issues have been identified as a constraint, and whilst LCC continue to consult with WPD awaiting a formal cost option this October, they have also appointed Sustainable Direction, a specialist consultancy, to advise on alternative approaches to the delivery of power at the FEZ site.

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

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, assessing risk levels.

The new road within the site has been tendered and should be contracted by November 2019.

Outputs: The breakdown of outputs for the scheme has been reviewed and amended in light of the challenges faced and recent analysis in conjunction with other schemes being delivered on or around the site.

#### Decision

The Board favoured option 3 in the supporting LEP Board paper, which recommended that the £3m of GLLP grant funding contracted to the scheme should be attributed to up front land acquisition costs, road infrastructure and utilities related work rather than to power provision solutions for the site. LCC are to provide a revised scheme proposal identifying exactly where grant support will be directed, including LCC proposals for power provision to the site from both WPD and Sustainable Direction by a deadline of the 8<sup>th</sup> November 2019. This should also include details on match funding contributions and outcomes to demonstrate deliverability and continued value for money. The revised proposal will be discussed and a decision made at the 29<sup>th</sup> November Investment Board.

The proposed variation to contracted outputs was agreed in principle subject to any necessary changes that might arise in light of the revised submission to November Board.

**Cllr Davie returned to the room**

#### **Lincolnshire Lakes (Paper 4) - Halina Davies**

Representatives from North Lincolnshire Council, Homes England and Harworth Estates attended the meeting to present a full update on the progress, including clarification on key milestone dates, to the Investment Board.

#### **All NLC, Homes England and Harworth Estates representatives left the meeting**

#### **Cllr Waltham left the room**

Following the presentations, the Board considered the information provided and the level of risk involved for the wider Growth Deal programme.

#### Decision

The Board discussed potential options available to them in relation to the site which would require further evaluation prior to the 29<sup>th</sup> November Investment Board. One option could be progressing the northern junction scheme only at this point in time, another option might be bringing forward a short term deliverable GLLEP pipeline scheme in the area instead.

NLC will be asked to consider their options and submit a revised business case to the LEP by the end of October 2019 to enable due diligence appraisal and to inform a final decision from the Investment Board with regard to its grant funding. Should NC not be able to progress a revised proposal, the full £3.9m allocation will be returned to the GLLEP for reallocation, and both Lincolnshire Lakes relates schemes will be returned to the GLLEP Pipeline for future consideration.

**Cllr Waltham returned to the meeting**

**Cllr Davie left the meeting**



**Access to Employment Zones - Chris Duffill**

The Board was asked to consider an extension of time to the next Board meeting regarding the delivery milestones and potential variations for the contracted Phase 1 scheme.

CD confirmed that Littlecoates Road/Cambridge Road Phase 2 scheme had achieved its pre-contracting conditions and that it could now be contracted with GLLEP. Works will commence on site November 2019 and complete in early July 2020. Achieving these milestones will be critical to maintain network resilience and facilitate delivery of Toll Bar scheme.

**Decision**

Agreed that the Phase 2 scheme (Littlecoates Road) should be contracted with GLLEP as soon as possible, and that an extension of time should be approved with detailed contract variation proposals being provided on Phase 1 in early November.

**CLlr Philip Jackson left the room**

**Feasibility Fund (Paper 6) - Cathy Jones**

An application for feasibility funding was received for a £21,551 grant to E-Factor Group Ltd for the E-Factor Incubator project.

**Decision**

Board members approved the grant.

**CLlr Philip Jackson returned to the meeting**

**Huttoft Boat Shed Visitor Centre (Paper 7) - Halina Davies**

HD provided an overview of the scheme.

Grant conditions identified and agreed were as follows:

**Pre-contracting**

- Confirmation to GLLEP that any additional costs are underwritten by LCC.

**Pre-drawdown**

- 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 GLLEP to demonstrate that the scheme is deliverable.
- An updated programme for delivery and drawdown of funds is to be provided once a contractor has been appointed.

**Decision**

Board members approved the £240,000 of Growth Deal grant funding towards this project and the scheme's progression to contracting stage.

**Terms of Reference Review (Paper 8) - Ruth Carver**

Proposed changes to the GLLEP terms of reference were discussed and revised documents are to be circulated for an electronic decision as soon as possible.

**Meeting Closed**



# LEP INVESTMENT BOARD

1<sup>st</sup> November 2019

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

Draft Minutes

## Draft Minutes

<p><u>Present:</u></p> <p><u>Board Directors:</u> Ursula Lidbetter - Chair (Lincs Co-op), Pat Doody (Nat West), Cllr Richard Hannigan (NLC), Cllr Colin Davie (LCC), Cllr Philip Jackson (NELC), Chris Baron (Butlins - by telephone)</p> <p><u>LEP Officers:</u> Halina Davies, Linsay HillPritchard, Sue Groves (Note Taker)</p> <p><u>Apologies:</u> Chris Baron (Butlins)</p>		
<p><b><u>Welcome by the Chair</u></b></p> <p><b><u>Apologies and Declarations of Interest</u></b></p> <p>Formal apologies were received from the following: Cllr Rob Waltham (NLC)</p> <p><b>Declarations of Interest:</b></p>		
Ursula Lidbetter	LSIP Phase 2 Lincoln Vibrant City	LSIP Board Director Lincolnshire COOP Investing in Cornhill area of Lincoln
Cllr Philip Jackson	Linking Cycle Routes - Hobson Way Immingham	NELC are applicants
Cllr Richard Hannigan	Keadby Pumping Station Assisted Outfall Project Brigg Link Road	NLC are applicants for both projects
<p>Full declarations of interest can be found at <a href="https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/">https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/</a></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><b><u>GLLEP Pipeline Projects Category A</u></b></p> <p>Board Directors were asked to review and endorse Officer recommendations for the first phase of a revised pipeline of schemes across Greater Lincolnshire. Recommendations were being made on:</p> <ul style="list-style-type: none"><li>• Reserve project/s</li><li>• Review of updates received on existing pipeline schemes</li><li>• Newly submitted outline applications in the recent pipeline call for projects</li></ul> <p>At the last Investment Board, options were discussed to bring forward projects at risk should anything fall out in the last 18 months of the programme and it was agreed that the LEP team would look at options in the following areas:</p>		

- Extension to existing programmes or contracts
- Revisiting the existing pipeline and recommending which schemes to invite to application, due diligence stage and pre-approval
- Assessing the latest pipeline submissions that could deliver by March 2021 and inviting to application, due diligence and pre-approval.

Having projects ready to be included in a bid when new funds are announced or to respond if existing schemes allocations need suddenly require replacing will be of great importance going forward.

All projects considered at this meeting were considered as being under Category A (deliverability by March 2021). They had been assessed with regard to strategic fit, economic case, deliverability and impact, taking particular notice if risk levels and potential impact on productivity. The assessment considered both qualitative and quantitative evidence and schemes were assessed as per the Local Assurance Framework.

Board Directors stated that having read some of the projects, that some of them would fit well with the Stronger Towns Fund, it was agreed that this would be looked into. They also suggested that bringing together the various town/city centres across Greater Lincolnshire interested competing for the emerging Towns Fund might help strengthen individual bid submissions and demonstrate cohesive thinking on regeneration of our town centres. For example, with regard to City of Lincoln Council's bid on Lincoln Vibrant City Centre, could their broader research/evidence could be shared with ELDC to help support Mablethorpe and Skegness.

The board agreed that the following schemes should now be invited to provide a Full Business Case:

#### **Centre for Rural Health**

The Centre for Innovation in Rural Health will create a 695m<sup>2</sup> new integrated facility to provide a focal point for research, training and community engagement, devising and providing solutions to the challenges of delivering health care and improving population health in rural settings. This will be located on the third floor of the new Medical School.

Regarding outputs, it must be ensured that double counting is not taking place with the existing Medical School project already being supported by the LEP. The number of businesses assisted to improve performance (55) was also queried, we would require a greater understanding of how this output is going to be measured/monitored. The board queried why there was no job creation output identified in the Outline Business Case.

Greater clarity is needed on the funding package and what GL LEP funding would specifically be used to provide. The Board would also like to understand how the scheme would enable wider North and NE Lincolnshire engagement. Reassurance on availability of revenue funding to enable delivery of the scheme once the capital scheme is completed is also essential.

#### **LSIP Phase II**

This project will develop infrastructure to enable the commercial development of 6 acres of brownfield land and 12,000m<sup>2</sup> of new R&D focused facilities able to house more than 700

high skilled employees. This is a modular programme of projects designed to give flexibility to funding partners to allow them to move forward the overall Science Park scheme as funds become available, therefore, priorities and contingencies were discussed for each work package and aspect of the project.

The board was keen to understand when match funding will be fully secured, though it was acknowledged that sources are identified. Though there are still some key milestones to achieve early in 2020, it was noted that phase 1 was delivered on time and that this was a very strong bid.

### **Lagoon and Ring Main Infrastructure**

The project is to design and build a sustainable wastewater treatment plant occupying a site on land in Holbeach. Wastewater is to be taken from the vegetable processing companies operating on the premises and passed through the water treatment process to recycle clean water for factory use. This lagoon-based treatment plant will also produce an effluent that can be reused as irrigation supply for the local farmland, thus turning a waste product into a nutrient rich resource.

The board was interested in finding out more on this private sector led bid. Comments for consideration in the full business case were:

- ❖ Number of new jobs created (150) queried
- ❖ Are the companies on the site independent or subsidiaries of the landowner
- ❖ Much more information is required on the need and demand
- ❖ Greater understanding required of the innovation involved for this process
- ❖ More clarity is needed on costings and outputs
- ❖ Costs have been confirmed as being high level and at initial feasibility stage
- ❖ Level of grant requested would not meet De Minimis state aid requirements, but could potentially consider partial grant and partial loan or look at other exemptions
- ❖ More detail needed on the ring main infrastructure element of the scheme

### **AB Potato Grading and Cold Stores**

This 10731m<sup>2</sup>, 15,000 tonnes capacity potato cold store building, once in operation, is critical to the ongoing sustainability of the company packing site and the future proofing of an important agri-food sector in the region. The successful implementation of cold storage will allow confidence for the company to pursue phase 2 of the project which will create a further 54 full time jobs. The project aims to deliver long term cold storage from harvest (typically mid-August to late November) right through to the end of July in the following year.

Comments:

- ❖ Utility engagement was held in September; check how this is being progressed.
- ❖ Project might fit better with EAFRD, if further calls released
- ❖ Query on the number of new jobs for such a large investment
- ❖ More information on Phase 2 required.
- ❖ Would like more evidence on local storage options and why not available
- ❖ Is automation being considered
- ❖ State aid needs to be considered further as seeking 40% of funding, could potentially look at a partial loan

### **Linking Cycle Routes - Hobson Way, Immingham**

This project will introduce a new 0.8km segregated pedestrian and cycle route between the South Humber Bank link road (currently under construction) and South Marsh Lane (with links to the SHIP site at Stallingborough).

The construction of the Hobson Way cycle/footway link will increase sustainable access to employment and education sites which in turn will allow more people who may not have access to their own private vehicle to take up job opportunities along the South Humber Bank.

The board queried why this route had not been included in the original SHIP bid, but felt that providing there could be a stronger demonstration of demand and need that it could potentially be a low risk deliverable scheme by March 2021.

### **Feasibility Studies**

The board felt that three of the projects discussed were in need of feasibility funding support in order to progress effectively. These were as follows:

#### **Lincoln Vibrant City Centre Phase 1**

The Lincoln City Centre Vibrancy Programme is an opportunity to review and accelerate key intervention sites, in the context of changing trends in retail/consumer demands and Business and Housing needs which will protect the fabric of this nationally important historic City and accelerate the growth potential over the next 5 years capitalising on recent and planned City Centre investment and infrastructure network improvements.

**Cornhill Square:** concept designs have been completed and more detailed designs have been commissioned by the City Council for a high quality public realm scheme, event space and potential water feature. Project costs are also being pulled together as the design process develops. This can be delivered as a Category A scheme, by 2021, subject to funding.

Comments:

- ❖ What are the demands for market space
- ❖ Need to explain in more detail SME demand
- ❖ Perhaps a good fit for Stronger Towns Fund
- ❖ No planning or match funding in place and outputs not identified
- ❖ Also related to a Category B pipeline bid
- ❖ In need of feasibility work - needs more work before moving to delivery stage

#### **PE21 Connecting People and Place Feasibility Study**

The fundamental principle behind PE21 development is to open up and improve a 4-hectare under-utilised economic area to facilitate the rebalancing of an important relationship in both connectivity and economic terms between the east and west side of the river Haven in Boston.

The site has the opportunity to create much improved health, well-being and leisure facilities along with greater green, community space and residential offer supporting an '18-hour town centre economy' adding value to and not distracting away from the town centre.

The OBC states that a feasibility and market demand study needs to stress test and support the viability of the recently commissioned PE21 Masterplan Study.

Comments:

- ❖ Feasibility funding is more suitable at this stage
- ❖ Understanding more on the scale and position of the land ownership is needed and this is also related to a Category B pipeline bid.

### **Renewable Transport Fuel Network**

To identify sites, new and existing, to be developed to produce renewable energy and transport fuel to reduce carbon emissions and provide a sustainable renewable fuel source for vehicle operators. The emerging English national strategy for waste management indicates strong policy support for diverting treatment of wastes into solutions that are optimised for renewable transport fuels. These could initially be used for the public sector vehicle fleet (waste collection, local authority fleet, local bus operations and home to school transport) but future expansion can be offered to private sector operators who use biomethane powered or dual fuel vehicles for transport of freight haulage once a countywide fuel supply network is established.

The LEP Grant would be spent on external consultancy support and internal specialist support to establish:

- Identification of potential feedstock quantities arising from the new Government legislative duties for separate food waste collections from homes and businesses effective from 2023.
- Selection of best AD technology for potential food waste feedstock quantities with option to include other biowastes (garden, verge cuttings, street sweepings, farm waste, agricultural) into the feedstock.
- Potential development site identification taking account of forecast housing growth, OPE principles, off take opportunities (electricity, heat, gas)
- Indicative cost models for each site location for development of AD facility and infrastructure to inform a strategic asset delivery plan.

Comments:

- ❖ This could potentially be eligible for the Feasibility Fund
- ❖ Not really a capital scheme at this stage
- ❖ Need more information and clarity on the project

### **Keadby Pumping Station & Assisted Outfall**

Keadby Terminal Assisted Outfall is located on the River Trent in Keadby and discharges the Three Rivers and River Torne catchment gravity and pumped flood flows into the River Trent. Keadby TAO has been assessed to have a risk of failure during flood events, resulting in failure of the facility to operate. Failure of Keadby TAO would result in the increased risk of flooding over time to thousands of homes, businesses, major infrastructure and prime agricultural land across the area. This project will renew the Pumping station and sustain its ongoing reliable operation protecting homes and businesses across the loA.

The works to Keadby pumping station will help to support the LEPs priorities for the area by ensuring future flood risk is managed and through avoiding the Do Nothing scenario.

This project is already regarded as a reserve pipeline scheme for the LEP. It was decided at the meeting that the scheme should be invited to come forward for due diligence appraisal as soon as possible.

### **Projects Requiring Further Development**

The board regarded two of the schemes submitted under Category A as not being fully deliverable by March 2021. These schemes should be added to the GLLEP Pipeline and revisited once key milestones have progressed further. These schemes were:

#### **Managed Workspace - Grantham & Bourne**

The bringing forward of 'Grade A managed workspace' within the market towns of Grantham and Bourne in South Kesteven providing accessible and flexible serviced office space. Privately owned properties have been identified and outline architectural plans produced in order to assess the potential for incubation and business development facilities. A capital grant is required in order to deliver high quality workspace that will appeal to new businesses.

Comments:

- ❖ Not enough evidence on need and demand
- ❖ Timeframe for design and planning queried
- ❖ Concerns over state aid and level of direct benefit to the property owners
- ❖ Clarity need on leasing model and payback
- ❖ Risk analysis needs more work

#### **Water Treatment Plant**

Applicants propose to build a plant for the treatment of liquid waste sludge and effluents arising from the food and drink processors and manufacturers across Lincolnshire. The existing disposal routes for these waste materials are coming under increasing pressure, with a corresponding increase in risk of factories closing due to not having a viable outlet for their wastes. The proposed project would assist relieve this pressure and the risks of factories closing by creating new routes for the recycling and disposal of their liquid waste materials.

The project would involve acquisition of the site where the project activity will take place, the development of the project site, and the construction, commissioning and operation of the plant.

Comments:

- ❖ Would like to understand the current market they operate in, how will this project increase capacity to what size and how quickly
- ❖ Planning permission has not yet been secured
- ❖ The idea does have merit and given environmental challenges would be of benefit

**CLlr Richard Hannigan left the meeting**



## **Existing Pipeline schemes considered deliverable by March 2021**

### **Brigg Link Road**

The primary aim of the Brigg Link Road is to gain access to the five housing allocations in Brigg to the north and west of the town (Approximately 800 dwellings across sites BRIH-1, BRIH-2, BRIH-3, BRIH-4 and BRIH-5).

A Link Road from Wrawby Road, across Grammar School Road to Atherton Way through the land allocations is required as an integral part of the development. Furthermore it will provide an alternative east - west route through Brigg allowing for reduced and improved traffic flows in the town centre.

The category A project would buy delivery of part of the link road enabling housing developments. Additional phases would then be funded by the private sector.

#### Comments:

- ❖ Clarity needed on match funding gap
- ❖ Project submitted would only secure delivery of Phases 1 and 2 of the Brigg Link Road, what assurances are there regarding delivery of Phases 3 and 4? Is there a formal agreement in place
- ❖ a planning application needs to be submitted for all 4 phases with planning for Phases 1 and 2 not being submitted until April 2020
- ❖ Is there a timescale for submission of Phases 3 and 4 to complete the road and when the land required is likely to be legally purchased
- ❖ For state aid purposes clarification is needed on the landowner contributions to the project

The Board agreed to invite a full business case for review on this project.

## **Unlocking Rural Housing Programme Round 2 and Agri-Grants Programme**

The board approved development at risk of these two existing pipeline programmes and more information regarding timescales and allocations required for taking forward these potential options will be provided at the 29 November Investment Board.

## **Next Investment Board Meeting**

The Investment Board to be held on the 29<sup>th</sup> November in Gainsborough will be a very important meeting as there will be 9 to 11 projects being brought forward for key discussion and decisions. In order to ensure that the Board remains quorate board members were asked to ensure that they are able to attend for the full meeting.

# PAPER 3

## ELECTRONIC APPROVAL NOTE - THE BRIDGE

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>29 November 2019</b>					
<b>Agenda Item:</b>	<b>3</b>					
<b>Item Subject:</b>	<b>Electronic Approval Note – The Bridge Advanced Engineering R&amp;D Centre</b>					
<b>Author:</b>	<b>Halina Davies</b>					
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>		<b>Information</b>	<b>Yes</b>

### 1. SUMMARY

- 1.1 This paper provides the Investment Board with a summary of the electronic approval process held during November in relation to revised outputs for The Bridge scheme.

### 2. BACKGROUND

- 2.1 The Bridge project was approved to contracting stage on the 6<sup>th</sup> September 2019 subject to a number of pre-contract conditions being met.
- 2.2 Since that approval GL LEP liaised with MHCLG regarding the output allocation of the scheme for ESIF funding and found that two of the categories included within the submission for Growth Deal funding had unfortunately been double counted. These related to the number of enterprises/businesses assisted and square metres of new employment/commercial floorspace created.

### 3. PROCESS UNDERTAKEN

- 3.1 GL LEP carried out a revised independent VFM assessment of the scheme based on the output changes, bearing in mind that the combined ESIF and GL LEP outputs attributed to the overall funding would still all need to be delivered by the project for it to prove successful.

- 3.2 The external review concluded as follows:

'As the balance of outputs are being claimed by ESIF overall the package of outputs attributable to the GL LEP funding alone generates poor value for money.

It is important to consider, however, that if without GL LEP funding the project cannot proceed then the scheme and all associated outputs will be lost to Lincolnshire. GL LEP funding is therefore part of the critical funding package that effectively facilitates delivery of the scheme irrespective of the fact that outputs are required to be apportioned.'

- 3.3 Outputs attributed to the Project overall are:

Public Investment Leveraged (£)	3,223,696
Private Sector Investment Leveraged (£)	1,308,000

## PAPER 3

### ELECTRONIC APPROVAL NOTE - THE BRIDGE

Number of new jobs created	12
Number of enterprises receiving support	120
Public or commercial buildings built or renovated	788
Number of researchers working in improved research infrastructure facilities	12
Number of enterprises receiving non-financial support	120
Number of new enterprises supported	12
Number of enterprises cooperating with research institutions	40
Number of enterprises supported to introduce new to the market products	20
Number of enterprises supported to introduce new to the firm products	8
Employment increase in supported enterprises	12

- 3.4 The board noted that the Growth Deal Programme is focused on achieving housing and job outputs as per agreed government Growth Deal commitments and that any other core outputs contracted at this time are regarded as supplementary to these targets. To date GL LEP are formally contracted to achieve 709 businesses assisted to improve performance/ businesses supported and 273,948sqm of employment/commercial floorspace refurbished/constructed. We also still have a number of schemes currently uncontracted that will contribute further to both of these KPIs.
- 3.5 The project remains strategically important to Greater Lincolnshire and is still regarded as deliverable by March 2021.

#### 4. THE DECISION

- 3.1 The Board formally approved the revised growth deal outputs to be included within the GL LEP contractual agreement on the 12<sup>th</sup> November 2019.
- 3.2 Ursula Lidbetter was not included in this decision process by written procedures due to a conflict of interest in this scheme.

