



# GLLEP INVESTMENT COMMITTEE

5<sup>th</sup> August 2020

Microsoft Teams Meeting

## Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
10:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> <li>Approval of Minutes 10<sup>th</sup> June 2020</li> </ul>	Chair	All Members Paper 1 attached
10:10	Growth Deal Programme Update	Halina Davies/ Linsay HillPritchard	All Members Paper 2 attached Appendix A attached
10:25	Getting Building Fund Update	Halina Davies	Verbal Update
10:35	Review of Programme Management fee arrangements for GL LEP funded projects/programmes	Halina Davies	All Members Paper 3 attached
10:45	International Bomber Command Centre Update	Cathy Jones	All Members Paper 4 attached
10:55	AOB and close of meeting		

Attendees: Pat Doody (Chair); Cllr Rob Waltham; Cllr Colin Davie; Cllr Philip Jackson; Andrew Crookham; Dean Fathers; Chris Baron

Apologies:

Observers: Pete Holmes; Alric Blake, Sarah Louise Fairburn; Gary Headland

Officers: Ruth Carver, Halina Davies, Linsay Hill Pritchard, Cathy Jones

### August 2020 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Colin Davie	Grantham Southern Relief road Sleaford Growth Phase 2	LLC Grant Recipient  LCC managing main works contract
Gary Headland	Lincoln College D&PSC (skills Capital Investment Fund)	College Grant Recipient



# LEP INVESTMENT COMMITTEE

17<sup>th</sup> June 2018

Via MS Teams

Draft Minutes

## Draft Minutes

<u>Present:</u>	
<u>Board Directors:</u>	Pat Doody - Chair (Nat West), Cllr Colin Davie (LCC), Cllr Philip Jackson (NELC), Cllr Rob Waltham (NLC), Dean Fathers
<u>LEP Officers:</u>	Halina Davies, Ruth Carver, Linsay Hill Pritchard, Andrew Crookham (S151 Officer), Sue Groves (Note Taker)
<u>Observers:</u>	Pete Holmes (BEIS)
<u>Apologies:</u>	Chris Baron (Butlins)
<u>For Agenda Items:</u>	Russell Copley & Michelle Davies (Greenborough)
<u>Welcome by the Chair</u>	
<u>Apologies and Declarations of Interest</u>	
Formal apologies were received from the following: Chris Baron	
There were no declarations of interest for the items being discussed.	
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 Committee 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.	
<u>Minutes from 20<sup>th</sup> March 2020 (Paper 1)</u>	
The minutes from the Investment Committee held on 20 <sup>th</sup> March 2020 were accepted as a true record.	
<u>Matters Arising</u>	
❖ Current situation on IBCC regarding the second charge - IBCC have agreed to the second charge, but is still being progressed, will bring an update to the next Investment committee meeting.	
<u>Greater Lincolnshire Growth Fund (Papers 2 and 2.1)</u>	
<u>Genfrost Application</u>	
The Greater Lincolnshire Growth Fund is being looked at in terms of re-purposing funds as part of a Paper being presented at the 24 July Board. This project was already at due diligence stage before the re-purposing decision was made and hence a decision on moving to contracting stage was being proposed.	

Genfrost are a business based in Boston and were asking for a £340k grant towards a project that will cost just over £1.3m to diversify their business portfolio and enable a level of resilience and growth including expansion of their export business. Overall, the project aims to create 27 jobs.

There are two phases of the project:

Phase 1: Refurbishment of a building

Phase 2: Investing by the company in new manufacturing equipment

Discussion took place and the following points were made:

- ❖ The Committee asked about the company's expertise and ability to move from wholesale provision to manufacturing. Response was that Genfrost already carry out some manufacturing on bespoke items for artisan customers and that they do have the skills in-house currently to progress this diversification.
- ❖ The committee was content with the level of investment from the company itself and the robustness of the model proposed; good to see jobs being secured in the current climate.

#### Decision

- Committee agreed to support to contracting stage pending future order book confirmation and pre-contract conditions identified at due diligence being met.

### **Growth Deal Programme Update (Papers 3, 3.1 and 3.2)**

The Growth Deal programme is 100% contracted and as confirmed at the 10<sup>th</sup> June GLLEP Board, with commitments totalling £362.4m and £123.7m relating to growth deal grant funding. There is a need to achieve grant spend of £34m this year utilising freedoms and flexibilities where necessary.

Of the overall £18m allocation for this financial year a remaining £6m grant allocation is still to be released to the LEP. In order to enable this release the LEP has submitted to BEIS a template for review, which will be assessed on a national moderation basis with a decision being made in July.

