



# LEP INVESTMENT BOARD

29<sup>th</sup> March 2019

The Olde Barn Hotel, Toll Bar Road,  
Marston, Grantham, Lincs, NG32 2HT

## Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
13:30	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> <li>Approval of Minutes 10th January 2019</li> </ul>	Chair	Paper 1 attached
13:40	<b><u>For Decision - Commercial in Confidence</u></b> Sleaford Building Services <ul style="list-style-type: none"> <li>GLGF due diligence appraisal</li> </ul>	Michelle Davies	Papers 2 and 2.1 attached
13:55	Growth Deal Update Report	Halina Davies	Papers 3 and 3.1
14:15	<b><u>For Decision - Confidential (Purdah)</u></b> Access to Employment Zones Phase 2a <ul style="list-style-type: none"> <li>Littlecoates Road/Cambridge Road due diligence appraisal</li> </ul>	Halina Davies, LEP	Papers 4 and 4.1 attached
14:40	<b><u>For Decision - Confidential (Purdah)</u></b> Skegness Gateway Project Update Report	Halina Davies, LEP	Paper 5 attached
15:10	Lincolnshire Lakes/Northern Junction Project Update	Halina Davies, LEP	Paper 6 attached
15:30	AOB and close of meeting		All Members

Attendees: Ursula Lidbetter (Chair & Lincs Co-op), Cllr Peter Wheatley (NELC), Cllr Rob Waltham (NLC), Chris Baron (Butlins), Pat Doody (Nat West), Pete Moore (S151 Officer - Accountable Body)

Apologies: Cllr Colin Davie (LCC),

Observers: Pete Holmes (BEIS)

Officers: Ruth Carver (GLLEP), Halina Davies (GLLEP), Sue Groves (Note Taker)

### Parking Arrangements

## 29<sup>th</sup> March 2019 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Peter Wheatley	Access to Employment Zones Phase 2a	NELC are project applicants
Cllr Colin Davie	Skegness Gateway Project	LCC are project applicants
Cllr Rob Waltham	Lincolnshire Lakes/Northern Junction Projects	NLC are project applicants



# 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 has 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 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 -

Decision - 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.

# GL LEP Investment Board

29 March 2019

## Paper 3 - Growth Deal Programme Update

### 1. PAPER FOR DECISION

- 1.1 Investment Board Directors are asked to note the Growth Deal Programme progress report.

### 2. BACKGROUND

- 2.1 Paper 3.1 (Dashboard) provides a summary of programme performance to date (not including the Lincoln Transport Hub DFT supported major scheme which is monitored separately).
- 2.3 This paper explains how the LEP will achieve its 2018/19 forecast targets and mitigate against any risks arising.

### 3. RISK MANAGEMENT

- 3.1 The Growth Deal programme is currently 82% contracted 55% of contracted spend expended to date.
- 3.2 There are 8 schemes/phases still uncontracted with GLLEP. These amount to £21.9m growth deal allocation (17.7% of the total allocation). The table below shows which schemes fall within this category and latest milestones achieved.

Projects still to go through due diligence or with complex negotiations		
Scheme	Allocation £m	Update
Northern Junction Roundabout	1.9	Expect to be contracted April/May
Skegness Gateway	4	Phase 1 land acquisition milestone progress under review today
A46 Roundabouts	2.5	Due diligence expected Q3 2019/20
Advanced Engineering Centre (The Bridge)	1.95	Due diligence expected Q2 2019/20
Lincoln Medical School	5	Due Diligence expected Q1 2019/20
Sleaford Growth Project	2	Due Diligence expected Q3 2019/20
Gainsborough Growth Project Phases 1b & 2	2.4	Due Diligence expected Q1 2019/20
Access to Employment Zones Phase 2	2.1	Due Diligence report for Phase 2a being reviewed today
Total	21.9	

- 3.3 Two high risk uncontracted schemes (Skegness Gateway Project and Access to Employment Zones Phase 2) were asked to review their schemes and present deliverable to GLLEP in February 2019. Progress on both projects will be discussed at the investment board today in Papers 3 and 4.

- 3.5 The LEP will continue to closely monitor all Amber and Red RAG rated schemes going forward as per risk mitigation processes agreed with the Board.
- 3.6 Freedoms and flexibilities applied for 2018/19 will be attributed to the Agri-food Centre of Excellence Scheme, Grantham Technology and Innovation Scheme and Scunthorpe Town Centre scheme.