# PAPER 4

## GROWTH DEAL UPDATE REPORT

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>29 November 2019</b>					
<b>Agenda Item:</b>	<b>4</b>					
<b>Item Subject:</b>	<b>Report to inform the Board of Growth Deal Programme progress</b>					
<b>Author:</b>						
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>		<b>Information</b>	<b>Yes</b>

### 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 (specifically Quarter 2 reporting) and the agreed improvement plan with government.

### 3. 19/20 PROGRESS

- 3.1 Paper 4.1 (**LGF Data Return - Dashboard**) provides the board with an overview of progress within the programme. The dashboard shows:

- Changes in project risk status from Quarter 1 (ended June 19) to Quarter 2 (ended September 19)
- Forecasts and actuals overall and in year for the 4 key outputs of Jobs, Houses, Number of Learners and Learner Floor space
- Local Growth Fund (LGF) Outturn (monies released to projects)
- LGF Expenditure - Monies spent by projects including recoup of freedom and flexibility payments
- Match funding including Public and private.

- 3.2 The LGF expenditure position has improved overall. We are mindful of our focus on reducing offsets and reclaiming advance payments. There remains a large amount of project expenditure to be achieved in the final year of the programme, but we continue to apply a stringent approach to programme and risk management.

- 3.3 We have undertaken some scenario planning based on the current risk rating of contracted and uncontracted projects and assessed how we will progress to hitting the expenditure target; supported by a robust project pipeline. A full paper outlining our recommendations is provided in Paper 12.

- 3.4 Commentary on all individual projects and on individual projects within the Housing and Skills Programmes was provided as part of the data submission on the 22nd November. This information will be used

## PAPER 4 GROWTH DEAL UPDATE REPORT

to help inform the Annual performance review discussions in February 2020.

- 3.5 Board will note the difference between LGF outturn and LGF Expenditure Figures. This has occurred due to permitted freedoms and flexibilities which have been used in achieving LGF outturn targets. These capital offsets and advance payments are in the process of being recovered; hence reported outturn figures will lag behind expenditure figures until the remaining £7.4m (19/20) has been evidenced as declared project expenditure.
- 3.6 As at Quarter 2 the LEP was **contractually committed** to a value of £95.518 (84.79% against 112M total programme) as reported in the LGF return. This does not include the £11million from DFT as a contribution awarded and spent on the Lincoln Transport Hub project.

### 4. RISK MANAGEMENT

- 4.1 There are currently four high risk schemes:

Project	Value	Status
Access to Employment Phase 1	£1.893	Decision at Papers 5, 5.1 and 5.2
Northern Junction Roundabout	£1.900	Decision at Papers 6 and 6.1
Holbeach Food Enterprise Zone	£2.985	Decision at Papers 7 and 7.1
Lincolnshire Lakes	£2.000	Decision as part of Papers 6 and 6.1
Total	£8.778	

- 4.2 The LEP continue to closely monitor all Amber and Red RAG rated schemes as per risk mitigation processes agreed with the Board. There are 3 other projects that saw an increase of risk status from Amber to Amber /Red within quarter 2 and a summary position is provided below:

- **Grantham Southern Relief Road (£28m)**

The project is proceeding at pace and the target price for construction of phase 2 has been agreed with Galliford Try (GT). Phase 1 is complete and construction for Phase 2 started September 2019.

Phase 3 design works are now substantially completed, Pre-commencement planning conditions are being reviewed and several are due to be discharged in the next quarter; BT diversions at the A52 roundabout have also been completed. The Phase however remains not in construction contract although it has been agreed the works will be completed by GT with discussions on-going to agree a target price for works.

## PAPER 4

### GROWTH DEAL UPDATE REPORT

The project manager has recently left the project. We have held some meetings with the new team and specifically discussed a re-profile exercise given that we are clearer on the Phase 2 costs. Phase 3 is less certain, however estimates are that the project will likely only spend £10million this year which is considerably lower than initially anticipated.

Due to the uncertainty on spend the project has been increased to an Amber /Red risk rating.

- Hemswell Food Enterprise Zone (1.9m)

At the end of the Q2 reporting period the project was no further forward having released an initial £129K of funding on evidenced expenditure and the project risk level was increased.

The project applicant (West Lindsey District Council) continued discussions with the landowner (on behalf of the SPV) over concerns as to the project viability and difficulties raised to make use of the grant under the current Terms and Conditions and within the Growth Deal timescale. These discussions have now concluded and we have been advised by West Lindsey District Council that they wish to withdraw the project at this time and return the Scheme to the GL LEP project pipeline. The LDO for the Food Enterprise Zone remains in place and we are hopeful the project can be revisited in the future.

- South Humber Infrastructure and Investment Programme (SHIIP)  
Phase 1 (£2m)

There are still some continued problems regarding site acquisitions and this impacted on a low value claim in quarter 2. There are concerns over the full delivery of all mitigation sites originally identified and we are currently reviewing the impact on the spend timeframe and output delivery. Positively the Cress Marsh site (38.8 hectares) is complete and this has provided enough mitigation to progress the Humber Link Road (which is progressing well) and development of several of the Enterprise Zones.

Discussions on the other sites remain challenging. We have met with the project manager and although the project remains deliverable there are concerns over timeframes. We have agreed to work with the Project Manager over December to fully understand the implications and plan to bring a paper to the next Investments board meeting in January.

#### CURRENT PROGRAMME POSITION

- 5.1 The latest picture shows a positive progression with five additional projects (totalling £9.51m) having been approved and contracts recently signed or will be signed ahead of Quarter 3, bringing total LGF commitment to £105.028m (93.23%). The projects are:

## PAPER 4

### GROWTH DEAL UPDATE REPORT

- Access to Employment Zones Phase 2 (£2.1m)
  - Digital Technology Transport & Logistics Academy (£2.43m)
  - Gainsborough Growth Project Phase 1b (£2.79m)
  - The Bridge Advanced Engineering R&D Centre (£1.95m)
  - Huttoft Boat Shed Visitor Centre (0.240m)
- 5.2 Due to the withdrawal of the Hemswell Food Enterprise Zone project (detailed above) £1.990 million will come back into the GL LEP Growth Deal programme reducing the contractual commitment to £103.038 to 91.14%
- 5.2 Additional projects (totalling £7.03m) currently under due diligence review are presented today for decision and include Sleaford Growth Project Phase 1 (£0.9m), Borderville Expansion (£1.23m), A46 Riseholme Roundabout (£2.4m), Northern Junction Roundabout/Lake 1 (£2.5m new £2m contracted). If approved these projects would take the programme commitment level to £110.068m (97.71%).
- 5.3 Of the original Growth Deal project allocations only Sleaford Growth Project Phase 2 still needs to go through a due diligence appraisal. This Phase still has a provisional allocation of £1,095,500. If moved to contract this would take the total contract level to 98.68% and would leave £1.4m left to commit.
- 5.3 The figures above are important when the board is asked to consider the Pipeline schemes in Paper 12. Included in this is the Reserve project Keadby Pumping Station and Assisted Outfall (£3.5m).
- #### 6.0 IMPROVEMENT PLAN, ANNUAL PERFORMANCE REVIEW (APR)
- 6.1 Following on from the Annual Performance Review 2019 GL LEP agreed a delivery improvement plan with BEIS and held several meetings to monitor progress.
- 6.2 A final Improvement Plan meeting was held on the 12 November 2019. The output delivery targets set within the Improvement plan have all been met or exceeded and officers updated BEIS on progress towards contractual commitments as highlighted within this report.
- 6.3 The next APR is scheduled for the 6<sup>th</sup> February 2020 and we await guidance which is expected by the end of the month on the specific requirements and process. The LEP can expect that we will be monitored on Governance, Strategy and Delivery.
- 6.4 Linked to the above the LEP Network met with the Centre for Public Scrutiny (CFPS) to discuss the need for a Peer Review process. To support LEPs it is proposed that the Peer Review should cover:
- Strategy
  - Delivery/Funding
  - Convening Power

## **PAPER 4**

### **GROWTH DEAL UPDATE REPORT**

- Advocacy

6.5 LEPs will be asked to make a formal commitment to follow up an action plan after the Peer reviews. This will aid continuous improvement and can feed into the APR process. Our pairing for the review process is likely to be South East Midlands LEP and we have just received the methodology for the review from CFPS and the LEP Network. Peer review sessions will form part of the peer review process. Sessions themselves will have three stages:

- Planning and pre-work
- The session itself
- Post-work: actions and follow up
- Before the process begins, LEPs will be “paired” by the LEP Network.

## **7.0 CONCLUSION**

7.1 It is recommended that the Investment Board notes the Single Local Growth Fund position and performance.



# Growth Deal Dashboard

LEP Name **Greater Lincolnshire LEP**

This Quarter: **Q2\_1920**

## Deliverables Progress

	This Quarter	15-17	Financial Year						Total
			17-18	18-19	19-20	20-21	21-25		
<b>Housing</b>									
Houses Completed	0	0	384	61	58	0	-	-	503
Forecast for year	93	-	384	61	93	548	2,965	-	4,051
Progress towards forecast	0%	-	100%	100%	62%	0%	-	-	12%
<b>Jobs</b>									
Jobs Created	9	0	218	332	44	0	-	-	594
Apprenticeships Created*	0	0	0	0	0	0	-	-	0
Jobs including Apprenticeships	9	0	218	332	44	0	-	-	594
Forecast for year	169	-	218	331	169	653	3,797	-	5,168
Progress towards forecast	5%	-	100%	100%	26%	0%	0%	-	11%
* Apprenticeships included within jobs totals prior to 2017									
<b>Skills</b>									
Area of new or improved floorspace (m2)	2,235	0	0	863	5,665	0	-	-	6,528
Forecast for year	5,006	-	0	863	5,006	8,682	0	-	14,551
Progress towards forecast	45%	-	-	100%	113%	0%	-	-	45%
<b>Transport</b>									
Number of New Learners Assisted	229	0	378	830	229	0	-	-	1,437
Forecast for year	300	-	378	830	300	1,101	2,157	-	4,766
Progress towards forecast	76%	-	100%	100%	76%	0%	-	-	30%
Length of Road Resurfaced	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0
Length of Newly Built Road	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0
Length New Cycle Ways	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0

## Project RAG Ratings

Project Name	Previous Quarter Q1_1920	This Quarter Q2_1920	Project Name	Previous Quarter Q1_1920	This Quarter Q2_1920
Grantham Southern Relief Road	A	AR	South Humber Infrastructure Investment Program	A	AG
Boston Quadrant Infrastructure Programme	A	AG	Gainsborough Growth phase 2	N/A	AG
Boole Technology Centre	G	G	Due Diligence	N/A	G
Unlocking Rural Housing	AG	G	-	-	-
Bishop Burton College Lincolnshire Showground	AG	AG	-	-	-
Tentercroft Street Growth Corridor Phases 1 and 2	G	G	-	-	-
Lincoln Transport Hub	G	G	-	-	-
Go Skegness Sustainable Transport	AG	G	-	-	-
Access to Employment Zones Phase 1	AG	R	-	-	-
Normanby Enterprise Park	A	G	-	-	-
Northern Roundabout Junction	N/A	R	-	-	-
South Humber Infrastructure Investment Programme	AR	AR	-	-	-
Lincolnshire Lakes Lake 1	R	R	-	-	-
Agri-Food Centre of Excellence	AG	A	-	-	-
Holbeach Peppermint Junction	G	G	-	-	-
Scunthorpe Town Centre	G	G	-	-	-
A46-A15	N/A	AG	-	-	-
Sleaford Growth Project	N/A	A	-	-	-
Sutterton Roundabout	G	G	-	-	-
Grantham Technology and innovation Centre	G	G	-	-	-
Gainsborough Growth	AG	A	-	-	-
Skills Capital Investment Fund	AR	A	-	-	-
GL Centre of Medical Science	N/A	G	-	-	-
The Bridge - Advanced Engineering R and D Centre	N/A	A	-	-	-
Holbeach Food Enterprise Zone	R	R	-	-	-
SLGF Balance	N/A	N/A	-	-	-
Hemswell Food Enterprise Zone	A	AR	-	-	-
Europarc Food Enterprise Zone	AG	A	-	-	-
Skegness Gateway Scheme	N/A	G	-	-	-
Access to Employment Zones Phase 2	N/A	G	-	-	-

Growth Deal Performance
AG

Area lead comments

## Financial Progress

LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
	£26,400,000	£39,863,787	£12,687,335	£8,733,858	£6,809,606	£18,153,052	£112,647,638

LGF Outturn	This Quarter	15-17	Financial Year				Total
			17-18	18-19	19-20	20-21	
Actual	£ 977,974	£ 46,524,178	£ 14,181,938	£ 8,661,451	£ 1,151,882	£ -	£ 70,519,449
Forecast for year	£ 16,427,621	£ 42,924,177	£ 14,181,937	£ 8,661,019	£ 16,427,621	£ 30,452,884	£ 112,647,638
Progress towards forecast	6%	108%	100%	100%	7%	0%	63%

LGF Expenditure	This Quarter	15-17	Financial Year				Total
			17-18	18-19	19-20	20-21	
Actual	£ 3,691,885	£ 36,605,631	£ 8,304,579	£ 12,801,983	£ 5,426,549	£ -	£ 63,138,741
Forecast for year	£ 26,096,422	£ 33,005,631	£ 8,737,800	£ 12,554,292	£ 26,096,422	£ 33,287,683	£ 113,681,828
Progress towards forecast	14%	95%	102%	21%	0%	-	56%

Non-LGF Expenditure	This Quarter	15-17	Financial Year				Total
			17-18	18-19	19-20	20-21	
Actual	£ 7,285,155	£ 45,471,567	£ 36,474,796	£ 30,859,218	£ 11,847,252	£ -	£ 124,652,833
Forecast for year	£ 51,908,589	£ 45,131,335	£ 36,037,593	£ 30,841,667	£ 51,908,589	£ 53,666,627	£ 217,585,811
Progress towards forecast	14%	101%	100%	23%	0%	-	57%

Total LGF + non-LGF Expenditure	This Quarter	15-17	Financial Year				Total
			17-18	18-19	19-20	20-21	
Actual	£ 10,977,040	£ 82,077,198	£ 44,779,375	£ 43,661,201	£ 17,273,800	£ -	£ 187,791,575
Forecast for year	£ 78,005,011	£ 78,136,966	£ 44,775,393	£ 43,395,959	£ 78,005,011	£ 86,954,310	£ 331,267,639
Progress towards forecast	14%	+105%	+100%	+101%	+22%	+0%	57%

## Contractual Commitments (manual entry)

	15-17	17-18	18-19	19-20	20-21	Total
Forecast	£ 34,980,339	£ 15,315,589	£ 23,796,048	£ 18,356,359	£ 20,199,303	£ 112,647,638
Actual	£ 36,605,631	£ 39,314,403	£ 14,382,865	£ 5,215,841	£ -	£ 95,518,740
Variance	+5%	+157%	-40%	-72%	-100%	-15%

## Commentary

Difference between LGF outturn and LGF expenditure figures – Permitted treedowns and treedowns have been used in achieving LGF outturn targets. These capital offsets and advance payments are in the process of being recovered hence reported outturn figures will lag behind expenditure figures until the remaining £7.4m has been evidenced as declared project expenditure

Output targets – Targets set within the Improvement plan have all been met or exceeded

Commitments - Five additional projects (totalling £9.51m) have been approved and contracts recently signed or will be signed ahead of Q3 bringing total LGF commitment to £104.788m (93%)

- Access to Employment Zones Phase 2 (£2.1m)
- Digital Technology Transport & Logistics Academy (£2.43m)
- Gainsborough Growth Project Phase 1b (£2.79m)
- The Bridge Advanced Engineering R&D Centre (£1.95m)
- Huttoft Boat Shed Visitor Centre (0.240m)

The Accountable Body has received £94.494m in grant (excluding £11m for the DIT retained scheme) so have contracted £1.024m at risk and continue to progress additional contract awards with no guarantees on future funding allocation.

Additional projects (totalling £3.73m) currently under due diligence review will be presented to the Investment Board for approval to contracting stage on 29 November 2019:

- Sleaford Growth Project Phase 1 (£0.5m)
- Borderville Expansion (£1.23m)
- A46 Riseholme Roundabout (£2m)


If approved these projects would take the programme commitment level to £108.758m (96.5%)

Several other projects are currently under due diligence and will be discussed at the Board, these include a reserve project:

- Keadby Pumping Station and Assisted Outfall Project (£3.5m)

LGF Expenditure - The LGF expenditure position has improved overall. We are mindful of our focus on reducing offsets and reclaiming advance payments. There remains a large amount of project expenditure to be achieved in the final year of the programme but continue to apply a stringent approach to programme and risk management.

## Section 151 Officer Approved

Name	Andrew Crookham
Signature	
Date	22/11/2019

## PAPER 5.2

### ACCESS TO EMPLOYMENT ZONES PHASE 1

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>29 November 2019</b>					
<b>Agenda Item:</b>	<b>5.2</b>					
<b>Item Subject:</b>	<b>Access to Employment Zones Phase 1 - Improvements to A16/B1219 Toll Bar Junction</b>					
<b>Author:</b>	<b>North East Lincolnshire Council (NELC)</b>					
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>	<b>Yes</b>	<b>Information</b>	<b>Yes</b>

#### 1. BACKGROUND

- 1.1 The above scheme, will deliver a significant strategic benefit to North East Lincolnshire and the Greater Lincolnshire area, helping to deliver growth ambitions and drive economic activity.
- 1.2 The Toll Bar project was initially contracted in May 2017. The project focussed on 3 main areas: to relieve congestion on a key corridor leading to Grimsby town centre by improving highway capacity; to support housing growth by creating the capacity for additional housing at nearby sites; and to improve highway safety by providing safe crossing points for school children who use the junction.

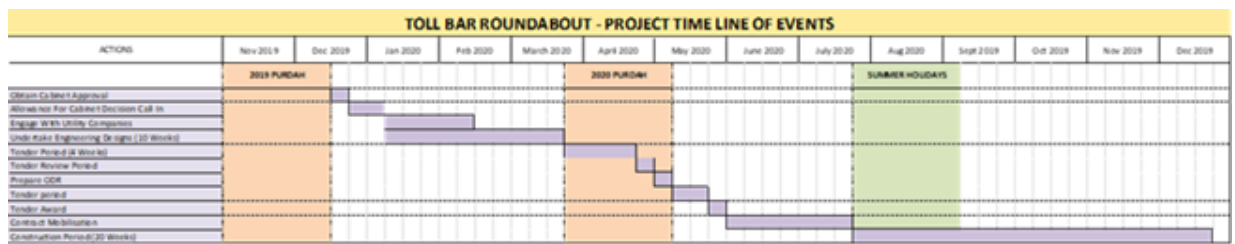
#### 2. CONTRACTED PROJECT PROGRESS

- 2.1 The contracted project was progressing well. The scheme had completed its detailed design stage, undergone a Stage 2 Road Safety audit, all utility works were prepared, the construction contract had been out to tender, and the framework was in place for construction for the summer of 2019. The preparatory work undertaken remains valid, and the scheme could start on-site in July 2020, if instructed.
- 2.2 It is well documented, the original scheme, to convert the roundabout to a signalised crossroads, was not well received by certain members of the public during consultation. Although the technical basis for the scheme was, and remains, well founded and evidenced; the new Administration paused progress on the existing scheme (for a short time) and instructed officers to review possible alternatives to the signalised junction. This approach, enabled officers to identify another option, which contributes towards the same outputs as the original scheme while retaining the roundabout.

#### 3. REVISED DELIVERY PROGRAMME TIMESCALES/MILESTONES

- 3.1 The new option, to provide strategic improvements to the roundabout geometry, has been through a full review process and had a construction schedule drawn up. This takes into account both Purdah periods over the next 6 months. The key milestones are outlined below.

## PAPER 5.2 ACCESS TO EMPLOYMENT ZONES PHASE 1



3.2 As with the original scheme, the alternative option has been through an independent validation exercise by industry leaders AECOM. This exercise has validated the modelling work undertaken which confirms the levels of benefit expected by delivering the revised scheme. Both options are deliverable and meet key objectives, required by the LEP.

3.3 Works at the Little Coates Road / Cambridge Road junction are scheduled to be complete prior to works commencing at Toll Bar. The programme for Little Coates Road / Cambridge Road junction includes 2 weeks 'float' in the programme, which gives sufficient certainty that this will be completed prior to works starting at Toll Bar. In the event that, for any reason, works are not completed, the junction is far enough away for traffic to not negatively affect the performance of diversionary routes for either site.

### 4. POTENTIAL COST VARIATIONS

4.1 All options at Toll Bar have been fully costed out using a bill of quantities, developed by an experienced design team which regularly constructs similar schemes and the scheme includes a reasonable contingency, and both options are considered to be deliverable within the proposed cost framework.

### 5. RISK MANAGEMENT

5.1 A project risk log has been compiled and is reviewed on a regular basis, together with key stakeholders.

### 6. CONCLUSION

6.1 In summary, the original and newer proposal for Toll Bar have been thoroughly reviewed with a view to meeting the same strategic objectives of growth, journey time improvements and road safety.

6.2 For either option, there are no outstanding issues in regards to programme, cost, risk or scheme preparation that might impact on ability to deliver the scheme on target for cost and time. The scheme continues to present a good level of cost - benefit.

6.3 The Administration at North East Lincolnshire Council is committed to putting in place a solution at Toll Bar which enables growth and is implementable in the timeframe required by the available LEP funding. Subject to approval by the LEP of the revised proposal, officers will consider the merits of each LEP approved scheme and

## **PAPER 5.2**

### **ACCESS TO EMPLOYMENT ZONES PHASE 1**

make recommendations to Cabinet before the end of 2019 to ensure that, whichever scheme is selected, we meet the necessary deadlines for delivery.

