

## GLLEP Investment Board Agenda and Papers

## Paper 0

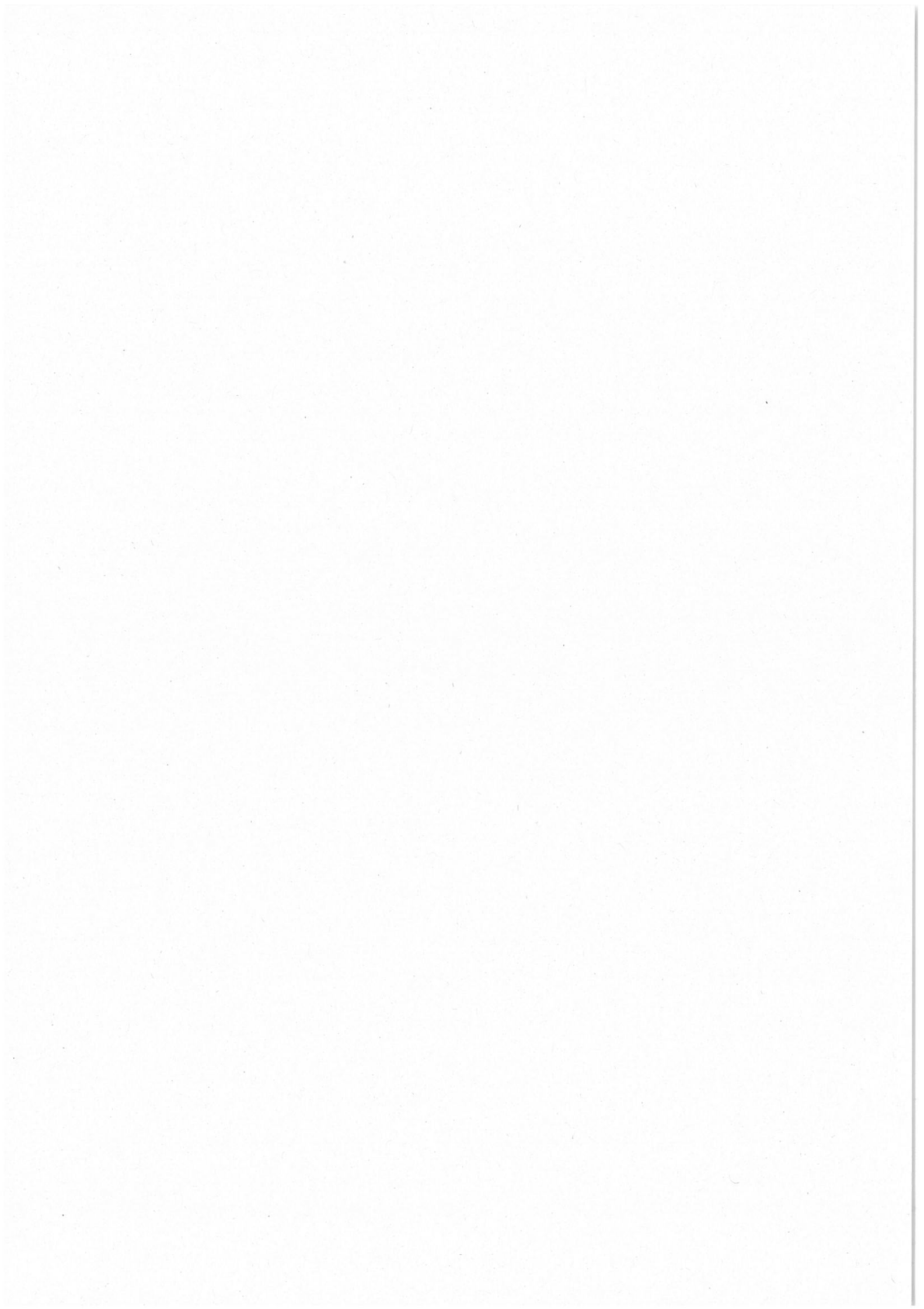
Date and Time: Thursday, 24 November 2016