An update was provided on individual Growth Deal Programme projects, identifying any risk that there may be and how it is being mitigated. The paper summarised the positive work that partners are currently taking forward following the impact of Covid 19, notwithstanding the continued requirement to manage emerging additional costs and supply chain issues.

The committee noted the positive position of the Growth Deal Programme despite Covid impacts and the level of risk to the Accountable Body should the remaining £6m allocation not be released by government. BEIS are hoping to release the final payment as soon as possible, but if there is a judgement that this cannot happen, further assessment based on the Quarter 1 returns may be needed.

With transition planning, discussions on pipeline schemes are on-going with the Humber LEP, North and North East Lincolnshire, and Rutland to ensure that this goes forward smoothly.

The Chair asked if there was an update on the New College, Stamford scheme. HD responded that enquiries would be made as to when they will be back on site and will feedback at the next meeting.

### **Capital Funding Submission**

The Government asked LEPs on the 11 June to put forward a prioritised submission of capital projects which could be fully deliverable with all grant funding being spent by January 2022.

GLLEP has a robust assessment process in place for its pipeline, the latest pipeline list having been published in February 2020. This submission has not gone through the normal assurance framework process as it was requested at very short notice and all projects identified will be subject to due diligence. This bidding round is believed to be based on Growth Deal 3 and if a funding allocation is awarded, there will be a programme where freedoms and flexibilities can be applied if necessary.

The Committee discussed the schemes and programmes proposed and agreed seven totalling £37m for the final submission on the 18 June as per government deadlines. There are a number of other deliverable projects that could be brought forward if needed.

The amount of funding available nationally for this bidding round was not known at the time of this meeting. An initial decision on allocations is expected from government in early July 2020.

### **Next Investment Board Meeting**

To be confirmed via email as required.

## PAPER 2

### GROWTH DEAL UPDATE REPORT

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>5<sup>th</sup> August 2020</b>					
<b>Agenda Item:</b>	<b>2</b>					
<b>Item Subject:</b>	<b>Report on Growth Deal Programme Progress</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>	<b>Yes</b>

#### 1. SUMMARY

- 1.1 The Committee is asked to note the progress made in delivery of the Growth Deal Programme during its final year, and measures being taken to ensure grant expenditure this financial year.

#### 2. BACKGROUND

- 2.1 This paper shows forecast targets for 2020/21 based on Q1 claims and correspondence with grant recipients; it provides revised milestones and assesses risk levels. Actual figures for Quarter One of 2020/21 do not need to be formally reported to government until 21<sup>st</sup> August 2020.
- 2.2 Cities and Local Growth Unit (CLGU) wrote to all LEP Chief Executives to set out in detail the government's approach to paying to LEPs/accountable bodies the remaining 2020/21 LGF allocations in the final year of the programme. Our template was completed on the 17<sup>th</sup> June 2020 and a national review was undertaken to help CLGU understand what impacts Covid-19 may be having on the delivery of our LGF capital programmes before further funding could be paid out. The review explored if projects are contractually committed, when they are due to start delivering, and plans for managing spend in year.

#### 3. PROGRESS TO DATE AND COVID IMPACTS

- 3.1 Following the national review mentioned above we are still awaiting confirmation from regarding release of the final £6,050,965 of Growth Deal funding to GL LEP on the basis that the programme is fully contracted and deliverable by March 2021 through utilisation of freedoms and flexibilities.
- 3.2 The contractual commitments in place total £362.4m with £123.7m relating to growth deal grant funding. We have £34m of grant left to commit on the programme by 31 March 2021, when we take into consideration the repayment of monies in previous years and reconcile adjusted projects.
- 3.3 Nine of the projects (Boole Technology Centre, Tentercroft Street Growth Corridor, Go Skegness Sustainable Transport, Sutterton Roundabout, Holbeach peppermint Junction, NEP 7, Lincoln Transport Hub, Bishop Burton College, Grantham Technology and Innovation Centre) have completed with a total investment of £66.060 and received £34.60 million of SLGF grant enabling £31.46 of match funding. In addition, eight of the nine housing schemes within the Unlocking Rural Housing Programme have fully completed along with two of the four projects under the auspices of the Skills Capital Investment Fund Programme (EMAT, Boston and Digital Skills Hub, Stamford).

## PAPER 2 GROWTH DEAL UPDATE REPORT

We continue to monitor projects with regards outputs and to date these projects have achieved

- 579Jobs
- 3,430 Sq. ft. of skills space
- 1,204 new learners
- 5,472 Sq. ft. commercial/employment space
- In addition they have supported over 150 businesses and helped 11 business expansions and evidenced additional private/public sector investment of £3.4million.