- 6.4 The reason for marking the appraisal paper as confidential is that the detail of the revised scheme has not yet gone through a political approval process due to purdah. It is well documented that any solution at Toll Bar will be politically sensitive and we need to avoid any risk that such detail could be used as a platform for candidates for MPs.

**PAPER 7  
GREATER LINCOLNSHIRE LEP  
INVESTMENT BOARD, FRIDAY, 29<sup>TH</sup> NOVEMBER, 2019**

**HOLBEACH FOOD ENTERPRISE ZONE**

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**1. Introduction**

Further to attending the Greater Lincolnshire LEP (GLLEP) Investment Board meeting on Friday 27<sup>th</sup> September, Lincolnshire County Council (LCC) officers have continued working on developing and bringing forward the Holbeach Food Enterprise Zone (FEZ) scheme for delivery, along with support from colleagues at South Holland District Council (SHDC) and the University of Lincoln (UoL).

The purpose of this report is to provide the Investment Board members with the confidence that scheme is progressing, within the parameters set by the GLLEP, since the update given two months ago.

**2. Background**

This paper is provided as a response to the Investment Board comments received on 27<sup>th</sup> September, following the decision that the £2.985million GLLEP funding should contribute to the up-front land acquisition costs, road infrastructure, and utilities related work, and that a revised scheme proposal on funding sources and where these are to be allocated is provided.

### 3. Current position statement

In the last two months, significant progress has been made on the ground in terms of getting physical works started onsite. LCC has appointed NMCN as the successful tenderer for the works involving building the site access spine road, consisting of 60m of road northwards to allow access to the University's plot, and 95m to the west of the site, enabling access to a further tranche of development plots LCC will be able to bring to the market. NMCN began its site compound set up on Monday 18<sup>th</sup> November, and commenced actual onsite construction on Monday 25<sup>th</sup> November, on the first 60m of road accessing the University's plot as their first and main priority for delivery.

For context, the project governance structure established to support this scheme consists of a technical Delivery Group overseeing onsite project management, a Project Board overseeing the technical delivery group and providing strategic support to the technical delivery group, and the Stakeholder Engagement Forum providing the overarching strategic steer for the FEZ project, as well as Holbeach as a town, and the agri-food and supply chain sectors as a whole. All aspects of this governance structure invite stakeholders from LCC, SHDC, UoL, and the GLLEP the opportunity to discuss and develop the project.

In the last two months, LCC officers have been working to consider the detailed implications of the formal offer from Western Power Distribution (WPD) and compare this in kind with the feasibility study produced by Sustainable Direction, and bring a level of understanding to the options presented, so LCC are competently able to discuss and recommend a practical and useful way forward to bringing power to the Holbeach FEZ site. These options have been presented to the Project Board and Stakeholder Engagement Forum, and are outlined in the next section; and a clear direction of travel has been identified from both the Project Board and the Stakeholder Engagement Forum.

### 4. Electricity supply

In order to bring an electricity supply to the FEZ, LCC officers have explored two different possibilities, one being the traditional supply of electricity from the main grid, and the other being the development of a low carbon, onsite microgrid. Both of these possibilities have been, and continue to be, explored in parallel with one another, with a view to keeping as many options on the table as possible.

Officers narrowed down the options to the following three possibilities:

- Western Power option 1: For £3.990million, 1.34MV of electricity could be secured. WPD would undertake all the works entailed, both contestable and non-contestable.
- Western Power option 2: For £3.000million, 1.34MV of electricity could be secured. WPD would undertake the non-contestable works only. LCC would then be responsible for tendering and procuring the contestable works.
- Sustainable Direction option 2: For £2.120million, 1.2MV of electricity could be secured through the development of a low carbon, onsite, microgrid.

A thorough consideration of the above three options was undertaken, and presented in a paper to the Project Board (29/10/2019) and Stakeholder Forum (04/11/2019), where, at both meetings, a clear steer was given to LCC officers as to which option was most preferable.

Following further detailed consideration by members and senior officers, LCC has accepted the formal offer from WPD for option 1; 1.34MV of electricity, at a cost of £3.990million, where WPD will undertake all works involved.

LCC is also considering submitting another application to WPD for the balance of electricity to bring the total available power up to 3MV, for which WPD have advised it may be possible to deliver through the upgrade works that will take place, but for a modest uplift in cost.

The WPD offer to supply 1.34MV is expected to meet the needs of the first eight to ten plots on Phase 1 of the FEZ and LCC is willing to liaise with UoL if it requires additional power to the Centre of Excellence and/or Institute of Technology as some of the power could be used to "top up" any shortfall in the University's existing 275kva secured. If UoL requires additional power before the grid upgrade works are complete, LCC has agreed to fund the cost of temporary power generation.

LCC officers have also continued to explore the possibility of the Sustainable Direction option in the case that the WPD works become unpalatable, in that the timescales extend to beyond what is deemed acceptable, or the costs become out of reach financially. Continuing the work with Sustainable Direction gives the project a plan B that can be implemented.

## 5. Funding

As requested by the Board at the last meeting, GLLEP funding has been allocated to progress the road construction and installation of the other utility provisions for the site, as demonstrated by the agreement of the contractor's start on site date of 25<sup>th</sup> November 2019, with an expected end date of March 2020, and for which expenditure will start to be evidenced by Q4 of this financial year.

LCC officers have explored and presented WPD and Sustainable Direction options to stakeholders, with a clear direction for progress to be taken, as demonstrated by LCC accepting the offer to secure 1.34MV of electricity.

WPD will now commence the detailed design and wayleaves investigations for the upgrade works, which will commit LCC to c.£25,000 in fees. This stage will provide clarity on the extent of the upgrades required at the Holbeach primary substation, and any uplift in cost, as well as how many landowners will need to be approached to negotiate wayleave agreements, which could also impact the timescales of the works, currently estimated at one to three years.

## 6. Expenditure

A breakdown of projected spend to the end of the 2020/21 financial year is attached at *Appendix A*.

GLLEP grant funding received as an advanced adjustment in 2018 will be drawn down first, to pay for the road infrastructure and installation of other utility provisions as needed. These items are shown in bold in *Appendix A*. £50,000 has also been received from the Midlands Engine Manufacturing Zone grant to contribute towards the utility study and access road design for the FEZ, of which the following has already been spent:

Utilities study: £28,160 (only £15,000 to be claimed)  
Access road design: £27,298

*Appendix A* shows that the total estimated project costs are £8,550,721.61. The scheme costs have risen following the formal offer to provide electricity from WPD and in light of this,

the additional costs will be underwritten by the public sector partners. Discussions are ongoing between LCC and SHDC as to how these costs will be met between each authority.

## **7. Outputs**

An update on the outputs that will be generated by the development was submitted at the LEP Board on 27<sup>th</sup> September 2019 and it was subsequently confirmed that the Board had accepted these variations. It is not intended to request any further variation to these outputs at this time.

The outputs stated are based on the completion of Phase 1 of the FEZ. The clawback provisions set out in the funding agreement between LCC and GLLEP dated 27<sup>th</sup> March 2018 are acknowledged.

## **8. Delivery Milestones**

A project programme of the road construction is attached in a separate document at *Appendix B*.

## **9. Conclusion**

This paper provides an update on progress made since the last GLLEP Investment Board meeting, as well as outlining what actions have been taken by LCC officers to overcome and mitigate the power issue faced on this scheme.

Milestones, such as contracts being successfully awarded and start on site dates agreed, and reached, shows commitment and good physical progress is being made, with support from the GLLEP funding.

The project governance structure is effective in providing strategic direction and support for the scheme as it progresses, as well as including stakeholders in key aspects and decisions involved.

LCC has accepted an offer from WPD for 1.34MV of power for the FEZ site at a cost of £3.990million. LCC officers are also considering submitting an application for further power to bring the whole available amount up to 3MV, while still continuing exploration of the Sustainable Direction option as a contingency solution.



## Appendix A

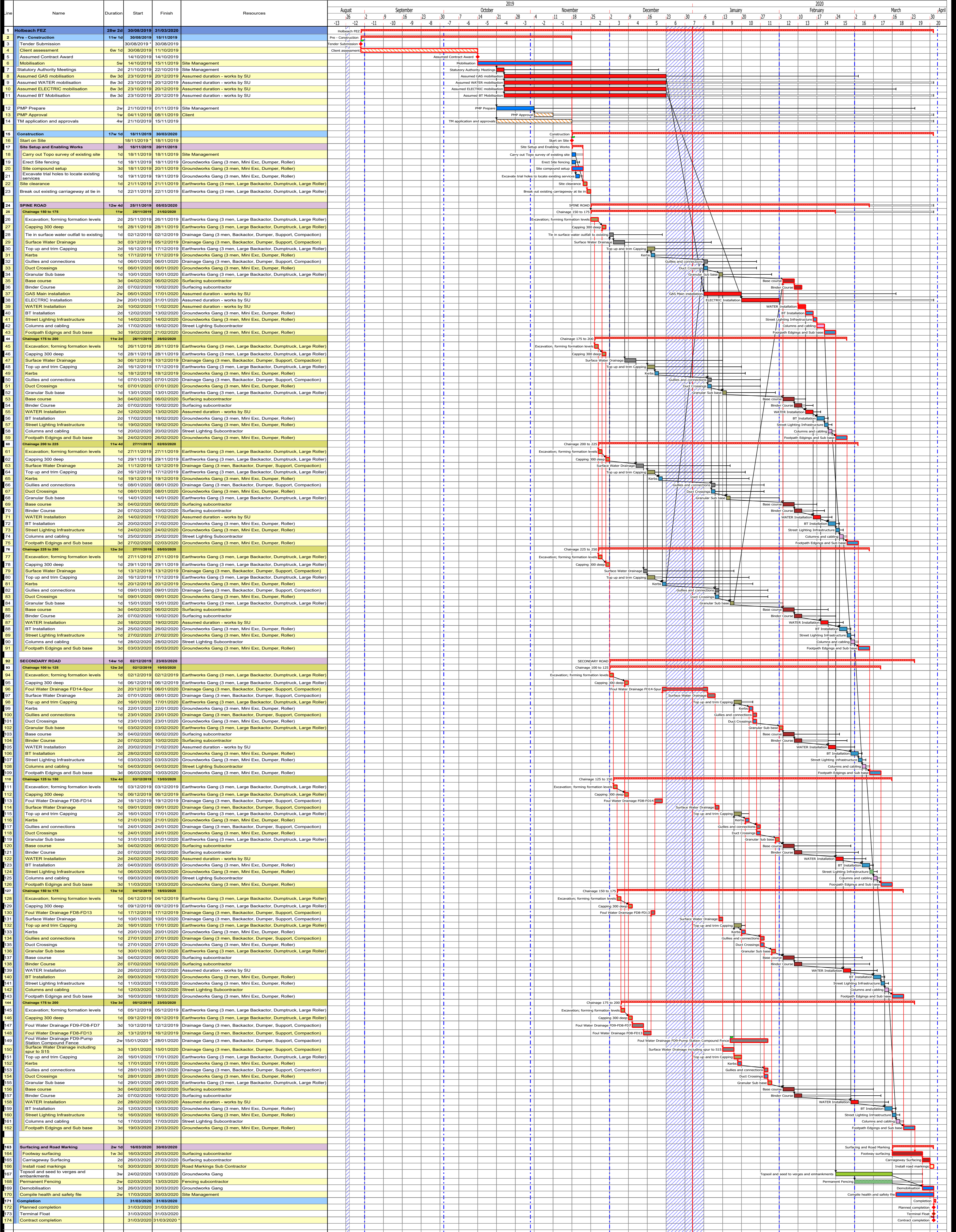
Cost Headings (Phase 1)	<i>Spend - Prior Years</i>	Forecast 19/20	Forecast 20/21	Forecast 21/22	Total Spend + Forecast
Land value <sup>1</sup>		<b>340,200.00</b>			340,200.00
Utilities <sup>2</sup>	265,666.00	<b>256,000.00</b>	<b>6,155,000.00</b>		6,676,666.00
Design fees	54,034.61				54,034.61
Ground investigation		<b>35,191.00</b>			35,191.00
Procurement		<b>21,630.00</b>			21,630.00
Road construction		<b>758,000.00</b>	100,000.00		858,000.00
Contract management		<b>280,000.00</b>	50,000.00		330,000.00
Professional fees					-
Road adoption			22,000.00		22,000.00
Visioning		<b>20,000.00</b>			20,000.00
Temporary power generator (UoL)			12,000.00	83,000.00	95,000.00
Contingency		<b>40,000.00</b>			40,000.00
<b>Total Expenditure</b>	319,700.61	1,751,021.00	6,339,000.00	83,000.00	8,492,721.61

<sup>1</sup> Claimed through the LEP quarterly funding process but amount not yet defrayed from LCC

<sup>2</sup> Part GLLEP funded, part other

# HOLBEACH FEZ (Revised Bid)

## Lincolnshire County Council



<b>Programme Status</b>	Tender	<b>Programme Number</b>	T3	<b>Issue Date</b>	03/10/2019	<b>Title</b>	HOLBEACH FEZ (Revised Bid)
<b>Rev</b>	Details of the Revision	<b>Revision Date</b>		<b>Drawn By</b>		<b>Client</b>	Lincolnshire County Council
	Revised Offer	03/10/2019		<b>Reviewed By</b>	M Driscoll	<b>nmcn Contract No.</b>	HSPR13314

# PAPER 8

## A46/A15 RISEHOLME ROUNDABOUT

Publication	Public Paper (published)					
Meeting date:	29 November 2019					
Agenda Item:	8					
Item Subject:	A46/A15 Riseholme Roundabout – Approval to Contracting					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

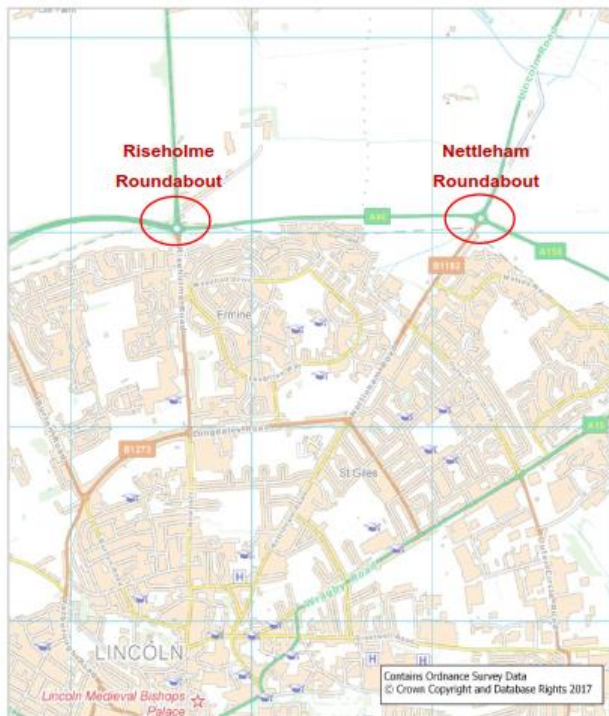
### 1. SUMMARY

- 1.1 This paper seeks Investment Board approval to contracting stage for the A46/A15 Riseholme Roundabout scheme. The project is being considered as part of the Growth Deal Programme.

### 2. BACKGROUND

- 2.1 The A46/A15 Roundabout Improvement Project was awarded a £2.5m provisional growth deal allocation in January 2017. The scheme at the time included two roundabouts, the Riseholme junction and the Nettleham junction. The Nettleham junction has recently been assessed as part of the wider transport strategy for Lincoln, and as it will play a key role in the delivery of that strategy is currently not in a position to be progressed. Riseholme Road is at a detailed design stage and Nettleham Road roundabout, which is located east of Riseholme junction (see Figure 3), is at a feasibility stage and will include a new mobility hub in addition to junction improvements. The Nettleham roundabout has therefore been returned to the GLLEP pipeline for future consideration.
- 2.2 The A46/A15 Riseholme Road Roundabout is a key junction on the A46 orbital road north of Lincoln city centre. The junction is currently at capacity and suffers from significant levels of congestion during peak periods which affects the operation of the ring road and the key radial routes into the city centre.
- 2.3 The A46 is of strategic importance to Lincoln and the wider region. It provides access to the UK road network benefitting prominent sectors within Lincolnshire such as agri-foods; is part of the Lincolnshire Coastal Highway (LCH) route which is considered a key strategic transport priority for LCC for the Greater Lincolnshire visitor economy; provides access to Lincoln City Centre for residents from the north of the city; and provides access to international gateways of the Humber Ports and Humberside Airport. The Humber Ports include Grimsby, Immingham and Hull which are nationally important and are experiencing significant growth.

## PAPER 8 A46/A15 RISEHOLME ROUNDABOUT

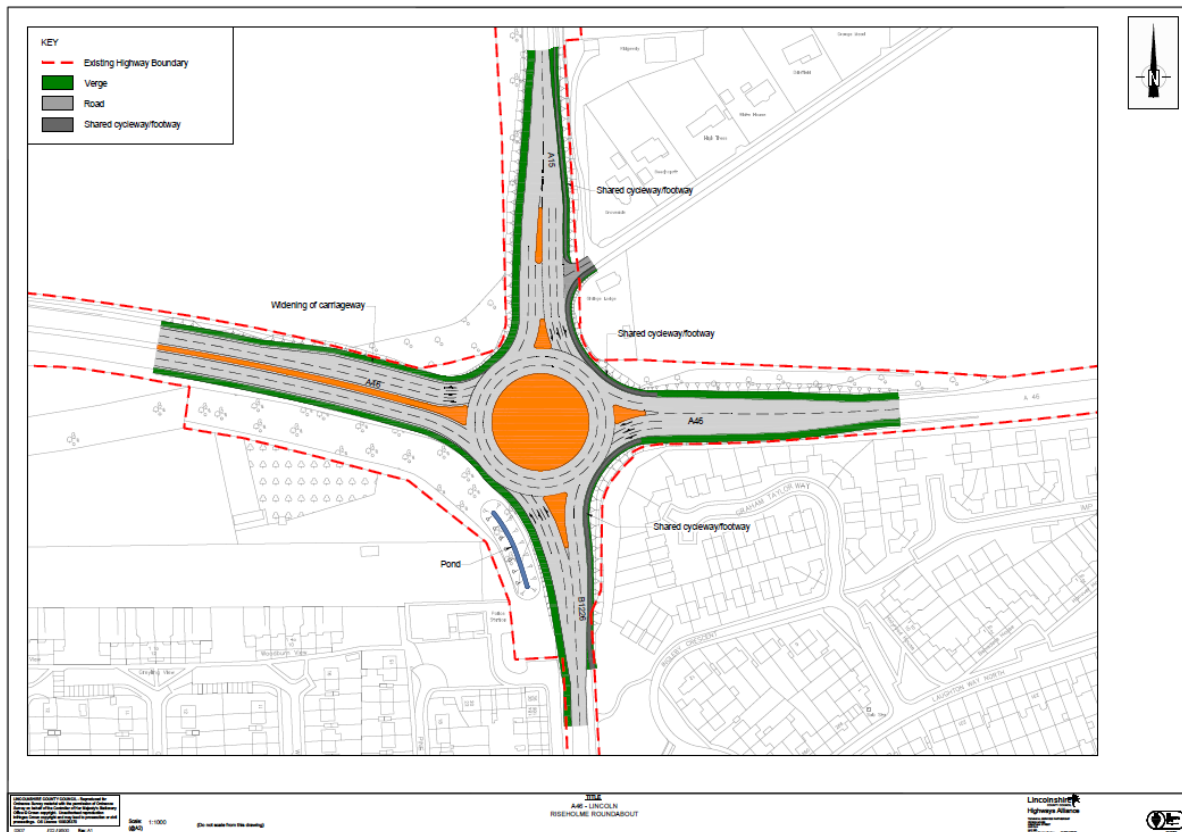


### 3. THE PROJECT

- 3.1 The A46/A15 Riseholme Road junction upgrade involves capacity improvements to the existing roundabout junction. It is proposed to upgrade the roundabout through providing additional lanes on all four approaches of the roundabout, increasing the size of the circulatory carriageway and providing a shared north south cycleway / footway on the eastern side of the A15 and B1226 Riseholme Road. This will improve the operation of the junction, reducing congestion and delays and improving non-motorised user accessibility.
- 3.2 The scheme will benefit local businesses within the agri-food sector improving journey times through this part of the network and supporting improved access to key markets. The junction improvements will also facilitate the delivery of housing and employment, contributing to the additional 36,960 dwellings and 11,894 jobs planned across the period 2012-2036.
- 3.3 On the A46 to the north of Lincoln, the evidence base demonstrates congestion builds at several locations, including on the approaches to Riseholme Roundabout during the morning and afternoon peak travel periods and on Fridays and at weekends when tourist travel movements to/from coastal destinations are at their highest.

# PAPER 8

## A46/A15 RISEHOLME ROUNDABOUT



### 4. FUNDING

- 4.1 The project requires £2,398,850 of grant funding. Lincolnshire County Council (LCC) is due to receive a total of £1.74m Integrated Transport Grant funding as part of an annual grant from the Department for Transport. Of which, LCC has received £1.5million through the 2018/19 and 2019/20 Integrated Transport Block (ITB). A further £0.24m will be received from the ITB allocation for 2020/21. Central Government has confirmed that there is no intention at this time to remove this allocation but if this were to happen, LCC would investigate and prioritise the means to source the remaining costs themselves.
- 4.2 Costs for delivery have increased since original estimates were provided for the growth deal bid, hence the level of grant being requested, despite the return of the Nettleham junction to the GL LEP Pipeline.
- 4.3 LEP funding would be spent solely on construction costs.
- 4.4 An additional 0.5% of the grant amount (£11,994) will also be retained from the existing provisional allocation for the scheme to cover GL LEP Fees.

