

GLLEP Investment Board Agenda and Papers

Paper 0

Date and Time: Friday, 24th November 2017 at 1.30pm

Venue: Enterprise@Lincoln, University of Lincoln

Item No	Item and Brief Description	Lead	Additional Information
1	Welcome and Introductions <ul style="list-style-type: none"> Apologies for Absence and Declarations of Interest Matters arising 	Chair - Ursula Lidbetter Ruth Carver	
2	Draft Minutes: 29th September 2017	Chair	Paper 1.0 – for approval
3	Growth Deal Update Report <ul style="list-style-type: none"> Programme level update, summary of key risks/issues 	Halina Davies	Papers 2.0 and 2.1 – for information and endorsement
4	CONFIDENTIAL - Grantham Southern Relief Road <ul style="list-style-type: none"> Progress Update Report by LCC 	Halina Davies	Paper 3.0 for discussion Investment Board Only – Confidential
5	CONFIDENTIAL - Skills Capital Investment Fund (GD3) <ul style="list-style-type: none"> Allocation Recommendations 	Halina Davies	Paper circulated for email approval in October – for discussion - Investment Board Only – Confidential
6	Greater Lincolnshire Growth Fund <ul style="list-style-type: none"> Management of Fund/Role of the Board 	Russell Copley	Paper 5.0 – For Endorsement Appendices A - E
7	CONFIDENTIAL - Skegness Gateway Scheme <ul style="list-style-type: none"> Revised scheme proposal 	Halina Davies	Papers 6.0, 6.1 and 6.2 – For Decision Appendix F Investment Board Only – Confidential
8	European Regional Development Fund (ERDF) <ul style="list-style-type: none"> Update Report 	Justin Brown	Paper 7.0 – For Information
9	Any Other Business		

Confirmed Attendees: Ursula Lidbetter, Chris Baron, Cllr Colin Davie,
Cllr Peter Wheatley, Cllr Rob Waltham, Richard Wills

Accountable Body: Linsay Hill-Pritchard

Officers: Justin Brown, Halina Davies, Cathy Jones
Sue Groves (Note Taker)

Observers: Pete Holmes

Guest Speakers: Russell Copley (Greenborough Management Ltd)

Apologies: Ruth Carver,

In attendance:

Board Directors: Ursula Lidbetter (Chair); Cllr Colin Davie, Cllr Rob Waltham, Cllr Peter Wheatley; Mark Tinsley; Richard Wills

LEP Board Support: Ruth Carver

Accountable Body : Lindsay Hill-Pritchard

Observers: Pete Holmes

Attendees for particular items: Rachel Lister

Apologies: Chris Baron; Herman Kok; Halina Davies

Welcome by the Chair – Ursula Lidbetter

The Chair welcomed everyone in attendance. It was noted that the Board could be regarded as quorate for all matters.

Declarations of Interest

Cllr Wheatley declared an interest in Paper 4 – Allocation of recouped growth deal funding

Cllr Waltham declared an interest in Paper 5 – Northern Junction Roundabout

Minutes

Minutes from the meeting held on 20th July 2017 were agreed and can be published on the website following minor amendments.

The items on the agenda were considered in order to ensure a quorum

Paper 5 – North Junction Roundabout

Cllr Waltham, NLC left the Room

At the January Investment Board, members were asked to endorse "in principle" the proposal to reallocate £2.9m of growth deal funding from Berkeley Circle, Scunthorpe to Normanby Enterprise Park 7 and Northern Roundabout infrastructure enhancements adjacent to what was, at the time, the new football ground location and access point to the north of the Lincolnshire Lakes housing development. The paper discussed referred to the second of these projects and related to £1.9m of growth deal grant.

A revised decision needed to be considered by the Board as there have been changes to the delivery partners involved in the northern junction project. Scunthorpe United Football Club (SUFC, the applicant for the original scheme) decided not to proceed with the stadium development at the northern junction roundabout location and instead came forward with proposals for a new development at the southern junction (proposed terminating junction adjacent to lake 5).

Conflicting information was received by the LEP in relation to the two junction proposals, hence to ensure that a technically focused impartial decision could be made in relation to the £1.9m of Growth Deal funding support, an external consultation was carried out to review information provided and subsequently make recommendations to the Investment Board.

From a planning perspective North Lincolnshire Council do not support the SUFC alternative proposal as it is not compliant with the Area Action Plan.

Highways England has confirmed that even if the required funding can be secured, the southern junction would take 9-12 months to complete and approved designs and construction would take at least another 18 months. These timescales would make the delivery of subsequent outputs relating to the stadium and supporting land unachievable within the prescribed Growth Deal programme period of 2020/21.

