



LEP INVESTMENT BOARD

20th February 2019

Lancaster House, 36 Orchard Street,
Lincoln, LN1 1XX

Minutes

Draft Minutes

Present:

Board Directors: Ursula Lidbetter (Chair) (Lincs Co-op), Cllr Peter Wheatley (NELC), Cllr Colin Davie (LCC), Pat Doody (Nat West),

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

Observer: Pete Holmes

Apologies: Chris Baron (Butlins), Cllr Rob Waltham (NLC), Pete Moore (Section 151 Officer)

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following:
Chris Baron, Cllr Rob Waltham and Pete Moore

Declarations of Interest:

Cllr Colin Davie - Skegness Gateway
Cllr Peter Wheatley - Access to Employment Zones
Cllr Rob Waltham - Northern Junction/Lincolnshire Lakes
Pat Doody - projects within the Pipeline List of Schemes

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 (Paper 1)

The minutes of the 10th January 2019 were accepted as a true record.

Actions from previous minutes:

High Street Fund

- Workshop held on 11th February.
- Deadline for submissions will be March 2019 and it was agreed that GLLEP will be able to offer support in writing.
- This fund is expected to be over-subscribed and very competitive

Judicial Review

- No further update.

Action

Publish

Growth Deal Programme Update (Paper 2)

A detailed update of the Growth Deal Programme was given to the Investment Board on the 10th January 2019 when the Board agreed a number of specific measures for projects that are consistently not delivering against milestones.

The LEP currently holds contracts to the total spend value of £304m with an agreed grant contribution of £97m single local growth fund, therefore leveraging in a further £207m of

investment.

Since the Annual Performance Review, two more projects have been contracted meaning that over 81% of grant is now allocated.

Spend is still a challenge and the Board was informed that the LEP are still only at 5% of the year end spend target, though were reminded that a large proportion of claims will be retrospective this quarter.

An update on progress of projects relating to 2018/19 expenditure with worst case scenarios was given.

Regarding the Annual Performance Review, PH stated that an assessment nationally has now been carried out and is going through the Moderation process. Once this has been completed, written outcomes will be sent to the Chief Executive, setting out the good features and those that need improvement, i.e. an Improvement Plan on commitments and outputs.

GLLEP Pipeline Assessment (Paper 3)

A presentation was given on analysis and findings of the December call for projects.

An updated pipeline is essential to utilise the GLLEP Capital Growth Programme allocation should any of our projects suddenly be unable to proceed or demonstrate expenditure by the required government deadline of 31 March 2021.

It would also enable the LEP to respond quickly to a UK Shared Prosperity Fund announcement by government, Greater Lincolnshire will want to have a clear position on prioritisation of key strategic schemes that will contribute to delivery of the SEP and emerging Local Industrial Strategy.

At the last call for pipeline projects, 47 projects were submitted in December 2018 and formal analysis was carried out with the support of a commissioned external expert. The top 20 schemes were identified, along with the existing GLLEP pipeline being reviewed.

The Analysis was broken down into two categories:

Pipeline Call Phase 1 - Projects that can potentially achieve financial completion by March 2021.

Pipeline Call Phase 2 - Medium term projects post March 2021 and conceptual projects.

Projects were assessed in relation to strategic fit, economic case, deliverability, impact.

The assessment panel also took a realistic view on the complexities of each project and the stages they are currently at. This pragmatic approach has enabled a more focused shortlist of deliverable schemes by March 2021.

The Investment Board was asked to note the assessment of the pipeline schemes, approve officer recommendations for short-term pipeline consideration and endorse the approach taken to expand and update the existing pipeline, which was agreed.

A follow up Investment Board meeting was requested in March to focus on consideration of final proposals for the GLLEP Pipeline including outcomes from the Strategic Infrastructure Delivery Plan (SIDP) review process, prior to formal approval being sought at the 29th March GL LEP Board.

Councillor Colin Davie left the room

Skegness Gateway Project (Paper 4)

HD presented the latest proposals provided by the applicant for the Skegness Gateway scheme covering background information, an update on progress to date, key risks to delivery and revised milestones.

Key areas of risk debated by the Board were land acquisition, utility requirements and timescales and deliverability.

