



# LEP INVESTMENT BOARD

20<sup>th</sup> February 2019

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

## Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
9:30	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> <li>Approval of Minutes 10th January 2019</li> </ul>	Chair	All Members Paper 1 attached
9:40	Growth Deal Programme Update - for information <ul style="list-style-type: none"> <li>Updated Report</li> </ul>	Halina Davies, LEP	All Members Paper 2 attached
9:55	GLLEP Pipeline Assessment - for Decision <ul style="list-style-type: none"> <li>PowerPoint Presentation</li> <li>Report for Decision</li> <li>Proposed Pipeline Post Assessment</li> </ul>	Halina Davies, LEP/Linsay Hill Pritchard, AB	All Members Paper 3 attached Paper 3.1 attached
10:15	Skegness Gateway - Revised Proposal for Decision <ul style="list-style-type: none"> <li>Call for Action Report</li> </ul>	Halina Davies, LEP	All Members Paper 4 attached
10:35	Access to Employment Zones Phase 2 - Revised Proposal for Decision <ul style="list-style-type: none"> <li>Call for Action Report</li> </ul>	Halina Davies, LEP	All Members Paper 5 attached
10:55	Invest & Grow Loan Fund - for Decision <ul style="list-style-type: none"> <li>CartaRE Report for Decision</li> <li>CartaRE EOI</li> <li>Layout plan</li> </ul>	Cathy Jones, LEP	All Members Paper 6 attached Paper 6.1 attached Paper 6.2 attached
11:15	GL LEP Delivery Plan - for Information <ul style="list-style-type: none"> <li>CLOG's Delivery Plan Matrix for Information</li> </ul>	Halina Davies, LEP	All Members Paper 7 attached
11:35	Northern Junction/Lincolnshire Lakes verbal update - for information <ul style="list-style-type: none"> <li>Homes England Position Statement</li> </ul>	Halina Davies, LEP/Pete Holmes, BEIS	All Members
11:45	AOB and close of meeting		

Attendees: Ursula Lidbetter (Chair & Lincs Co-op), Cllr Peter Wheatley (NELC), Cllr Rob Waltham (NLC), Cllr Colin Davie (LCC), Pat Doody (Nat West)

Apologies: Pete Moore (S151 Officer - Accountable Body), Chris Baron (Butlins)

Observers: Pete Holmes (BEIS)

Officers: Ruth Carver (GLLEP), Halina Davies (GLLEP), Lindsay Hill Pritchard (Accountable Body), Sue Groves (Note Taker)

### **Parking Arrangements**

Parking has been organised in the car park at the front of County Offices for: Ursula Lidbetter, Cllr Peter Wheatley, Cllr Rob Waltham and Pete Holmes

## **20<sup>th</sup> February 2019 GL LEP Investment Board - Conflict of Interest Table**

Board Member	Project	Conflict
Cllr Colin Davie	Skegness Gateway Paper 4	LCC are project applicants
Cllr Peter Wheatley	Access to Employment Zones Phase 2 Paper 5	NELC are project Applicants
Cllr Rob Waltham	Northern Junction/Lincolnshire Lakes Verbal Update	NLC are project applicants

# LEP INVESTMENT BOARD

10<sup>th</sup> January 2019

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

Draft 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.

# GL LEP Investment Board

20 February 2019

## Paper 2 - Growth Deal Programme Update

### 1. PAPER FOR INFORMATION

- 1.1 Board Directors are asked to consider the Growth Deal Programme Update and note the risks to programme delivery identified.