North Lincolnshire Council, as highways authority, and the Housing and Communities Agency are keen to continue to support the development of the northern junction roundabout as a priority, requesting that the Greater Lincolnshire LEP accepts a revised application from them as applicant, and reallocation of the £1.9m of Growth Deal grant accordingly.

Action – The Investment Board approved the investment of £1.9m growth deal for the Northern Junction on the basis of the recommendations and conditions provided within the due diligence report.

Clr Waltham, NLC returned to the meeting and Rachel Lister left

Paper 4 – Allocation of Growth Deal Funding

Clr Wheatley left the room

Investment Board directors are asked to consider and approve recommendations for reallocation of £300,000 from the Holbeach Scheme of the Growth Deal programme. In March 2017, the Board agreed to reduce the allocation of Growth Deal funding to the Holbeach Peppermint Junction scheme from £2.4m to £2.1m when the tenders for the project came in lower than originally expected. This left £300,000 of growth deal monies for reconsideration by the LEP. Officers recommended that this money be allocated to the FEZ programme as this would ensure continued infrastructure investment to support the agri-food sector.

Action : The Board approved the recommendation for provisional allocation of the additional £300,000 towards the FEZ programme, and specifically to the Europarc FEZ, subject to due diligence appraisal. This will enable NELC to build two bespoke units rather than one, increase the number of jobs provided on the site and ensure viability of the scheme.

Paper 1 – Minutes of meeting held on 20th July 2017

The minutes were approved and could be published. Richard Wills stated that the impact of investment in road infrastructure in Lincolnshire is being looked at in more detail and that route assessments are being taken on the A15/A16/A17. Slippage on major schemes forms part of the LEP Review and will be discussed at the Annual Conversation. Linsay HillPritchard explained that other LEP areas are also experiencing similar issues.

Action: Minutes of meeting held on 20th July 2017 were approved and can be published

Paper 2 – Growth Deal Update Report

This paper is to update Board Directors on the progress with the current Growth Deal Programme. With several projects now underway, Officers will be providing the Board with highlight reports on schemes/programmes performing well and nearing or having reached completion. The 'Go Skegness' scheme was presented on this occasion, a wide-ranging project that is seeking to benefit both visitors and residents by creating a more efficient highways and public transport network, in addition to encouraging healthy lifestyles through walking and cycling. It will also support the local visitor economy, encourage new businesses, create jobs through the construction phase and attract visits in the long term. Following discussions with and quarterly submissions from project lead partners, it remains clear, as highlighted to the Board in April that the Government's 2017/18 Growth Deal expenditure target of £15.7m will not be fully achieved. Three projects were deemed as high risk in terms of milestones to the programme. One of these projects, Northern Junction Roundabout, was presented to the Board for review, and the other two, Skegness Countryside Business Park and Grantham Southern Relief Road, will report on progress at the next Investment Board. The programme is currently

forecasting £9.7m in expenditure for this financial year, which leaves a gap of £5.7m for the LEP to consider as part of its freedoms and flexibilities. To manage slippage, there are limited options to bring forward allocated schemes to increase growth deal expenditure in 2017/18; however, there are options that can be explored to help prevent an underspend situation, these are:

- Seeking to pay the amount of skills capital pot as an advance "programme"
- Seeking to advance pay for local authority capital projects for them to then release secured capital budget to projects
- Collaboration with LEP areas that are overspending against target

These measures would be introduced under the freedoms and flexibilities. Forecasts for 2018/19 exceed agreed government targets; hence the LEP could begin to significantly rebalance existing offset figures. The Board endorsed the proposed approach for managing slippage in 2017/18. The Board was informed that the Skills Capital Investment Fund of £6.8m received 8 applications. These have been scored with 4 being rejected and the other 4 returned with clarifying questions regarding added value and revenue details. Further evaluation will take place and recommendations will be brought to the brought to the Investment Board in November for consideration.

Paper 3 – GLLEP Assurance Framework

In April 2015, GLLEP produced its first Assurance Framework. There were no formal national government guidelines at the time, hence the document was focused on existing governance, LEP activity and decision making at the time. The document was produced in conjunction with two others, the GLLEP Implementation Plan and the GLLEP Monitoring and Evaluation Plan. In Autumn 2016, the government circulated its expectation in terms of what each LEP Assurance Framework should include as a minimum and the Framework was updated and expanded accordingly in advance of the LEP/BEIS Annual Conversation.

An external audit process was undertaken in early 2017 stating that GLLEP's Assurance Framework was compliant in terms of national requirements, and it was officially signed off by the Accountable Body's Section 151 Officer in February 2017. The Assurance Framework is a public facing document on the GLLEP website advising on LEP roles and responsibilities, but crucially it is also a handbook in terms of what the LEP does and how. As LEP employees and representatives, there are a number of actions that need to be considered every quarter when comes to the Assurance Framework:

- Be aware of when the Assurance Framework was last updated
- Check that expectations in relation to governance remain the same and that if not, revised requirements are noted
- Read and understand the rules in relation to conflicts of interest and transparency, adhering as required
- Are partnerships the same or have they altered/expanded? Should groups be added that have not been highlighted or are there some that that no longer exist?
- Are policies up to date? Which ones apply to the work carried out on behalf of the LEP? Have LEP Officers/Representatives read through them and do they understand the implications?