3.4 In addition two of the project programmes have seen success. The Unlocking Rural Housing Programme has delivered 8 of their 9 schemes and the Skills programme has completed 2 of 4 schemes. This sees further investment of £34million with £5.5Million of grant spend.

3.5 Q1 claims have been assessed and the table below shows the current Growth Deal programme position. The board will note from previous reports that we had £34million left to allocate to contracted projects and this was to be funded by the last tranche of SLGF from government (£18million) and with previous freedom and flexibilities and repaid monies. The current position identifies 5.82% of our total programme grant will be spent post March 21 and it is recommended this is to be covered by Offset.

Growth Deal Programme Position	Total left to allocate	20/21	21/22
SLGF 20/21 Allocation (fully received)	£18.153	£18.153	-
SLGF OFFSET	£10.356	£3.094	£7.262
SLGF Reserve (from paid back monies)	£3.653	£3.653	-
SLGF In Year (20/21 Paid back/contract Variations)	£2.339	£2.339	-
<b>TOTAL</b>	<b>£34.501</b>	<b>£27.239</b>	<b>£7.262</b>

3.6 When Covid-19 took effect several Growth Deal schemes were unavoidably delayed, however most schemes are now progressing on site or have clear revised programmes for delivery. Grant recipients continue to be very helpful in keeping GLLEP fully informed of impacts, programme changes and progress being made. The Board were provided with Covid 19 impact scenarios in relation to programme delivery on the 10<sup>th</sup> June and we will continue to review the programme position as we move through the quarters.

3.7 21 schemes remain on track to deliver fully by 31 March 2021 and will release circa 19Million of grant in 2021.

3.8 Upon receipt of the July Q1 claims it has become apparent that a small number of projects are wishing to vary their spend profile/milestones beyond the March 2021 deadline. Note however that these projects will still spend £8.2million within the 20/21 period.



## PAPER 2 GROWTH DEAL UPDATE REPORT

3.9 The table below provides a summary of the five schemes that will have some expenditure beyond March 2021, the RAG rated risk levels attached to them and the proposed freedoms and flexibilities that will be required to help ensure SLGF programme grant expenditure this financial year.

Scheme	Grant Spend Remaining 2020/21	Freedoms and Flexibilities Recommended	Programme Risk RAG Rating	Risk to Programme and Mitigations
Grantham Southern Relief Road	£9.4m	Recommend paying up to 85% of total grant in March 2021. Retention of a 15% value (£4.2m) that will be paid from existing Capital Offset.	High	<p>Previous updates and presentations to Investment Committee highlighted that Phase 2 and Phase 3 would not be completed fully by March 2021; however the latest indications show greater delay than originally envisaged.</p> <p>Phase 2 - completion expected by end of 2021.</p> <p>Phase 3 land to be secured - LCC finalising negotiations, legal signature required urgently.</p> <p>Phase 3 delayed until Spring 2021 and will take up to 3 years to complete - LCC is currently in negotiations with the contractor for this phase to formally agree the target cost.</p> <p>Phase 3 will be the final phase of the project and is the largest and most complex to deliver. It consists of a five span viaduct carrying the road over the East Coast Mainline railway and the River Witham. Early land access agreements have been signed which allowed for enabling works to commence in February, including: vegetation clearance, ecological works, archaeological works, fencing, topsoil strip, etc.</p> <p>The scheme remains a high strategic priority and will provide a new A1 junction once complete.</p>
Sleaford Growth Project Phase 2 (Holdingham Roundabout)	£1.04m	<p>Maintain project intervention rate for LEP grant in 2021 (£134k) by March 2021.</p> <p>The remaining £900k to be paid post March 2021 from capital offset.</p>	Medium	<p>This project currently has a c£3m shortfall due to Covid 19 impacts, however this additional funding has been informally agreed with the leader and a paper will go to resources board 24 September.</p> <p>Project starting on site in February 2021 with a view to complete fully in November 2021. Phase 1 rugby club junction on track and will complete in October 2020.</p> <p>LCC currently completing detailed design and procurement but all agreed milestones on track for delivery.</p>
The Bridge Advanced Engineering R&D Centre	£1.782m	Use of £1.782m capital offset	Medium	The project is on site and ground works have been undertaken and claimed in 2019/20. Still £4.74m overall to spend on the project.