#### 4. ANNUAL PROGRAMME REVIEW

- 4.1 The LEP has received its Annual Performance Review letter from Government and received a 'Good' rating for both Governance and Strategy and 'Requires Improvement' for Delivery (along with 18 other LEPs). This places us as a middle performing LEP which reflects where we are in the middle of our SLGF programme.
- 4.2 The GL LEP and its accountable body remain positive about meeting the £8.7m growth deal target with the support of some freedoms and flexibilities; however several schemes have disappointingly not achieved their individual forecast targets this financial year. A verbal update will be provided at the meeting on year end spend progress as some claims are still being processed at the time of writing and circulating this paper.

#### 5. PERFORMANCE MANAGEMENT

- 5.1 GL LEP Officers would like to remind the Board of agreed follow up actions where projects are consistently not delivering.
- 5.2 Each scheme will be given a quarterly dashboard RAG rating for deliverability, finances and reputation. The following approach is being applied:

Projects showing red in any category

These schemes will be placed in quarterly special measures and will be called in to the Investment Board. They will be subject to monthly meetings with LEP/accountable body teams, and if improvement is not demonstrated the LEP will withhold funding or clawback/withdraw funding in line with the grant funding agreement.

Projects showing Amber in any category

These projects will be subject to quarterly meetings with the LEP/Accountable body. If no improvement is demonstrated the risk level will be raised to red.

#### 6. RECOMMENDATIONS

- 6.1 That the Investment Board notes the position of Single Local Growth Fund performance.

# Growth Deal Dashboard

LEP Name **Greater Lincolnshire LEP**

This Quarter: **Q3\_1819**

## Deliverables Progress

	This Quarter	15-17	Financial Year					Total
			17-18	18-19	19-20	20-21	21-25	
<b>Housing</b>								
Houses Completed	48	0	384	48	0	0	-	432
Forecast for year	65	-	384	65	634	1,342	1,456	3,881
Progress towards forecast	74%	-	100%	74%	0%	0%	-	11%
<b>Jobs</b>								
Jobs Created	256	0	218	257	0	0	-	475
Apprenticeships Created*	0	0	0	0	0	0	-	0
Jobs including Apprenticeships	256	0	218	257	0	0	-	475
Forecast for year	220	-	218	220	1,289	2,955	4,432	9,114
Progress towards forecast	116%	-	100%	117%	0%	0%	0%	5%
* Apprenticeships included within jobs totals prior to 2017								
<b>Skills</b>								
Area of new or improved floorspace (m2)	0	0	0	0	0	0	-	0
Forecast for year	928	-	0	928	3,000	7,039	0	10,967
Progress towards forecast	0%	-	-	0%	0%	0%	-	0%
<b>Transport</b>								
Number of New Learners Assisted	826	0	378	826	0	0	-	1,204
Forecast for year	676	-	378	676	715	867	800	3,436
Progress towards forecast	122%	-	100%	122%	0%	0%	-	35%
Length of Road Resurfaced	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Length of Newly Built Road	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Length New Cycle Ways	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0

## Project RAG Ratings

Project Name	Previous Quarter Q2_1819	This Quarter Q3_1819	Project Name	Previous Quarter Q2_1819	This Quarter Q3_1819
Grantham Southern Relief Road	AR	A	South Humber Infrastructure Investment Program	A	A
Boston Quadrant Infrastructure Programme	A	A		-	-
Boole Technology Centre	G	G		-	-
Unlocking Rural Housing	G	AG		-	-
Bishop Burton College Lincolnshire Showground	AG	AG		-	-
Tentercroft Street Growth Corridor Phases 1 and 2	G	G		-	-
Lincoln Transport Hub	G	G		-	-
Go Skegness Sustainable Transport	G	AG		-	-
Access to Employment Zones Phase 1	A	G		-	-
Normanby Enterprise Park	A	A		-	-
Northern Roundabout Junction	N/A	N/A		-	-
South Humber Infrastructure Investment Program	A	A		-	-
Lincolnshire Lakes Lake 1	AR	AR		-	-
Agri-Food Centre of Excellence	N/A	N/A		-	-
Holbeach Peppermint Junction	AG	A		-	-
Scunthorpe Town Centre	N/A	G		-	-
A46-A15	N/A	N/A		-	-
Sleaford Growth Project	N/A	N/A		-	-
Sutterton Roundabout	G	G		-	-
Grantham Technology and innovation Centre	N/A	N/A		-	-
Gainsborough Growth	N/A	N/A		-	-
Skills Capital Investment Fund	AG	A		-	-
GL Centre of Medical Science	N/A	N/A		-	-
Advanced Engineering R and D Centre	N/A	N/A		-	-
Holbeach Food Enterprise Zone	AG	A		-	-
SLGF Balance	N/A	N/A		-	-
Hemswell Food Enterprise Zone	N/A	N/A		-	-
Europarc Food Enterprise Zone	N/A	N/A		-	-
Skegness Business Park	N/A	N/A		-	-
Access to Employment Zones Phase 2	N/A	N/A		-	-

