



# LEP INVESTMENT BOARD

10<sup>th</sup> January 2019

Room 118, County Offices, Newland,  
Lincoln, LN1 1YL

Minutes

## Draft Minutes

### Present:

Board Directors: Ursula Lidbetter (Chair) (Lincs Co-op), Cllr Peter Wheatley (NELC), Chris Baron (Butlins - by phone), Pete Moore (Section 151 Officer), Pat Doody (Nat West),

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

Observer: Pete Holmes (BEIS - by phone)

Apologies: Cllr Colin Davie (LCC), Cllr Rob Waltham (NLC)

### Welcome by the Chair

#### Apologies and Declarations of Interest

Formal apologies were received from the following:  
Cllr Colin Davie and Cllr Rob Waltham

#### **Declarations of Interest:**

Ursula Lidbetter declared a potential interest regarding the Growth Deal project in Gainsborough and Pat Doody declared an interest on Paper 2 (Natwest/RBS provide banking to Wise Software UK Ltd).

Full declarations of interest can be found at

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

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

#### Minutes and Matters Arising

The minutes of the 29<sup>th</sup> October 2018 were accepted as a true record with minor amendments and can be published on the website.

#### Action

Publish

#### Paper 4 - Skills Capital Investment Fund Programme - Decision

A paper and supporting due diligence appraisal report were presented and discussed for approval of the North Lincolnshire Higher Level Technical, Business Skills and Innovation Hub (TBSIH) Project in Scunthorpe to enter into contracting stage.

At the 8<sup>th</sup> March Investment Board, Board members approved a programme approach to the Skills Capital Investment fund, formally agreeing £7.34m towards the programme. The TBSIH scheme was one of the four projects awarded an allocation, being provisionally offered £1.8m out of the £4m requested due to limitations on the amount of overall funding available within the programme.

The project is led by DN Colleges Group in partnership with the University of Lincoln and North Lincolnshire Council and it was confirmed in the meeting that DN Colleges Group have agreed in principle the terms for leasing the former Civic Centre from North Lincolnshire Council, in order to accommodate TBSIH. The lease is intended to be for a period of 125 years for which the College will be legally obligated to pay an annual sum in terms of a rent to the Council.

The total estimated cost of Phase 1 of the scheme is £6.9m and the current position with the funding for the scheme is as follows:

#### LEP Contribution

- DN Colleges Group have asked for £2.3m from GL LEP.
- £1.8m is already allocated from GL LEP in the Skills Capital programme and is fully required for the Phase 1 project.
- An additional £200,000 was requested and could be provided from currently unallocated funding within the Growth Deal Capital programme. (The Investment Board has previously agreed that should any growth deal funding become available for reallocation for skills capital decision Jan 2018, it can be considered towards existing pipeline schemes)
- The Board were asked if North Lincolnshire Council, as key partners for the TBSIH scheme, could repurpose £300,000 of Growth Deal funding into the TBSIH scheme from the Scunthorpe Town Centre project, given its strategic importance to North Lincolnshire. The the Investment Board was supportive of this approach, and the £300,000 will be taken from Public Realm related costs (£100,000) and the Church Square Extension (£200,000), with North Lincolnshire Council increasing their own future capital programme commitment to the Scunthorpe Town Centre scheme to ensure its continued delivery going forward.

#### Match Funding

- £2m from the DN Colleges Group capital reserves has been approved by the Board of Governors for investment into the scheme.
- £2.6m is to be invested from North Lincolnshire College by way of a loan provided to the DN Colleges Group, which the Council are to secure via prudential borrowing. The College will be required to make an annual repayment, which will be met through the College leasing their existing building.

The Board were supportive of the scheme, however they raised a number of questions:

They asked for written confirmation that North Lincolnshire Council would commit an additional £300,000 of future funding into the Scunthorpe Town Centre scheme to ensure delivery, and that the variation required will not affect the milestones or outputs.