### 5. OUTPUTS

- 5.1 Although it is appreciated the scheme will have a positive impact on jobs, housing and future investment leverage, given the cost of the

## PAPER 8 A46/A15 RISEHOLME ROUNDABOUT

scheme, a proportionate approach has been undertaken on which assessments to include within the scheme forecast appraisal. The following summary was provided within the business case with regard to output delivery.

- **Jobs connected to the investment:** It is anticipated that there will be no new jobs directly created by the project. However, given the strategic location of the improvements, it is anticipated that businesses within Lincoln city centre, businesses benefitting from improved access to the Ports and the tourist market will indirectly benefit. As a result, changes in employment and growth rates within Lincoln and those related to the aforementioned industries will be assessed as part of the monitoring and evaluation process and a local economic impact calculator will be utilised, where possible, in accordance with Appendix 4 of the Greater Lincolnshire LEP Growth Deal Monitoring and Evaluation guidance.
- **Commercial floorspace constructed:** It is not anticipated the scheme will have an impact on commercial floorspace
- **Housing:** The scheme will not directly result in facilitating new housing. Instead, it will indirectly aid in the deliverability of the Sustainable Urban Extensions and as such the SUE build out will be monitored.
- **Total length of resurface roads:** Road surfaces will be resurfaced to facilitate additional lanes at the arms and circulatory movement as part of the project.
- **Total length of newly built roads:** The scheme includes an additional lane on the circulatory movement and an additional lane on each of the entrance arms of the roundabout. These form the sections of the carriageway.
- **Total length of new cycle ways:** The scheme will provide a shared north south cycleway / footway on the eastern side of the A15 and B1226 Riseholme Road.

5.2 The outputs generated are limited by the very nature of the scheme being highways related; however, the outputs that have been identified as being in accordance with the SEP are shown in the table below:

	Previous Years	2019/20	2020/21	Total
<b>Core Outputs (Strategic Economic Plan)</b>				
Public Investment Leveraged (£)	400,000	1,000,000	340,000	1,740,000
<b>Others (please list)</b>				
Construction jobs created		35	41	76

## PAPER 8

### A46/A15 RISEHOLME ROUNDABOUT

Benefit Cost Ratio (BCR)			16.38	16.38
Present Value Benefits (PVB)			28.5	28.5

5.3 The value for money assessment and overall package of outputs that are delivered by this project are demonstrated to be low, but the high strategic importance of this project is recognised. Without the infrastructure works proposed, a number of major projects within Lincoln would be unable to be delivered as these are dependent on a highways network with sufficient capacity.

## 6. PROJECT MILESTONES

6.1 The following milestones have been provided by LCC in relation to delivery of the scheme:

Acquisition of statutory powers	February 2019 – December 2019
Community and stakeholder engagement ongoing	August 2019 – December 2019
Procurement process issued	December 2019 – January 2020
Procurement contracts awarded	February 2020
Start on site	April 2020
Completion of works	October 2020
Match funding secured	March 2020

6.2 As the due diligence report confirms it is considered that the above milestones are realistic and achievable.

## 7. RISK ANALYSIS & DELIVERABILITY

7.2 A full risk management plan has been prepared for the delivery of the project, however the risks in relation to delivery can be summarised as follows:

Risk	Owner	Probability	Impact	Mitigation	Condition of Funding? Y/N
Programme overrun due to limited available time to complete the works. Resulting in occupation of network beyond agreed dates, reputational damage, need to de-scope project or return later in the year to complete all works.	LCC	Very High	High	Develop the construction programme as part of the ECI process	No
High costs resulting in scheme costs exceeding available funding.	LCC	Medium	Medium	To be managed via the contract	Yes - LCC to underwrite any cost overruns
Weather above 1 in 10 year event Resulting in delay during construction and increase in costs depending on approach to contract	LCC	Medium	Low	Deal with the contractor to minimise impact	No

## PAPER 8 A46/A15 RISEHOLME ROUNDABOUT

### 8. STATE AID

- 8.1 As the scheme is public infrastructure, it is eligible for public support under Article 56 of the GBER.

### 9. COMMENTS FROM THE ACCOUNTABLE BODY

- 9.1 Comments will be provided during the Investment Board meeting.

### 10. CONDITIONS OF GRANT

- 10.1 The due diligence assessment has identified a number of conditions that are required to be satisfied as part of any SLGF approval. These are:

#### Pre-Contract

- Written confirmation from LCC that they will meet any shortfall in funding should the ITB allocation not be committed
- Written confirmation that LCC will meet any costing increases incurred in the scheme and have the reserves to do so

#### Pre-Drawdown

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

### 11. RECOMMENDATION

- 11.1 It is recommended that GL LEP growth deal grant totalling £2,398,850 be approved by the GL LEP Board towards the scheme subject to the conditions detailed above, and that it proceeds to contracting stage. In addition, a further £11,994 will be retained from the existing project allocation towards GL LEP fees.



**Greater Lincolnshire Local Enterprise Partnership**

**DUE DILIGENCE ASSESSMENT**

**in respect of**

**Single Local Growth Fund**

**for**

**A46/A15 Riseholme Roundabout  
Lincoln**

**22<sup>nd</sup> November 2019**

**Paper 8.1**

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## APPENDICES

I	BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
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## 1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 A Detailed Business Case has been submitted by Lincolnshire County Council (LCC), seeking Local Growth Fund (LGF) from GL LEP of £2,398,850, to contribute towards the upgrade of the A46/A15 Riseholme Roundabout in order to increase capacity as part of a package of enhancement works to the strategic highways network in Lincoln.
- 1.2 The Riseholme Road roundabout forms a key junction within main orbital and strategic routes in and around Lincoln, including the A46 Western Relief Road/Northern Relief Road, which circles to the north of Lincoln around 2-3 km from the city centre. This road network carries local traffic between communities in northern Lincoln, as well as facilitating access to radial routes which provide onward access towards the city centre and destinations further afield. As a main orbital corridor, the A46 is likely to form part of the Government's commitment to create a Major Road Network (MRN), across England, which will incorporate the country's busiest and most economically important "A" roads.
- 1.3 Lincoln currently suffers from a number of significant transport related problems, often with severe congestion affecting both strategic and local traffic movements. Such problems have a detrimental impact on the regional and local community, including those communities to the north and east of Lincoln.
- 1.4 There has been a wealth of transport studies undertaken to better understand transport related problems within Lincoln and an evidence base has been compiled to underpin the emerging Lincoln Transport Strategy (LTS). This evidence base demonstrates that congestion particularly impacts roads within the Lincoln urban areas, including the main radial and orbital routes and within the core of Lincoln city centre.
- 1.5 Specifically, on the A46 to the north of Lincoln, the evidence base demonstrates congestion builds at several locations, including on the approaches to the Riseholme roundabout during the morning and afternoon peak travel periods. Fridays and weekends is when tourist travel movements to and from coastal destinations are at their highest creating major congestion along this route.
- 1.6 The prominence of car use for local journeys, impacts the road network more widely than just the radial and orbital routes. Because of the volume of traffic destined for Lincoln city Centre, existing conditions at the Riseholme roundabout impact on accessibility into the historic centre and ultimately have a detrimental impact on the visitor experience and local economy.
- 1.7 The outcome of the transport studies therefore demonstrates that there are significant congestion issues affecting the main road network around Lincoln including the Riseholme roundabout. This congestion results in poor journey time reliability, creates additional lost time for people and businesses travelling within the local area and makes the area less attractive to potential investors. Congestion also impacts on movement of services and labour which has a knock-on impact on costs for local businesses. This congestion has the potential to discourage economic growth, the viability of businesses to be able to operate affectively and undermines Lincoln's capability to compete on a national and international scale with other cities and destinations.
- 1.8 The other primary concern relating to issues within the highways network, is that there are a significant number of housing and employment developments planned for Lincoln and the surrounding area required to ensure that housing need and employment growth forecasts can be met.
- 1.9 With the road network (including the Riseholme junction) already being at capacity, these planned developments cannot be accommodated and sustained by the existing road network. The Riseholme roundabout has been identified as a critical element of

works required within the highways network with its immediate delivery able to address some of the existing congestion issues suffered at this junction by increasing capacity and traffic flows.

- 1.10 It is noted that it was originally intended for the Riseholme and Nettleham roundabouts to be undertaken simultaneously under a single contract and funding package. This decision has been abandoned, due to the Nettleham roundabout being at a much earlier stage of feasibility, whereas the Riseholme roundabout is at a much more advanced stage and can be delivered independently and much earlier than the Nettleham roundabout.
- 1.11 In terms of the wider transport improvements, regard is also made to the proposed north Hykeham Relief Road and Lincoln Eastern Bypass, which skirt around Lincoln from the south along the eastern boundary up to the north eastern perimeter of Lincoln connecting to the A46. Along with the Riseholme and Nettleham Roundabouts, these road schemes are also fundamental for Lincoln's growth and comprise of four sustainable urban extensions (SUE's) referred to earlier, providing a comprehensive solution to Lincoln transport issues.
- 1.12 With regard to the works that are proposed at the Riseholme roundabout, these are summarised as follows:
- The widening of the carriageway and provision of an additional approach lane on all four arms of the roundabout.
  - The construction of an additional third circulatory lane around the roundabout.
  - The provision of a shared north south cycleway/footway on the eastern side of the A15 and B1226 Riseholme Road.
- 1.13 The scheme is at the detailed stage of design with planning permission not required as all of the works will be undertaken within the existing highway and adjoining highway land.
- 1.14 The scheme is now ready to proceed to the tender stage, subject to GL LEP funding being secured and final confirmation of the funding package detailed below.

## **2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING**

- 2.1 LCC are seeking funding of £2,398,850 from GL LEP, which equates to 58% of total project cost. Total project costs are £4,138,850 and the balance of funding required to meet scheme costs to be met from the Integrated Transport Block (ITB) of £1,740,000 of which £1.5 million has been allocated to the scheme. A further £0.2 million has been allocated from the ITB programme for 2020/2021. Central Government have confirmed that there is no intention at this time to remove this allocation.
- 2.2 Subject to GL LEP approving the funding sought, the project should therefore be fully funded.
- 2.3 It is recommended however that LCC confirm that the balance of ITB funding has been committed to this project in order to enable the works proposed in totality to be completed. In the event that the final element of ITB funding is not confirmed by Government, LCC to provide written confirmation that LCC will meet the shortfall of funding so as to enable the scheme to be completed as proposed.

## **3.0 KEY ISSUES**

- 3.1 Minor issues and clarifications required for this project were identified and are summarised as follows:
- i. The total funding package from the ITB requires to be confirmed. This has been addressed within Section 2 above.
  - ii. State Aid Advice had not been provided as part of the Business Case Application. State Aid Advice has now been received and reviewed as part of this due diligence. The outcome of this review is detailed within Section 8 of this report.
  - iii. Whilst brief cost information was provided as part of the supporting application information, further detail relating to scheme drawings and a costed specification of works was also required so as to enable RLB to undertake the assessment of costs. This information has now been provided and is detailed within Section 6 of this report.
- 3.2 No further issues have been identified at this time, with all other matters considered within this due diligence report.

## 4.0 STRATEGIC FIT

- 4.1 The project has been identified to have extremely strong strategic fit, specifically supporting the following strategies:

- i. GL LEP's Strategic Economic Plan (SEP). The SEP identifies that improving Lincolnshire's connectivity and transport infrastructure is vital to achieving growth, economic aims and objectives set across Lincolnshire.

This project therefore supports the SEP in assisting to both sustain Lincolnshire and enable required growth, enhancing connectivity with national and international markets, to promote competitive advantage of the sub-region.

- ii. Local Industrial Strategy (LIS). Enhancement of the road network as proposed by the scheme, will help to future proof the agri-food industry, which relies on an affective and efficient road network in order to survive and thrive.

In addition, the proposed scheme is located on the northern edge of the urban area of Lincoln, being a key transport route into Lincoln for the rural communities to the north. The LIS highlights the need to support people to live well for longer in rural areas and this scheme positively contributes towards this objective by providing an increased range of travel options and opportunities to connect people in these areas. These operational improvements will also increase accessibility to services in the centre of Lincoln.

The enhanced transport network will also benefit the visitor economy, both in Lincoln city centre and the wider coastal region to the east. Tourists visiting the area rely on a safe, efficient and convenient access and the capacity improvements proposed at Riseholme will help to deliver a more reliable journey with less risk of delays from congestion.

- iii. Lincoln Transport Strategy. Being prepared by LCC, the emerging aims of this strategy are to improve rural accessibility, support new housing and employment sites, including the SUE's, ensuring that impacts from these schemes are mitigated while also delivering exemplar sustainable infrastructure to connect Lincoln with the wider area. Ultimately this strategy is seeking to support Lincoln's economy through providing accessibility and transport of resources to market and

to provide an efficient means of travel for longer distance connections to other major centres and international gateways.

- 4.2 The strategic impacts of this project are therefore identified to be significant and a key component part of a wider transport strategy with this project having the capability to offer immediate improvements to the network through its delivery.

## **5.0 MARKET ASSESSMENT**

- 5.1 A market assessment in the traditional sense has not been undertaken; however, need for the project in context with existing and significant issues within the existing transport network in terms of congestion and unreliable journey times have been established. The need for the subject scheme along with other proposed improvement schemes, are deemed as critical to accommodate major growth within Lincoln and the wider area.

- 5.2 The proposed scheme is underpinned by a series of transport studies which are summarised as follows:

- i. Lincolnshire Local Plan Tool Lower Tier Modelling Report March 2016, which identified delays of over five minutes at the Riseholme roundabout. By 2036 deteriorating journey times will continue from 2018 to 2036 for all journeys on the A46 orbital route by up to 32 minutes.
- ii. Lincolnshire Local Plan Tool Northern and Western Relief Road Modelling 2016. This strategy predicted that key junctions on the A46 are operating close to or beyond capacity with excessive queues predicted by 2036.
- iii. Lincoln A46 Roundabouts Operational Assessment September 2017. Issues were identified with increasing queues and blocking of lanes which will continue to exacerbate without the increase in capacity being undertaken.
- iv. Lincoln Coastal Highway (LCH) Network Analysis. Demonstrated that there were congestion impacts on journey times and decreasing reliability including at the Riseholme roundabout. In addition, congestion at junctions such as the Riseholme Road roundabout resulted in some of the slowest journey times around Lincoln.
- v. North Hykeham Relief Road Options Assessment Report 2018 and Outline Business Case July 2019. These reports acknowledge that the A46/A15 currently provide strategic connectivity to wider economic areas such as the Humber Ports and congestion will be exacerbated in future which will inhibit efficient movement along this route.
- vi. Major Road Network (MRN). The existing and future congestion on the A15 and A46 may hinder the potential of these routes to operate as part of the MRN being proposed by Government. These congestion problems and forecast levels of traffic growth on the A46 and A15 also impact on proposals to develop other programmes of works along this strategic route and their ability to operate effectively. Traffic is forecast to increase by around 17% on the A46 around the Riseholme roundabout between 2016 to 2036 and this will also result in average speed just west of Riseholme roundabout on the A46 potentially falling by 22 mph, which is a 40% reduction in speed.

- 5.3 The studies undertaken and assessment presented within the Detailed Business Case therefore clearly establishes the strategic nature and function of the Riseholme roundabout and necessity to increase capacity to deal with immediate congestion issues

at this location and future proof the highways network as part of a comprehensive solution and package of works.

## **6.0 DEVELOPMENT APPRAISAL**

6.1 A full development appraisal has not been prepared for this scheme; however, a breakdown of costs has been provided in this regard, which is shown below:

• Link Lab Fees	£ 74,000
• Professional Fees	£ 377,000
• Legal Costs	£ 25,000
• Procurement Costs	£ 8,000
• Work Costs	£3,090,000
• Statutory Undertakers	£ 240,000
• Contingency Provision	£ 304,850
• Monitoring & Evaluation	£ 20,000
TOTAL COSTS	£4,138,850

6.2 RLB have undertaken a review of costs and following requests for additional information have had the opportunity to review scheme plans and specification of works.

6.3 The outcome of the assessment is that whilst a small number of items within the works costs appear to be slightly on the high side, other minor items have been underprovided for in terms of a cost allocation. Overall therefore, RLB consider costs in totality to be reasonable, realistic and in accordance with market rates to deliver this scheme in accordance with the budget.

6.4 A copy of RLB's report will be provided to GL LEP by way of separate cover to confirm findings of their assessment.

6.5 LCC have also stated that all of the funding from GL LEP will be expended directly on works costs in order to deliver the scheme and will be drawdown on a quarterly basis against defrayed expenditure.

## **7.0 DELIVERABILITY AND PROGRAMME**

7.1 A detailed programme has been provided as part of the business case application and this establishes that the scheme has completed the initial and detailed design stages, with a cost plan produced for the proposed works.

7.2 Planning permission is not required and subject to GL LEP's funding being secured, the procurement process can commence in December 2019 to be completed by January 2020. It is therefore anticipated that procurement contracts could be awarded by February 2020 with the works to be completed by October 2020.

7.3 It is noted that the ITB funding would not be confirmed until March 2020, although as referred earlier within this report, in the event that the balance ITB funding is no committed, LCC to be required to underwrite any shortfall in funding.

7.4 Given the advanced stage of the project therefore, it is not anticipated that there will be any issues in bringing forward the scheme in accordance with programme proposed.

## 8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 State Aid Advice was procured by Eversheds Sutherland on behalf of LCC in relation to the road improvements to be undertaken at the subject scheme. The State Aid Advice states that the provision of general infrastructure does not provide the necessary selected benefits to an undertaking for there to be State Aid present. Therefore, as the scheme is public infrastructure, it is eligible for public support under Article 56 of the GBER as the scheme shall be made available for use to all on an open, transparent and non-discriminatory basis.
- 8.2 Based upon the advice provided, therefore, we are of the view that there are no issues arising in relation to State Aid.

## 9.0 PROCUREMENT

- 9.1 LCC is a member of the Midlands Highways Alliance (MHA), which provides access through a procurement route which is compliant with the council's procurement obligations. In addition, the MHA enables the option of Early Contractor Involvement (ECI), which has been used in the development of the detailed design, estimating scheme costs and forecasting the construction programme for this scheme.
- 9.2 It is also important to note that in choosing to apply the ECI route, the contractor and client are responsible for compiling the target cost. The contractor is required to demonstrate competition in their rates by market testing material supplies and sub-contractor costs. Fundamentally, at the point of entering into an ECI contract via the MHA, LCC are also entering into a contract to deliver the site works, thus committing to the full scheme expenditure.
- 9.3 As a risk mitigation whereby LCC cannot meet full costs of the project, there is a break clause providing LCC the protection of an exit from the contract. The only cost incurred at that stage would be those attributable to completion of the ECI.
- 9.4 Therefore, it is considered that a compliant procurement process is in place and being operated by LCC.

## 10.0 OUTPUTS AND VALUE FOR MONEY

- 10.1 Given that this project is primarily delivering enhancement to the strategic highways network around Lincolnshire the outputs and benefits that are primarily generated are transport related ones as opposed to those being identified within the SEP.
- 10.2 It is further noted that these works will contribute in unlocking a number of major schemes within Lincolnshire including the SUE's referred to previously; however, these works will not directly generate outputs delivered within this scheme.
- 10.3 The outputs generated are therefore potentially limited by the very nature of the scheme being highways related; however, the outputs that have been identified as being in accordance with the SEP are shown in the table below:

	Previous Years	2019/20	2020/21	Total
<b>Core Outputs (Strategic Economic Plan)</b>				
Public Investment Leveraged (£)	400,000	1,000,000	340,000	1,740,000
<b>Others (please list)</b>				



Construction jobs created		35	41	76
Benefit Cost Ratio (BCR)			16.38	16.38
Present Value Benefits (PVB)			28.5	28.5

10.4 The assessment of value for money in relation to the above outputs is as follows:

- Public investment leverage is at a ratio of 1.4:1. It is noted that the public sector leverage is low in comparison to the LGF funding; however, as all funding for the scheme is public investment, there is no real value for money issues, particularly as this investment is in a public highway. Whilst the private sector does tend to contribute towards such works through Section 106 obligations, they are not usually responsible for delivery of public infrastructure as this does not generate any financial return and indeed can often create viability issues.
- Construction jobs created at £31,563 per job. This cost is high in context with benchmark values at £25,000 per job; however, construction jobs is an incidental output as opposed to delivering the primary objectives of this scheme being to deliver enhancements to the highways network.
- BCR at 16.8. DFT consider any BCR above 4 to be good value for money and on this basis, the BCR generated represents excellent value for money.
- The PVB at 28.5 has also been assessed as very high value for money in accordance with DFT value for money framework.

10.5 Whilst the value for money assessment and overall package of outputs that are delivered by this project are demonstrated to be low, the strategic importance of this project is recognised. Regard is made to the fact that without the infrastructure works proposed, which are currently unfunded, and without GL LEP funding the scheme would be unable to proceed. This could result in number of major projects within Lincoln being unable to be delivered as these are dependent on a highways network with sufficient capacity in this regard.