Ruth Carver asked the Board whether training is required for the Assurance Framework. Richard Wills agreed that all Board members need to know what is actually in the Assurance Framework and whether they are being compliant, and the Board agreed that some formal training would be useful.

Any Other Business - None

Date of Next Meeting - Friday, 24th November 2017

Recommendation: A Paper for Information

This paper is to update Board Directors on progress with the current Growth Deal Programme and other programme funds for Greater Lincolnshire.

Growth Deal Project Highlights

The second of our highlight reports to Investment Board on schemes/programmes performing well and nearing or having reached completion is focused on the Lincoln Transport Hub. Appendix A provides a brief overview of what the scheme has already delivered and a summary of the impact already achieved as a result.

Annual Conversation and LGF Reporting

Greater Lincolnshire LEP will hold its Annual Conversation with Government on the 5th December. The Annual Conversation meetings are the formal process by which the Government and each LEP meet annually to: discuss the contribution the LEP has made towards driving forward local economic growth; to review LEP governance and assurance processes; to look at progress with delivery on key local growth programmes; and to discuss the LEP's priorities and challenges for the year ahead. It provides an opportunity for the LEP to ask questions with regard to emerging government policy and also acts as a key milestone in the process for confirming the following year's Local Growth Fund (LGF) payments. Key outcomes and actions arising from the meeting will be addressed and shared with the Investment Board in January.

The Department for Business Energy and Strategy has shared with the LEP proposals for a new reporting mechanism which will replace the current national LOGASnet system. This new Growth Deal data collection tool and guidance includes: a supporting spreadsheet for collecting expenditure and output forecasts up to 2024/25; detailed RAG ratings of projects every quarter according to a methodology identified within the guidance (thus highlighting in detail risk levels); and a dashboard summary of the Growth Deal Programme, which will be shared regularly with and signed off by the Investment Board and the Accountable Body's Section 151 Officer. We envisage the first dashboard will be made available to the Investment Board in January 2018.

Mary Ney Review

In April 2017 Melanie Dawes, the DCLG Permanent Secretary, commissioned a review into LEP governance and transparency. The DCLG Non-Executive Director, Mary Ney, led the review which is now complete. All of the recommendations of Mary's review will be included in a revised National LEP Assurance Framework around May time. In addition, DCLG and BEIS Ministers are currently undertaking a wider review into strengthening the role of LEPs, which is likely to require further changes to the Framework. Government will write to all LEPs in November 2017 to set out the new requirements on LEP governance and transparency; and the steps being taken to ensure that they are consistently and fully implemented.

Greater Lincolnshire LEP already adheres to many of the recommendations, however there are areas such as scrutiny arrangements that could be strengthened further, and some new requirements in terms of reporting/engagement of the Section 151 Officer that will need to be applied as soon as possible. A detailed paper on all necessary changes/actions will be tabled for discussion at the 31 January LEP Board.

Greater Lincolnshire Growth Fund (GLGF)

The GLGF was launched at Business Live on the 20th October and the LEP/LCC have appointed Greenborough Management Ltd to manage the fund as part of the Growth Hub programme. A separate paper is being presented today to inform the Investment Board about the fund and the important role it has to play in determining which projects should be supported.

Invest & Grow (Growing Places) Fund

In light of difficulties in getting a firm connection price from Western Power, Heywood Estates have decided not to submit their loan application for the November Investment Board as it is such a large unknown in their costings for the Grantham Enterprise Village. They are exploring alternative sources of energy supply, and investigating potential efficiency savings in the connection price. They remain committed to the project and hope to submit their application in January.

DFT Large Local Majors Programme

The next LEP deadline for bids for construction funding through the Department for Transport Large Local Majors national programme is December 2017 with a following round in June 2018.

Lincolnshire County Council (LCC) is looking to submit the Lincoln Southern Bypass scheme in June for consideration, and will be working on the WebTAG-compliant Outline Business Case, Option Appraisal Report and the Appraisal Specification Report over the next six months. LCC has also applied for Housing Infrastructure Funding (HIF) support towards this strategically important £130m scheme.

National Productivity Investment Fund (NPIF)

In April 2017 counties across England were able to bid for a share of £490 million to improve their roads. The funding, which will be for schemes from 2018 to 2020, is designed to tackle congestion and provide upgrades to local roads to improve journey times.