### 2. BACKGROUND

- 2.1 The Growth Deal review paper to GL LEP Board on the 10 January highlighted the risks to projects achieving their 2018/19 forecast targets, identified potential risks to full delivery and expenditure by 31 March 2021 and provided key milestones for each scheme/programme.
- 2.2 As part of its risk management the LEP sent letters to Directors/Managers of all uncontracted and high risk contracted schemes in December 2018 reminding them of the necessity to spend our funding allocations by 31 March 2021, and the implications for the wider programme when forecast targets are annually not met. Detailed forecasts and milestones were provided as a result, and two very high risk schemes have been asked to provide revised submissions for their projects today (Skegness Gateway, Paper 4, and Access to Employment Zones Phase 2, Paper 5).
- 2.3 In January the Board agreed to consider/implement when necessary a number of specific measures for projects that are consistently not delivering against milestones, are considered to be high risk or are experiencing delays which could have been avoided or managed more effectively.

### 3. SUMMARY OF PROGRAMME PROGRESS

- 3.1 The LEP currently hold contracts to the total spend value of £304million with an agreed grant contribution of £97million single local growth fund therefore leveraging in a further £207million of investment.
- 3.2 Since the Annual Performance Review and last Investment Board meeting on the 10 January 2019, the following schemes have been formally contracted with GL LEP:

PROJECT	SLGF GRANT
Scunthorpe Town Centre Project	£3,850,000
Agri-Food Centre of Excellence	£2,400,000
Europarc FEZ	£1,800,000
Gainsborough Growth Project Phase 1a	£1,601,000

Total	£9,651,000
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### 3.3 Remaining schemes to be contracted are as follows:

PROJECT	SLGF GRANT
Northern Junction Roundabout	£1,900,000
Hemswell FEZ	£2,000,000
Grantham Technology and Innovation Centre Scheme	£2,000,000
Lincoln Medical School	£5,000,000
The Bridge R&D Centre, Lincoln	£1,950,000
Gainsborough Growth Project Phase 1b and 2	£2,399,000
A46 Roundabouts, Lincoln	£2,500,000
Sleaford Growth Project	£2,000,000
Skegness Gateway Scheme	£4,000,000
Access to Employment Zones Phase 2	£2,306,484
Total	£26,055,484

- 3.4 The summary Dashboard for Q3 of 2018/19 will be reported to the March Investment Board for formal sign off but it has been submitted to Government for review as per the required deadline.
- 3.5 Following the ability to re-profile the projects in September the Dashboard shows the programme more accurately. Spend is however still a challenge and the board should note that the LEP are still only at 5% of the year end spend target.
- 3.6 Meetings have been scheduled with 2 contracted schemes (SHIIP Ph2 - NE Lincolnshire and Boston Quadrant - Chestnut Homes) that have Amber ratings due to spend in quarter 4 estimated as lower than forecasted. The impact of the lower claim values is that a year end programme spend value of £6.2million has been identified. This would leave a shortfall of £2.5million.
- 3.7 We will continue to work with the projects to assess whether their potential underspends will be realised and as previously agreed we will utilise freedom and flexibilities on the Grantham Technology and Innovation Centre and Agri-Food Centre of Excellence.
- 3.8 There are some key projects with expected larger claims in quarter 4 of the financial year and 4 projects with spend forecast which have only just been contracted. Positively many of these newly contracted schemes have been spending at risk and will therefore be submitting retrospective claims.
- 3.9 The programme is also beginning to see more outputs coming through and the LEP is on target to achieve its year end output targets. To date the programme has delivered:-

Key Output	Description	Actual to date	% of overall target
Housing	Housing units completed	432	11%
Jobs	Jobs and apprenticeships created	475	5%
Skills	No. of new learners assisted	1204	35%
Transport	No Target with Greater Lincolnshire		

Both Jobs and skills have over achieved the 18/19 yearly target with Housing units at 74%.

#### 4. PROGRESS UPDATES

4.1 Total SLGF currently allocated to Greater Lincolnshire LEP is £123.7m, hence the programme is now 79% contracted with another two schemes totalling £4m completing shortly.

##### 4.2 Northern Junction

Verbal Position statement provided by Homes England. Scheme tendered at risk to the applicant and is ready to progress in six weeks once match funding is confirmed and contractual agreement is signed.

##### 4.3 Hemswell FEZ

Signed GL LEP funding agreement received from the grant applicants but still to be formally signed off by the LEP and its accountable body.