Venue: Europarc Innovation Centre, Grimsby

Item No	Item and Brief Description	Lead	Additional Information
1	<b>Welcome and Introductions</b> <ul style="list-style-type: none"> <li>Apologies for Absence and Declarations of Interest</li> <li>Matters arising</li> </ul>	Chair – Mark Tinsley  Ruth Carver	
2	<b>Draft Minutes: 30 September 2016</b>	Ruth Carver	Paper 1
3	<b>Access to Employment Zones</b>	Halina Davies	Paper 2
4	<b>Growth Deal Update and Progress Report – Confidential – for Board Members only</b>	Halina Davies	Papers 3 and 3.1
5	<b>Agri-Food Centre of Excellence</b> <ul style="list-style-type: none"> <li>Due Diligence Summary Report</li> </ul>	Halina Davies	Paper 4 (attached) – for decision Paper 4.1 (attached) – for information
6	<b>Ashby Hall</b> <ul style="list-style-type: none"> <li>Invest &amp; Grow Loan EOI (Confidential – for Board Members only)</li> </ul>	Cathy Jones	Paper 5
7	<b>Any Other Business</b>		

### Additional Papers:

**Confirmed Attendees:** Mark Tinsley (chair for the meeting), Cllr Rob Waltham, Cllr Ray Oxby, Chris Baron, Herman Kok,  
**Accountable Body:** Richard Wills  
**Officers:** Ruth Carver, Halina Davies, Cathy Jones, Pete Holmes (BEIS)  
**Apologies:** Ursula Lidbetter (chair) , Cllr Colin Davie



<p><b><u>In attendance:</u></b></p> <p><b><u>Board Members:</u></b> Ursula Lidbetter; Cllr Colin Davie; Baroness Liz Redfern; Richard Wills; Chris Baron</p> <p><b><u>Board Support:</u></b> Ruth Carver (LEP - RC); Halina Davies (HD); Lindsay Hill-Pritchard (LHP)</p> <p><b><u>Apologies:</u></b> Justin Brown; Pete Holmes; Mark Tinsley; Herman Kok, Cllr Peter Wheatley</p>	<p>Actions</p>
<p><b><u>Welcome by the Chair – Ursula Lidbetter</u></b></p> <p>The Chair welcomed everyone in attendance. It was noted that the Board could be regarded as quorate for all matters.</p> <p><b><u>Declarations</u></b></p> <p>Ursula Lidbetter declared an interest in Lincoln Transport Hub and Boole Technology Centre Baroness Redfern declared an interest in SHIP and Lincolnshire Lakes Cllr Colin Davie declared an interest in Skegness Countryside Business Park</p> <p><b><u>Minutes</u></b></p> <p>Minutes from the meetings held on 27<sup>th</sup> May and 21<sup>st</sup> July were agreed and can be published on the website.</p>	<p>LEP Secretariat</p>
<p><b><u>Growth Deal Programme Update</u></b></p> <p>The Board was informed that the Single Local Growth Fund has now been increased from £39.9m to £47.9m as a result of the Lincoln Transport Hub scheme being formally approved by DfT. This is good news for Lincolnshire, but this increases the target spend, with six months to before the year end.</p> <p>It is important that the LEP determines and agrees how it will ensure that requirements in relation to expenditure, delivery and outputs are realised, albeit with some unavoidable delays.</p> <p>As previously reported Grantham Southern Relief Road Phase 1 is complete, but Phase 2 continues to be delayed due to outstanding decisions from Highways England.</p> <p>Concerns regarding delays being caused to growth deal projects due to outstanding decisions from various agencies are being raised nationally via the LEP Network.</p> <p><b><u>Cllr Davie left the room</u></b></p> <p>Tenders for the Skegness Countryside Business Park scheme have now been received and the project should be contracted next week. There are concerns however in that the applicant has been asked to pay an estimated additional £500k in advance by Anglian Water for the provision of water and sewage requirements. Officers will need to keep the Investment</p>	

