



LEP INVESTMENT BOARD

24th May 2019

Lincolnshire Chamber of Commerce,
Commerce House, Carlton Boulevard,
Lincoln, LN2 4WJ

Draft Minutes

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Present:

Board Directors: Ursula Lidbetter (Chair) (Lincs Co-op), Cllr Philip Jackson (NELC), Cllr Rob Waltham (NLC), Cllr Colin Davie (LCC), Pat Doody (Nat West)

LEP Officers: Ruth Carver, Halina Davies, Sue Groves (Note Taker), Zoe Burse

Observer: Pete Holmes (BEIS), Andrew Crookham (S151 Officer & Accountable Body)

Apologies: Chris Baron (Butlins)

For Agenda Items: Linsay Hill Pritchard

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following:
Chris Baron (Butlins)

Declarations of Interest:

Ursula Lidbetter	Gainsborough Growth Project	Lincolnshire Co-op landowner for Phase 1a Variation Proposal
Cllr Philip Jackson	Medical School	Non-Executive Director of the Lincolnshire Partnership NHS Foundation Trust

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 29th March 2019 were accepted as a true record.

Action

Publish

Growth Deal Programme Update (Paper 2)

HD explained how the LEP had achieved its 2018/19 forecast targets and progress against the agreed Improvement Plan with the Government.

The Growth Deal programme is currently 82% contracted with 65% of contracted spend expended to date.

Following the previous Investment Board, 2 projects have been returned to the project pipeline with funding being reallocated to pipeline schemes able to complete by 31st March 2021 deadline for Growth Deal funding. Uncontracted Growth Deal funding totals £22.05m (18% of the total allocation).

There are currently 4 high risk RED uncontracted schemes (Skegness Gateway Project Phase 1,

Northern Junction Roundabout, Access to Employment Zones Phase 2 and The Bridge) and progress on these projects was summarised to the Board.

Skegness Gateway Project

The agreed milestone for completing the land negotiation with Croftmarsh (the landowner) and agreeing HOTS has been achieved and LCC are on track with discussing and agreeing legal documentation by 28th June.

Northern Junction Roundabout

The match funding will be developer led and this is being progressed with Homes England. As reported in March, the scheme remains a programme risk if current milestones are not achieved. **Action: HD to follow up and confirm land acquisition milestone was met successfully and to discuss with Project Lead what information is needed for the July Investment Board meeting.**

Access to Employment Zones Phase 2

Monthly meetings are being held with the NELC project lead. RC to discuss this scheme with the Local Authority for an update post elections.

The Bridge

A process has been agreed with MHCLG and BEIS for appraising the scheme given the tight deadlines involved for delivery. Due diligence appraisal by the LEP is expected to take place in June 2019 and the ERDF call deadline for a submission has now been moved to the 6th June.

The LEP will continue to closely monitor all schemes going forward as per the risk mitigation processes agreed with the Board.

Following on from the Annual Performance Review, the GLLEP has agreed a delivery improvement plan with BEIS. Four meetings to discuss progress against agreed milestones have been arranged with Government throughout the year. The first of these was held on 22nd May and all milestones were achieved (although the target for learning floorspace appeared to be very slightly under due to written evidence still be awaited from one of the projects. The second meeting is scheduled for the 8th July.

Lincoln Medical School (Paper 3)

In July 2016, a Growth Deal 3 allocation of £5m was awarded provisionally to the University of Lincoln towards the LMS, including provision for GLLEP administration, legal and due diligence fees.

The University has partnered with the University of Nottingham to deliver the LMS and has brought together a wide range of stakeholders from across the whole GLLEP region.

The LMS will be a high-quality 5,862m² integrated clinical facility that will drive skills development across the fields of medicine and allied health subjects. Links with the Lincoln Institute for Health and the newly formed National Centre for Rural Health and Care will enable the delivery of leading-edge research.

The LMS will be built on the University of Lincoln's main Brayford Campus to maximise the opportunities and experience for learners and access to the established research base and will deliver integrated specialist space for three strands of activity:

- **Clinical space**
- **Professional development**
- **Research and innovation facilities**

Approval of £4,975,000 towards the project was recommended from the Single Local Growth Fund, plus £25,000 for GLLEP legal, due diligence and administration fees (0.5%), subject to the following conditions:

- A copy of the written State Aid advice provided by solicitors appointed by the University to be provided to the GLLEP - **pre-contract condition**.
- The University to confirm whether there will be any variation to the scheme that materially differs, in relation to the University constructing a larger building with elements of this to remain fallow until additional funding is secured and the remaining element of the building can be brought into use. It is noted that this is subject to the University finding additional funding and GL LEP will therefore be required to be kept updated in this regard - ongoing monitoring arrangements to be put in place between GL LEP and the University.
- An updated programme of milestones for the delivery of the scheme to be provided once a contractor has been appointed - **pre-drawdown condition**.

Decision: £4,795,000 approved by the Board subject to the above conditions and contracting.