## PAPER 2 GROWTH DEAL UPDATE REPORT

				<p>Some concerns over alignment with ERDF timeframes and increased costs from existing contractor. UOL are exploring how further timesavings might be made with procurement processes and estimated delivery timescales. The project is currently procured under the Scape Major Works framework.</p> <p>There have been several impacts from Covid-19 on this project which UOL is now having to work through and manage.</p> <p>Pre-construction work and mobilisation will bring the scheme to site by February/March 2021.</p> <p>The construction period will be a maximum of 47 weeks taking into account Covid 19 measures required.</p>
Skills Capital Investment Fund Programme	£500,000	Recommend to release all of the £500k to LCC to manage the programme accordingly.	Low	<p>The Programme was originally £7.34m however the Investment Committee increased this to £7.84m in order to progress the UCNL scheme in Scunthorpe. The Boston and Stamford schemes have completed and UNCL is on target to complete fully by March 2021.</p> <p>Contracted with LCC in March 2020 the Digital Professional Skill Centre Lincoln College refurbishment is difficult due to Grade 2 listing and asbestos and has to be done between terms, i.e. in the summer holidays. Due to the lockdown effect on the construction industry £1.8m of grant spend, cannot now all be achieved in 2020. Scheme will complete some works during 2020/21 and will fully complete on site by September 2021.</p>
Unlocking Rural Housing Programme	£380,000	Recommend releasing the £380k out of capital Offset beyond March 2021.	Low	<p>Eight out of the nine schemes in the programme have already completed and have claimed housing outputs. We are still expecting a small amount of match funding in the way of released retentions for Broadfield Lane and Church Lane.</p> <p>The final scheme (Boston Quadrant Affordable Housing) is progressing well but has confirmed that expenditure will slip and that Golden Brick stage where we would release £380K in grant will not be reached until Dec 2021.</p>

3.10 Many of our schemes have overcome several issues to progress and having reviewed the July claim submissions and progress reports most are on target to spend grant contributions in full by 31 March 2021.

3.11 As previously identified in scenario planning we remain confident that the programme will achieve the full £18m as expected by government for 2020/21. In addition we will commit the repaid moneys of £5.9m and a proportion of offset.

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### GROWTH DEAL UPDATE REPORT

- 3.12 As our freedoms and flexibilities allow we have identified £7.262m of offset to be released post March 2021 to enable a small proportion of the programme projects to complete. We recommend that if further lockdowns or Covid 19 related restrictions occur, and post March 2021 projects are further impacted, that the LEP has delegated authority to work through any complexities quickly, coming back to the Investment Committee should the expenditure of post 2021 offset exceed £10m.
- 3.13 Lincolnshire County Council (LCC) operates as accountable body for the SLGF programme on behalf of the LEP. As clarified at the 24<sup>th</sup> July GL LEP Board meeting, payments are released via a S31 Grant determination based on forecasts agreed prior to the commencement of the programme. The grant determination states that *"The purpose of the grant is to provide support to Local Authorities in England towards Expenditure lawfully incurred or to be incurred by them"*.
- 3.14 In 2015/16 Government confirmed that if it was not possible to spend all of the SLGF target on the contracted projects due to unavoidable delays and if future allocated schemes could not be brought forward to meet the gap, funding could be spent (with the agreement of the Accountable Body's Section 151 Officer) against identified LCC Capital Schemes, and reimbursed completely against the SLGF programme in a future year as required. Payments in this way are classed on a national programme level as 'freedom and flexibilities'.
- 3.15 Four payments were made to the sum of £18.5m in the main to East/West Link and Street Lighting. A proportion was also used for Lincoln Eastern Bypass and Lincoln Canwick Hill works. The freedom and Flexibility approach taken effectively earmarks and utilises Lincolnshire County Council's capital budget in future years against the Single Local Growth Fund contracted schemes. To date £8.2m has been used within contracted schemes leaving £10.3m that can be utilised in future years.

#### 4.0 PIPELINE

- 4.1 It is important that we continue to review, develop and prioritise our pipeline of projects so that we can be ready to progress them should new grant funding become available or existing funding pots be repurposed. Greater Lincolnshire has some very strong opportunities to progress in the short to medium term, both to support economic recovery and continue to drive forward growth and productivity.
- 4.2 Over the summer the LEP will review its pipeline into four categories:
- Existing pipeline (as agreed with the GLLEP Board in February 2020)
  - LEP geography transition area pipeline schemes to be considered for future funding
  - New project submissions identified during a recent Getting Building Fund Call
  - New strategic project/programme ideas submitted to the LEP since March 2020

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### **GROWTH DEAL UPDATE REPORT**

4.3 A new GL LEP project call will be released in September 2020 to coincide with any opportunities that may arise from autumn spending review announcements.