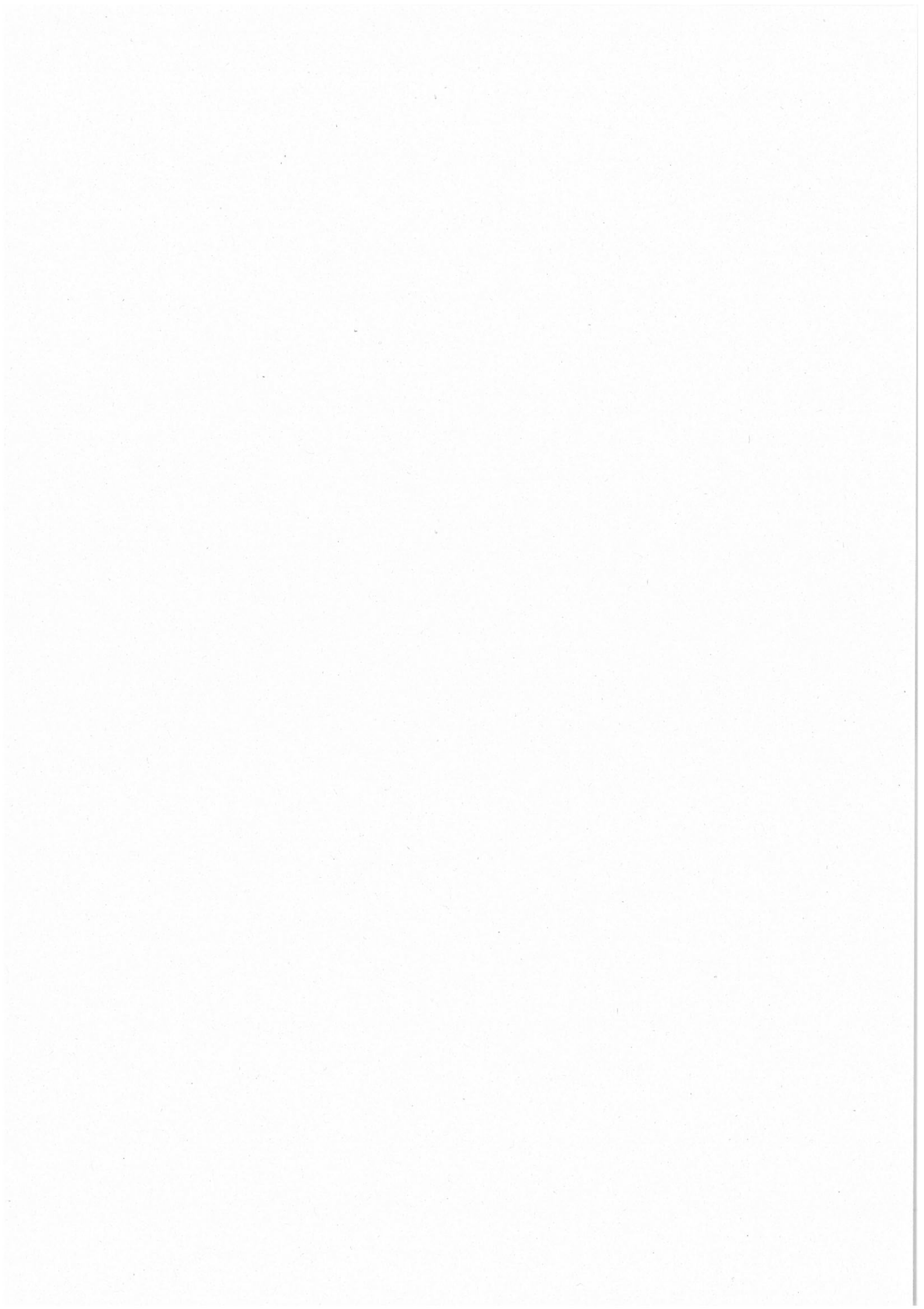
<p>Board up to date regarding the Anglian Water issues. Richard Wills suggested that a letter be sent to the CEO of Anglian Water.</p> <p><b>Cllr Davie returned to the room</b></p> <p><b>Baroness Redfern left the room</b></p> <p>The Lincolnshire Lakes scheme was initially delayed due to decisions required by Environment Agency; however outstanding issues have now been resolved. The planning application will be submitted on 14 October and will take approximately 10 weeks for a decision. Community consultation is currently ongoing. The Board was informed that Marcus Walker wrote to the GLLEP to highlight the delays to the scheme and the potential impact on expenditure this financial year.</p> <p><b>Baroness Redfern returned to the room</b></p> <p>The Agri Food Centre of Excellence is currently going through due diligence and ESIF appraisal. It is hoped that the project can be presented for consideration of approval to contracting stage at the 24<sup>th</sup> November Investment Board.</p> <p>In order to ensure that growth deal programme targets are met completely, a number of mitigating measures have been explored by LEP Officers and the Accountable Body. The preferred approach would be to maximise progress and bring forward existing growth deal schemes to cover the slippage identified. This option has been explored, but GLLEP is very limited in what can be done in this regard. Alternative measures, utilising LEP freedoms and flexibilities on a risk based approach were discussed with BEIS and endorsed by the Board. Wording to support these measures was also endorsed for inclusion in the GLLEP Assurance Framework.</p> <p><u>Managing Risk</u></p> <p>The Board was asked to consider what action it might want to take with schemes that have taken longer to develop than expected or have performed poorly to date on providing information for due diligence, progressing contracts, providing claims or submitting progress reports. Recommended measures were endorsed by the Board.</p>	<p>RW/HD</p> <p>HD</p> <p>HD/LHP</p>
<p><b><u>SHIIP Phase 2 – Humber Link Road</u></b></p> <p>The proposed Humber Link Road will connect Moody Lane with Hobson Way, providing direct access between Grimsby and Immingham Ports. This is the second phase of this North East Lincolnshire scheme, the first of which for Strategic Mitigation sites was approved to contacting in March 2016. The developer will transfer ownership of the land required to construct the Link Road to the Council. On completion, the Humber Link Road will be adopted by North East Lincolnshire Council. Board members were informed that the Phase 1 contract was finalised this week.</p> <p>The planning application is due to be submitted in November 2016, with an approval expected in February 2017. The procurement process is will start in January 2017 with a contractor being appointed in March 2017. Completion of the scheme will be September 2018.</p> <p>Following on from the due diligence appraisal, a number of conditions were identified and discussed.</p> <p>The recommendation that £2m of SLGF be approved towards the SHIIP Phase 2 Humber Link Road subject to certain conditions being addressed was endorsed by Investment Board.</p>	