The LEP provided letters of support to four NPIF proposals in Greater Lincolnshire, and we are pleased to say that one of these, the Welton Road Roundabout (A46 Welton Road/Lincoln Road junction), has been confirmed as successful and will receive an allocation of £2.1m from this very competitive infrastructure fund.

Growth Deal Progress

Two projects remain a high risk in terms of milestones to the programme, Skegness Countryside Business Park (Skegness Gateway Scheme) and Grantham Southern Relief Road. A paper on Grantham Southern Relief Road progress against milestones will be presented to the Investment Board today for review and discussion, with a full presentation from the grant recipients expected on 31 January. The Skegness Countryside Business Park scheme is being reviewed by Lincolnshire

County Council due to viability issues in its current format, and a revised project submission for the project will be presented to the Investment Board for consideration/a decision on 31 January. For both schemes it is hoped that the Board can provide advice on key issues/ impact on delivery and consider the implications of continued delays/obstacles on required programme outcomes.

Greater Lincolnshire LEP has received a legal request on behalf of Scunthorpe United Football Club to retain all information it has in relation to the Northern Junction Roundabout scheme at Lincolnshire Lakes in Scunthorpe. We are awaiting further correspondence in relation to this request from Pinder Reaux Associates Ltd and will keep the Board fully informed of any further developments on the matter.

The programme is currently forecasting £9.5m in expenditure for this financial year of which £4million is estimated on uncontracted projects. This leaves a minimum gap of £6.1m for the LEP to consider as part of its freedoms and flexibilities, as per options endorsed at the September Investment Board to help prevent an underspend situation.

Forecasts for 2018/19 continue to exceed agreed government targets; hence the LEP intends to begin to significantly rebalance existing offset figures.

The table below provides the board with an overview of the programme:-

	ACTUAL		FORECAST		
	2015/16	2016/17	2017/18	2018/19	2019/20
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
SLGF Allocation	26,400,000	47,863,787	15,687,335	8,733,858	6,809,606
Project spend	17,901,011	38,359,044	9,513,817	18,914,837	18,756,359
Offset used		298,990		1 0,180,979	7,822,755
Offset gained	8,498,990	9,803,734			
GAP	0	0	6,173,518	0	4,130,534

- Spend on LCC capital projects (offset) amounts to £18.3 million. Current forecasts show that this will not be utilised until 18/19 and 19/20.
- The project spend figures above also take account of the recouping of £7m worth of advance payments made in previous years. A further £4m will be recouped in 18/19.

Project progress is monitored via regular site visits, quarterly progress reports and one to one liaison as necessary. Mitigation measures in relation to any issues/risks are discussed with the recipients and are regularly reviewed.

Skills Capital Investment Fund Update

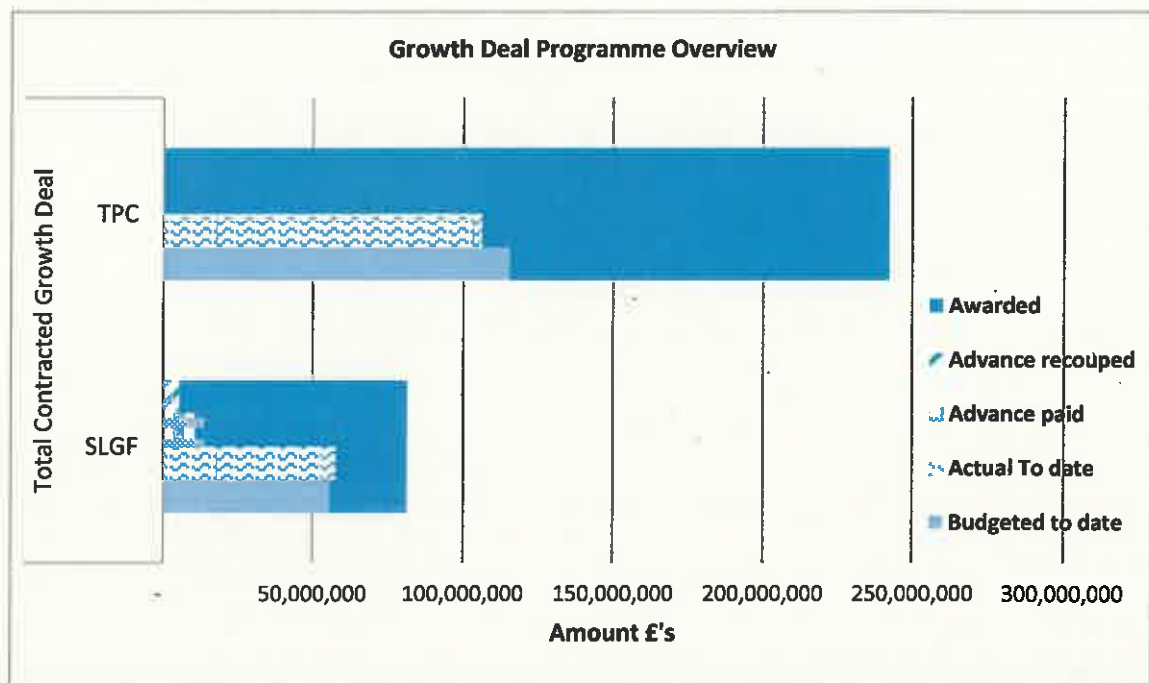
An electronic approval was sought from the Investment Board on the 31st October in response to recommendations made following a formal scoring process as per the Assurance Framework. Though electronic approval was given by all by the 6th November (the deadline date), a follow up conference call was arranged for a number of investment Board members to enable a more detailed discussion on the process leading to the recommendations. Applicants will be notified of the decision regarding in principle allocations as soon as possible. The Skills Capital Fund is a separate