10.6 It is on this basis that GL LEP's investment into this project is considered to be justifiable.

## 11.0 MILESTONES

11.1 Milestones for the project are as follows:

Acquisition of statutory powers	February 2019 – December 2019
Community and stakeholder engagement ongoing	August 2019 – December 2019
Procurement process issued	December 2019 – January 2020
Procurement contracts awarded	February 2020
Start on site	April 2020
Completion of works	October 2020
Match funding secured	March 2020

11.2 Based upon the advanced stage of the project, it is considered that the above milestones are realistic and achievable.

## 12.0 RISK ASSESSMENT

12.1 The risk assessment for this project is summarised in the table below:

Risk	Owner	Probability	Impact	Mitigation	Condition of Funding? Y/N
Programme overrun due to limited available time to complete the works. Resulting in occupation of network beyond agreed dates, reputational damage, need to de-scope project or return later in the year to complete all works.	LCC	Very High	High	Develop the construction programme as part of the ECI process	No
High costs resulting in scheme costs exceeding available funding.	LCC	Medium	Medium	To be managed via the contract	Yes – LCC to underwrite any cost overruns
Weather above 1 in 10 year event Resulting in delay during construction and increase in costs depending on approach to contract	LCC	Medium	Low	Deal with the contractor to minimise impact	No

12.2 The above table has identified the main project risks, although a full risk management plan has been prepared for the delivery of the project.

12.3 It is considered that the level of detail provided and mitigation strategy in place is at a stage whereby key risks could be efficiently and effectively addressed should these arise.

### 13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

13.1 The due diligence assessment has identified a number of conditions that are required to be satisfied as part of any LGF approval. These are detailed below:

- i. Written confirmation from LCC that they will meet any shortfall in funding should the ITB allocation not be committed – pre-contract condition.
- ii. Written confirmation that LCC will meet any costing increases incurred in the scheme and have the reserves to do so – pre-contract condition.
- iii. A copy of the report on tender and lowest tender to be provided for the scheme once the procurement process has completed – pre-drawdown condition.
- iv. An updated programme for the delivery of the scheme to be provided once a contractor has been appointed – pre-drawdown condition.

### 14.0 CONCLUSIONS

14.1 The Riseholme roundabout has been identified as being a critical element of Lincoln's Strategic Infrastructure Network and is currently at capacity suffering with congestion issues.

14.2 Without works to increase the capacity of this junction as part of a wider transport strategy for Lincoln, congestion issues and reliability of journeys are set to deteriorate significantly up to the period 2036 and will hinder current levels of activity, business and tourism at current levels and will ultimately prevent future economic growth.

14.3 The scheme is at a detailed stage of design and capable of proceeding to procurement subject to securing GL LEP funding.

- 14.4 The scheme is considered to be low risk and so as to mitigate any remaining risk, a number of conditions have been identified within Section 13 of this report.
- 14.5 It is noted that outputs directly deliverable by the scheme are assessed as low; however, the strategic importance of this scheme and immediate impact that these works will deliver along with potential future proofing of the highways network are so significant for Lincolnshire so as to justify investment by GL LEP in this project.

## 15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that GL LEP LGF of £2,398,850 be approved by the GL LEP Board, subject to the conditions detailed in Section 13 above.

Produced by:



**Rachel Lister BSc (Hons) MRICS**  
**RICS Registered Valuer**  
**Director**  
Thomas Lister Limited  
11 The Courtyard  
Buntsford Gate  
Bromsgrove  
B60 3DJ

Date: 22<sup>nd</sup> November 2019

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## SLEAFORD GROWTH PROJECT PHASE 1 RUGBY CLUB JUNCTION

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Agenda Item:	9					
Item Subject:	Sleaford Growth Project Phase 1 – Approval to Contracting					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

### 1. SUMMARY

- 1.1 This paper seeks Investment Board approval to contracting stage for the Sleaford Growth Project Phase 1 (Rugby Club Junction). The project is being considered as part of the Growth Deal Programme.

### 2. BACKGROUND

- 2.1 The Sleaford Growth Project was awarded a £2m provisional growth deal allocation in January 2017. The scheme includes two junctions the Rugby Club Junction (A17/A153) and Holdingham roundabout Junction (A15/A17) (Phase 2 partial signalisation and additional queueing lanes) will be brought forward for due diligence next spring.
- 2.2 The overall project provides strategic improvements to the town wide infrastructure of Sleaford. This is fundamental to enable the growth of Sleaford to be fully realised. The project delivery will involve a range of partners and includes the A17/A153 junction, the Holdingham A15/A17 Junction, the A15 Roundabouts Grantham Road and A153/A15 roundabout capacity improvements. The last two do not involve any Greater Lincolnshire LEP Funding.
- 2.3 There is pent up demand in Sleaford, highlighted by a number of existing companies within the GLLEP’s priority sectors that need to expand but are unable at the current time due to the constrained land supply. North Kesteven District Council (NKDC) is the landowner.
- 2.4 In addition to enabling job creation, these improvements will assist road safety on both the A17 and the A153. The A17 is a main HGV route between the Midlands and the East Coast Ports. Therefore, as this is a major junction off the A17 for those travelling north-eastwards to Tattershall, Horncastle and beyond to the Lincolnshire coastal resorts, this improvement will also assist the wider economy, residents and those visiting, by improving traffic flows and road safety.

### 3. THE PROJECT

- 3.1 Phase 1 involves the construction of a new signalised junction at the A17 slip-road with the A153 as well as slip road capacity improvements. There is a Strategic Employment Site, as identified in the adopted Central Lincolnshire Local Plan (CLLP), known as

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### SLEAFORD GROWTH PROJECT PHASE 1 RUGBY CLUB JUNCTION

Sleaford Moor Enterprise Park (SMEP), neighbouring this project. This is one of only three Strategic Employment Sites within North Kesteven and one of seven within Central Lincolnshire. Sleaford Industrial Area is already a popular and successful employment area with very few plots remaining, but the allocated 14.7ha extension (SMEP) cannot be developed without the A17/A153 junction improvements.

- 3.2 The proposed improvements for the A17/A153 and A17/A17 have been identified by high-level Highway modelling as the best outcomes for these junctions; without these there will be unacceptable strain on the road network stifling economic and housing development going forward.
- 3.3 The key delivery partner for this project is Lincolnshire County Council (LCC) Highways. LCC Highways, as the Highways Authority, have the remit for delivering these projects across Lincolnshire and have the expertise and appropriate structures in place to let the contracts and oversee delivery.
- 3.4 The junction already suffers from congestion at peak periods leading to delays and safety concerns. This impacts upon the ease of access to the existing employment area. In addition, the capacity of the junction has been identified as a constraint on the future development of the Sleaford Moor Enterprise Park which has a crucial role to play in the future sustainable development of Sleaford.
- 3.5 NKDC is the lead partner and project sponsor and will act as the client. LCC is a Key delivery partner, providing match funding, expertise, project management and delivery oversight of the project. LCC are also a landowner partner.
- 3.6 The procurement process has already started owing to the nature of the project and the need to undertake detailed design work in order to identify what the actual costs of the project will be. As part of that process a preferred contractor has been identified, and subject to the outcome of the GLLEP due diligence process, LCC will formally enter into a stage 1 contract with the contractor on 2<sup>nd</sup> December 2019.
- 3.7 Engagement has already commenced with the contractor to discuss project costs and detailed Early Contractor Involvement (ECI) for stage 1, so informally the project is already part way through this stage. The early engagement does have the advantage that once the contract is formally signed, the time required for completion of stage 1 is reduced enabling the project to proceed to stage 2 more quickly.

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This coincides with the detailed delivery programme provided by NKDC as part of this appraisal.

- 3.8 Since all of the works that will be undertaken as part of this junction improvement are located on land that is already within the adopted highway no specific planning permission is required for this project.
- 3.9 With regard to the Sleaford Moor Enterprise Park, NKDC are nearing completion of an OJEU tender exercise to appoint a full Project Management and Design Team for the site, the appointment is due next week.

### 4. FUNDING

- 4.1 The project requires £900,000 of growth deal grant towards a total Phase 1 Project cost of £2,589,775. Match funding has been identified as follows:
- NKDC - £250,000
  - LCC (Forward Funding) - £1,009,775
  - Integrated Transport Block (LCC) - £400,000
  - Private Sector - S106 agreements
- 4.2 Despite the level of private sector investment levered by this project there is still a funding gap for the infrastructure required. Public Sector match funding from LCC & NKDC has been endorsed by both authorities.
- 4.3 LEP funding would be spent solely on construction costs.
- 4.4 An additional 0.5% of the grant amount (£4,500) will also be retained from the existing £2m provisional allocation for the overall scheme to cover GL LEP Fees.

### 5. OUTPUTS

- 5.1 There are direct and indirect outputs for the scheme given the timescale for delivery of the SMEP once the necessary infrastructure improvements have been completed. The direct jobs created/jobs safeguarded outputs are considered to be broken down as follows:

	% Split	Net Floorspace	Job Density	Total Direct Jobs
B1a General Office	10		12	
B1c Light Industrial	20	9009	47	192
B2	20	9009	36	250
B8	60	27026	77	351
<b>Total</b>	<b>100</b>	<b>45044</b>		<b>793</b>

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Direct Core Outputs	
Public Match Funding Investment Leveraged (£)	£1,659,775
Public Sector Investment Leveraged (£)	£47,000,000
Number of new Jobs Created (gross)	476
Number of Jobs Safeguarded (gross)	317
Commercial floorspace refurbished/ constructed and occupied (sqm)	45,044
Number of businesses assisted	12
Number of businesses created/ safeguarded	12

Direct Outcomes	
Construction Jobs	43
Facilitated jobs (Sleaford Employment Area Plots)	770
GVA Uplift	48,044,895

- 5.2 The package of onsite infrastructure works that need to be provided on SMEP will be a principle new access, onsite estate roads, dealing with any ground conditions, providing all necessary utilities and in particular, addressing the lack of power available to service the site. NKDC confirm that they have allocated funds in the region of £46 million so as to be able to address some or all of the works costs necessary to prepare the site for development.
- 5.3 The value for money assessment and overall package of outputs that are delivered by this project are demonstrated to be excellent. The strategic importance of this project is also recognised as without the investment to the Rugby Club Junction as part of strategic infrastructure, the SMEP could not be brought forward and without this scheme there would be no future development on the SMEP site.

### 6. PROJECT MILESTONES

- 6.1 The following milestones have been provided by NKDC in relation to delivery of the Phase 1 - Rugby Club Junction scheme:

Milestone	Forecast Date
Complete Detailed Design	Dec 19
Due Diligence	Nov 19
Contract with GLLEP	Dec 19
Final pricing package	Jan 20
Validated Target Costs	Mar 20
Contractor Mobilisation	Apr 20
Construction Start	Apr 20
Construction Completion	Jul 20

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SLEAFORD GROWTH PROJECT PHASE 1 RUGBY CLUB JUNCTION**

<b>Phase 2 - Holdingham Roundabout (Not part of this appraisal)</b>	
Complete Detailed Design	Feb 19
Due Diligence	Mar 19
Contract with GLLEP	Apr 19
Final pricing package	Apr 20
Validated Target Costs	Apr 20
Contractor Mobilisation	Apr 20
Construction Start	Jun 20
Construction Completion	Dec 20

6.2 As the due diligence report confirms it is considered that the above milestones are reasonable and realistic.

**7. RISK ANALYSIS & DELIVERABILITY**

7.2 The main risks associated with this project can be summarised as follows:

<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation</b>	<b>To be a condition of funding? Y/N</b>
Project costs rise	Low	High	This project is now at an advanced stage in its development. Detailed design work has been undertaken & costs are based on Eurovia actual quotes and no additional significant costs are now expected.	Yes - NKDC to be responsible for meeting any cost overruns.
Partnership delivery issues	Low	High	The works largely involve a small number of development partners that have a good track record of joint delivery. Regular engagement of all stakeholders occurs and will continue to ensure effective partnership working.	No
Securing match funding	Low	High	Public sector match is committed by NKDC & LCC.	Yes - to be confirmed in writing by NKDC.
Third party land ownership issues	Low	High	In terms of the actual road build works, all land is in the ownership of LCC and therefore third party land	No



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### SLEAFORD GROWTH PROJECT PHASE 1 RUGBY CLUB JUNCTION

			is not required. (But see WPD transformer point below).	
Due diligence process delayed	Low	High	Proposed project timescale is dependent on a GLLEP decision by 29 <sup>th</sup> November. If this is delayed the construction cannot start on 6 <sup>th</sup> April. Ongoing dialogue with GLLEP to minimise this risk.	No
2 x TRO (Traffic Regulation Orders) not granted	Low	Medium	Proposed design layout based on implementing 2 new TROs. Any objections may prolong approval process. Applications have been made well in advance of being required.	No
WPD Transformer for new LV connection to traffic signals on private property	Medium	Low	May prolong application process. LCC already engaging with WPD Wayleaves Officer to establish any likelihood and impact.	No
Potential for any wildlife constraints to delay start date	Low	High	Protected Species survey to be carried out and any site clearance activities to be programmed out of season.	No

#### 8. STATE AID

- 8.1 As the scheme is public infrastructure, it is eligible for public support under Article 56 of the GBER.

#### 9. COMMENTS FROM THE ACCOUNTABLE BODY

- 9.1 Comments will be provided during the Investment Board meeting.

#### 10. CONDITIONS OF GRANT

- 10.1 The due diligence assessment has identified the following conditions to be satisfied as part of any SLGF approval:

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# SLEAFORD GROWTH PROJECT PHASE 1 RUGBY CLUB JUNCTION

### Pre-Contract

- NKDC state that the public sector funding has been endorsed by both authorities and is therefore secured. It is therefore recommended as a condition of approval that NKDC provide written confirmation to confirm all sources of public match have been secured.

### Pre-Drawdown

- The above milestones are considered to be reasonable and realistic given the advanced stage of the project; however, if GL LEP funding is approved, as a condition of this investment a revised programme will be required to be provided to confirm actual programme for delivery

## 11. RECOMMENDATION

- 11.1 It is recommended that GL LEP growth deal grant totalling £900,000 be approved by the GL LEP Board towards the scheme subject to the conditions detailed above, and that it proceeds to contracting stage. In addition, a further £4,500 will be retained from the existing project allocation towards GL LEP fees.



**Greater Lincolnshire Local Enterprise Partnership**

**DUE DILIGENCE ASSESSMENT**

**in respect of**

**Single Local Growth Fund**

**for**

**Sleaford Growth Project Phase 1  
Rugby Club Junction  
Sleaford**

**25<sup>th</sup> November 2019**

**Paper 9.1**

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## APPENDICES

I	BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
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## 1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 A detailed Business Case has been submitted by North Kesteven District Council (NKDC) along with additional supporting information, seeking Local Growth Fund (LGF) from GL LEP of £900,000, to contribute towards the first element of highway infrastructure improvements for the Sleaford Growth Project.
- 1.2 The Sleaford Growth Project comprises two key highway infrastructure improvements on the edge of the town. The first element of works which is subject to this due diligence report is the Rugby Club Junction (A17/A153) which is already at capacity and suffers issues of queueing and delays at this junction.
- 1.3 The second stage of highways improvement works relates to the Holdingham Roundabout Junction. The works required at this junction are more complex than for the Rugby Club Junction and options and feasibility in relation to design solutions are currently ongoing. It is therefore proposed that this element of the works will be subject to a detailed Business Case at a later stage when the scheme has progressed to a more advanced stage of design and costing.
- 1.4 Notwithstanding the above, it is anticipated that the Holdingham roundabout should be in a position to commence in mid 2020 at a time so as to overlap with the Rugby junction works in order to capitalise on economies of scale through the construction process.
- 1.5 The remainder of this due diligence report therefore relates to the Rugby Club Junction (Phase 1) only.
- 1.6 The Rugby Club junction at the A17/A153 is the principal access junction that leads to the major employment areas within Sleaford, including the Sleaford industrial area and the proposed future development of the strategic employment site, Sleaford Moor Enterprise Park (SMEP). The junction currently suffers with congestion at peak periods, leading to both delays in journey time and safety concerns. The capacity of the junction has therefore been identified as a constraint on the future development of the SMEP, as one of three key strategic employment sites identified within the Central Lincolnshire Local Plan and crucial in order to sustain future development within Sleaford as service centre for the surrounding hinterland.
- 1.7 The works proposed at the junction are presented as being relatively straight forward in that these involve the installation of a traffic controlled junction with additional queueing and deceleration lanes provided to improve both the capacity of the junction and safety. A junction will be installed on the A17 slip road with the A153 which will also result in improvements to the slip road capacity.
- 1.8 NKDC confirm that all of the works to be undertaken as part of this junction improvement are located on land that falls within the adopted highway. No planning permission is therefore required for this project. The works will be undertaken under the highways authority's statutory powers.
- 1.9 Total works costs are £2,589,775 and LGF will contribute towards construction works.
- 1.10 The works are anticipated to commence on site in April 2020 and be completed by July 2020. The works will be delivered by Lincolnshire County Council Highways who will be seeking to procure the works utilising the Midlands Highway Alliance (MHA) framework. It is also noted that the procurement process has already commenced with EUROVIA Contracting being identified as the preferred contractor and subject to the approval of LGF, LCC will formerly enter into Stage 1 contracts for delivery of the works in December 2019.

1.11 The scheme is therefore at a relatively advanced stage subject to GL LEP funding being secured. The scheme, along with Holdingham Roundabout Junction, is critical for the growth of Sleaford, because without these improvements to the strategic infrastructure, delivery of the SMEP and SUE's proposed are constrained.

## **2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING**

2.1 Total costs for the subject scheme are £2,589,775. Funding sought from GL LEP at £900,000 equates to circa 34.75% of total project cost.

2.2 The balance of funding for the subject scheme is proposed to be from the following parties:

• NKDC	£ 250,000
• LCC Forward Funding	£1,009,775
• Integrated Transport Block via LCC	£ 400,000
• Private Match	£ 30,000

2.3 NKDC state in the Business Case that the public sector funding has been endorsed by both authorities. It is therefore recommended as a condition of approval that NKDC provide written confirmation that all sources of public match have been secured.

2.4 The reference to LCC's funding being forward funding indicates that this investment will be by way of loan and as such will be required to be repaid to LCC. Whilst this may not be an issue for the delivery of this project, clarification may be required in the event that this may have implications for funding and delivery of the Holdingham scheme when this application comes forward to GL LEP at detailed Business Case stage.

2.5 In terms of the private match funding, NKDC state this will be from Section 106 planning agreements linked to a number of key development sites with total contributions anticipated in the region of £2.9 million. NKDC state that these schemes are all progressing and are expected to deliver within expected timeframes and the private match for this scheme should be secured.

2.6 NKDC have further confirmed that the private match funding has already been sought for this project and has come from revenues from fines from HGV's illegally parking on the highway network.

## **3.0 KEY ISSUES**

3.1 The following clarifications were raised with NKDC in respect of information contained within the Business Case:

- i. Funding Package – A number of issues have been noted within Section 2 above in respect of confirmation from NKDC being required as to all match funding being secured and mitigation in the event that there is any shortfall with any of the funding programmes identified. As detailed in Section 2, this is proposed to be dealt with by way of condition attached to any funding offer should this be made.
- ii. Outputs – The additional information submitted for this project, provided as an appendix, apportioning job outputs specifically attributable to the subject scheme only. A number of the outputs that are included within the Business Case are jobs created and safeguarded, businesses created, safeguarded and assisted and commercial floor space constructed. These outputs are all attributable to the development of the SMEP being achieved.

These outputs are being claimed by NKDC as direct outputs, however, have been queried in terms of whether these outputs will be delivered as a direct consequence of investment into the Rugby Club Junction works or whether delivery of these outputs will be dependent on other investment works and third party dependency in this regard.

Clarification has therefore been sought from NKDC as to whether all of these outputs are direct or indirect and the outcome of discussions with NKDC is detailed within Section 10 of this report.

- iii. Evidence Base Underpinning Output Delivery – Much policy and strategic analysis was provided to underpin the range and extent of outputs potentially being deliverable through investment in the Rugby Club Junction scheme. No evidence was provided to evidence demand from the market which will generate all of the identified outputs presented within the detailed Business Case and was raised as a query.

NKDC have responded with detailed information in relation to market conditions and this information is presented within Section 5 of this report.

- 3.2 No further issues have been identified at this time, with all other matters considered within this due diligence report.

## **4.0 STRATEGIC FIT**

- 4.1 The project has been identified to have strong strategic fit, supporting the following strategies:

- i. GL LEP's 2016 Refreshed Strategic Economic Plan (SEP) – The project supports the five priorities for growth within the SEP, being the ability to drive the growth of Sleaford through an enhanced highways network and the ability to enable a strategic employment site to be brought forward supporting establishment and growth within key sectors identified within the SEP.

In addition to the delivery of the SMEP, the project also supports sustainable growth objectives within the SEP, as the need to provide a balanced economic base within Sleaford has also been identified as being fundamental and the provision of the major employment site should also assist in the delivery and sustainable development on the SUE's proposed in Sleaford.

Overall therefore the project fits with the strategic objectives for delivery of new homes, new jobs and particularly those within the specific growth sectors within Lincolnshire.

- ii. Greater Lincolnshire Local Industrial Strategy – The project has been identified to support this emerging strategy through delivering highways infrastructure enhancements so as to facilitate delivery of major commercial and residential schemes contributing to the growth of the town, boosting productivity and raising wage levels.

Specifically, the scheme will assist in helping to deliver greater connectivity supporting people to live well longer in the rural areas and a high quality and inclusive economy and visitor economy.

- iii. Central Government Business Energy and Industrial Strategy – A number of Government departments oversee business development and employment issues and the Department of Business, Energy and Industrial Strategy (BEIS) and Department for International Trade (DIT) have produced strategies to promote

business and trade. The combined policy priorities across these departments include maximising investment opportunities and bolstering UK interests, along with promoting competitive market.