<p><b><u>Invest and Grow Fund Update</u></b></p> <p>GLLEP's Invest and Grow Fund is part of the national £500m Growing Places Fund which was launched by the Government in November 2011 to help Local Enterprise Partnerships deliver economic growth through unlocking stalled infrastructure and development projects. The Invest and Grow Fund has 3 overriding objectives:</p> <ul style="list-style-type: none"> <li>• To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;</li> <li>• To allow Local Enterprise Partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies;</li> <li>• To establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.</li> </ul> <p>At the start of this financial year, the available balance (including interest payments and reserves) within the Invest and Grow Fund was £5,704,816. Less funding already committed, the available balance is £1,854,816.</p> <p>In light of limited interest by developers and investors in accessing the loan fund, Investment Board members considered a large range of alternatives for the future of the Fund in November 2015 and agreed to:</p> <ul style="list-style-type: none"> <li>• Retain the loan element of the original funds to support individual schemes, in line with the original guidance;</li> <li>• Convert the previous allocation of £300k feasibility loan funding to a <b>feasibility grant pot</b>, in line with the original criteria and application process.</li> <li>• Convert the recycled element of the Invest and Grow Fund to business grants, creating a Greater Lincolnshire Growth Fund with an allocation of £3m. The fund will be accessed through the LEP's Business Growth Hub and will provide grants to businesses to create new jobs. It is estimated that the average grant investment will be for £50k with an upper limit of £200k.</li> </ul> <p>A relaunch of the fund, along with a review of the criteria and the potential to increase the total amount of funding available was agreed by the Board.</p>	<p>CJ</p>
<p><b><u>Unlocking Housing Programme Update</u></b></p> <p>Funding for GLLEP's Unlocking Housing Programme was secured under Growth Deal 1 and is now fully committed. It will facilitate the delivery of 427 housing units, including 17 much-needed retirement units.</p> <p>Currently, there are three schemes on site and most schemes are underway.</p> <p>Tytton Lane – The GLLEP funded works are complete and claims are being duly processed. Transfer of ownership of the site to Waterloo Housing Group is expected to be completed by mid-October. Work is progressing well on site: the first 60m of road is into base course, all the slabs are complete for the houses and construction of timber frames has started.</p> <p>Broadfield Lane – Phase 1 – will be completed very soon (48 units). Allocations are underway and the scheme is proving popular. Phase 2 (to which our funding has contributed) will be completed by December 2016.</p> <p>Saxon Fields, Skegness – is well underway.</p>	