##### 4.4 Grantham Technology and Innovation Centre

About to be contracted having received formal endorsement from SKDC Council on the 31 January 2019.

##### 4.5 Lincoln Medical School

Due diligence appraisal expected in March 2019. A business case has been provided but detailed design and costings are still awaited from University of Lincoln (UOL). Planning permission was submitted in January 2019 and the construction contract will be awarded in June 2019 with a start on site August 2019.

##### 4.6 The Bridge R&D Centre

Land acquisition is expected to be completed by April 2019. The planning submission will be made in September 2019 and construction will begin on site September 2020. UOL are aiming for the building to be occupied by September 2021. GL LEP due diligence appraisal will be in August 2019 and all being well the ESIF contract should be agreed and signed in July 2019, however concerns remain about potential delays should the ESIF decision take longer. The project is already scheduled to financially complete in August 2021 due to ESIF requirements with all SLGF grant being drawn down by 31 March 2021, potential acceleration of delivery is being explored by UOL. Progress against milestones will need to be monitored closely over the next couple of months.

4.7 Gainsborough Growth Project Phases 1b and 2

Three housing related options being explored, however Northern SUE most likely submission for land acquisition/infrastructure costs. Due diligence appraisal expected this May/June.

4.8 A46 Roundabouts, Lincoln

The applicants aim to have the land acquisition process resolved and the legal document sealed by May 2019. Detailed design for Riseholme Road Roundabout was commissioned in October 2018 and for Nettleham Road Roundabout was commissioned in December 2018. The programmed completion date for both designs is October 2019.

Riseholme Road Roundabout has a construction start date in April 2020 with planned completion in October 2020. Nettleham Road Roundabout has a construction start date in October 2020 with a planned completion in April 2021 (all SLGF having been drawn down by March 2021). LCC expect the contractor will want elements of both roundabouts to work concurrently, which will likely accelerate the programme.

Due diligence appraisal is expected in October/November 2019 once detailed designs are completed.

4.9 Sleaford Growth Project

A project board including the LEP meets regularly to discuss progress with this scheme. Detailed costings will be available in November 2019 once detailed designs have been completed in October and it is expected that due diligence appraisal will be submitted in December. This is slightly later than originally thought by the applicants, as though there will be some overlap of the two schemes concerned, we cannot create an incursion on the road network at both sites at the same time. The rugby club junction will begin first and some offline works for the Holdingham roundabout might be able to start before the other junction is finished.

4.10 Skegness Gateway

See Paper 4.

4.11 Access to Employment Zones Phase 2

See Paper 5.

## 5. GREATER LINCOLSHIRE GROWTH FUND (GLGF)

5.1 The GLGF has now approved 4 schemes and has £1,727,195 remaining as unallocated of the original £3,000,000.

5.2 Two more expressions of interest have been received recently and one of these for ParcAcre Enterprises Ltd has already been progressed to full application stage. We expect the due diligence appraisal to be considered by the Investment Board in May 2019.

- 5.3 SDG Access Ltd have already created 6 new jobs, with groundworks underway. The Wolds Manufacturing Ltd project is going well; the land has been purchased, and work will begin soon. Tong Engineering are awaiting confirmation of road access approval from ELDC to enable a start on site with the main building but have created 2 new jobs to date.

## **6. RECOMMENDATIONS**

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

# Investment Board

20 February 2019

## Paper 3 - Greater Lincolnshire LEP Pipeline Projects

### 1. PAPER FOR DECISION

- 1.1 Board Directors are asked to review and endorse Officer recommendations for a revised GL LEP pipeline of schemes across Greater Lincolnshire.

