



LEP INVESTMENT COMMITTEE

29th November 2019

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

Draft Minutes

Paper 1 - Draft Minutes

Present:

Board Directors: Ursula Lidbetter - Chair (Lincs Co-op), Pat Doody (Nat West), Cllr Philip Jackson (NELC), Cllr Colin Davie (LCC)(via telephone for two items only)

LEP Officers: Ruth Carver, Halina Davies, Linsay HillPritchard, Sue Groves (Note Taker)

Apologies: Andrew Crookham (S151 Officer), Cllr Rob Waltham (NLC), Chris Baron (Butlins)

Observers: Pete Holmes (BEIS), Simon Green (NLC)

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following:

Andrew Crookham, Cllr Rob Waltham, Cllr Colin Davie (for some of the meeting), Chris Baron

Declarations of Interest:

Cllr Rob Waltham	North Junction Roundabout, Papers 6 & 61.	NLC are applicants
Cllr Colin Davie	Holbeach FEZ Contract Variation, Paper 7 A46 Riseholme Roundabout, Papers 8 & 8.1	LCC are applicants
Cllr Philip Jackson	Access to Employment Zones Phase 1, Papers 5 & 5.1	NELC are applicants
Cllr Philip Jackson Cllr Rob Waltham Ursula Lidbetter	GLLEP Category A Pipeline, Papers 13 & 13.1	Applicants or Project Partners - Each scheme conflict to be clarified as discussions take place

Full declarations of interest can be found at

<https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/>

The Committee members were reminded that declarations of interest are required as part of LEP governance and must be submitted at least annually, and if anything changes to notify the LEP office at the earliest convenience.

Minutes & Matters Arising (Papers 1, 2 & 3)

The minutes from the 27th September and 1st November were accepted as a true record.

Electronic Approval Note for the Bridge - noted by the Committee members.

Growth Deal Update (Paper 4)

Committee members noted the Growth Deal Programme update report and the positive progress to date.

Currently, there are 4 high risk schemes all of which were discussed in separate Papers during this meeting:

- Access to Employment Phase 1
- Northern Junction Roundabout
- Holbeach Food Enterprise Zone
- Lincolnshire Lakes

The LEP continues to closely monitor all Amber and Red RAG rated schemes as per the risk mitigation processes agreed with the Board. There are also 3 projects that saw an increase of risk status from Amber to Amber/Red within Quarter2, these are:

- **Grantham Southern Relief Road**
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. Due to the current uncertainty on Phase 3 spend for this financial year; the project has been increased to an Amber/Red risk rating.
- **Hemswell Food Enterprise Zone**
The LEP has been advised by WLDC that they wish to withdraw the project at this time and return the scheme to the GLLEP project pipeline. The LDO for the Food Enterprise Zone remains in place and it is hoped that the project can be revisited in the future.
- **SHIP Phase 1**
There are still come continued problems regarding site acquisitions and this impacted on a low value claim in Quarter 2. There are also concerns over the full delivery of all mitigation sites originally identified as discussions on the other sites remain challenging and a full paper will be brought to the 31 January Investment Committee on this matter.

The Committee was informed about achievements against the Improvement Plan, and requirements for the Annual Performance Review and the Peer Review.

A46/A15 Riseholme Roundabout (Papers 8 and 8.1)

Following a brief presentation in relation to the due diligence appraisal the Committee discussed the papers provided; however the paper was not quorate for a decision on the day hence electronic approval would be sought soon after the meeting and a subsequent decision confirmed.

The Committee asked if dualling of the A46 had been considered and were reassured that this was being looked at by both Highways England and Midlands Connect as part of the Midlands Engine Strategy.

The Committee regarded the A46/A15 Riseholme Junction as being highly strategic with need for its improvement demonstrated strongly.

The Committee also noted that 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. The scheme has been returned to the GLLEP pipeline for future consideration.

Decision:

Electronic approval to be sought as soon as possible for the £2,398,850 of grant requested and a summary paper regarding the decision to be provided at the next Investment Committee for information.

Sleaford Growth Project Phase 1 Rugby Club Junction (Papers 9 and 9.1)

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 queuing lanes will be brought forward for due diligence next Spring.