<p>Seabreezes (Skegness) –is now known as 41 Scarborough Avenue. Work has just started on site and GLLEP can expect a first claim in Q3 of 2016/17. Great interest is being shown.</p> <p>Contracts are being drawn up for Church Road, Land off Meadow Way (both Old Leake), Boston Quadrant, Woodthorpe Avenue and Riverside (all in Boston). All of these sites are projecting a start date in the final quarter of 2016/17. The GLLEP funded work relates to ground work and site preparation, so is front-ended and should be capable of completion in the current financial year. However, Land off Meadow Way and Riverside are still subject to positive planning decisions which are anticipated in November. This is being closely monitored as any delays would have implications for drawdown of funding in the current financial year.</p> <p>Cllr Davie said that the Coastal Forum has indicated that there also is a lack of marketable housing available in flood risk areas, though continued support for social housing remains important.</p> <p>The board agreed that Greater Lincolnshire needs more investment in housing and noted the positive progress being made by the Unlocking Rural Housing Programme.</p>	
<p><b><u>Any Other Business</u></b></p> <ul style="list-style-type: none"> <li>• Annual Review to be held in November/December 2016, date to be confirmed.</li> <li>• Announcement on Growth Deal 3 expected during the Autumn Statement on the 23<sup>rd</sup> November.</li> </ul>	

<b><u>Any Other Business</u></b> None.	
<b><u>Date of Next Meeting</u></b> 21 <sup>st</sup> July 2016.	

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**Recommendation: A Paper for Decision**

Board members are asked to consider approval of an extended period of delay for contracting of the Access to Employment Zones scheme in North East Lincolnshire.

**Introduction**

Access to Employment Zones is a series of junction improvements on key access routes to and from Grimsby, enabling the capacity for housing and industrial growth.

Grimsby is the terminus point for three key highway routes, the A180, A46 and A16, which play a vital role in providing access to markets, employment and unlocking North East Lincolnshire's potential for housing growth. They also support the role of Grimsby town centre as a significant sub-regional retail and office centre/port. Each of these routes suffers from outdated junction infrastructure, which has not been updated to take into account significant growth in traffic levels over the last decade.

**The Project**

This bid intends to improve traffic flow at these three junctions and address immediately surrounding negative influences on traffic flow with a target of enabling growth. The project is estimated to cost in the region of £4.8 million with a Single Local Growth Fund (SLGF) contribution of £4.2 million.