#### **5.0 LEP ASSURANCE PROCESS AMENDMENTS**

5.1 It is understood that due to the impact of Covid- 19, the ability of LEPs to progress business as usual activities has been reduced, therefore Ministers have agreed certain exemptions and extensions to the conditions of the National Local Growth Assurance Framework. Although these exemptions and extensions have been agreed, we are advised to adhere to the National Local Growth Assurance Framework wherever possible.

5.2 The recommended amendments are provided in Appendix A and implications for GL LEP will be discussed within the Committee meeting.

#### **6.0 COMMENTS FROM THE ACCOUNTABLE BODY**

6.1 Following the recent claim submissions and requests for updated project profiles it is evident that projects have been identifying and mitigating against the impacts of COVID. Many sites are not operating at full capacity and two of our sites have seen confirmed cases of COVID. Positively good progress is still being made and by March 2021 we should see a 94% spend against the full Growth Deal allocation.

6.2 We fully endorse the recommendations within the report. The final tranche of £18m will be spent in 2020/21 along with the repaid balances and a proportion of offset. We recognise that for a minority of projects slippage has occurred and that five of the programme projects will not fully complete by March 21. This can however be managed through the freedom and flexibility route afforded to the Accountable Body through the Growth Deal grant determination.

6.3 Government have been made aware through our various meetings that this was a flexibility that we would use and we would do so on a risk based approach.

6.4 As previously agreed the Accountable Body will continue to monitor projects beyond March 2021 to ensure we continue to capture the direct outputs and outcomes of the programme. Estimates on costs of this work are provided to the Finance and Audit Committee yearly.

6.5 If the GL LEP Investment Committee is in agreement with the recommendations within the report we would move to vary all relevant contracts prior to the next claim submissions. This will involve updating contract schedules on both spend and outputs.

6.6 Although the programme is currently progressing well we continue to be under the threat of further lockdowns and restrictions on site. This would likely have an impact on projects and we would request that in order to act quickly that the Committee agree some delegated authority, as recommended within the report, to enable us to work with and support projects if this was to occur.

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### **GROWTH DEAL UPDATE REPORT**

#### **7.0 CONCLUSION**

- 7.1 The Board are asked to note progress of the Growth Deal programme to date and to approve the specific proposed application of freedoms and flexibilities to enable grant expenditure for 2020/21.

## Appendix A

### Annex 1: Exemptions to the National Local Growth Assurance Framework due to Covid-19

Provision in the NLGAF	NLGAF Reference	Exemption
1. Publication of Accounts and Financial Information	“As a minimum, the LEP should publish on the website... an annual financial statement...” Paragraph 70.	Where the LEP is reliant on Local Authorities for the data in order to publish an annual financial statement and the time frame for LAs has been extended until November 30 2020, the LEP should publish the annual financial statement by the end of December 2020, if they have not already done so.
2. Appointment Process for Board Members and Chairs	“The LEP should outline, or refer to, its appointment process for Board Members (public and private sector), Chairs and Deputy Chairs within the Local Assurance Framework. As part of this they should ensure that they advertise opportunities for private sector leaders to become a LEP Chair or private sector Board Member when vacancies emerge. They should advertise openly, on a variety of platforms to ensure that people across the business community have an opportunity to apply and consider the diversity requirements outlined in this Framework...” Paragraph 75-77	Due to the current circumstances it is agreed that the board may need to extend or temporary appoint board members/chairs without needing to proceed to a full recruitment on the basis a full and open recruitment is conducted after these exceptional circumstances cease. This should be recorded in the LEPs board minutes and an email sent to the Area Lead, copying <a href="mailto:localgrowthassurance@communities.gov.uk">localgrowthassurance@communities.gov.uk</a> so that the Unit has a record. We therefore propose to review extensions to term limits or temporary appointments in October 2020.
3. Publication of Meeting and Agenda Items	“Each LEP must explain on an easily accessible part of their website the documentation they will routinely publish ...meeting agendas and papers to be published 5 clear working days before the meeting takes place; and minutes of board meetings to be published within 10 clear working days of the meeting taking place”. Paragraph 103	The timeframes set out in paragraph 103 should still be adhered to where possible; however it is appreciated that during this unprecedented time there may be exceptional circumstances, such as staff illness, where it is not possible to adhere to the timeframes. We propose to review this in October 2020.
4. Link to Accountable Body accounts	“The LEP should provide a link to the Accountable Body accounts on their website. For LEPs limited by guarantee, a link to the accounts of the LEP for the financial year on the Companies House website should also be included in the financial statement and published on the website”. Paragraph 109	We recognise that Local Authorities have been given an extension until November 30 2020 as to when financial audits are to be undertaken and that this may have a knock on effect to such provisions for LEPs. The link referred to in paragraph 109, should be updated once the Accountable Body has published its accounts and by end of December 2020