Decision

Having reviewed and discussed all the information provided the Board remained concerned about the level of programme risk attached to delivery of this project and agreed the following:

Phase 1

Even though the Phase 1 of the scheme has not achieved a number of milestones since last January, the Board remained mindful that the site could accommodate an interested investor by Spring 2020 and that it remains the only allocated employment site for Skegness in the East Lindsey Local Plan.

Pending greater clarification on the relationship between Phases 1 and 2 within the emerging Heads of Terms with Croftmarsh, the Board approved continued £1,279,000 growth deal support for the Phase 1 element of the project provided that the land valuation negotiation with Croftmarsh is completed and evidenced in writing by 8 March 2019, HOTS are agreed, signed and evidenced by 15 March 2019, and subsequently land acquisition is fully secured, including signed legal documentation by 10 May 2019.

Should any of these milestones not be achieved the full £4m provisional allocation will be returned to the wider Growth Deal Programme, and both Phases 1 and 2 of the Skegness Gateway Project would be returned to the GL LEP Pipeline.

Phase 2

Approval was given for LCC to provide detailed milestone information and a revised full business case on the Phase 2 element of the scheme by the 31 March 2019 for LEP review. Should this milestone not be achieved the £2,721,000 provisionally allocated to Phase 2 will be returned to the Growth Deal Programme, and the Phase 2 element of the project will be returned to the GL LEP Pipeline as of immediate effect. If however LCC do not achieve any of the milestones cited above for Phase 1 the entire project will be returned to pipeline regardless, and the £4m allocation will be returned to the growth deal programme.

In addition to the above, the project remains a high risk scheme with a red RAG rating, therefore the following actions will apply going forward:

- The scheme will be placed in quarterly special measures (review points with the Investment Board)
- It will now be subject to monthly meetings with LEP/accountable body teams
- If delivery against milestones is not demonstrated the LEP will look to withdraw its allocation
- A full update on progress will be provided to the 29 March GL LEP Investment Board

Councillor Colin Davie returned to the room

Councillor Peter Wheatley left the room

Access to Employment Zones (Paper 5)

Board Members were asked to review the latest submission for the Access to Employment Zones Phase 2 Scheme and to consider Officer recommendations with regard to the funding allocation.

HD presented the current proposals covering background information, an update on progress to date, key risks to delivery and revised milestones.

The discussion was mainly focused on the Phase 2 element of the scheme, however it was noted that the already contracted Toll Bar junction had experienced a number of delays due to impact from public consultation and consideration of options by the Council's Cabinet and is now scheduled to commence in July 2019.

Littlecoates Road/Cambridge Road

The Littlecoates Road/Cambridge Road improvement scheme is now at the stage where it can be brought forward for due diligence appraisal by the LEP and the business case will be submitted for consideration by the end of February 2019.

The junction concerned is situated in western Grimsby and it lies immediately to the north of the A46. Subject to LEP funding approval, the scheme will progress into final scheme design. Construction on site is scheduled to commence in December 2019 with completion in May 2020.

The Board was particularly concerned about the limited progress to date, the implications of a sequential approach to all three junctions, the uncertainty around utility requirements and the potential time implications of further scheduled public and political consultations.

Nuns Corner

Some further development of the Nuns corner scheme design/business case is required, but the business case will be submitted to the LEP by the end of April 2019.

This is a key junction on the A46 to the south of Grimsby Town Centre and forms part of an important approach to Grimsby from the south and west. The junction is operating above its design capacity and has been identified as a priority for improvement in the LTP High Strategy.

It was noted that the scheme cannot progress until Toll Bar and Littlecoates Road/Cambridge road schemes are complete.

Decision

The Board reviewed all the information provided and remains concerned about the level of programme risk attached to delivery of this project. The following actions were agreed:

The Board requested greater clarity on the milestone periods provided for all three junctions. Specific start dates and completion dates should be provided by NELC for monitoring purposes.