The overall costs of the three proposed junction improvement schemes are broken down as follows:

- Toll Bar (A16) (£2.3m)
- Littlecoates Road/Cambridge Street (£0.7m)
- Nuns Corner (£1.8m)

**Current Position**

On the 26<sup>th</sup> November 2015 Investment Board approved the Access to Employment Zones project in North East Lincolnshire to contracting stage following full due diligence appraisal.

A draft GLLEP contractual agreement was shared with NELC in January 2016, however before it could be signed and the three schemes within the project could proceed any further, discussions with local politicians highlighted design concerns to officers and a significant delay has been the result. A further cabinet debate regarding the project is scheduled on the 21st December.

NELC would therefore like to request that contracting of the Access to Employment Zones project be delayed until a cabinet decision for all three schemes has been determined. Board members should be aware however that the Toll Bar scheme is forecast to spend £1.9m of growth deal in 2016/17 and further delays will undoubtedly impact on the wider Growth Deal programme, both this financial year and in future years. The Nuns Corner and Littlecoates Road junctions are not scheduled to begin until 2017/18 and do not impact on this year's expenditure forecast.

The following possible scenarios should be considered by Board in making their decision:

1. Project designs are accepted by Cabinet in December and the schemes proceed to contracting in January with some inevitable slippage to the 2016/17 forecast for Toll Bar.
2. Projects are rejected in their current format and a redesign of the junctions takes place. The new designs are reappraised by GLLEP early in the new year to ensure value for money, and are presented to Investment Board for approval. If approved, the project proceeds next financial year with a £1.9m impact on 2016/17 slippage.
3. The project junctions are rejected completely by Cabinet. The SLGF funding allocation of £4.2m is removed from the project and reallocated to another priority growth related scheme in Greater Lincolnshire. Recommendations will be made to January Investment Board as to which schemes might qualify for consideration.

Recommendation

The Board supports a further delay to contracting of the Access to Employment Zones scheme understanding the likely implications on the Growth Deal Programme.

**Recommendation: A Paper for Decision**

A decision for approval to proceed to contracting on the Agri-food Centre of Excellence scheme is required from Investment Board.

The Scheme

This Growth Deal 2 related pipeline project was allocated £2.4m of grant funding in January 2015 and all the grant expenditure is now forecast to be drawn down by the University of Lincoln as an advance payment based on good performance in Quarter 4 of 2016/17 following endorsement by Investment Board on the 30th September via our local freedoms and flexibilities.

The total estimated scheme costs are around £7,000,000 and the funding from GLLEP would contribute to 34.3% of project costs. The balance of funding at £4,600,000 would be around £4,200,000 from the University of Lincoln via ESIF funding (if approved following appraisal towards the end of the year) and a further £400,000, the route for which is yet to be confirmed this month, but could potentially be considered by GLLEP as an Invest and Grow Loan application.

The new centre is to be constructed on the South Lincolnshire Food Enterprise Zone (FEZ) in Holbeach, which is one of three FEZ's within the Lincolnshire and Humber LEP areas. The subject scheme is on land which is in the ownership of Lincolnshire County Council (LCC) who is a partner for the delivery of this project.

The new building will comprise a net floor space area of 1,360 square meters housing specialist food technology facilities, a conferencing centre and accommodation to house the University's growing research community and businesses seeking 'hot desking' space.

This University of Lincoln led project will create a Centre of Excellence delivering innovation support services and research along with relevant skills provision for Greater Lincolnshire's Agri-food businesses. It will promote the rapid uptake of advanced technologies to ensure the sector remains competitive, primarily through facilitating the adoption of robotics and automation along with other innovative technologies across the food supply chain. Located on and central to the Holbeach Food Enterprise Zone (FEZ), the University's facilities and expertise will be ready accessible to businesses on the FEZ and across the GLLEP area and wider region, promoting increases in sector GVA. The Centre will enable Greater Lincolnshire to be the UK trailblazer for the adoption of robotics and automation.