### 2. BACKGROUND

- 2.1 Partners continue to work together on the key priorities identified for the Greater Lincolnshire area and as part of a formal review a number of the schemes identified within the existing GLLEP pipeline remain deliverable and a priority. Work continues on updating of existing pipeline schemes and will be concluded by the 29 March 2019 GL LEP Board meeting.
- 2.2 The Annual Conversation with the Cities & Local Growth Team on the 10<sup>th</sup> January 2019 resulted in a number of follow up actions, and one of these actions specifically focused on the LEP identifying and reviewing its existing pipeline of projects by 31 March 2019.
- 2.3 A call for pipeline projects was released on Monday 29<sup>th</sup> October 2018 and closed on the 10<sup>th</sup> December 2018. This invitation to local stakeholders and businesses for project ideas on an outline business case basis received 47 responses, and initial comments/advice on the submissions were sought from key individuals representing our Strategic Advisory Groups prior to the assessment process.
- 2.4 When the UK Shared Prosperity Fund is announced by government, Greater Lincolnshire will want to have a clear position on the business cases and prioritisation of schemes that will both contribute to the delivery of the SEP and the LIS. This pipeline call was therefore a first step in ensuring that a realistic pipeline for delivery could be developed, with the potential to deliver growth and productivity in the Greater Lincolnshire area, taking into account of key SEP and LIS priorities.
- 2.5 The LEP is also mindful that at this stage in the Growth Deal programme some schemes are not achieving key milestones, and should hard decisions need to be made by the Board over the next couple months to ensure programme delivery, a pipeline of deliverable projects that could complete financially before 31 March 2021 needed to be identified to potentially replace existing allocations if necessary.

### 3. PROJECT ASSESSMENT

- 3.1 The assessment of submissions began in December and continued throughout January. The LEP involved an external independent consultant as part of its officer assessment panel.
- 3.2 All projects were assessed with regard to strategic fit, economic case, deliverability and impact, taking particular notice of risk levels and potential impact on productivity. The assessment considered both qualitative and quantitative evidence and schemes were assessed as per the Local Assurance Framework.

The following criteria descriptions applied to the process:

- **Strategic Case** - The proposed project contributes to the needs/opportunities identified by the GLLEP, demonstrates delivery against relevant specific objectives, outputs and relevant priorities as identified within the Strategic Economic Plan and emerging Local Industrial Strategy, and adds value to and not duplicate existing provision.
  - **Economic Case** - An assessment of the economic costs and benefits of a proposal to the Greater Lincolnshire area. This included review of options appraisals, wider impacts and rationale for option choice.
  - **Financial Assessment** - reviewing cost assumptions and rationales and sources of match funding. Schemes must represent value for money. In assessing value for money we took account of:-
    - **Efficiency:** the rate/unit costs at which the project converts inputs to the Fund outputs,
    - **Economy:** the extent to which the project will ensure that inputs to the scheme are at the minimum costs commensurate with the required quality and
    - **Effectiveness:** the extent to which the project contributes to programme output targets, results and/or significant strategic impact at the local level.
  - **Deliverability** - This scrutinised whether or not the proposal is deliverable and has clear project management, setting out responsibility, governance and reporting arrangements. Inclusion of a robust delivery plan with targeted milestones was desirable and we reviewed capability to meet the financial requirements and liabilities of a programme.
  - **Risk** - We looked at delivery of the scheme and the risks posed by the preferred option, taking into account various complexities. We also explored risk in its widest sense covering for example, reputational risk, stakeholder engagement risk, management capability, potential conflict of interests, procurement, state aid etc.
- 3.3 It is worth noting that many of the strongest project submissions are not fully deliverable until after 31 March 2021. This is a positive



starting point as we are demonstrating to government that we have a strong pipeline.

3.4 We also took a two phased approach to the assessment:

- Projects stating they could deliver by March 2021
- Medium-term projects and conceptual schemes

This was to help identify projects that could potentially replace existing growth deal schemes should they be regarded as too high a risk to delivery of the programme. If an allocation has to be removed from an existing growth deal scheme the project concerned would automatically be returned to the GL LEP pipeline for continued development, unless it is deemed as no longer deliverable.

3.5 As can be seen in Paper 3.1 projects have also been ranked by theme/category, allowing the LEP to consider replacing/including certain types of schemes with projects of a similar nature and outcome.