The project supports these strategies by potentially accommodating the opening up and development of the SMEP, with the ability to deliver major employment opportunities for the area on this site.

- iv. Industrial Strategy White Paper – This paper was produced in view of Government desire to transform the UK economy through innovation, job creation and major upgrades to infrastructure.

This project specifically supports the key themes of the White Paper in that potential delivery of the SMEP will assist in job creation, and attracting inward investment helping to establish prosperous community. The scheme also supports the policy objective to upgrade the UK's infrastructure.

- v. Creation of a Major Road Network (MRN) – Currently at consultation stage and considers the creation of a new strategic highway network within Lincolnshire. Specifically, within NKDC's boundary is the A15 at the north from the Holdingham roundabout and the A17 through to the A47 incorporating the A153 junction at the subject site.

This project directly impacts upon the strategy and would assist in any emerging policy to enable the MRN to be implemented.

- vi. The Fourth Lincolnshire Local Transport Plan 2013-2023 – This document identifies key policies for a 10 year period and acknowledges Sleaford's role as a Large Town, that will see significant changes as a result of growth plans for 4,000 new homes, mainly through the delivery of the SUE's. The Strategic Transport Plan identifies the need to ensure that appropriate upgrades are delivered to the current transport networks so as to accommodate the proposed developments and to work with all associated parties in bringing forward delivery of such improvements.
- vii. NKDC Corporate Plan 2019-2022 – The subject scheme fits with themes and policies within the plan, particularly being to support community, environment, economic and housing issues enabling sustainable growth and infrastructure improvements within Sleaford.

- 4.2 It is acknowledged that within the Business Case documentation a raft of other strategies were also detailed. This due diligence report has therefore identified the main strategies relevant to the subject scheme and whilst other strategies referred within the Business Case do have some relevance, these are more ancillary and have not therefore been presented within this due diligence report.

## **5.0 MARKET ASSESSMENT**

- 5.1 A market assessment for this project has not been undertaken by NKDC primarily because the scheme comprises enhancement and upgrades to an existing highways network that currently suffers with congestion, travel delays and safety issues.
- 5.2 On the basis that the subject scheme has been presented by NKDC as being required to accommodate major growth aspirations within Sleaford particularly through delivery of the SMEP, the Business Case does refer to a number of studies identifying the need of the SMEP in order to enable employment growth forecast to be delivered and in order to support delivery of the two SUE's in the town.



- 5.3 While the strategies are underpinned by considerable economic analysis such as NKDC's Corporate Plan and Central Lincolnshire Economic Growth Delivery Plan April 2016, other strategies referred to such as NKDC's Economic Prospectus 2013 and Sleaford Masterplan June 2010 are historic.
- 5.4 NKDC have however recorded enquiries for employment space within and assessed this intelligence so as to understand demand and the potential for take up of land on the SMEP should this come forward. The analysis of demand data has established strong demand for new quality employment land and premises within the district along with a lack of supply without the SMEP. Much of this is pent up demand, reflective of the limited new developments available in Sleaford, with the SMEP being proposed as the principal development site servicing both the town and its surrounding hinterland.
- 5.5 Reference is also made to the Sleaford Moor Enterprise Park Delivery Options and Viability Assessment (April 2018), which NKDC commissioned as a high level assessment to identify potential delivery options. This study reiterated the strategic importance of this site as a core economic opportunity to both Sleaford and Central Lincolnshire; however, it stated that the site was challenging for delivery given a fragile viability position, with no viable delivery option identified through a more traditional approach by a private sector partner. The study goes on to state that the only viable option is for a council led approach, whereby the council retains ownership of the site and subsequently develops it, taking a revenue stream from direct and indirect sources.
- 5.6 NKDC have further confirmed through the clarification process that in order in order to expand upon the work undertaken to date, a market assessment study has been commissioned and will be available in circa four weeks' time. It is recommended that a copy of this report is provided as supporting information and an evidence base to support delivery of the SMEP when available.

## 6.0 DEVELOPMENT APPRAISAL

- 6.1 A full development appraisal has not been prepared for the highway works; however, a breakdown of costs has been provided in this regard. These works and associated costs are shown below:

Surveys and investigations	£ 35,000
Detailed design	£ 90,000
ECIX	£ 30,000
Statutory diversions	£ 100,000
Laboratory costs	£ 17,500
Supervision	£ 85,000
Construction costs	£2,022,275
Design and construction risk	£ 210,000
<b>TOTAL</b>	<b>£2,589,775</b>

- 6.2 RLB has undertaken a cost appraisal for these works and report that analysis has been undertaken of the information provided by EUROVIA to date. Initially, the costs provided by EUROVIA were difficult to marry with the overall breakdown of costs for the highway works and RLB have therefore raised queries in this regard so as to understand likely totality of costs from EUROVIA.
- 6.3 Following assessment of plans and specifications and clarifications received, RLB confirm that overall costs are in accordance with total costs presented within the Business Case and have further been assessed as being reasonable, realistic and in accordance with market rates.

- 6.4 RLB have recommended that a copy of the final agreed cost schedule is produced so as to demonstrate that the scheme will be deliverable in accordance with the current costs supported by information availability at this time.
- 6.5 A copy of the RLB cost appraisal report is currently under preparation and the final version will be forwarded to GL LEP by way of separate cover.

## **7.0 DELIVERABILITY AND PROGRAMME**

- 7.1 As part of the supporting documentation to the detailed Business Case, a copy of an indicative but detailed project programme by EUROVIA Contracting has been produced. Assuming that GL LEP funding is secured, the programme shows site setup and final survey works being undertaken in March 2020, with a start on site being achievable in April 2020. The programme also shows the works being completed by July 2020.
- 7.2 Given the advanced stage of the project in terms of detailed design and that planning permission is not required, the programme is considered to be reasonable and realistic, providing efficient lead in time for the procurement process to be completed, final costs to be established and site setup prior to commencement on site.
- 7.3 RLB have also assessed timescales for physical delivery of the works to be reasonable and realistic.
- 7.4 It is recommended however that upon conclusion of the tender process with EUROVIA, that a final agreed programme for delivery of the scheme and drawdown of GL LEP funding be provided.

## **8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE**

- 8.1 NKDC have provided a legal opinion as to State Aid compatibility as follow on information to the detailed Business Case application.
- 8.2 The State Aid opinion presented states that works that are undertaken and future activities arising from the works undertaken being the objectives of road traffic capacity improvements and road safety are State Aid compliant without any requirement for notification to the European Commission (EC).
- 8.3 The Rugby Club Junction capital investment is considered to align to the EC definition of non-economic activity as set out in Article 56 of GBER. Constructional upgrade of local infrastructure, which contributes at local level to improving the business and consumer infrastructure and developing the business base is not considered to be an economic activity.
- 8.4 As the subject works have a main objective as improvements to traffic capacity and road safety and these works have a secondary objective of economic development, namely the provision of employment infrastructure, these activities are considered to be State Aid compliant.
- 8.5 Furthermore, the activities of NKDC as applicant organisation appear to be non-economic for the purpose of State Aid law and policy assessment.
- 8.6 On this basis, there are no issues identified in relation to State Aid.

## **9.0 PROCUREMENT**

- 9.1 As referred earlier within this due diligence, LCC as highways authority will be responsible for delivering the works through the use of the MHA. The procurement process has already started so as to enable the project to undergo the detailed design stage in order to identify what actual costs of the project will be.
- 9.2 As part of the procurement process completed thus far, EUROVIA Contracting have been identified as the preferred contractor and subject to the outcome of the due diligence process, LCC will formally enter into a Stage 1 contract with EUROVIA in December 2019.
- 9.3 The reality of the procurement position is that engagement has already commenced with EUROVIA to discuss project costs and the detailed early contractor involvement stage (Stage 1) albeit on informal process in order to advance the project through the design stages as quickly as possible. Ordinarily prior to commencing with this stage of procurement, a contract should be signed before formally entering into Stage 1.
- 9.4 The early engagement completed thus far does however have the advantage that once the contract is formally signed, the time required for completion of Stage 1 is reduced enabling the project to proceed to Stage 2 being the construction stage much more quickly.
- 9.5 Based upon LCC being responsible for delivery of the project as highways authority and as they are using a State Aid compliant procurement framework being the MHA, there are no issues identified in relation to procurement processes.

## **10.0 OUTPUTS AND VALUE FOR MONEY**

- 10.1 There are a number of issues and clarifications in relation to outputs potentially delivered by this project as referred earlier within this report.
- 10.2 Clarification responses have now been provided by NKDC and subject to further discussions directly with the council, primarily around whether the job outputs claimed within the detailed Business Case at circa 1,035 were direct or an indirect output.
- 10.3 It has been established from these discussions with the council that the works being undertaken at the Rugby Club Junction are offsite works in that they do not provide the full extent of infrastructure on site to the SMEP. The infrastructure being provided on the employment site by the GL LEP funding is necessary to create the principal means of access and highways capacity necessary to accommodate future employment development of the SMEP and will be supplemented by around £45 million capital funding that NKDC have set aside in their programme to meet the costs of further on site infrastructure, such as roads and utilities which will directly make land available for development.
- 10.4 In context with these circumstances, the NKDC have reviewed job outputs previously claimed as direct and amended these to show the number of jobs that are likely to be deliverable through the infrastructure works to be funded by LGF matched with some of their allocated capital programme to bring forward the first phase of land on the SMEP. The outputs are detailed in the table below.
- 10.5 Furthermore, it is acknowledged that without the investment to the Rugby Club Junction as part of strategic infrastructure, the SMEP could not be brought forward and without this scheme there would be no future development on the SMEP site.
- 10.6 The actual direct outputs generated by this project are therefore shown in the table below:

6. Forecast Outputs – related to Phase 1 Rugby Club Junction Only													
6.1 Output Profile													
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Public Match Funding Investment Leveraged (£)	7,830	187,914	1,447,719	16,312									1,659,775
Private Sector Match Funding Investment Leveraged (£)													
Public Sector Investment Leveraged (£)			500,000	2,000,000	500,000	1,000,000	1,000,000	39,000,000					47,000,000
Private Sector Investment Leveraged (£)													
Number of new Jobs Created (gross)						26	75	75	75	75	75	75	476
Number of Jobs Safeguarded (gross)						17	50	50	50	50	50	50	317
Number of new housing units completed (direct schemes of this proposal only claimed BUT there will be additional developments delivered as per the Housing Trajectory)													
Infrastructure delivered			1										1
<b>i) Local Strategic Outputs</b>													
Commercial floorspace refurbished/constructed and occupied (sqm)						5648	5648	5648	5651	7483	7483	7483	45044
Number of businesses assisted						1	2	2	2	2	2	1	12
Number of businesses created/safeguarded						1	2	2	2	2	2	1	12
GVA Uplift – direct				2612249	2612249	3943984	6453792	6484524	6484524	6484524	6484524	6484524	48044895

<b>ii) Others (please list) *</b>														
Construction Jobs														
Facilitated jobs (Sleaford Employment Area Plots)				85	85	85	85	86	86	86	86	86	86	<b>770</b>
Facilitated homes														

10.7 The assessment of value for money in relation to the above outputs is as follows:

- Public Investment as match for the infrastructure works leverage ratio is 1:8.4. Benchmarks for investment are in the region of 2:1; however, as all funding for the scheme is public investment there is no real value for money issues, particularly as this investment is in a public highway. Whilst the private sector does tend to contribute towards such works through Section 106 obligations, there are not usually responsible for delivery of public infrastructure as this does not create any financial return. Furthermore, as the SMEP is slightly to be brought forward for delivery by NKDC, there is no private sector investment that has been secured at this time.
- Future public sector leverage for the SMEP is a ratio of 51:1, which is excellent value for money and represents the capital funding set aside by NKDC for this project.
- Jobs created equate to £1,891 per job and represent excellent value for money.
- Jobs safeguarded are those that without the delivery of the SMEP would be lost to Sleaford as they would have to relocate to other locations where employment land and space is available. The cost per job is £2,839 and is excellent value for money.
- Commercial Floorspace constructed equates to a cost of £19.80 per sqm and is excellent value for money, being below standard industry benchmarks of £200 sq m. The floorspace represents premises that will be constructed on the SMEP.
- Businesses Assisted equates to £75,000 per business which is not value for money; however, this is not a primary output delivered by this project.
- Businesses Created equates to £75,000 per business which is not value for money; however, this is also not a primary output delivered by this project.
- GVA Uplift is excellent value for money based upon the take up of the SMEP up to 2030.
- Construction jobs which is £20,930 per job. This cost falls just within benchmark values up to a maximum of £25,000 per job. It is noted however that construction jobs are an incidental output as opposed to being the primary objectives of the scheme being to deliver enhancements to the highways network and enable the future growth of Sleaford.

Indirect jobs created at £1,168 per job is excellent value for money; however, is an indirect output. The value for money assessment and overall package of outputs that are delivered by this project are demonstrated to be excellent in addition to, the strategic importance of this project and high value for money outcome produced through due diligence undertaken by the DfT.. Regard is made to the fact that without the infrastructure works proposed, which are currently unfunded and without GL LEP funding be unable to proceed, this could result in number of major projects within Sleaford being unable to be delivered as these are dependent on a highways network with sufficient capacity in this regard.

10.8 It is on this basis that GL LEP's investment into this project is considered to be justifiable.

## 11.0 MILESTONES

11.1 The programme for delivery of this scheme given the advanced stage of design and partial commencement through the procurement process is summarised in the table below:

Milestone	Forecast Date
<b>Phase 1a – Rugby Club Junction</b>	
Complete Detailed Design	Dec 19
Due Diligence	Nov 19
Contract with GLLEP (subject to approval)	Dec 19
Final pricing package	Jan 20
Validated Target Costs	Mar 20
Contractor Mobilisation	Apr 20
Construction Start	Apr 20
Construction Completion	Jul 20

11.2 The programme for delivery of the SMEP scheme is summarised in the table below to demonstrate correlation with the outputs provided.

Milestone	Forecast End Date	Comments
Project Management & Design team Kick Off Meeting	Start Dec 19	
Stage 1 – Site Wide Project Brief	End Dec 19	
Stage 2 – Concept Designs & Prepare Planning Application	End Mar 20	
Stage 3 – Project Brief & Delivery Strategy	End Jun 20	
<b>Phase 1</b>		
Stage 4 – Pre-Construction Phase 1	End Jun 20	
Stage 5 – Construction Phase 1 (Units 1 – 5)	End Dec 23	Start May 2021 – infrastructure and Phase 1 buildings developed simultaneously
<b>Phase 2</b>		
Stage 5a – Construction Phase 2 (Units 6 – 12)	End July 27	Start Dec 2023 – small overlap with Phase 1

11.3 The above milestones are considered to be reasonable and realistic given the advanced stage of the project; however, if GL LEP funding is approved, as a condition of this investment a revised programme will be required to be provided to confirm actual programme for delivery.

11.4 It is also confirmed by NKDC that all of GL LEP's investment will be spent by March 2021.

## 12.0 RISK ASSESSMENT

12.1 The key risks associated with this project is summarised in the table below:

Risk	Probability	Impact	Mitigation	To be a condition of funding? Y/N
Project costs rise	Low	High	This project is now at an advanced stage in its development. Detailed	Yes – NKDC to be responsible for

			design work has been undertaken & costs are based on Eurovia actual quotes and no additional significant costs are now expected.	meeting any cost overruns.
Partnership delivery issues	Low	High	The works largely involve a small number of development partners that have a good track record of joint delivery. Regular engagement of all stakeholders occurs and will continue to ensure effective partnership working.	No
Securing match funding	Low	High	Public sector match is committed by NKDC & LCC.	Yes – to be confirmed in writing by NKDC.
Third party land ownership issues	Low	High	In terms of the actual road build works, all land is in the ownership of LCC and therefore third party land is not required. (But see WPD transformer point below).	No
Due diligence process delayed	Low	High	Proposed project timescale is dependent on a GLLEP decision by 29 <sup>th</sup> November. If this is delayed the construction cannot start on 6 <sup>th</sup> April. Ongoing dialogue with GLLEP to minimise this risk.	No
2 x TRO (Traffic Regulation Orders) not granted	Low	Medium	Proposed design layout based on implementing 2 new TROs. Any objections may prolong approval process. Applications have been made well in advance of being required.	No
WPD Transformer for new LV connection to traffic signals on private property	Medium	Low	May prolong application process. LCC already engaging with WPD Wayleaves Officer to establish any likelihood and impact.	No
Potential for any wildlife constraints to delay start date	Low	High	Protected Species survey to be carried out and any site clearance activities to be programmed out of season.	No

## 13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

13.1 The Due Diligence Assessment has identified a number of conditions that are required to be satisfied as part of any LGF approval and these are detailed below, along with whether they should be a pre-contract or pre-drawdown condition:

- i. NKDC state that the public sector funding has been endorsed by both authorities and is therefore secured. It is therefore recommended as a condition of approval that NKDC provide written confirmation to confirm all sources of public match have been secured.
- ii. The above milestones are considered to be reasonable and realistic given the advanced stage of the project; however, if GL LEP funding is approved, as a condition of this investment a revised programme will be required to be provided to confirm actual programme for delivery.



## 14.0 CONCLUSIONS

- 14.1 The works proposed at the Rugby Club Junction form part of strategic infrastructure which is a critical component of improvements to the strategic highway necessary to unlock Sleaford's growth through the delivery of two SUE's and the SMEP.
- 14.2 The scheme has been assessed as directly resulting in the delivery of significant outputs, following further information and analysis being provided by NKDC. On this basis the scheme is assessed as generating excellent value for money.
- 14.3 The scheme is at an advanced stage of design, not requiring planning permission and potentially with all match funding secured so as to enable delivery.
- 14.4 The works could commence and be completed by July 2020 and are therefore assessed overall as being a low risk scheme in terms of delivery.

## 15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that GL LEP LGF of £900,000 be approved by the GL LEP Board towards Phase 1 of the Sleaford Growth Project, subject to the conditions detailed in Section 13 above. In addition, GL LEP Fees at 0.5% of the grant (£4,500) should be attributed to Phase 1 from the overall £2m provisional allocation to the overall scheme.

Produced by:



**Rachel Lister BSc (Hons) MRICS**  
**RICS Registered Valuer**  
**Director**  
Thomas Lister Limited  
11 The Courtyard  
Buntsford Gate  
Bromsgrove  
B60 3DJ

Date: 25<sup>th</sup> November 2019

# PAPER 10

## BORDERVILLE EXPANSION

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>29 November 2019</b>					
<b>Agenda Item:</b>	<b>10</b>					
<b>Item Subject:</b>	<b>Borderville Expansion, New College Stamford – Approval to Contracting</b>					
<b>Author:</b>	<b>Halina Davies</b>					
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>	<b>Yes</b>	<b>Information</b>	

### 1. SUMMARY

- 1.1 This paper seeks Investment Board approval to contracting stage for the Borderville Expansion scheme at New College Stamford. The project is being considered as part of the Growth Deal Programme.

### 2. BACKGROUND

- 2.1 The Borderville Expansion Project was awarded a £1,247,964 provisional growth deal allocation in May 2019 following a detailed appraisal of pipeline schemes deemed deliverable by 31 March 2021.
- 2.2 The scheme came forward for due diligence appraisal in October 2019 and the amount of grant requested for approval has reduced slightly to £1,120,889. An additional £5,605 will be retained from the original allocation towards GLLEP legal, appraisal and management fees with the remainder being returned to the overall Growth Deal programme.
- 2.3 Improvement in technical education and skills has been identified nationally as a key economic and business need. Furthermore, investment in STEM subjects, including sports science are identified in the Government’s Industrial Strategy as key to the development of the UK’s economic growth.

### 3. THE PROJECT

- 3.1 The project involves the refurbishment and upgrade of the College’s sports science and healthcare facilities in order to significantly enhance the delivery of sport, public services and health and social care. This will include the recently established Air and Defence College, enabling it to grow.
- 3.2 The project will extend the current building, providing six additional classrooms. It will refurbish existing rooms to enable a higher level of course to be delivered, and it will redesign some of the internal space to separate public/student access, ensuring a clear division between student and community facilities. The project will also include investment in IT equipment to enhance the digital skills of the curriculum.
- 3.3 The development of the building will increase the number of students using the facility by approximately 130, and deliver in total 6 higher level courses, 15 level 1-3 courses and 1 apprenticeship programme.

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The curriculum areas that will utilise the provision will be the vocational study areas of health and social care, sports and exercise science and public services at levels 1 to 6. Additionally, new higher-level apprenticeships in health and care will be delivered.

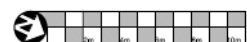
- 3.3 The project will enable the College to invest substantially in the facilities required to deliver the latest health and care qualifications and commercial training, whether on-site or via flexible and distance learning options.