## Appendix A

### Annex 1: Exemptions to the National Local Growth Assurance Framework due to Covid-19

5. LEP Board composition – RBS Group employees	“The LEP Board must contain representatives from different parts of the community. In addition, at least two-thirds of the Board must be representatives from the private sector as defined by the National Accounts Sector Classification”. Paragraph 125	Reliance on private/public sector definition as set by the National Accounts Sector Classification. There is a caveat already in place for HE/FE stating that they are classified as private sector. We propose extending this caveat to RBS group employees.
6. LEP Board composition – private sector	“The LEP Board must contain representatives from different parts of the community. In addition, at least two-thirds of the Board must be representatives from the private sector as defined by the National Accounts Sector Classification”. Paragraph 125	2/3rd target: where due to the current circumstances a decision is made at board level not to hold open recruitment for private sector replacement board members, those board appointments can be recorded as vacant private sector positions and this will not affect the board representation statistics. The Board must, once this period of exceptional circumstances has passed, move to an open recruitment as soon as reasonably practicable. We propose to review this position on LEP Board composition in October 2020.
7. LEP Board composition – SME and Diversity champions	“At least one member of the main LEP Board must be designated as a Small and Medium Enterprise (SME) Champion for the LEP. They should be clearly named on the LEP website. Their role is to champion SME businesses and their interests within the LEP and local community”. Paragraph 127	Wherever possible roles such as SME Champions and Diversity Champions should be maintained. However, it is appreciated in the current circumstances where a board member may resign it may not be possible to reappoint these immediately and therefore there may be a delay until the post is filled. We propose to review this position on LEP Board composition in October 2020.
8. LEP Board composition – co-optees	“LEPs should have a Board which is a maximum of 20 people, with the option to co-opt an additional five Board members with specialist knowledge on a one year basis, unless there are exceptional circumstances”. Paragraph 128	With board approval, co-optees can have a short extended term of longer than the one year stipulated. We propose to review this position on LEP Board composition in October 2020.
9. LEP Board composition – Chair’s term	“To support the Chair in their role, all LEPs should appoint a Deputy Chair. The LEP should have a defined term limit of three years for the Chair and Deputy Chair, with an optional extension of three years. There is an option to extend for a further three years in exceptional	We hold that the current circumstances are exceptional. Where the board wished to extend the term for Chairs and Deputy Chairs beyond nine years maximum individual LEPs should email <a href="mailto:localgrowthassurance@communities.gov.uk">localgrowthassurance@communities.gov.uk</a> copying the Area Lead, for Unit to consent to the extend period. We propose to review this position



## Appendix A

### Annex 1: Exemptions to the National Local Growth Assurance Framework due to Covid-19

	circumstances if approved by the Board”. Paragraph 133	on LEP Chair and Deputy Chair terms in October 2020.
10. Scrutiny/Audit Arrangements	Full details in Paragraphs 152 – 159	Depending on the Scrutiny/Audit timetable for each LEP these activities may be postponed due to the exceptional circumstances. Transparency, appropriate audit trails and scrutiny/audit are still important and the normal course should be followed where practicable to do so. We propose to review this position in October 2020.
11. Annual General Meetings	“As part of their openness to the communities they serve, each LEP should openly advertise and hold an Annual General Meeting that is open to the public.” Paragraph 74	Given that the SoS has announced that councils can hold public meetings remotely whilst maintaining access to the public, we recommend that LEPs follow suit for their AGMs and adhering to government’s instructions regarding public distancing until and if they change.
12. Delivery plans / Year end reports	“As part of the assurance monitoring process, each LEP is required to publish an annual report and delivery plan. The delivery plan and annual report should set out a well-developed understanding of the local economic evidence base to identify opportunities and obstacles to inclusive growth, prosperity and improved productivity. Government will work with LEPs to develop measures to report against in the plan and report. These will be considered as part of the annual assurance process. Delivery plans and annual reports should be published at the beginning of each financial year.” Paragraph 163	<i>Strengthening LEPs</i> introduced delivery plans (inaugural plans were submitted last year) and year end reports, which were due to assess LEPs’ achievements against their delivery plans. LEPs’ resources may be better utilised in the current climate. We, therefore, propose to postpone the submission and publication of the documents to align with the Q1 data submission scheduled for August 2020.