The Board wanted to understand what level of financial due diligence North Lincolnshire Council has undertaken in offering the loan.

For the college, the board requested a pre contract condition on the collective availability of revenue to support TBISH in the form of a business plan, and the contribution of all partners to this. They also asked for reassurance that phase 1 and phase 2 are indeed separate. Though indicated in the due diligence report further clarification was requested to ensure that should the IOT bid prove unsuccessful Phase 1 would not be at risk.

The Board suggested that within the funding agreement there should be longer than normal lengths of clawback.

The Board requested that for all future funding contracts the LEP should be very explicit about the implications of missing milestones and financial targets, highlighting that if they are not achieved it could lead to the withdrawal of funding.

It was noted that in the due diligence report the table for Outputs and Outcomes had no learners identified in 21/22 and that there was an error in the leverage calculation relating to value for money (section 10.2 iii). This should be revised as soon as possible.

#### Decision

the Investment Board formally approved £1,800,000 of Single Local Growth Fund towards the

delivery of this project via the Skills Capital Investment Fund Programme; approved an additional £200,000 of currently unallocated Growth Deal funding towards the scheme; and approved the approach suggested by North Lincolnshire Council to repurpose £300,000 from the Scunthorpe Town Centre scheme to the TBSIH project, making the total SLGF contribution of £2.3m.

**Following a discussion, it was agreed that the following conditions should apply and be part of the funding agreement:**

#### Pre-contract Conditions

- Confirmation of the final match funding package to be confirmed and demonstrated by the College to GLLEP.
- DN Colleges Group to confirm in writing to GL LEP how the annual loan repayment of £182,000 per annum to North Lincolnshire Council would be met should the Institute Of Technology bid prove unsuccessful and the College therefore not be able to vacate and lease their existing building.
- The college are to confirm the collective availability of revenue to support TBISH in the form of a business plan, and the contribution of partners to this plan.

#### Post-contract Conditions

- A copy of the finalised Heads of Terms for the agreement for lease and lease to be provided to GL LEP prior to drawdown of funding.
- Confirmation of the extent of works to be undertaken on the Civic Centre by North Lincolnshire Council to be provided to GL LEP along with a programme for the works and overall level of investment as this may be considered as a financial contribution to the scheme by the Council.
- A copy of the planning approval and listed building consent to be provided to GL LEP prior to drawdown of funding.
- A copy of the report on tenders and lowest tenders for the selection of the design and build contractor for the scheme to be shared with GLLEP.
- An up to date programme for delivery of the project including key milestones and timescales to be provided to GLLEP prior to drawdown of funding.

#### **Paper 2 - Electronic Approval for Greater Lincolnshire Growth Fund - Decision**

This had previously been circulated and electronically approved on the 19<sup>th</sup> December 2018 and is noted for the Minutes -

The Investment Board formally approved £218,806.43 of Greater Lincolnshire Growth Fund towards the Wise Software Limited Project and progression of the scheme to procurement and contracting stage. The following conditions are to be incorporated within the funding agreement:

- Full scheme plans, specification for the works with works to be tendered and a copy of the lowest tender to be appended to the funding agreement.
- GLGF to be invested only into capital costs of converting and refurbishing the existing buildings and constructing the new building, if market value of the building to be acquired is lower than the price being paid.
- Updated milestones for delivery of the project and forecast drawdown of GLLEP Growth Fund to be provided.
- A Red Book valuation to be provided for the building to be acquired and scheme once completed as a basis against which to assess future clawback obligations should these be triggered.
- Monitoring of outputs to be undertaken.

### Paper 3 - Growth Deal Programme Review - Discussion Item

Discussion took place regarding the projects on Appendix 1, which had been previously been circulated. It was explained that the high risk projects were marked red and would need to be monitored closely, projects marked amber would be looked at on a quarterly basis to work through any risks/mitigations and projects marked green are the ones where good progress is being made.