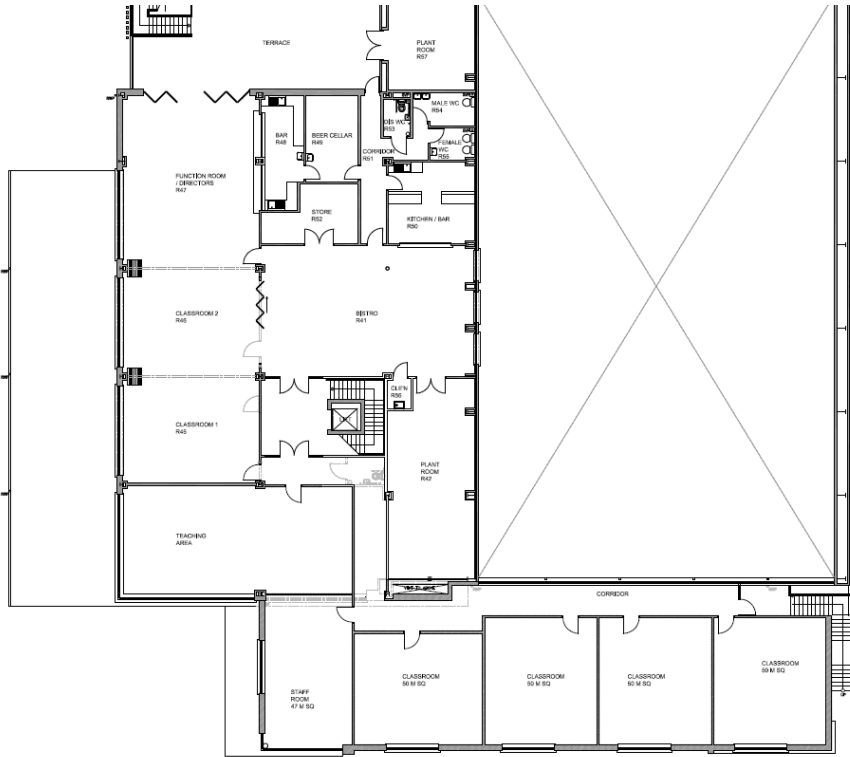
EAST ELEVATION  
AS PROPOSED



GROUND FLOOR PLAN AS PROPOSED



# PAPER 10 BORDERVILLE EXPANSION



FIRST FLOOR PLAN AS PROPOSED



Existing building face to which the new extension will added

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## BORDERVILLE EXPANSION

### 4. FUNDING

4.1 The total cost of the scheme is £2,241,778. The project requires £1,120,889 of grant funding and a further £5,605 from the provisional allocation towards GL LEP fees. The remaining £121,470 of the allocation will be returned to the overall Growth Deal Programme.

4.2 Expenditure would be broken down as follows:

	Year 1 2019/20	Year 2 2020/21
Capital		
LEP		£1,120,889
Public		
Private	£659,059	£461,830
<b>Total Capital</b>	<b>£659,059</b>	<b>£1,582,719</b>

4.3 LEP funding would be spent on building an extension, and refurbishment and upgrade of New College Stamford's additional campus, the Borderville Sports Centre.

The refurbishment would involve:

- Extension to the front of the existing building to provide 6 new classrooms, extended gym, studio and sports lab to provide access to learners to meet current and future learning needs. Ensuring there is a permanent home for the Air and Defence College.
- Realignment of the curriculum and training offer, additional careers guidance and digital equipment to meet projected business and employment needs, including recognised industry requirements.
- Technical and equipment upgrades which reflect industry standards and which will enable the College to respond more effectively to the trends that are shaping change within employment sectors.
- Investment in a state-of-the-art sports-lab to enable advanced delivery in sports science up to Level 6.
- A greater gym size with improved equipment and DDA access allowing New College Stamford Special Educational Needs students to access a wider range of gym activities and machinery, which is more adaptable to their needs, thereby increase inclusivity.
- Creation of a resource/self-study breakout area for students, providing up to date IT facilities and a quiet study area for self-lead personal development and sports science research.

### 5. OUTPUTS

5.1 The scheme will deliver a digitally enhanced curriculum offer in sports science, health and public services training and education, supporting the college to:

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- Develop and deliver at least 10 additional qualifications by 2021/22
- Enable curriculum innovation to support business needs in sport, healthcare and public services, benefitting at least 220 employers by 2021/22 including Lincolnshire and Cambridgeshire police services
- Increase by at least 80% the number of learners accessing high-quality education and training in key sectors, including apprenticeships, HNC/Ds and Foundation Degrees by 2021/22

5.2 Outputs that will be generated by the scheme are considered to be as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Private Sector Investment Leveraged (£)	659,059	461,830					461,830
Number of new Jobs Created (gross)			4	4	4	12	24
Number of Jobs Safeguarded (gross)		18	18	22	26	30	42
Commercial floor space refurbished/ constructed and occupied (sqm)			807				
Number of businesses assisted to improve performance		150	220	250	270	300	300
Number of learners supported		200	340	360	380	400	2100
Number of brand new curriculums/training courses		1	9	2	6	2	20
Number of updated/modernised curriculums or courses		0	20	22	24	26	26
Number of learners as a result of this project securing jobs in a priority sectors		80	120	150	180	200	730

5.3 The assessment of the value for money for this project is that a good overall package of outputs is generated, with the primary outputs being businesses assisted and learners supported demonstrating excellent value for money.

## 6. PROJECT MILESTONES

6.1 The following milestones have been provided by in relation to delivery of the scheme:

- Match Funding from NCS secured - November 2019.
- Procurement Process commencing from November 2019.

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- Procurement Process Completed - end January 2020.
- Construction Works Start - February 2020.
- Construction Works Complete - August 2020.
- Education Activity Commences - from 7<sup>th</sup> September 2020 onwards.

### 7. RISK ANALYSIS & DELIVERABILITY

7.2 The key risks in relation to delivery can be summarised as follows:

Risk	Owner	Probability	Impact	Mitigation	To be a Condition of Funding? Y/N
Delayed funding approval delays project and commencement of academic year is missed	Project Team	Low	High	Ongoing dialogue with GL LEP in relation to the SLGF funding and NCS Board highly supportive of scheme through previous approvals awarded to enable the project to progress to its current position.	Yes - following final consideration by NCS Board.
Project costs are higher than anticipated through the return of tenders	Project Team	Medium	High	Project costs have been put together by an experienced project team and incorporate contingency provisions so as to provide for any unforeseen cost increases. The contract will be let on a fixed price basis with overruns the responsibility of the contractor. For any unforeseen cost increases, NCS will be responsible for meeting these.	Yes - NCS required to be responsible for meeting any cost overruns.
Programme Delay and the facility is not ready for the academic year commencing in September 2020	Project Team	Medium	High	Project delivery plan is in place with a Project Manager to be appointed to oversee construction. This will be monitored throughout the construction process.	No
Lack of take up of new courses and training provision upon completion of the facility	NCS	Low	High	Proposals for this scheme have been based upon the previous projects and course expansion successfully implemented by NCS in recent years and	No

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BORDERVILLE EXPANSION**

				underpinned through extensive involvement with employers throughout Lincolnshire and Leicestershire. Evidence from this process demonstrates strong demand for the scheme and NCS will be promoting new courses available as soon as the scheme is formally committed.	
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**8. STATE AID**

- 8.1 State Aid Advice was provided to the college by Eversheds Sutherland in June 2019. The activities being funded are considered to be a non-economic activity and as such do not therefore constitute State Aid.
- 8.2 In terms of any economic activity, such as use of facilities by local residents, provided this is below the 20% threshold of total use within the building, such economic activity is considered to be ancillary and therefore does not amount to State Aid.

**9. COMMENTS FROM THE ACCOUNTABLE BODY**

9.1

**10. CONDITIONS OF GRANT**

**10.1** The Borderville Expansion project is at a relatively advanced stage and there are limited conditions that are considered necessary to incorporate within the funding agreement. These are as follows:

- NCS to confirm in writing that the Board have approved match funding required to meet the balance of project costs - pre-contract.
- NCS's legal advisors to provide written confirmation that the proposed scheme can be delivered on the land subject to the lease with the third party owner - pre-contract.
- NCS to confirm in writing that they will meet any cost overruns should these arise on the project - pre-contract.
- A copy of the report on tenders and lowest tender to be provided to demonstrate the scheme is deliverable in accordance with the budget costs - pre-drawdown.



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## BORDERVILLE EXPANSION

### 11. RECOMMENDATION

- 11.1 It is recommended that the Board approves £1,120,889 of growth deal grant toward the Borderville Expansion project, a further £5,605 from the provisional allocation to cover GL LEP fees, and progression of the scheme to contracting stage.



**Greater Lincolnshire Local Enterprise Partnership**

**DUE DILIGENCE ASSESSMENT**

**in respect of**

**Single Local Growth Fund**

**for**

**Borderville Centre Expansion  
New College  
Stamford**

**20<sup>th</sup> November 2019**

**Paper 10.1**

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- IV. STATE AID ADVICE

## 1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 New College Stamford (NCS) have submitted a Business Case Application seeking £1,120,889 of Single Local Growth Fund (SLGF) for the refurbishment, upgrade and expansion of the NCS existing sports science and healthcare facilities. The scheme will significantly expand the provision of the delivery of sport, public services, health and social care, education and skills training as part of the NCS's existing activities.
- 1.2 The project will also enable rationalisation of NCS's operations within the campus, which in turn will enable the recently established Air and Defence College to relocate to a permanent home within the NCS, enabling this to grow and thrive through a rationalisation of buildings within the existing campus.
- 1.3 The Borderville Sports Centre is to be located on NCS's additional campus located at Ryhall Road in Stamford, which currently houses the NCS's sports hall, gym and two classrooms. The sports centre is jointly owned by the Stamford Football Club who utilise one further room, bar facility, football pitches and an all-weather pitch. It is the refurbishment and expansion of the sports centre that is subject to this application.
- 1.4 NCS is currently afforded access to the function room as an additional classroom and outdoor spaces in return for access to the NCS's areas at evenings and weekends. The sharing of space whilst offering some benefit, does limit the use of technical teaching facilities and the ability to use the walls of the classrooms as a teaching resource, which in turn hampers the extent of training and educational facilities that can be offered within this building.
- 1.5 The scheme is therefore proposing to:
  - Extend the existing building to provide six new classrooms, extended gym, with a sports lab to provide access to learners to meet current and future learning needs.
  - Re-alignment of the curriculum and training offered to meet projected business and employment needs, based upon recognised industry requirements.
  - Technical and equipment upgrades to enable training provision to be in accordance with industry standards and enabling the NCS to respond more effectively to trends that are evolving within key employment sectors.
  - Investment in state of the art sports lab, to enable advanced delivery in sports science up to level 6.
  - Additional resources to support work inspiration and career advice embedded in the re-aligned curriculum.
  - Extension to the gym and studio spaces to enable student groups to be taught together as opposed to being separated due to the size of the existing facility. When the gym is not used for curriculum delivery, it will be offered on an affordable basis to the local community as well as NCS learners, thereby promoting health and wellbeing throughout the community.
  - Create a resource/self-study breakout area for students, to improve the self-study, library access and educational technology available at the campus to a similar standard as facilities on the main site.

- 1.6 The project will focus upon skills development across several sectors including health, care, digital, sport and public services and will utilise existing networks and relationships in place with local employers within each of these sectors, who have been engaging with NCS to develop the curriculum offer and to target education and training opportunities in context with emerging organisational needs.
- 1.7 Specifically, the facility is to deliver the following:
- Developing and delivering at least 10 additional qualifications by 2021/22.
  - Enabling curriculum innovation to support business needs in sport, healthcare and public services, benefitting at least 220 employers by 2021/22, including Lincolnshire and Cambridgeshire police services.
  - Increasing by at least 80%, the number of learners accessing high quality education and training in key sectors, including apprenticeships, HNC/Ds and foundation degrees by 2021/22.
- 1.8 Delivery of the scheme will be undertaken by New Stamford College, who have a track record in successfully delivering substantial capital projects, including the refurbishment of the digital skills centre and the state of the art construction and automotive centre, refurbishment of the library and the refectory.
- 1.9 The land required to accommodate the expansion of the proposed facility is in private sector ownership being the Burghley Estate. NCS have confirmed that a lease is in place with the Burghley Estate, granted in 2014 which enables the delivery of the scheme.
- 1.10 NCS have also secured full planning permission which has been approved subject to conditions, which are standard in terms of timescales and working arrangements.
- 1.11 Subject to securing SLGF and approval of match funding from NCS in November 2019, the scheme is ready to proceed through the procurement process.

## **2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING**

- 2.1 NCS advise that the total cost of the project is £2,241,778 of which 50% of total cost is sought from SLGF at £1,120,889.
- 2.2 NCS state that they hold on average £3 million to £4 million as cash reserves and short term deposits and anticipates returning a modest operational surplus during the year to July 2020.
- 2.3 NCS will therefore utilise these deposits to provide the cash contribution and working capital required to meet the balance of costs on this project, whilst still maintaining the liquidity threshold of the College Regulator.
- 2.4 The NCS Board are highly supportive of the scheme and have issued approvals for the scheme upon achieving various milestones. Final approval will be sought for the scheme at the next meeting in November 2019, to coincide with GL LEP's own Board Meeting where approval for this project is being sought.

### **3.0 KEY ISSUES**

3.1 Whilst no major issues were identified in relation to the project, a number of clarifications were requested from NCS in relation to the following matters:

- i. Clarification as to the position with planning, given that the application referred to the fact that planning permission was still to be sought, whilst covering email referred to planning permission being in place. NCS have confirmed that planning permission has been secured and provided a copy of the approval in this regard.
- ii. Land Ownership – Clarification was requested in relation to the ability to secure ownership of the site given that there was reference in the Business Case to this being held by a third party. Clarification has been provided that the site is in private ownership; however, is subject to a lease to NCS, which permits redevelopment for the proposed use. It is recommended that NCS's legal advisors provide written confirmation to GL LEP as a condition of any funding approval.
- iii. Cost Appraisal – RLB cost consultants who are undertaking the cost appraisal as part of this due diligence process, requested a copy of the cost plan so as to enable the required appraisal to be completed. Supplementary information has been provided and this is detailed within Section 6 of this report.

3.2 No other issues have been identified as part of this due diligence.

### **4.0 STRATEGIC FIT**

4.1 NCS has demonstrated that the project has strong strategic fit with a number of strategies and priorities, summarised as follows:

- i. The Government Industrial Strategy – This strategy sets out four priorities in developing people including improving the quality of technical education, tackling shortages of stem skills, tackling regional disparities in education and skills and ensuring everyone has the opportunity to enter into and progress at work and through the education and training system.

This project will meet all of these priorities through the provision of high quality digitally enhanced sports science, public services, health and social care.

- ii. The GL LEP Strategic Economic Plan (SEP) – Identifies skills, health and leadership as key priority areas along with a critical shortfall of qualifications within 16-24 year olds, which is a key challenge to economic growth.

Improvement in technical education and skills has also been identified as a key economic and business need with a focus on expanding skills infrastructure including further education estates as being a priority.

Health and care services are also a priority sector and the SEP recognises the challenges for delivery of affective healthcare services, given the disperse population and lack of local training and high quality education facilities.

- iii. Local Industrial Strategy – A cross cutting theme in the emerging strategy is the importance of skills enhancement and transition in a rapidly changing environment. Specifically, this project supports the LIS by focusing on supporting people to live well and longer in the rural areas and a higher quality inclusive visitor economy.

- iv. Government Agenda Meeting the Needs of an Aging Society – there is a forthcoming Green Paper on care and support in England, which is seeking to respond to the challenges facing the social care sector and will encourage the care sector to innovate through new business models and better use of emerging technologies. Furthermore, the Government is seeking to strengthen the UK’s performance in life sciences through collaboration with the NHS and reinforcement of technical education. NCS’s proposed delivery of level 5 health and social care programmes will place Lincolnshire in a position of strength to be able to meet these challenges.
- v. Cambridgeshire and Peterborough Combined Authority Strategic Economic Plan – the location of the New Stamford College at the southern western tip of Lincolnshire borders four other counties and combined authority areas, including Cambridgeshire and Peterborough. Whilst not directly relevant to GL LEP, it is noted that this project also aligns with the priorities of this plan, specifically in relation to skills provision and the need to facilitate centres of excellence with emphasis on upskilling and reskilling populations in the health and care sectors.

## **5.0 MARKET ASSESSMENT**

- 5.1 NCS identified the health and care sector as a focus for business development and over the last two years rapidly expanded areas of activity into this sector, particularly apprenticeships, level 3 qualifications and a level 5 foundation degree. NCS also have a strategic aspiration to develop this work further, so as to provide a level 6 qualification. An application to the Open University for institutional accreditation to deliver courses up to level 6 has been submitted and NCS have now gained institutional validation. As this milestone has now been achieved, NCS can move all courses on a managed basis from the existing validation partners to the Open University. The level 6 course validations will then be submitted for approval.
- 5.2 Because of this expansion in the health and care sector, along with other activities including the Air and Defence College (ADC), the main campus teaching space is at capacity. Therefore, in order to continue the expansion and wider teaching provision, the existing campus has to be extended.
- 5.3 In seeking to identify the expansion proposals at Borderville, extensive consultations have been undertaken with key employers, many of whom NCS are fostering links with and building relationships. These organisations are:
  - Bluebird Care.
  - Atlas Care Services.
  - County Court Care.
  - Harrowby Lodge.
  - Helping Hands.
  - Gosberton House Care Home.
  - Cathedral Home Care.
  - Brookside Residential Care Home.
  - Egerton Lodge Residential Care Home.
  - Teamwork Trust.
  - St Edmonds Care Home.
  - Barchester Healthcare.
  - Aberdeen House Care.
  - Oakhouse Residential Care Home.
  - Grantham and District Mencap.

- 5.4 The above organisations have identified growing demand for upskilling, skills development and education in order to be able to provide high quality care and level of services required within the communities that they serve.
- 5.5 In addition, the new facility will also have the ability to focus on providing education and skills for PE specialists, with a focus on supporting the education sector to deliver PE in school sport at primary school level. NCS are intending to deliver a programme at level 3 apprenticeship pathway in delivering school sport in order to help close this identified gap.
- 5.6 NCS is therefore well placed to build upon its extensive links with local schools and employers and to develop courses and qualifications that are directly in accordance with established need.

## **6.0 DEVELOPMENT APPRAISAL**

- 6.1 A traditional development appraisal has not been undertaken for this project given that it is the extension of a college campus and provision of educational and training facilities.
- 6.2 Detailed scheme costs have however been submitted and have been reviewed by RLB who have assessed all information submitted, including plans and a costed specification to ascertain whether all costs are reasonable, realistic and in accordance with market rates.
- 6.3 RLB have confirmed that at this time there are some gaps in information relating to the project, which will be finalised by the contractor through the tender process. This has resulted in there being some provisional sums for specific works items.
- 6.4 Overall, RLB have identified some areas of costs that are considered to be excessive, whilst others are considered to be too light either in terms of proposed quantity or rate applied. Therefore, RLB have confirmed that total costs estimated for delivery of the proposed scheme are considered to be reasonable and realistic as some of the excessive costs are potentially able to carry other areas where costs are deemed to be insufficient.
- 6.5 RLB have recommended that a copy of report on tenders and the lowest tender is provided once the contractor procurement process has been completed so as to ensure that the scheme is deliverable within overall budget. This is therefore a recommendation within this report.
- 6.6 *A copy of RLB's cost report is contained at Appendix III.*

## **7.0 DELIVERABILITY AND PROGRAMME**

- 7.1 The scheme has progressed to a relatively advanced stage, given that detailed design has completed and planning permission has been secured.
- 7.2 Procurement advisors were appointed in September 2019 and the procurement process will formerly commence upon approval of SLGF funding and required funding from NCS.
- 7.3 The ability of the scheme to proceed through to delivery stage is therefore dependent on both the SLGF and NCS funding being approved, both of which are anticipated in November 2019.



- 7.4 Upon approval of funding, the procurement process can complete, which is anticipated to be by January 2020 to enable construction to commence on site in February 2020 and be completed by August 2020, in time for the academic year commencing in September 2020.
- 7.5 The programme for delivery of the scheme is considered to be tight with limited room for slippage; however, as this is the expansion and refurbishment of an existing building, it is smaller in scale than commencing construction of a new facility in its entirety and has therefore been assessed as being realistic to deliver within given timeframes.
- 7.6 Milestones for delivery of the scheme are provided within Section 11 of this report.

## **8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE**

- 8.1 State Aid Advice was provided to the college by Eversheds Sutherland in June 2019. The findings of this report are that in terms of education, public education within the national education system, funded and supervised by the state, are considered to be a non-economic activity. Such activities do not therefore constitute State Aid.
- 8.2 The proposed scheme has been assessed as being almost entirely, if not entirely linked to NCS's non-economic educational functions. As such, it is therefore considered that funding from GL LEP towards the project costs and any associated equipment will not amount to State Aid. In terms of any economic activity, such as use of facilities by local residents, provided this is below the 20% threshold of total use within the building, such economic activity is considered to be ancillary and therefore does not amount to State Aid.
- 8.3 As Thomas Lister are not State Aid experts, it is recommended that the state aid position is reviewed by GL LEP's legal advisors.

## **9.0 PROCUREMENT**

- 9.1 NCS confirms that they use direct routes and framework agreements in order to procure goods and services. NCS is a member of the SCAPE Minor Works Framework and are seeking to utilise delivery of the project through this framework.
- 9.2 NCS confirm that they have already procured professional services through a framework agreement for the design and securing planning permission of the scheme.
- 9.3 Delivery of the capital element of the project will therefore be subject to a tender process utilising the SCAPE Framework and all internal procurement and management processes will be wholly in accordance with their procurement processes and subject to internal and external audit.
- 9.4 NCS have already appointed Perfect Circle to provide required professional services for the procurement process through the SCAPE project. Perfect Circle will be responsible for preparing all procurement documents and running the tender process on behalf of NCS.
- 9.5 It is intended that the procurement process will commence from November 2019 to be completed by January 2020 in readiness for the contract to be awarded in February 2020.

9.6 It is recommended as a condition of any SLGF approval than an updated programme for the delivery of the scheme be provided, once the contractor has been appointed and prior to drawdown of funding.