#### 4. NEXT STEPS

4.1 It is extremely important that the LEP continues to have a clear and up to date pipeline of schemes should future growth related funding become available, either via a new Government programme or due to existing schemes becoming undeliverable or having to be withdrawn.

4.2 The attached spreadsheet (Paper 3.1) provides the Investment Board with a proposed pipeline summary broken down by short term delivery and medium term delivery/conceptual categories post assessment. These have then also been broken down by sector/theme. Projects from the existing pipeline were reviewed by Board in May 2018 and have been integrated into this overall grouping. Some existing pipeline schemes will be reviewed again over the next few weeks and may be updated, removed or replaced.

4.3 It is worth noting that a number of risks to delivery remain attached to many of the projects put forward within this recent call. A summary of the types of risks identified is as follows:

- Planning permission still required
- Detailed design still incomplete or not started
- Feasibility work yet to be completed
- Cost uncertainty or in some cases not no costs provided
- Land not acquired
- Outputs unknown
- Governance structure missing or not identified
- Monitoring and evaluation method not provided
- Key milestone dates not provided
- SMART objectives not identified
- Wider policy context not considered
- Risk table not completed
- Demand and need not clearly identified

- Alternative options not explored or discounted
  - Rationale unclear
- 4.4 All outline business cases submitted have been reviewed fairly and feedback to all applicants on their submissions will be provided once the final sign off for the revised GLLEP pipeline is made by GLLEP Board on the 29<sup>th</sup> March 2019.
- 4.5 Should a new programme such as the UK Prosperity fund be launched by Government/GL LEP existing pipeline schemes meeting criteria for the fund would be asked to submit full business cases and a further call for projects would be taken forward based on clear criteria and timescales for delivery. The call along with requested pipeline business cases would be reviewed and scored as per the Assurance Framework guidelines and final recommendations would be made to the wider GL LEP Board for approval.
- 4.6 If a project from the existing Growth Deal allocation has its allocation withdrawn and is returned to the GL LEP pipeline, officers will request full business cases from the six schemes deemed most deliverable under the recent pipeline assessment funding allocation and will make further recommendations based on deliverability to the Board on which scheme/schemes should replace the allocation amount in question.
- 4.7 Should the total Growth Deal allocation amount withdrawn from existing growth deal programme schemes exceed the six most deliverable projects identified from the recent call, officers will revisit the remaining pipeline and make recommendations for the Board to consider.

## 5. ANALYSIS AND DELIVERABILITY

- 5.1 Today's PowerPoint presentation provides an overview of the schemes following assessment, breaking them down into those schemes deliverable by 31 March 2021 and those deliverable in the medium term. It is important to note however that some schemes that did not make the top 20 may still be regarded as strategically important, but will require further development to enable prioritisation.
- 5.2 The entire pipeline list can be viewed in Paper 3.1 with projects regarded as strongest for each sector/theme post assessment being located at the top.

## 6. OUTPUTS AND OUTCOMES

- 6.1 Some existing pipeline schemes are yet to be developed to full business case stage, and the latest outline business case submissions made as part of the recent call will be asked to submit full business cases if they meet key criteria once a new funding programme such as the UK Prosperity fund is announced. Pipeline projects deliverable by 31 March 2021 may also be identified by the LEP as potential replacement projects for any schemes withdrawn from the current programme. The outputs and outcomes identified to date will be

subject to more detailed analysis and progression; this would normally take place at due diligence stage.

## **7. STRATEGIC INFRASTRUCTURE DEVELOPMENT PROGRAMME (SIDP)**

- 7.1 The SIDP Programme is currently reviewing its priorities.
- 7.2 It will be important to ensure that where infrastructure schemes are prioritised by Local Authorities for delivery, the LEP continues to engage on and be aware of how they might contribute towards or complement existing or emerging LEP programmes. Ten of the schemes on the existing GL LEP pipeline list relate to Strategic Infrastructure Programme priorities and these will be updated once Stage Two assessment and scoring of SIDP schemes has been completed in March 2019. The LEP is involved directly in this process.
- 7.3 Final recommendations on scheme priorities will be made to the 4<sup>th</sup> March 2019 Housing and Infrastructure Group (HIG) for endorsement.