agenda item today for all to discuss the outcomes and any potential implications; most projects will not be receiving the full amount of grant requested and will need to look at scalability.

Wider Issues Impacting on the Programme

Concerns over utility provision and costs continue; in particular in relation to water, sewage management and power. There remain difficulties around securing required capacity for longer term planning of larger strategic sites, with several schemes trying to negotiate and get to grips with varying quotes, ever changing availability and extended timescales for formal agreement.

Growth Deal Dashboard



The graph above provides the board with a visual snapshot of programme progress following the contract variation exercise actioned in July 17. The programme is currently 66% (£81.5million) contracted against the agreed allocation of £123million. Match levered funds within the contracts amount to £161million giving a current total programme of £242.5million.

Growth Deal expenditure is marginally ahead of budget following increased quarter 2 claims from Go Skegness and Boston Quadrant Housing, however the board should note that £8million of this is in advance payments. Advance payments amounted to £13.5million overall and following the quarter 2 claim submissions a further £2.5million has been recouped.

The overall programme spend is still showing under budget and this is mainly due to the hold on the Skegness Countryside Business Park project which has budgeted expenditure that has not been varied as part of the July re-profile exercise.

As some projects have completed and or are nearing completion we are beginning to capture contracted outputs. The following outputs have been achieved to date:-

- 150 completed housing units
- 3.32 Hectares Land reclaimed

- 6 new Jobs with 39 jobs safeguarded
- 2908 Sq. metres Commercial Floor Space
- 80 businesses supported
- 378 Learners supported
- £1.925 million of Additional leverage (leverage over and above that reported within claims)

We will continue to work with projects in maximising output delivery and producing case studies to promote the work of the LEP. As expected the majority of direct outputs will be delivered towards the end of the programme.

For the last two years of the Growth Deals, data has been reported through the LOGASnet system. DCLG retired LOGASnet in August this year and has provided a revised reporting mechanism. This new system is an excel based system and is designed to provide a higher level of information than previously delivered through LOGASnet.

The LEP and Accountable Body are currently working with DCLG to fine tune the data within the new reporting mechanism before presenting to board. Attached to the report is a blank copy of a "DashBoard" that will be presented to and signed off by the Board in the future. The Dashboard provides a summary of the Growth Deal programme along with a risk based analysis on projects.

We will present and explain the new system at the January board.

Recommendation

That the Board notes the current programme position and advises on the Grantham Southern Relief Road scheme.