# PAPER 3

## PROGRAMME MANAGEMENT FEES - GLLEP FUNDED PROJECTS

Publication	Public Paper (published)					
Meeting date:	5 <sup>th</sup> August 2020					
Agenda Item:	3					
Item Subject:	Report on programme management fee arrangements for GL LEP funded projects/programmes					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

### 1. RECOMMENDATION

1.1 The aim of this paper is to update Board Members on programme management fee arrangements in relation to SLGF and future programmes, and to seek endorsement for the following recommendations:

- Agree that Greater Lincolnshire LEP continues to apply fees for programme management, project appraisals, financial and legal costs for all LEP projects/programmes included in future funding allocations from government;
- Approve a flat percentage approach of 1% as identified below for charges effective from August 2020;
- Review the programme management fees annually with the accountable body reporting quarterly on expenditure levels to GLLEP F&A Committee and Board.

### 2. BACKGROUND

2.1 Our Local Assurance Framework sets out the process for approving and monitoring the delivery of Growth Deal activity, and in order to manage our approval and monitoring role, the LEP and Accountable Body will need to continue to appoint a range of specialist advisors and support staff to cover project management duties, independent advice in relation to the technical appraisal of schemes, value for money and legal compliance.

2.2 In March 2017 the Investment Committee agreed the following:

- That Greater Lincolnshire LEP applies charges for programme management, project appraisals and legal costs for all projects included in future funding allocations from government;
- A flat percentage approach of 0.5% for charges effective from April 2017;
- That the LEP Secretariat to implement any additional conditions which should be applied to any approved charging mechanism;
- To review the introduction of any new charging arrangements after the first twelve months of implementation.

2.3 Thomas Lister Ltd currently provide external due diligence appraisal advice to the GL LEP Investment Committee on applications relating to our Growth Programmes at a cost of £160,000 from April 2017 to March 2021, and this support will continue to be competitively retendered. Due Diligence fees spent under this three year contract to date total £112,625.00.

2.4 Legal support on formal contracting and internal due diligence checks on behalf of GL LEP and Lincolnshire County Council as Accountable Body are currently delivered through Legal Services Lincolnshire.

## PAPER 3

### PROGRAMME MANAGEMENT FEES - GLLEP FUNDED PROJECTS

- 2.5 Further support is provided by the core LEP team and Lincolnshire County Council officers, alongside the established LEP Officers network in terms of auditing, monitoring and reporting arrangements. The level of professional fees generated in managing our growth activity is dependent on the number and complexity of projects which come forward for consideration.
- 2.6 Fee charging has been implemented in several other LEP areas and the main approaches having liaised with other LEPs are to either apply a sliding scale of charges according to the value of the LEP funding, or to apply a fixed percentage to the level of growth deal/loan received for each scheme, and then to incorporate these costs into the amount of grant released to each individual applicant.

### 3. REVIEWING CHARGES TO GREATER LINCOLNSHIRE SCHEMES

- 3.1 The table below shows the breakdown of LEP Growth Programme related costs 2015/16 - 2019/20:

COST TYPE	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL
Programme Management	£38,425	£38,833	£40,413	£41,967	£43,662	£203,300
Due Diligence	£36,204	£38,796	£8,810	£50,454	£49,731	£183,995
Legal/Finance/Accountable Body	£85,500	£80,200	£83,000	£86,300	£81,000	£416,000
Total	£160,129	£157,829	£132,223	£178,721	£174,393	£803,295

- 3.2 Costs are likely increase, with the Getting Building Fund scheme allocations soon to be announced (£25.8m indicative allocation), LEP funding being repurposed to introduce new projects some of which will require due diligence, pipeline schemes needing to be reviewed and assessed, and expected government spending review announcements in the autumn on future funding bids.
- 3.3 Core funding from Whitehall for direct LEP secretariat resources is likely to reduce in future years with no funding currently approved for 2021/22 onwards, having had £500,000 per annum in previous years. This places greater emphasis on the need for LEP areas to generate increased funding or support from local partners in order to maintain appropriate delivery, contracting and monitoring arrangements for all programme activity.
- 3.4 The LEP is taking on a more strategic and influencing role and will be unable to continue to support programme management costs from its core funding of £500,000 as it may have done significantly in the past.

### 4. PROPOSED REVISED APPROACH

- 4.1 Board members are asked to endorse an increased percentage charge from 0.5% to 1% of each new project/programme based on known requirements to date (see table above) and expected future requirements as highlighted in paragraph 3.2. This will in the main reflect the relative complexity of each scheme and ensure that the charges applied are commensurate with the level of technical work and expertise required in appraising the respective applications. Please note that most schemes take an average of two years to complete (some much longer), requiring programme management for the whole of that period.