The Phase 1 Rugby Club Junction was presented to the Committee and discussed. The importance of the scheme to enable future employment growth in Sleaford was acknowledged.

Decision

The GLLEP Investment Committee approved the Sleaford Growth Project Phase 1 project to contracting stage and agreed the £900,000 of grant requested. Conditions to be addressed and included within the funding agreement are as follows:

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 milestones are considered to be reasonable and realistic given the advanced stage of the project; however as a condition of this investment a revised programme will be required to be provided to confirm actual programme for delivery.

Borderville Expansion (Papers 10 and 10.1)

The project was presented to the Committee and discussed.

It was agreed that the outputs were deemed good value for money and also that the scheme was deliverable completing by November 2020.

The Committee acknowledged the slight risk that costs could rise, but Stamford College have delivered in budget and on time on previous projects and would be asked to underwrite any cost overruns.

Decision

The GLLEP Investment Committee approved the Borderville Expansion project to contracting stage and agreed the £1,120,889 of grant requested. Conditions to be addressed and included within the funding agreement are as follows:

Pre-Contract

- NCS to confirm in writing that the Board have approved match funding required to meet the balance of project costs
- 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
- NCS to confirm in writing that they will meet any cost overruns should these arise on the project

Pre-Drawdown

- 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

Holbeach Food Enterprise Zone (Papers 7 and 7.1)

Following comments from the Investment Board on the 27th September, and the decision that the £3m funding should contribute to the up-front land acquisition costs, road infrastructure and some utilities related work to ensure delivery by March 2021, a full update on proposals for power provision and funding sources was requested from LCC for the 29th November Investment Committee.

Mick King, Head of Economic Infrastructure at LCC attended the meeting and presented progress made with regard to key issues raised:

- ❖ LCC has appointed NMCN as the successful tenderer for the works involving building the site access spine road, which allows access to the University's plot and enabling access to a further tranche of development plots LCC will be able to bring to the market.
- ❖ LCC have agreed to underwrite any additional costs that might be incurred and confirmed that match funding for Phase1 is in place.
- ❖ Regarding the electricity supply, LCC have placed an order with WPD who will undertake all the works entailed, both contestable and non-contestable.

Decision

The Investment Committee formally approved the Holbeach FEZ Phase 1 variation to contract and agreed that the £3,000,000 of grant be attributed to infrastructure and utilities costs that will be drawn down by 31 March 2021.

Proposed Extension to Unlocking Rural Housing Fund (Paper 11)

A paper was presented to the Committee on the potential of extension of the Unlocking Rural Housing Programme and discussed. This paper was for information to help inform decisions being taken in relation to funding allocation in Papers 12 and 12.1, and also for consideration should any new grant funding become available in the new year.

With further funding, some housing sites are ready and believed to be capable of delivery by March 2021, including some existing projects that could be extended. Schemes would still be subject to full business cases and due diligence if a programme was put in place.

Invest and Grow Loan Fund Update (Paper 13)

An update was given on the Invest and Grow Loan Fund, including anticipated repayment

schedules.

GLLEP has made 4 loans to date worth £7.8m, two of which have been repaid in full.

The Committee discussed a particular issue with the International Bomber Command Centre. The loan was guaranteed by 8 individuals via separate loan guarantee agreements. Unfortunately, two of the guarantors have since passed away and there is no provision to transfer the liability to any other person or corporate body in the loan agreement.

Lincolnshire Bomber Command Memorial Trustees believe that the organisation can now support the £800k loan provided by LCC but this will need to be evidenced and verified.

The loan is due for repayment in May 2020 and the Company has advised that they may wish to seek an extension to their Invest & Grow loan to delay the repayment date. The Trustees are also exploring any flexibility which other lenders can offer.

They have been advised that such a request would need to take the form of a new loan application and this would enable the GLLEP to carry out due diligence on the organisation's ability to both provide security for and repay an extended loan.

Members noted this update.

Cllr Colin Davie joined the meeting by telephone

Access to Employment Zones Phase 1 - Toll Bar (Papers 5, 5.1 (Confidential) and 5.2)

The Access to Employment Zones Phase 1 project was awarded a £1,893,516 Growth Deal grant in July 2017 against a total project cost of £2,210,819 and is a contracted scheme with GLLEP.