## **8. RECOMMENDATION**

- 8.1 That the Investment Board notes the assessment of pipeline schemes, approves officer recommendations for short-term pipeline consideration (Presentation and Paper 3.1) and endorses the approach taken to expand and update the existing GL LEP pipeline.

# Investment Board

20-Feb-19

## Paper 3.1 GL LEP Pipeline by Theme

Theme Projects according to Deliverability	Grant Requested or Gap Identified	Total Scheme Cost	Most Deliverable by March 2021	Short-term or Medium Term/ Concept
<u>SIDP Priorities Sept 2016 (new priorities are currently under review)</u>				
1. Grantham Southern Relief Road	£71m	£120m		Medium/Concept
2. Spalding Western Relief Road	£64m	£7m		Medium/Concept
3. Port of Immingham Sea Defence Improvement Works	TBC	£12.3m		Medium/Concept
4. A16 improvements	TBC	£5.2m		Medium/Concept
5. Hemswell FEZ Phase 2	TBC	TBC		Medium/Concept
6. Isle of Axholme Flood Risk Improvements	£1m	£10m		Short
7. Sleaford Growth Road Infrastructure Phase 1b	£11m	£10.25m		Medium/Concept
8. Flood Street Upgrades - Gainsborough Bridge Road	£6.5m	£6.5m		Medium/Concept
9. Beevor Street, Lincoln	£7.5m	£15m		Medium/Concept
10. South East Sleaford Regeneration Route Phase 2	TBC	£15.2m		Medium/Concept
<u>Infrastructure (non SIDP)</u>				
1. Sleaford Growth Project Phase 1b	£11m	£10.25		Medium/Concept
2. SHIP Immingham Cycleway	£1m	£1.25m		Medium/Concept
3. Upgrade to A15 Riseholme Roundabout (A15/A46 Junction) and Junction 4 (A15/M180 Junction)	£600m	£600m		Medium/Concept
4. Brigg Link Road	£1.6m	£3m		Short
5. Western Growth Corridor, Lincoln (WGC)	£14m	£28m		Short
6. Barton Link Road	TBC	TBC		Medium/Concept
7. Pinch Point Sub Programme - A17: Improvement of Heckington Bypass - upgrade to dual carriageway	£17.5m	£12m		Medium/Concept
8. Infrastructure & Transportation Sub-Programme	£6.6m	£38.5m		Medium/Concept
<u>Visitor Economy</u>				
1. Huttoft Boat Café	£0.125m	£0.25m	4	Short
2. Gainsborough Marina	£4.67m	£7.78m		Medium/Concept
3. Lincoln : Vibrant City Centre Intervention Programme	£6.9m	£11.42m		Medium/Concept
4. Skegness Foreshore Masterplan Programme	£3.1m	£6.6m		Medium/Concept
<u>Skills</u>				
1. Borderville Extension, Stamford	£1.1m	£2.23m	1	Short
2. Lincoln Medical School (Future Proofing)	TBC	£21m		Medium/Concept
3. Made in Gainsborough Phase 2	£0.5m	£1m	2	Short