Growth Deal Performance
AG

Area lead comments

## Financial Progress

LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
<b>LGF Outturn</b>							
This Quarter	£ 185,966						
Actual	£ 185,966	£ 46,524,178	£ 14,181,938	£ 402,905	£ 21,306,291	£ 26,731,045	£ 61,109,021
Forecast for year	£ 7,504,188	£ 42,924,177	£ 14,181,937	£ 7,504,188	£ 21,306,291	£ 26,731,045	£ 112,647,638
Progress towards forecast	2%	108%	100%	5%	0%	0%	54%
<b>LGF Expenditure</b>							
This Quarter	£ 1,990,347						
Actual	£ 1,990,347	£ 36,605,631	£ 8,304,579	£ 3,560,752	£ -	£ -	£ 48,470,962
Forecast for year	£ 15,880,879	£ 33,005,631	£ 8,737,800	£ 15,880,879	£ 29,304,439	£ 25,703,891	£ 112,632,640
Progress towards forecast	13%	95%	22%	0%	0%	0%	43%
<b>Non-LGF Expenditure</b>							
This Quarter	£ 3,300,379						
Actual	£ 3,300,379	£ 45,471,567	£ 36,474,796	£ 8,580,035	£ -	£ -	£ 90,526,398
Forecast for year	£ 35,721,097	£ 45,131,335	£ 36,302,905	£ 35,721,097	£ 45,824,898	£ 70,036,944	£ 233,017,179
Progress towards forecast	9%	100%	24%	0%	0%	0%	39%
<b>Total LGF + non-LGF Expenditure</b>							
This Quarter	£ 5,290,726						
Actual	£ 5,290,726	£ 82,077,198	£ 44,779,375	£ 12,140,787	£ -	£ -	£ 138,997,361
Forecast for year	£ 51,601,976	£ 78,136,966	£ 45,040,705	£ 51,601,976	£ 75,129,337	£ 95,740,835	£ 345,649,819
Progress towards forecast	10%	+105%	+99%	+24%	+0%	+0%	40%

## Contractual Commitments (manual entry)

	15-17	17-18	18-19	19-20	20-21	Total
Forecast	£ 34,980,339	£ 15,315,589	£ 23,796,048	£ 18,356,359	£ 20,199,303	£ 112,647,638
Actual	£ 36,605,631					£ 36,605,631
Variance	+5%	-100%	-100%	-100%	-100%	-68%

## Commentary

Following the ability to re-profile the projects in September the Dashboard shows the programme more accurately. Spend is however still a challenge and I note that the LEP are still only at 5% of the year end spend target. Given the low spend position several actions have been taken.

- Letters were sent to Directors/Managers of uncontracted projects in December 2018 reminding them of the necessity to spend funding allocations by 31 March 2021, and the implications for the wider programme when forecast targets are annually not met. The projects were asked to submit the very latest forecasts for achievement of key milestones along with revised quarterly expenditure forecasts.

- Managers of contracted projects have also been written to reminding them 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. Where these are identified and risks increased meetings will be held with these projects. Following Q3 submissions meetings have been arranged with SHIIP Phase 2, Holbeach SL Fez and the Skills capital programme.

- Two high risk uncontracted schemes (Skegness Gateway Project and Access to Employment Zones Phase 2) have been asked to review their schemes and come back to GLLEP by 31st January 2019 with deliverable proposals for consideration by the February Investment Board. These schemes amount to £6.1million in the programme allocation. Should the projects not be able to deliver the Board will look at the pipeline of schemes to assess whether there are other schemes that could deliver within the Growth deal timeframe.