## 10.0 OUTPUTS AND VALUE FOR MONEY

10.1 Outputs generated by the proposed Borderville Expansion are detailed in the table below:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
<b>i) Core Outputs (Strategic Economic Plan)</b>						
Public Investment Leveraged (£)	1,120,889					1,120,889
Private Sector Investment Leveraged (£)						
Number of new Jobs Created (gross)		4	4	4	12	24
Number of Jobs Safeguarded (gross)	18	18	22	26	30	42
Number of new housing units completed						
<b>ii) Local Strategic Outputs</b>						
Commercial floor space refurbished/constructed and occupied (sqm)		807				
Number of businesses assisted to improve performance	150	220	250	270	300	300
Number of learners supported	200	340	360	380	400	2100
Number of new businesses created						
GVA Uplift						
<b>iii) Others (please list) *</b>						
Number of brand new curriculums/training courses	1	9	2	6	2	20
Number of updated/modernised curriculums or courses	0	20	22	24	26	26
Number of learners as a result of this project securing jobs in a priority sectors	80	120	150	180	200	730

10.2 The value for money assessment of the outputs generated is summarised below:

- i. Public investment leveraged at £1,120,889 – equates to a leverage ratio of 1:1, reflecting 50% investment into this project by NCS being equal to GL LEP's investment. Standard investment benchmark ratios are typically 2:1 and therefore the investment leverage by this project falls below the standard benchmark. However, as all investment is from public sources, leverage benchmarks are less applicable in this regard.
- ii. Number of new jobs created at 24 – equates to a cost per job of £46,704 per job, which is significantly in excess of standard benchmarks ranging between £15,000 to £25,000 per job. It is noted that jobs created is not a primary output delivered by this project and therefore expected to be of lesser value for money in comparison to other outputs generated.
- iii. Number of jobs safeguarded at 42 – equates to a cost per job £26,688, which is just in excess of the higher end of the benchmark of £25,000. Overall therefore, this output generates reasonable value for money; however, similar to new jobs created is not a primary output delivered by this project.

- iv. Jobs created and safeguarded at 66 – combining total job outputs delivered by this project equates to a cost per job of £16,983, which overall represents good value for money.
- v. Floor area refurbished/constructed at 807 sq m – this equates to a cost of £1,390 per sq m which is significantly higher than standard benchmarks for floor space delivery. It is noted however that the building comprises some element of specialist fit out, including laboratory space which by its very nature is significantly more expensive to deliver. It is also noted that whilst a fundamental element of this project, floor space refurbished and constructed is not a primary output for the project.
- vi. Number of businesses assisted to improve performance at 300 – the cost per business is £3,736 which represents very good value for money and is a primary output generated by this project.
- vii. Number of learners supported at 2,100 – generates a cost of £534 per learner which is excellent value for money.

10.3 The assessment of the value for money for this project is that a good overall package of outputs is generated, with the primary outputs being businesses assisted and learners supported demonstrating excellent value for money. Whilst other outputs generate value for money below standard benchmarks, as these are ancillary in nature consideration in relation to these outputs is to consider these as part of the overall package.

## 11.0 MILESTONES

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

- Securing Planning Permission – received 2019.
- Appointment of Procurement Advisors – already completed.
- Match Funding from NCS secured – November 2019.
- Procurement Process commencing from November 2019.
- Procurement Process Completed – end January 2020.
- Construction Works Start – February 2020.
- Construction Works Complete – August 2020.
- Education Activity Commences – from 7<sup>th</sup> September 2020 onwards.

11.2 As referred, the above programme is considered to have little provision to accommodate any slippage and therefore it is recommended that as a condition of funding, that a detailed programme for delivery of the scheme, along with a profile of drawdown of funding is provided, once the contractor has been appointed.

## 12.0 RISK ASSESSMENT

12.1 NCS has produced a full risk assessment for the scheme, which was provided as an appendix to the application. Whilst the full risk assessment has been reviewed, it is not provided within this application given the extent of detail and inclusion of some risks that are not wholly relevant to GL LEP at this stage. The key risks identified with the project at this stage are shown in the table below:

Risk	Owner	Probability	Impact	Mitigation	To be a Condition of Funding? Y/N
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Delayed funding approval delays project and commencement of academic year is missed	Project Team	Low	High	Ongoing dialogue with GL LEP in relation to the SLGF funding and NCS Board highly supportive of scheme through previous approvals awarded to enable the project to progress to its current position.	Yes - following final consideration by NCS Board.
Project costs are higher than anticipated through the return of tenders	Project Team	Medium	High	Project costs have been put together by an experienced project team and incorporate contingency provisions so as to provide for any unforeseen cost increases. The contract will be let on a fixed price basis with overruns the responsibility of the contractor. For any unforeseen cost increases, NCS will be responsible for meeting these.	Yes – NCS required to be responsible for meeting any cost overruns.
Programme Delay and the facility is not ready for the academic year commencing in September 2020	Project Team	Medium	High	Project delivery plan is in place with a Project Manager to be appointed to oversee construction. This will be monitored throughout the construction process.	No
Lack of take up of new courses and training provision upon completion of the facility	NCS	Low	High	Proposals for this scheme have been based upon the previous projects and course expansion successfully implemented by NCS in recent years and underpinned through extensive involvement with employers throughout Lincolnshire and Leicestershire. Evidence from this process demonstrates strong demand for the scheme and NCS will be promoting new courses available as soon as the scheme is formally committed.	No

12.2 The primary risk to this project is considered to be the programme for delivery which contains little provision should there be any slippage through the procurement and construction process. It is recommended therefore that a revised programme for delivery is provided by NCS once the procurement process has been completed and a contractor appointed.

12.3 Future assessment of risk in terms of delivering outputs, will be subject to ongoing GL LEP monitoring in accordance with standard arrangements.

### **13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT**

13.1 As the Borderville expansion project is at a relatively advanced stage, there are limited conditions that are considered necessary to incorporate within the funding agreement.

The conditions that have been identified through this due diligence assessment are therefore as follows:

- i. NCS to confirm in writing that the Board have approved match funding required to meet the balance of project costs – pre-contract.
- ii. NCS's legal advisors to provide written confirmation that the proposed scheme can be delivered on the land subject to the lease with the third party owner – pre-contract.
- iii. NCS to confirm in writing that they will meet any cost overruns should these arise on the project – pre-contract.
- iv. A copy of the report on tenders and lowest tender to be provided to demonstrate the scheme is deliverable in accordance with the budget costs – pre-drawdown.

## 14.0 CONCLUSIONS

- 14.1 The project subject to the Business Case application to GL LEP has arisen to the ongoing success and expansion of NCS through the provision of enhanced educational and skills courses over broader levels of attainment, particularly within the health and care sector and also through the successful establishment of the new Air and Defence College.
- 14.2 The existing campus is now at capacity and NCS have an additional campus also in Stamford which currently houses sports facilities, although this is shared with the local football club. The expansion of this facility will enable NCS to extend its teaching and skills provision which are driven partly through successful delivery of expanded courses in the health and care sector, but also through extensive consultation with private sector employers and other organisations associated in the healthcare sector who have identified a need for skills training, which is also identified as a key barrier to sustaining both workforce and existing healthcare provision and in order to meet future growing needs.
- 14.3 The scheme is at an advanced stage of design and is ready to commence through the formal procurement process, subject to securing final board approval from both its own board and GL LEP's.
- 14.4 The scheme is therefore deemed to be highly deliverable subject to the conditions being met which are identified within Section 13 of this report.

## 15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that SLGF of £1,120,889 be approved by the GL LEP Board, subject to the conditions detailed in Section 13 above.

Produced by:



Date: 20<sup>th</sup> November 2019

**Rachel Lister BSc (Hons) MRICS**  
**RICS Registered Valuer**  
**Director**  
Thomas Lister Limited

11 The Courtyard  
Buntsford Gate  
Bromsgrove  
B60 3DJ

# PAPER 11

## PROPOSED EXTENSION TO UNLOCKING RURAL HOUSING FUND

Publication	Public Paper (published)					
Meeting date:	29 November 2019					
Agenda Item:	11					
Item Subject:	Proposed Extension to Unlocking Rural Housing Fund					
Author:	Cathy Jones					
For:	Discussion	Yes	Decision		Information	Yes

### 1. SUMMARY

1.1 This paper has been prepared in anticipation of the potential for underspend in our Growth Deal programme. It proposes allocating additional Single Local Growth Deal funding (SLGF) to extend the existing Unlocking Rural Housing Fund. It will examine the objectives of the original fund and evaluate it, consider the evidence of need for further funding, and set out an approach to commission additional schemes.

### 2. BACKGROUND: THE ORIGINAL FUND

2.1 Greater Lincolnshire LEP's Unlocking Rural Housing Fund was approved as one of our first Single Local Growth Deal projects. The £4.1m fund was designed to increase and/or accelerate delivery of smaller (below 100 units) rural affordable schemes, justified with evidence about rural affordable housing need. It ultimately had a focus on Boston and East Lindsey but this was largely coincidental. It had originally been intended to operate across Greater Lincolnshire, but at that time the deliverable schemes happened to be in Boston and East Lindsey. Whilst £4.1m was allocated, the original ask had been for more with the expectation that other schemes elsewhere would come forward during the life of the fund.

#### 2.2 Objectives

The fund's **objectives** were two-fold, to:

- unlock development on priority housing sites which would not otherwise be brought forward in the short to medium term.
- support rural and coastal enterprise and growth through the delivery of an affordable and market housing programme within existing settlements

#### 2.3 State Aid

We originally hoped to include market housing within the fund but legal advice confirmed that this would not comply with state aid rules. The existing fund operates under the "services of general economic interest" (SGEI) state aid exemption. Services of general economic interest are economic activities that public authorities identify as being of particular importance to citizens and that would not be supplied (or would be supplied under different conditions) if there were no public intervention. It generally includes the provision of social and affordable housing.

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### PROPOSED EXTENSION TO UNLOCKING RURAL HOUSING FUND

#### 2.4 Outputs

Safeguards were put in place to ensure that the fund complemented and did not substitute for existing Local Authority capital budgets, or the (then) Homes and Communities Agency's National Affordable Housing Programme. Advice was provided by BIS Analysts who led on the Monitoring and Evaluation Plans for Growth Deals. Key principles to be applied were agreed with BIS and the HCA, as follows:

- Full starts and completions outputs are counted by the HCA (Affordable Housing Fund) and the LEP (LGF) and reported separately, but, importantly, they are not added together as this would be regarded as double-counting;
- To differentiate between the two types of contribution, the outputs for the LGF element are referred to as "facilitating the delivery of housing starts and completions".

2.5 The programme was expected to facilitate the delivery of 419 housing starts and completions and create or safeguard over 300 jobs within the local economy

### 3. EVALUATION OF ORIGINAL FUND

3.1 All costs must be expended by March 21. The programme is nearing its final year, so total costs may still vary. However, most schemes have completed, and we can report on delivery to date.

3.2 As can be seen from the table overleaf, the programme has facilitated the delivery of 419 homes on 9 sites within existing settlements. These homes would not otherwise have been delivered in the short to medium term, due to a viability gap resulting from flood risk.

3.3 It has also created or safeguarded 534 jobs, thus supporting rural and coastal enterprise and growth.

3.4 It is clear that delivery has met the objectives of the original fund, and on this basis we intend to seek further funding to extend the programme.



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**PROPOSED EXTENSION TO UNLOCKING RURAL HOUSING FUND**

<b>Project</b>	<b>Applicant</b>	<b>LA Area</b>	<b>Current Total Project Cost (£)</b>	<b>SLGF (£)</b>	<b>Housing units achieved</b>	<b>Jobs achieved</b>
Broadfield Lane, Boston	Waterloo Housing	Boston	9,465,325	750,000	75	0
Church Road, Old Leake	Waterloo Housing	Boston	3,049,668	158,400	22	0
Saxon Fields, Skegness	Waterloo Housing	ELDC	11,436,401	1,000,000	100	0
Toot Lane, Boston	Waterloo Housing	Boston	3,516,124	313,306	32	0
Meadow Way, Old Leake	Boston Mayflower	Boston	3,779,693	300,000	30	30
Riverside, Boston	Boston Mayflower	Boston	1,660,500	102,000	17	424
The Quadrant	Chestnut Homes (Land) Limited	Boston	9,972,655	1,000,000	100 <sup>1</sup>	0
41 Scarborough Avenue	Lace Housing Limited	ELDC	1,950,614	150,000	17	80
Tytton Lane East, Boston	Lindum Group Limited	Boston	3,278,289	335,000	26	0
			<b>48,109,269</b>	<b>4,108,706</b>	<b>419</b>	<b>534</b>

<sup>1</sup> Chestnut Homes (Land) Ltd have claimed for 52 units to date. We expect them to submit a claim for the remaining 48 units during 2019/20.

#### 4. JUSTIFICATION FOR PROPOSED EXTENSION: CONTINUED NEED AND EVIDENCE

- 4.1 Our geography has not changed. With 40% of our area at or below sea level, managing potential risks from coastal, river and surface water flooding is a major factor in sustaining communities.
- 4.2 In our draft Local Industrial Strategy (LIS) we note that although Greater Lincolnshire has a plentiful supply of land, housing delivery has been slower than expected, with developments continuing to be constrained through viability and local infrastructure. Greater Lincolnshire delivered 12,510 houses in the 5 years between 2013-18, whereas the objectively assessed need as reflected in current local plan figures is 4,805 dwellings per year or approximately 120,000 dwellings to 2036 (the end date of the majority of local plans). *"There is strong evidence that without further action the housing delivery targets contained in Greater Lincolnshire's Local Plans will not be delivered."* (Greater Lincolnshire LEP, draft LIS October 2019).
- 4.3 Our draft LIS notes that support is needed to overcome the existing undersupply, and to unlock housing sites that can be delivered by a wide range of suppliers including developers, investors, RSLs and the SME sector. Facilitating the delivery of additional housing starts and completions which are constrained through viability will help to increase supply.
- 4.4 Extending the Unlocking Rural Housing Fund would be consistent with the evidence underpinning our draft LIS and would contribute to achieving the proposed action to: *"Work with Homes England to deliver the housing pipeline - demonstrating best practice in terms of quality, design and environmental standards, developing new approaches to housing and planning to respond to local need around flooding and the different needs of younger and older residents."*

#### 5. OPERATION OF EXTENDED FUND

- 5.1 As an extension of the 2015 fund we propose maintaining the objectives of the original fund, apart from the reference to market housing. The fund's objectives going forward would, therefore, be to:
  - unlock development on priority housing sites which would not otherwise be brought forward in the short to medium term.
  - support rural and coastal enterprise and growth through the delivery of an affordable housing programme within existing settlements.
- 5.2 In order to target the funding effectively the mechanism to identify schemes would be open and transparent using the Local Assurance Framework commissioned approach rather than an open call.
- 5.3 Criteria to identify schemes would be consistent with the original programme and include:
  - Small (below 100 units) rural affordable sites with a viability gap as a result of additional costs required to mitigate flood risk

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### PROPOSED EXTENSION TO UNLOCKING RURAL HOUSING FUND

- The costs supported by the Unlocking Rural Housing Fund must be capable of financial completion by March 2021. (This does not mean that the entire build must be complete. However, schemes must be capable of delivering the SLGF-funded elements within this timescale).
- Planning permission and site ownership need to be well-advanced, therefore. **It is proposed that only schemes where there is at least a land option agreed, and where at least outline planning permission has been obtained will be considered.**
- The fund will not substitute for existing LA capital funding programmes for affordable housing, nor for Homes England funding. GLLEP will use its investment criteria to ensure that funding is additional and will increase delivery rather than replace existing funding.
- The extended programme will be available across Greater Lincolnshire.

## 6. POTENTIAL SCHEMES

- 6.1 Preliminary discussions with partners have identified schemes worth £17.8m with at least outline planning permission in place, which meet the above criteria, and in which the SLGF-funded works should be capable of financial completion by March 2021.
- 6.2 The viability gap for which SLGF is sought is £1,850,000 which would facilitate the delivery of 100 housing starts and completions. Should funding to extend the Unlocking Rural Housing Fund be agreed, each individual scheme will be subject to separate due diligence appraisal (to be considered at future Investment Board meetings), and grant funding agreements in the usual way.

## 7. RECOMMENDATIONS

- 7.1 Subject to discussion at the November meeting in relation to Papers 12 and 12.1 and the availability of funding, members of Investment Board are recommended to endorse the above approach to commissioning additional schemes worth £1,850,000 to extend the Unlocking Rural Housing Fund, with the objectives set out in para 5.1 and the criteria set out at para 5.3 above.

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## INVEST AND GROW LOAN FUND UPDATE

Publication	Public Paper (published)					
Meeting date:	29 November 2019					
Agenda Item:	13					
Item Subject:	Invest and Grow Loan Fund Update					
Author:	Cathy Jones					
For:	Discussion	Yes	Decision	Yes	Information	Yes

### 1. SUMMARY

1.1 This paper provides an update on the Invest and Grow Loan Fund including anticipated repayment schedules. It sets out the latest position regarding interest and repayment of the Boston Quadrant loan. It also notes that the International Bomber Command Memorial may seek an extension via a new loan application, including changes to guarantee arrangements.

### 2. BACKGROUND: THE FUND

2.1 Known nationally as the Growing Places Fund, Invest & Grow is a rolling infrastructure loan fund designed to kick start stalled housing and commercial developments.

2.2 Loans of between £500,000 and £2.5 million are available to unlock developments and enable the delivery of new jobs, commercial space and homes. (Projects outside this range may be considered if they deliver exceptional outputs or exceptional value for money.)

2.3 The fund aims to bring forward vital infrastructure projects, boosting the economy and creating jobs. Projects need to fit with the LEP's strategic priorities and help unlock economic growth.

2.4 Greater Lincolnshire LEP has made the following 4 loans worth £7.8m to date, 2 of which have been repaid in full.

Loans (and date contracted)	Amount	Interest	Repayment
1 Golf Road, Mablethorpe (Aug 2013)	£2,915,921	2.49 % interest pa (on a daily basis)	Repaid in full, with interest.
2 International Bomber Command Memorial (May 2015)	£800,000	3.76% interest pa (on a daily)	Guarantors in place in the event of non-payment by agreed longstop date of May

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		basis).	2020.
3 Boston Quadrant (Sept 2015)	£3,500,000	4.82% interest pa on a daily basis.	£2.5m plus interest repayable 5 years after commencement and the balance (£1m) plus interest 7 years after commencement.
4 The Lawn/Stokes Coffee (December 2016)	£600,000	3.24%.	Repaid in full, with interest
Sub-total	£7,815,921		

2.5 Interest payable in 2019/20 on the remaining loans is as follows:

Bomber Command:

31<sup>st</sup> May 2019 £14,998.79 (received)

30<sup>th</sup> November 2019 £15,081.21

Boston Quadrant:

30<sup>th</sup> Sep 2019 £84,581.10 (invoice issued)

31<sup>st</sup> March 2020 £84,581.10

### 3. UNCOMMITTED FUNDS AND NEW ENQUIRIES

- 3.1 Invest and Grow is a rolling fund and can be applied for at any time. The most recent Expression of Interest, received from CartaRE for a development in Boston, was approved by Investment Board in February 2019. This project has taken longer than anticipated to bring forward. The latest update is that a full loan application is likely to be submitted in the New Year.
- 3.2 We actively promote the Fund as part of the LEP funding mix, including to those seeking grant. For example, during autumn 2019 the loan fund has been promoted to all projects on the LEP project pipeline as a potential part of their funding mix. £1.9m is currently available within the unallocated loan pot.

### 4. INTERNATIONAL BOMBER COMMAND MEMORIAL LOAN

- 4.1 Our Loan Agreement is with Lincolnshire Bomber Command Memorial (company number 07602666) which is a company limited by guarantee and a registered charity (number 1144182). International Bomber Command Centre Ltd (company number 1065172) is a wholly owned subsidiary.

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### **INVEST AND GROW LOAN FUND UPDATE**

- 4.2 The £800k loan was contracted in May 2015. At that time, the organisation did not have sufficient assets to underwrite the loan. It was guaranteed, therefore, by 8 individuals via separate loan guarantee agreements. Sadly, two of the guarantors (Tony Worth and Brian Jackson) have since died and there is no provision to transfer liability to any other person or corporate body in the loan agreement.
- 4.3 Lincolnshire Bomber Command Memorial's Trustees believe that with their very significantly changed financial position the organisation can now support the £800k loan provided by Lincolnshire County Council. This will need to be evidenced and verified.
- 4.4 The loan is due for repayment in May 2020. We have met three times over the past year with representatives of the company. The newly established Memorial is enjoying great success which enhances our Visitor Economy offer and brings international recognition to Lincolnshire. The organisation is in a strong position in terms of day-to-day operations, having now hosted more than 180,000 visitors, and has won multiple awards. The company has other loans in addition to our own and are able to make all of their interest repayments. However, they have advised that they may wish to seek an extension to their Invest and Grow loan to delay the repayment date. The Trustees are also exploring any flexibility which other lenders can offer.
- 4.5 We have advised that such a request would need to take the form of a new loan application. This would enable us to carry out due diligence on the organisation's ability to both provide security for and repay an extended loan. Members are invited to note this update. The Trustees will provide an update in January 2020 and let us know if they intend to seek a new loan application.

## **5. BOSTON QUADRANT**

- 5.1 Chestnut Homes (Land) Ltd has complied with all monitoring requests and has been paying interest due upon receipt of our invoices. £2.5m of the original loan plus interest is repayable in September 2020 (5 years after commencement) and the balance (£1m) plus interest 7 years after commencement, in September 2020.

## **6. RECOMMENDATIONS**

- 6.1 Members of Investment Board are recommended to note this update.