Theme Projects according to Deliverability		Grant Requested or Gap Identified	Total Scheme Cost	Most Deliverable by March 2021	Short-term or Medium Term/ Concept
4.	Digital Transport and Logistics Academy	£3.75m	£5.65m	3	Short
5.	Centre for Public Health Education (capital element only by March 2021)	£1.41m	£2.83m		Short
6.	Skills Capital Investment Programme funding Gaps	£4.2m	£21m		Short
7.	National Centre for Sustainability in the Built Environment	TBC	TBC		Medium/Concept
8.	TEC Partnership Skills Capital Programme	£4.85m	£9.7m		Medium/Concept
<u>Business &amp; Innovation</u>					
1.	LSIP Phase 2	£3.4m	£6.8m		Medium/Concept
2.	Business Lincolnshire Growth Hub	£5.48m	£7.75m		Medium/Concept
3.	Centre for Innovation in Rural Health	£11.5m	£19.1m		Medium/Concept
4.	Greater Lincolnshire Formulation Hub	£3.63m	£6.1m		Medium/Concept
5.	Fairfield Industrial Estate	£3m	£10.75m		Medium/Concept
6.	StamTech Innovation Centre	£3m	£6m		Medium/Concept
7.	Employment Opportunity at RAF Scampton	£0.7m	£0.98m		Medium/Concept
8.	Sleaford Moor Enterprise Park	£2.5m	£43.85m	5	Short
9.	Plot K, Stallingborough Industrial Units	£1.89m	£5.28m		Short
10.	Waddington Technology Park	TBC	£6.5m		Medium/Concept
11.	Gradus Business Centre: Northfields Industrial Estate Extension, Market Deeping	TBC	£5.3m		Medium/Concept
12.	Rural Business Hubs, InvestSK	£1.3m	£2.6m		Short
13.	Horncastle Industrial Estate Extension	£0.2m	£0.7m		Medium/Concept
14.	Enhanced Inward Investment and Investor Development Service	TBC	TBC		Medium/Concept
15.	E Factor Incubation, E Factor Group Ltd	£0.36	£1.2m		Short
<u>Agri-Food</u>					
1.	FEZ Programme Funding Gaps	£1.5m	£18.6m		Medium/Concept
2.	Future Proofing the Agri-food Industry	£21.7m	£42m		Medium/Concept
3.	Advanced Engineering Manufacturing Unit, Stallingborough EZ	£0.97m	£2.49m		Short
4.	Agri-Grants Programme	£2m	£6m		Medium/Concept
<u>Energy</u>					
1.	Smart Grid	TBC	TBC		Medium/Concept
2.	Greater Lincolnshire Energy Testbed	£9.6m	£16m		Medium/Concept
3.	Grantham Utility Collaboration (Spittlegate level Grantham Southern Quadrant (InvestSK)	£9m	£25m		Short
4.	Grantham Southern Gateway Sustainable Electricity Supply	£31m	£31m		Medium/Concept
<u>Housing</u>					

Theme Projects according to Deliverability		Grant Requested or Gap Identified	Total Scheme Cost	Most Deliverable by March 2021	Short-term or Medium Term/ Concept
1.	Viability Gap Funding to unlock affordable housing	£2.5m	£9.3m		Medium/Concept
2.	Integration of Housing, Health and Care	£2.1m	£17.4m		Medium/Concept
3.	Enabling Housing Programme	£10.5m	£77.1m		Medium/Concept
<u>Water Management</u>					
1.	WRE - Phase 1 Smart Water Catchment Management	£5.77m	£14m		Medium/Concept
2.	Isle of Axeholme Flood Infrastructure (Phase 1 Keadby)	£3.5m	£32m	6	Short
3.	Saltfleet to Gibraltar Point Strategy Works Arising (2021 onwards)	£5m	£75m		Medium/Concept
4.	Barton to New Holland tidal defence improvements	£4.10	£24m		Medium/Concept
5.	Isle of Axholme Flood Infrastructure Phase 2	£6m	£63m		Medium/Concept
6.	South Ferriby to Winteringham Flood Alleviation Scheme	£1m	£11.84m		Medium/Concept
7.	Saltfleet to Gibraltar Point Coastal Defences	TBC	£600m		Medium/Concept
<u>Creative Industries</u>					
1.	Programme for Business Productivity, Growth and Innovation	£6.24m	£10.4m		Medium/Concept
2.	Culture for the County	£0.25m	£0.36m		Medium/Concept

# Investment Board

20 February 2019

## Paper 4 - Skegness Gateway Project

### 1. PAPER FOR DECISION

- 1.1 Board Directors are asked to review the latest submission for the Skegness Gateway Scheme and to consider Officer recommendations with regard to the funding allocation.