Digital and Professional Skills Centre (Paper 4)

Approval was sought from the Investment Board to contracting stage for the Digital and Professional Skills Centre (DPSC) in Lincoln. The project was being considered as part of the Growth Deal supported Skills Capital Investment Fund Programme.

The Lincoln College led DPSC scheme was one of the four projects awarded an allocation, and will be delivered by Lincoln College, working in partnership with Risual Education Limited and Microsoft. DPSC will focus upon the LEP priority sectors of Health & Care and Manufacturing & Engineering. The scheme will refurbish and repurpose the existing shell of the Gibney building.

The project will support the use of:

- E-welding equipment
- Simulation software
- New programmable logic controllers (PLC) and 3D printers in order to meet the needs of employers.
- Work placements, work trials and work experience opportunities.

The scheme was considered to be very good value for money, however, the following conditions were recommended as part of the due diligence appraisal:

- Written evidence to be provided from the College to demonstrate that all match funding has been secured to enable the project to be delivered - **pre-contract condition**.
- The College must confirm that in the event of any cost increases or overruns that cannot be managed under the contract that the College will be responsible for meeting all additional costs in this regard - **pre-contract condition**.
- The College to provide a copy of the report on tenders and lowest tender for the preferred contractor - **pre-drawdown condition**.
- An up to date programme for delivery to be provided along with a profile for drawdown of funding once a firm programme for the scheme has been agreed - **pre-drawdown condition**.
- An agreed list of milestones to monitor performance to be provided - **contract condition**.

- That the College monitor output delivery in accordance with GLLEP's requirements - **post-contract condition**.
- That the College undertake an evaluation of the impact of the scheme at the end of the project.
- That the space is used for education purposes in line with the application.

Decision:

- ❖ **HD to ensure, as a pre-contract condition, there is clarity on the College's revenue commitments to the overall project.**
- ❖ **Contract to be clear on the specialist outputs and outcomes for the project.**
- ❖ **The project was approved by the Investment Board subject to the pre-contract conditions above, to the value of £2.3m.**

Proposals for Growth Deal Allocations (Paper 5)

A call for pipeline projects was released on Monday 29th October 2018 and closed on the 10th December 2018. This invitation to local stakeholders and businesses for project ideas on an outline business case basis received 47 responses. A revised GLLEP pipeline was subsequently agreed by the GLLEP Board on the 29th March and a number of deliverable short term projects that could complete financially before 31 March 2021 were identified through the review process to potentially replace existing underperforming allocations.

Following the 29th March Board, the six short term schemes deemed most deliverable by March 2021 were invited to compete for grant funding that had become available with a deadline of 1 May 2019 for full business case submissions. Five schemes provided proposals for consideration requiring £9.9m of grant in total, these were as follows:

Proposal	Total Scheme Cost	SLGF Requirement
Borderville Expansion	£2,525,328	£1,247,964
Digital, Technology, Transport and Logistics Academy	£3,475,000	£2,425,000
Sleaford Moor Enterprise Park	£43,850,000	£2,500,000
Huttoft Boat Shed Visitor Centre	£480,000	£240,000
Keadby Terminal Assisted Outfall Pumping Station Project	£34,937,095	£3,493,709
Totals	£85,267,423	£9,906,673

The assessment panel used the standard LEP scoring process within its Local Assurance Framework, but applied a higher percentage weighting to deliverability on this occasion. Final scores were as follows:

Proposal	Score out of 50
Borderville Expansion	35.8
Digital, Technology, Transport and Logistics Academy	34.6
Keadby Terminal Assisted Outfall Pumping Station Project	34.6

Huttoft Boat Shed Visitor Centre	33.4
Sleaford Moor Enterprise Park	24.7

Borderville Expansion from New College Stamford, the Digital Technology, Transport and Logistics Academy from Boston College and Huttoft Boat Shed Visitor Centre presented very strong business cases and were assessed as deliverable within the 31 March 2021 deadline for the programme.

The Keadby Terminal Assisted Outfall Pumping Station Project on behalf of North Lincolnshire Council and the Environment Agency would definitely be a deliverable and very low risk scheme with all funding in place, design and procurement complete and construction having already commenced. Main concerns over this project were demonstration of demand and need, and clarity on outcomes and Officers recommended that more detail be sought from the applicants.

Sleaford Moor Enterprise Park was assessed as requiring more development than some of the others and the panel felt that it was an obvious candidate for the GLLEP's Feasibility Fund. Expanding the remit of the feasibility work to consider development of the wider site and not just the utilities provision was recommended. The panel understood the strategic need for this scheme and its importance for Sleaford as a growing town, but felt the submission would have benefitted from more market evidence.

Decision:

The following provisional growth deal allocations were agreed by the Investment Board:

- Boardville Expansion £1,247,964
- Digital Technology, Transport and Logistics Academy £2,425,000
- Huttoft Boat Shed Visitor Centre £240,000

The Keadby Terminal Assisted Outfall Pumping Station project to be asked to resubmit its business case to GLLEP for further consideration, with greater clarity being requested on specific areas as discussed with the Board.