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Growth Deal Dashboard

LEP Name: Greater Lincolnshire LEP

This Quarter: 01_1718

Growth Deal Performance

Area Not Comments

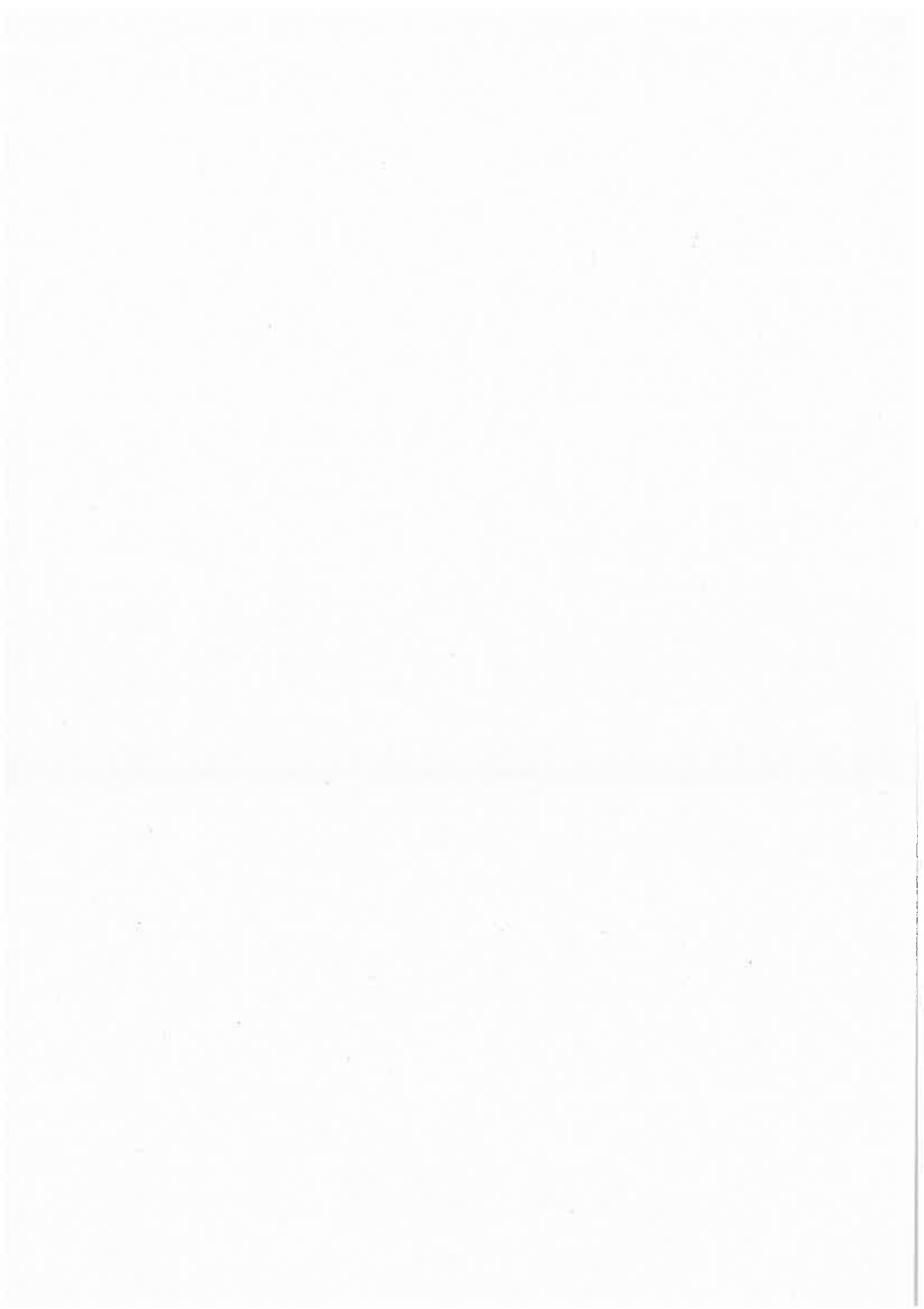
Description	Financial Year					Total
	15-17	17-18	18-19	19-20	20-21	
Housing Completions Forecast for year Progress towards forecast	0	0	0	0	0	0
Jobs Created Apprenticeships Created Jobs including Apprenticeships Forecast for year Progress towards forecast * Apprenticeships include when jobs taken prior to 2017	0	0	0	0	0	0
Skills Area of new or improved workspace (m ²) Forecast for year Progress towards forecast	0	0	0	0	0	0
Transport Length of Road Resurfaced Length of Newly Built Road Length New Cycle Ways	0	0	0	0	0	0

LEP Aims	Financial Progress					Total
	16-17	17-18	18-19	19-20	20-21	
LEP Aims	£12,000,000	£12,000,000	£12,000,000	£12,000,000	£12,000,000	£12,000,000
Forecast for year	£	£	£	£	£	£
Progress towards forecast	£	£	£	£	£	£
LEP Expenditure	£	£	£	£	£	£
Forecast for year	£	£	£	£	£	£
Progress towards forecast	£	£	£	£	£	£
Non-LEP Expenditure	£	£	£	£	£	£
Forecast for year	£	£	£	£	£	£
Progress towards forecast	£	£	£	£	£	£
Total LEP + non-LEP Expenditure	£	£	£	£	£	£
Forecast for year	£	£	£	£	£	£
Progress towards forecast	£	£	£	£	£	£

Project Name	Project RAG Ratings		
	This Quarter 01_1718	Previous Quarter 01_1718	This Quarter 01_1718
Christians Southern Relief Flood			
Greater Lincolnshire Programme			
Brake Technology Centre			
Unleashing Rural Housing			
Wilson Burton College Lincolnshire Showground			
Tanworth Street Growth Corridor Phases 1 and 2			
Lincoln Transport Hub			
Business Countryside Business Park			
Greater Lincolnshire Growth Hub			
Co.Sus. Skills Development Programme			
Access to Employment Park			
Northway Enterprise Park			
South Humber Roundabout Junction			
Lincolnshire Lakes Lake 1			
Agri-Food Centre of Excellence			
Robson's Parliament Junction			

Commitments	Financial Progress					Total
	16-17	17-18	18-19	19-20	20-21	
Commitments	£	£	£	£	£	£
Forecast	£	£	£	£	£	£
Actual	£	£	£	£	£	£
Variance	£	£	£	£	£	£

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Recommendation: A Paper for Information

This paper provides Board Directors with a brief summary on progress with the Greater Lincolnshire Growth Fund which was launched at LEP Business Live in October.