Toll Bar

The concurrent delivery approach to the overall Access to Employment Zones project means that milestones for Phase 2 are dependent on Toll Bar (Phase 1) being completed as planned in December 2019. Any slippage on this would result in delays for the Phase 2 junctions, therefore Toll Bar will be regarded as a High Risk Red RAG rated scheme within the programme with the following actions being applicable going forward::

- The scheme will be placed in quarterly special measures (review points with the Investment Board)
- It will be subject to monthly meetings with the LEP/Accountable Body teams
- If delivery milestones are not met, the LEP will look to withhold funding or

clawback/withdraw funding in line with the grant funding agreement

Littlecoates Road/Cambridge Road

As the revised detailed design will not be complete until Autumn 2019, and consultation with members, the public and stakeholders still needs to take place, the LEP would like clarification on how further scheduled cabinet considerations may impact the delivery of the scheme. The Board approved continued Growth Deal allocation support, provided that a full Business Case and supporting evidence is submitted for due diligence appraisal by 28th February 2019. Should this milestone not be achieved, the full allocation for Phase 2 will be returned to the wider Growth Deal programme and Phase 2 would be returned to the GLLEP pipeline. If the due diligence milestone is reached and the scheme progresses, the Board will expect the utility engagement milestone period to be evidenced and to be provided, with assurances that if diversions are required, the scheme remains deliverable by 31st March 2021. In addition, detailed design must be completed and submitted to the LEP for review by 9th September 2019 for continued grant support. All remaining milestones will be monitored closely, in particular implications of further cabinet, stakeholder and public engagements and progress against Toll Bar delivery.

Nuns Corner

Should the due diligence appraisal be submitted on time for Littlecoates Road/Cambridge Road and proceed to contracting by the end of April, the Board gave approval for a continued provisional allocation of £504,375 for the Nuns Corner junction. This allocation will however also be dependent on the business case and supporting evidence being submitted for due diligence appraisal by 30 April 2019, the advice given by an independent highways expert in terms of deliverability, and detailed design milestones being achieved. Should this milestone not be reached, the allocation will be returned to the wider Growth Deal Programme and this element of Phase 2 would be returned to the GLLEP pipeline.

The LEP will continue to monitor progress against both Toll Bar and Littlecoates Road/Cambridge Road scheme to understand any potential implications regarding deliverability impacts on the Nuns Corner scheme. The LEP will also closely monitor progress against all the milestones identified, in particular implications of any further Cabinet, stakeholder and public engagements.

Invest & Grow Loan Fund (Paper 6)

Carta Real Estate (Boston) Ltd have submitted an Expression of Interest for loan funding for the proposed mixed use commercial development on land off Swineshead Road, Boston.

The first phase of the proposed development will provide infrastructure improvements to open up the site to allow the sale of 3 plots to commercial occupiers. The site sits within the "safeguarded corridor" reserved for the Boston Distributor Road, hence the proposed layout of the scheme makes provision for the road should that proposal come forward in the future and the scheme has been designed to a higher specification than would otherwise be required.

- The scheme meets the loan fund's published guidance regarding the minimum scale of development
- There is a realistic timetable for delivery. No constraints to delivery have been identified other than the costs of infrastructure to open up the site, which are the subject of this application.
- Planning and other legal consents are not yet in place, but there is a clear timetable when such consents will be available.
- There is an expectation that the development which the loan would unlock is deliverable and that the loan can be repaid within a specific period. This would need to be confirmed as part of due diligence.

Decision

The Board agreed to invite the applicants to submit a full application and asked that the due diligence assessment explores the need to build at the high specification.

GLLEP Delivery Plan (Paper 7)

An Annual Delivery Plan is a new requirement by Government for all LEPs following the recent LEP Review and officers shared with the Investment Board a summary of minimum expectations for the document. The initial GL LEP Delivery Plan will cover the period from April 2019 to March 2020. It is in the process of being prepared and a final draft will be circulated for comments/electronic approval one month prior to the 24 May 2019 Board meeting. The plan will be published at the end of May 2019.

Northern Junction/Lincolnshire Lakes (Verbal Update)

The Board was informed that Government, Homes England, NLC and LEP are in close contact and meet regularly regarding this project to discuss how it is progressing.

Homes England is working through requirements for the Lincolnshire Lakes site/ loan agreement and it is hoped that HOTS and legal requirements could potentially be completed by mid-April.

Decision

It was agreed that the project should remain classed as high risk until the match funding is fully confirmed. If all goes as planned works could commence on site in six week time.

Meeting closed