New Administration at NELC paused progress on the existing scheme (for a short time) and instructed officers to review possible alternatives to the signalised junction. The original and a 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.

The Investment Committee recognised the deliverability of both options and understood the strategic nature and need for improvement of the junction.

Subject to approval by the LEP of the revised proposal, NELC officers would consider the merits of each LEP approved scheme and make recommendations to Cabinet before the end of 2019 to ensure that, whichever scheme is selected meets the necessary deadlines for delivery.

The Littlecoates Road/Cambridge Road Junction, Phase 2 scheme (which has also been contracted with GLLEP) is in a more advanced stage with certainty of design, and will be delivered ahead of Toll Bar Junction which now aims to begin on site in July 2020.

Should the Toll Bar project be subject to the "Call In" process, it would then go to Scrutiny Committee and a final decision could be made by early January.

The grant for the existing scheme is £1.89m, but if the new option is chosen, only £1.56m would be needed and therefore approximately £400k could be returned for pipeline funding.

Decision

The GLLEP Investment Committee approved the Access to Employment Zones Phase 1 Toll Bar potential variation to contract (subject to NELC Cabinet decision on the 23 December). Conditions of grant have been identified in relation to both designs, but will depend on which option is progressed.

Simon Green gave brief update and left the Room

Northern Junction Roundabout (Papers 6 and 6.1 (confidential))

A revised project proposal for the Northern Junction Roundabout was presented to the Committee and discussed.

Homes England confirmed in their presentation to GLLEP Investment Board on the 27th September that the Lincolnshire Lakes scheme is unlikely to proceed on site until at least next spring, which would leave completion of Lake 1 beyond the 31st March 2021 deadline for delivery. They also confirmed that they would not be prepared to take a phased approach to release match funding towards the northern junction roundabout in advance of the Lincolnshire Lakes scheme being agreed in its entirety.

The Committee acknowledged that the scheme remains highly strategic and were mindful to support 100% funding of the roundabout through reallocation of the £2m currently contracted towards Lake 1 towards the roundabout.

It was acknowledged that outputs would be indirect and that risks remain in relation to Land acquisition, sign off of the Section 6, and procurement, and an updated state aid report was yet to be provided. The Committee did however wish to support the scheme if these key milestones can still be achieved over the next few weeks and deliverability can be confirmed.

Decision:

The GLLEP Investment Committee approved the Northern Junction Roundabout scheme to contracting stage and agreed the full £4,500,000 of Growth Deal grant requested. The existing Lake 1 scheme funding agreement with GLLEP will be withdrawn from the programme returning to the GLLEP Pipeline. The £409,240 already claimed against the Lake 1 scheme will need to be repaid to GLLEP in due course.

The Committee agreed the following:

- ❖ Meeting to be arranged as soon as possible after the 12th December 2019 by Homes England to involve BEIS, NLC and LEP to discuss outstanding legal requirements and realistic milestones for achieving them.
- ❖ Several pre-contract conditions are to be addressed by NLC and discussed at the meeting:

- The land acquisition to enable delivery of the roundabout to be completed with written evidence provided to GLLEP (Milestone date to be determined in meeting above).
 - A copy of the signed Section 6 to be provided to GLLEP by 31st December 2019.
 - An updated state aid report to be provided to GLLEP which includes reference to delivery of the commercial site by 31 December 2019.
 - Evidence of recent procurement processes followed for delivery of the roundabout to be provided to GLLEP demonstrating appointment of contractor and confirming a full programme for delivery by March 2021.
- ❖ If the project fails on timescales and achieving key milestones, the project will be withdrawn - decision to be made at the 31 January 2020 Committee meeting.

CLlr Colin Davie left the meeting and Simon Green returned to the meeting

GLLEP Category A Pipeline (Paper 12)

The Committee was not quorate to discuss this paper.

Decision

It was agreed that a conference call Investment Committee meeting would be arranged as soon as possible to discuss the paper and its recommendations ensuring that there are no conflicts of interest. Decisions taken in relation to allocations to pipeline schemes will be formally noted at the 31 January meeting.