Background Information

Approved for development in 2016 by the Investment Board, the Greater Lincolnshire Growth Fund is made up of £3m of interest received from the Growing Places Fund for the delivery of a customised grant programme of growth funding support to stimulate business investment that would not otherwise occur, thereby helping to remove the barriers to private sector led growth and employment.

The Fund

The grant funding is available for a period of three years from the programme start date, with an additional two years allowed for ongoing monitoring and reporting of project impacts. There are defined outputs which are specific to the Greater Lincolnshire Growth Fund programme and these will, in part, be used to measure the success of the supplier(s) in delivering the programme. The Greater Lincolnshire Growth Fund is open to Small and Medium Enterprises (SMEs) and larger businesses within the Greater Lincolnshire area, though there are certain restrictions on support i.e. state aid compliance.

In order to add value to the current (and planned) business support offer in Greater Lincolnshire, and avoid duplication with existing provision, funding applications should be focussed on;

- Support for private sector businesses operating in one of the priority LEP sectors;
- Delivering transformational projects which align with the wider ambitions of the Strategic Economic Plan to help businesses across Greater Lincolnshire increase productivity and create new wealth and jobs
- Requirements between £150,000 and £500,000 in capital grant funding with provision of between 70 and 80% match funding
- Value added activity that will create new commercial opportunities and additional sustainable employment in Greater Lincolnshire
- New investment in property infrastructure, buildings and refurbishment costs; plant, machinery & equipment; IT and new technology; staff recruitment and training costs
- Projects which can start within 12 months of the award of funding

The Process

Greenborough Management Ltd have been appointed to manage the programme on behalf of the LEP and LCC via the Growth Hub, and will talk the Board through a presentation on where we are with the fund today, highlighting in particular the role of the investment board throughout the process and providing an opportunity for questions.

Draft application forms, terms of reference and scoring sheets have also been circulated for perusal and endorsement (see Appendices A – E).

Recommendation

That the Board notes the approach being taken for the Greater Lincolnshire Growth Fund, endorses the process for appraisal, delivery and monitoring being proposed and advises on any recommended changes/additions.

Recommendation: A Paper for Information

To provide up-dated management information on the European Regional Development Fund (ERDF) Growth Programme, so that Investment Board are aware of remaining funds available within Greater Lincolnshire and how they should be prioritised.

Progress to date

Greater Lincolnshire has committed 64% of the overall ERDF allocation to projects, with further projects under appraisal. The focus continues to be on committing funds in Greater Lincolnshire, but there will only be a few call windows left in which we can bring forward projects to take up remaining funds. The next call windows for projects to come forward are likely to be:

Calls Published	Call Closing date
8 December 2017	26 January 2018
2 March 2018	20 April 2018

There may be a further call window in the summer to commit any underspends from contracted projects, but this is to be agreed by national leads.

Current Performance to date – November 2017

The following table shows what percentage of ERDF allocation is left against each priority axis area:

Priority Axis	% Committed to projects	Remaining ERDF to allocate to projects £000s
Priority Axis 1: Research & Innovation	82%	2.683
Priority Axis 2: ICT	85%	0.369
Priority Axis 3: SME Competitiveness	49%	15.545
Priority Axis 4: Low Carbon	66%	2.799
Priority Axis 5: Flood risk management	59%	2.048
Priority Axis 6: Protecting the environment	0%	2.376

Following recent calls that closed on 31st October 2017 the following projects were submitted, all under Priority Axis 6 Preserving and Protecting the Environment and Promoting Resource Efficiency:

Applicant	Project Name	ERDF Requested
West Lindsey District Council	Gainsborough Green Corridor	£521,412
North and South Kesteven	Witham and Sleas Blue/Green	£510,000

District Councils	Corridor	
City of Lincoln Council	Growing Environmental Resilience	£2,100,000
North East Lincolnshire Council	Freshney Valley Chalkstreams	£863,619
Total		£3,995,031

Considerable work has been done to bring forward projects under Priority Axis 6 as no projects have been committed to date. This has been due to eligibility criteria restrictions, demarcation of funds making it more difficult for rural projects to take up funds and high minimum grant levels. Initial workshops with housing officers and work in partnership with district councils have helped to bring these schemes forward.