There are some key projects with expected larger claims in quarter 4 of the financial year and 4 projects with spend forecast have only just been contracted. Positively many of these newly contracted schemes have been spending at risk and will therefore be submitting retrospective claims.

As detailed above I remain committed to working with the LEP to ensure the spend is maximised within the period. The programme is also beginning to see more outputs coming through and the LEP is on target to achieve its year end output targets. Both Jobs and skills have over achieved the 18/19 yearly target with Housing units at 74%.

## Section 151 Officer Approved

Name	Pete Moore
Signature	
Date	25/01/2019

# Investment Board

29 March 2019

## Paper 6 - Lincolnshire Lakes/Northern Junction Roundabout Update

### 1. PAPER FOR DECISION

- 1.1 This paper provides Board Directors with an update on progress with the Lincolnshire Lakes Lake 1 and Northern Junction Roundabout Schemes.

### 2. BACKGROUND

- 2.1 The Lincolnshire Lakes Lake 1 scheme was contracted on 22<sup>nd</sup> July 2016 and the LEP is contributing £2m of grant funding towards this project. Despite some preparatory works having taken place, the main construction contract for the Lake has been held in abeyance pending written confirmation of investment in the wider scheme.
- 2.2 The Northern Junction Roundabout scheme was approved to contracting stage on the 25 May 2018 subject to the following remaining conditions:
  - The final costs for delivering the project to be confirmed based upon provision of the report on tenders and lowest tender received. This information is required to demonstrate that the scheme is deliverable in accordance with the funding that has been secured to date.
  - An updated programme for the delivery of the project and quarterly forecast for the drawdown of SLGF to be provided once the project is underway.
  - In the event that costs are higher than the current budget, NLC to confirm that they will be responsible for meeting any cost increases and cost over runs incurred on the project.
- 2.3 Although the first two conditions could be satisfied, confirmation in writing of match funding being available to NLC and costs for the wider scheme being released by Homes England as a loan to enable the projects to start was awaited; hence GL LEP has been unable to proceed with the funding agreement to date.

### 3. LATEST PROGRESS UPDATE

- 3.1 KMG submitted four planning applications in 2013 to deliver the northern half of Lincolnshire Lakes. The applications comprise of PA/2013/1000 (outline - 2550 dwellings), PA/2013/1001 (outline - 450 dwellings), PA/2013/1002 (full - northern junction), PA/2013/1003 (outline - commercial park). These applications were determined in July 2016.

3.2 The conditions of the permission PA/2013/1001 require that the first phase reserved matters must be submitted within three years of the date of the decision. This date is the 8<sup>th</sup> July 2019. However, to legally submit the reserved matters application, a number of other conditions must first be discharged including:

- Enabling works
- Site-Wide Phasing Plan (inclusive of all four application sites)
- Site-Wide Masterplan (inclusive of all four application sites)

The above, the northern roundabout and lake 1 are currently the subject of discussions with a new owner of the site. Necessary HOTs and legal agreements are progressing for all parties concerned and a letter of intent has already been received on the 21<sup>st</sup> March 2019 from the investor concerned.

3.3 In order for the scheme to progress and to access the grant funding for the delivery of the key infrastructure the developer knows he will need to be in a position to ensure that they can discharge the conditions and deliver the s106 contributions.

3.4 The contracts remain in place for the Northern Roundabout and Lake 1 with Clugston Construction and they can be on-site within 6 weeks for the Northern Roundabout and 2 weeks with Lake 1 once all the necessary agreements are in place. This will all be achievable well within the 31 March 2021 deadline providing a start is made as planned on site by late June 2019.

3.5 The detailed construction costs to deliver the infrastructure as proposed have been reviewed and updated by NLC and a technical assessment was undertaken of them by White Young Green as part of due diligence last May. The actual physical works costs on site are all deemed to primarily be realistic and in accordance with market rates.

3.6 The scheme remains subject to monthly review.

#### 4. RECOMMENDATION

4.1 That the Investment Board notes progress being made to enable delivery of the Lincolnshire Lakes Lake 1 and Northern Junction schemes and the key milestone dates identified.