The Growth Deal programme is currently 71% contracted, with 65% of contracted spend expended to date. There are 14 schemes/phases still uncontracted, with 6 of these totalling £13.8m and reaching the final stages of negotiation and likely to be contracted by January 2019. The remaining 8 amount to £21.9m growth deal allocation (17.7% of the total allocation). The Board felt that getting to this stage was a real achievement.

Letters were sent in December 2018 to Directors/Managers of uncontracted projects reminding them of the necessity to spend funding allocations by 31<sup>st</sup> March 2021, and the implications for the wider programme when forecast targets are annually not met. The very latest forecasts for achievements of key milestones along with revised quarterly expenditure forecasts were requested in writing in December 2018, providing a deadline for responses of the 11<sup>th</sup> January 2019.

Two high risk uncontracted projects (Skegness Gateway Project and Access to Employment Zones Phase 2) have been asked to review their schemes and respond to the GLLEP by 31<sup>st</sup> January 2019 with deliverable and viable proposals for consideration by the 20<sup>th</sup> February Investment Board.

Managers of contracted projects have also been reminded of the importance to keep the LEP regularly informed of likely delays/risks and the potential for funding to be withdrawn if milestones are consistently not achieved and suitable explanations not given.

#### Project Pipeline Call

On the 10<sup>th</sup> December 2018, GLLEP received 50 outline business cases for review. Positively from the initial assessment, there are some ambitious schemes, a list of which could be found on Appendix 2 (previously circulated). Although the call targeted projects that could deliver by 2020/21 in the main, it was clear that some projects are more long-term. Full analysis of all submissions has begun with an initial focus on projects that state that they can deliver by the 2020/21 growth deal deadline.

Project submissions will be assessed throughout January with findings being presented to the 20<sup>th</sup> February Investment Board and a final revised pipeline to the 29<sup>th</sup> March 2019 GLLEP Board. The LEP has already identified a number of risks to potential delivery from those business cases already reviewed, and the assessment process will begin to provide a basis for more realistic forecasting of the programme and pipeline going forward, enabling the LEP to consider to what extent risks identified might determine support for a project in the short term.

Once the UK Shared Prosperity Fund is announced by Government, the LEP will be keen to bring forward and prioritise schemes that are not only strategically important, but that can demonstrate deliverability, value for money and impact.

#### Annual Programme Review

The Annual Programme Review will take place on the 10<sup>th</sup> January 2019 and will assess on how the GLLEP has performed this financial year in relation to governance, delivery and strategy. A detailed paper is being provided by the LEP in response to questions raised by the Government as part of this process.

Whilst GLLEP and its Accountable Body remained positive about meeting the £8.7m growth deal target with the support of some freedoms and flexibilities, it was important for the investment

Board to note that several schemes have not achieved their individual forecast targets this financial year.

The Review will look at clear actions and assessment of performance, and conclusions on a national basis should be reached by the end of March 2019. The LEP will know more regarding whether funding for 2019/20 will be released by Government and whether there will be conditions attached by April.

**Any Other Business**

The Chair suggested that GL LEP may wish to assist/support/match fund any bids for the High Street Fund, which only District Councils can apply for. It was agreed that consideration of the High Street Fund bids by the LEP made sense, however it was noted that the County Councils were disappointed at not being able to bid for this fund themselves as this is a Greater Lincolnshire wide issue. It was stated that LCC is currently leading a group discussing the future of our High Streets and the LEP will offer assistance to District Councils through this group.

It was suggested that some of the High Street schemes could potentially become part of the LEP pipeline if they prove unsuccessful bidding for the High Street Fund.

The Board asked whether the Northern Junction Judicial Review appeal had been resolved. Ruth Carver explained that a request for an appeal process had been submitted to court by the claimants, however that it can take up to 6 months for the paperwork to be reviewed and then up to a further 12 months for an appeal to be scheduled if permitted.