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### PROGRAMME MANAGEMENT FEES - GLLEP FUNDED PROJECTS

- 4.2 The table below provides an example of how the charges would look if applied to 2020/21 Getting Building Fund grant fees, and demonstrates why officers feel a 1% charge at allocation stage for future schemes would be the most appropriate. This does not of course include any future funding allocations to Greater Lincolnshire that might follow the autumn Comprehensive Spending Review.

Getting Building Fund Schemes Submitted	Allocation/Loan £m	1% Charge
Centre for Innovation in Rural Health	1.32	£13,200
Holbeach FEZ Phase 2	6.45	£64,500
Killingholme Pumping Station	4.37	£43,700
Cycle Programme	2.56	£25,600
Skills Capital Fund Programme	7.6	£76,000
Lincoln Science & Innovation Park Phase 2	3.5	£35,000
Totals	25.8	£258,000

- 4.3 The revised % would be applied in relation to all new programme bids 5 August 2020 onwards if the approach is endorsed by Investment Board today.

- 4.4 The accountable body will report on LEP programme management costs quarterly to the Finance and Audit Committee/Board and we recommend that programme management fees are reviewed by the Investment Committee annually.

#### 5. COMMENTS FROM THE ACCOUNTABLE BODY

- 5.1 It is reasonable to ensure that the operation of programmes are delivered on a full costs recovery model and the raising of a fee from 0.5% to 1% would align GL LEP with other LEP's in the country. It also will ensure that core funding can be used for strategic operational activity.

#### 6. ACTIONS REQUIRED

- 6.1 It is recommended that Committee Members formally approve the recommendations in Section 1.1.

# PAPER 4

## INTERNATIONAL BOMBER COMMAND CENTRE UPDATE

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>5<sup>th</sup> August 2020</b>					
<b>Agenda Item:</b>	<b>4</b>					
<b>Item Subject:</b>	<b>Update report on the IBCC Trust</b>					
<b>Author:</b>	<b>Cathy Jones</b>					
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>		<b>Information</b>	<b>Yes</b>

### 1. PAPER FOR INFORMATION

1.1 Investment Board Directors are asked to note the update provided in this paper.

### 2. BACKGROUND

- 2.1 The Board's March meeting received and approved a request for an extension to our existing Invest and Grow loan to the International Bomber Command Trust.
- 2.2 Known nationally as the Growing Places Fund, Invest & Grow is a rolling infrastructure loan fund designed to kick start stalled housing and commercial developments. Loans of between £500,000 and £2.5 million were available to unlock developments and enable the delivery of new jobs, commercial space and homes.
- 2.3 The fund aimed to bring forward vital infrastructure projects, boosting the economy and creating jobs. Projects needed to fit with the LEP's strategic priorities and help unlock economic growth.

### 3. UPDATE ON OUR LOAN TO THE INTERNATIONAL BOMBER COMMAND MEMORIAL

- 3.1 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.
- 3.2 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.
- 3.3 The loan was due for repayment in May 2020. In early 2020 the trustees sought an extension to their Invest and Grow loan to delay the repayment date and help weather the emerging impact of Covid 19 on the visitor economy.
- 3.4 Our preferred option was initially to invite the Trust to submit a new loan application, which would be subject to a full due diligence report rather than explore this within the existing loan agreement. IBCC submitted a new loan application and further proposed to repay £50,000 of the loan in May 2020 with the balance of the £750,000 subject to an extended repayment term of three years. In light of due diligence recommendations and further legal advice a deed of variation to the existing loan was recommended to the March Board, and approved.
- 3.5 Recommendations for additional security in the form of a 2nd Charge on the property and an award of de minimis funding of 180,000 Euros were also agreed. Given the rapidly changing global circumstances and the likely implications of Covid19 for the Trust's income streams, the Board has previously endorsed the need for flexibility to defer interest for up to 6 months, in principle. This flexibility has been reflected in the Deed of Variation but shall, if needed, be brought back to the Board for approval. It has not been requested to date.

## PAPER 4

### INTERNATIONAL BOMBER COMMAND CENTRE UPDATE

3.6 A Deed of Variation to the existing loan agreement for the remaining amount has been agreed to enable an extension to the loan repayment over a three year period to be put in place. The European Commission’s official monthly accounting rates for the euro in July 2020 (when the deed of variation was finalised and signed) published at [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en) gave a sterling value of £164,772 for the de minimis funding.

3.7 **The amount by which the loan was reduced in the Deed of Variation is, therefore, is as follows:**

Original loan amount	£800,000
Already repaid by IBCC	£50,000
De minimis grant (July)	£164,772
<b>Balance of outstanding loan</b>	<b>£585,228</b>

#### 4. RECOMMENDATIONS

4.1 Members of the Board are invited to note the update provided in this paper.