The University is adept at creating networks to support innovation and knowledge transfer. Over 250 Agri-Food businesses already routinely engage with NCFM with the network consisting of large employers, SMEs, Technology Suppliers, Trade Bodies plus universities and other knowledge based institutions. The project will maximise networking opportunities for SME businesses, increasing the University's reach to further enhance the University's SME network to promote business engagement in research and innovation, commercialisation and knowledge of brand protection.

SMEs will benefit from a range of knowledge transfer and exchange activities e.g. networking and demonstration

events, research seminars and masterclasses to raise awareness of new technologies and facilitate networking. These events will also enable the sharing of common business challenges and the identification of opportunities for collaboration and the raising of SME awareness of business support services.

#### Other Partners Involved in the Wider Scheme

The University will be the sole delivery partner but with the project located on the FEZ in Holbeach the University will work closely with South Holland District Council (SHDC) and Lincolnshire County Council (LCC) as key stakeholders for the project's duration.

#### Why is the Centre of Excellence needed?

The food chain in Greater Lincolnshire is estimated to generate a GVA of over £2.5 billion and employs over 56,000 people directly plus agency labour. If food retail and catering are included, the figure rises to £3.4 billion of GVA and over 100,000 jobs. The food chain from farm to fork employs 24% of the GLLEP workforce and contributes 21% of the area's GVA.

#### Conditions Identified by Due Diligence

It is hereby recommended that SLGF funding be approved at £2.4 million. The offer of funding is recommended subject to the following conditions:

- The University provides a copy of the ERDF approval once received along with any conditions attached to the approval. The University to notify GLLEP of any conditions, which may impact upon the investment of SLGF and how such impacts will be mitigated.
- The University confirms how it will secure the remaining £400,000 match funding required for the project by the end of January 2017.
- The State Aid position and reports are to be reviewed by legal advisors as part of the GLLEPs final due diligence.
- A Report and Valuation is to be prepared in relation to the scheme once completed in order to identify a base value for the scheme. This value is to be incorporated within the funding agreement and would be utilised in the event that any clawback obligations are triggered if the building is subject to a future disposal.
- An updated programme for the delivery of the project to be provided once timescales have been crystallised.
- An updated profile for drawdown of SLGF over the life of the project is to be provided.
- In accordance with the construction cost appraisal undertaken by Fusion, the following recommendations are made:
  1. A copy of the final scheme drawings, specification, report on tenders and copy of lowest tender is provided to GLLEP prior to any drawdown of funding.
  2. The fittings element of the building costs relating to loose equipment and ICT at £729,100 are considered to be revenue costs and should be excluded from the SLGF funding.

3. The University to confirm that any claim for VAT as part of the funding represents only VAT that is non-recoverable.

#### Outputs by 2021

The outputs expected are regarded as good value for money and the detail is provided within the due diligence report.

Core Outputs	2016/17	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Public sector leverage	£202,206	£2,725,940	£1,671,854				£4.6 million
Construction jobs	3.6	54					57.6
Jobs created				14	14	43	71
Jobs safeguarded				7	7	22	36
Commercial floorspace constructed sq.m			1,350sq.m				1,350sq.m
Learners supported				200	200	450	850
<b>Others (ERDF)</b>							
C1 Enterprises supported			10	15	15		40
C29 Enterprises supported			5	5			10
C25 Researchers supported			15	5	5		25
C26 Enterprises working with Research Entities			10	10	10		30
P1b buildings constructed			1				1
P2 sq.m buildings renovated			1400 sq.m.				1400 sq.m.

#### Recommendation

It is therefore recommended that £2.4m of SLGF be approved by the Investment Board and that the project can proceed to contracting subject to full ESIF approval and remaining match funding being confirmed.