That the Sleaford Moor Enterprise Park scheme be considered for the GLLEP Feasibility Fund as soon as possible.

Ursula Lidbetter (Conflict of Interest), Cllr Rob Waltham and Cllr Philip Jackson left the meeting and Pat Doody chaired the meeting. The meeting was not quorate for the final decision, and an electronic decision would be sought.

Gainsborough Growth Project (Paper 6)

Board approval was sought for progression to contracting stage for Phase 1b of the Gainsborough Growth project and a variation to contract on Phase 1a.

Phase 1a of the scheme was contracted with GLLEP on 20th July 2018. A £476,907 variation proposal for the town centre redevelopment was discussed with the remaining Board members involving consideration of a replacement site for the proposed cinema complex and allocation of LEP funding towards land acquisition costs rather than the originally contracted £991,994 towards public realm improvements. Total Phase 1a contract with GLLEP currently amounts to £1,601,000 including 0.5% GLLEP fees, however the revised amount for Phase 1a would now equate to £1,124,093.

Land acquisition would be completed by July 2019 and firm milestones have been provided as part of due diligence in respect of exchange and completion.

Conditions were proposed in relation to the variation proposal:

- It is recommended that the variation agreement is not executed until WLDC have confirmed they have Cabinet approval by the end of June 2019.
- It is recommended that a copy of the final approved appraisal is provided to GLLEP prior to any drawdown of funding for the land acquisition.
- It is recommended that the State Aid Advice be provided prior to any variation agreement being executed.
- It is recommended that it is a condition of investment that the Red Book Valuation is provided prior to execution of any variation agreement.
- As WLDC in accordance with the Heads of Terms to be put in place with the cinema operator, will be undertaking the development appraisal of the cinema scheme, it is recommended a copy of this is required for GLLEP due diligence purposes.
- It is recommended that a copy of the gap funding agreement that is put in place with the cinema operator is provided to GLLEP in order to demonstrate that procurement regulations have been satisfied.

Phase 1a Decision:

- ❖ No formal decision could be made on the day as the meeting was no longer quorate. HD to make arrangements to enable a decision in June.
- ❖ The Board was mindful to support the variation to contract but more certainty is required regarding the cinema interest before the variation can be formally actioned.
- ❖ WLDC to confirm in writing by the end of June if its Committee has given approval for the Council to acquire the site directly if the cinema operator has not completed by an agreed long-stop date.

Phase 1b Project - Bowling Green Road

This project will fund the initial land remediation and preparation costs to create a serviced development platform for the delivery of a mixed tenure housing scheme at Bowling Green Road. It is a strategic brownfield site allocated for housing development within the Central Lincolnshire Local Plan and promoted as part of Gainsborough's Housing Zone Strategy.

The total development site extends to 8.3 acres; of which West Lindsey District Council (WLDC) own 6.9 acres, with Acis owning the residual 1.4 acre portion. Both partners have been working closely to secure a delivery solution for this site. Without public sector intervention at the front end, the scheme will be non-viable and will not therefore come forward for development.

Site preparation and remediation costs were assessed as part of the due diligence appraisal, however, one of the costs relating to the substation was deemed slightly high in the report provided to the Board. The Board felt that in their experience substation costs could escalate to a much higher amount than indicated, and were concerned about the potential impact this could have on the delivery of the scheme and its housing outputs.

Corringham Road

This project will provide a traffic signalled controlled junction at the B1433/A631 Corringham Road/Thorndike Way junction which is one of the key routes into Gainsborough. The project will therefore forward fund a key piece of road infrastructure which will unlock and accelerate the delivery of the Northern SUE, one of the largest housing sites in Gainsborough. It will provide the capacity required to accommodate the expected growth in the Central Lincolnshire Local Plan and also reduce the highway safety concerns of the current junction arrangement.

Conditions were proposed as part of due diligence in relation to the Phase 2b proposals should the Board approve the scheme to contracting stage:

- Confirmation that Cabinet approval has been secured - **pre-contract condition.**
- Confirmation that no additional land is required to enable delivery of the projects - **pre-**

contract condition.

- WLDC ensure ongoing liaison with GLLEP to report any material changes to the schemes and/or associated costs - **pre-drawdown condition.**
- A copy of the State Aid Advice from DWF be provided - **pre-contract condition.**
- It is recommended that detailed programmes be provided by WLDC at the time these are crystallised for both projects.
- A copy of the lowest tender and report on tender to be provided for each project when available. This is of particular relevance to the Bowling Green Lane provisional sums - **pre-drawdown condition.**

Phase 2b Decision

- **HD to make arrangements in June for a quorate electronic decision to be taken by the Board.**
- **HD to seek clarity on the source of the cost projections for the Bowling Green substation.**

Meeting closed

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