Trading of funds between other LEP areas and next calls to be announced

We are now at the stage in the programme where the Managing Authorities need to ensure that final allocations for all LEP areas across the country are committed to projects. The table below shows the latest pipeline of projects that are likely to come forward when further calls are announced.

Priority Axis	Project Title	Total Project Cost	ERDF requested
1 (or 3)	Innovation Programme for Greater Lincolnshire	£3,520,098	£2,112,059
1	Centre of Excellence for Greater Lincolnshire's Engineering Sector	£5,000,000	£3,000,000 £2,000,000 Growth Deal (secured)
1	Technological Innovations to support a Centre of Health Sciences	£2,000,000	£1,200,000
			£6,312,059
2	Business Lincolnshire Digital Business Growth Programme	£963,916	£578,000
			£578,000
3	Better off in Business	£633,964	£380,378
3	Growing Enterprise	£1,470,000	£882,000
3	Business Lincolnshire Sustainable Business Development Programme	£4,143,445	£2,466,227
3	Grants 4 Growth	£5,189,649	£1,919,467
3	Internationalising SMEs	£1,200,000	£450,000
3	Collaboration for Growth	£1,260,000	£756,000
3	Manufacturing Growth Programme	£1,666,666	£1,000,000
3	GAIN Enterprise Growth	£1,427,908	£856,744
3	Scale Up High Growth Support	£1,000,000	£500,000
3	Future High value Manufacturing supply chain programme	£1,000,000	£600,000
			£9,810,816
3/4	SMART Linc	£20,000,000	£8,800,000
3/4	Low carbon hub & SME support/grants programme	£1,000,000	£500,000
3/4	Low carbon SME supply chain support programme	£3,000,000	£1,000,000
4	National Trust Innovation in New Energy solutions for heritage buildings	£1,000,000	£500,000
4	Yorkshire Energy Services Household Retrofit	£1,700,000	£1,000,000

4	District heating scheme	£2,000,000	£1,000,000
4	Greater Lincolnshire Low Carbon Schools	£1,385,000	£500,000
4	Community Car Charging Scheme	£1,500,000	£900,000
			£14,200,000
5	Winteringham Ings & South Ferriby	£1,000,000	£1,500,000
5	East Halton	£1,333,333	£1,700,000
			£3,200,000
Total			£34,100,875

We currently have an over-demand for funds based on the current pipeline of projects that we know about to date. If all projects were to come forward, then the European Structural & Investment Fund (ESIF) Committee will need to prioritise schemes based on their fit with ERDF eligibility criteria, local strategic fit and value for money.

The apparent surplus of Priority Axis 3 money which currently shows only 49% commitment reflects two issues:

1. We have held funds back and boosted the amount of Priority Axis 3 money to ensure that current business support programmes can bid for continuation funding, where they can demonstrate good performance
2. We have always identified that we had too much money in Priority Axis 4 Low Carbon and nationally (as well as locally) there have been difficulties in bringing forward projects that are eligible under ERDF. As we had £9.7 million of ERDF against this area, we have been working hard to bring forward low carbon schemes that fit with local strategies but also ERDF.

The recent transfer of funds from Priority Axis 4 to 3, agreed at a national level, was done before awareness of the current pipeline list of projects was recognised.

There are however more flexibilities to support projects under Priority Axis 3, so the technical assistance team will work with projects to see whether they can come forward under this Priority Axis. A further review of the pipeline list of projects is also going to be carried out to ensure projects can come forward by the call deadlines now they are known; ensure match funding is in place and ensure there is no duplication of activity.

The national team is also looking at LEP areas across the country to see whether LEPs want to trade funds between Priority Axes. Following the recent call closure, we now have 4 projects submitted under Priority Axis 6 requesting £3.9 million of ERDF. Stoke & Staffordshire LEP wants more money in Priority Axis 1 and we could look at trading some of our Priority Axis 1 money so that we can support the current projects submitted under Priority Axis 6.

Tactics the ESIF Committee are discussing on committing remaining funds

- Checking that projects on the pipeline list reflect what is expected to come forward within the districts & could come forward by either the January or April 2018 bidding deadlines.
- We are currently showing an over-commitment of projects against funds available. ESIF Committee members are looking at whether to continue to encourage projects to come forward for funds in case projects do not come forward, are scaled back considerably or funds are de-committed from contracted schemes. Also how expectations are managed if this is encouraged.
- Discussing how schemes will be prioritised around providing best local strategic fit if there is an over-bid within

Priority Axis.

- Tactics on supporting schemes that are submitted as project proposals vs moving money out of areas where pipeline projects could come forward.

The current example is if we traded £1,000,000 ERDF out of Priority Axis 1 to support the Priority Axis 6 schemes, this would mean that there is less money to commit to Priority Axis 1 pipeline schemes.

Recommendation

That the Board notes the current programme position.