### 2. BACKGROUND

- 2.1 The Skegness Gateway site was awarded a provisional allocation of £4m as part of the LEPs Growth Deal 1 agreement with government. Previous proposals were progressed to a point of contractor appointment, however were eventually deemed unviable and the original contract with Croftmarsh and LCC was withdrawn completely in 2018, being replaced with a revised project approach. The due diligence appraisal report was presented to the Board in January 2018.
- 2.2 Since its approval to contracting stage in January 2018 the Skegness Gateway scheme has made limited progress against key milestones, hence a GL LEP funding agreement has not been progressed to date. There have been considerable staff changes within the LCC delivery team since the due diligence report was completed, and negotiations with the landowner have been ongoing.
- 2.2 The existing Project Manager has undertaken a comprehensive review of the project, building on progress made to date and progressing essential activities such as land valuations and acquisition discussions, utility assessments and planning requirements.
- 2.3 Project plans have been re-profiled and there is on-going proactive engagement with key stakeholders, potential contractors and utilities companies.

### 3. THE PROJECT

- 3.1 The proposed two phased Skegness Gateway Project will enable a 31 hectare (91.5 acre) Greenfield site to be opened up for mixed use commercial and leisure development. This site situated within the Skegness Western Growth Corridor, is the only allocated employment land for Skegness in the East Lindsey Local Plan.
- 3.2 Phase 1 of the project will build, service and make available 5 hectares (12.35 acres) of "spade ready" employment land and "ready to move in" small industrial units, suitable for B1, B2 and B8 uses which are targeted at meeting pent up and emerging demand.

The Board should note that this proposal is essentially the same as the one presented for approval in January 2018.

- 3.3 Phase 2 of the project would see the construction of a new four legged roundabout on the A52 and servicing of further employment land for a broader range of uses including retail, retail warehousing, leisure and ancillary uses. This phase also has wider benefits to the town of Skegness in that it creates a future connection point for a Skegness Relief Road which, as part of the Coastal Highway will improve access from the national motorway network right through to and along the Lincolnshire coast.

Phase 2 of the project will be delivered as a partnership between LCC and Croftmarsh governed by legal agreements between the two parties covering sharing of costs, but due to the current market conditions the landowner Croftmarsh is at present unable to commit to developing out phase 2.

Phase 2 and any other future stages are still to be determined between LCC and Croftmarsh and the focus to date has been on securing delivery of Phase 1. Phase 2 costs are estimated at £10.6m and GL LEP SLGF currently provisionally allocated to this phase totals £2,721,000.

LCC remain committed to the development of this phased project and unlocking the significant positive impacts it will make on the economy of the town and its hinterland. The new business infrastructure provided in phase 1 will provide a platform to positively demonstrate what the area has to offer, boosting business confidence and encouraging future investment in phase 2.

- 3.4 The Phase 1 project still has a number of core milestones to achieve:

Task	Start date	End date
Gateway 1 - Feasibility	17/12/18	08/02/19
Gateway 2 - Pre-construction design	08/02/19	25/04/19
Land purchase negotiations	25/02/19	08/03/19
Agree Heads of Terms	11/03/19	15/03/19
Site surveys	11/03/19	23/04/19
Land purchase and legal processes	18/03/19	10/05/19
Gateway 3 - Client approval to proceed to planning	08/04/19	12/04/19
Detailed design	08/04/19	06/06/19
Planning submission and consultation period	15/04/19	11/07/19
Contracting with GLLEP	29/04/19	27/05/19
Gateway 4 - Sign delivery agreement	26/07/19	08/08/19
Mobilisation	09/08/19	06/09/19
Construction period	09/09/19	21/04/20



- 3.6 Land valuation and acquisition - In order to comply with the requirements of the due diligence report, two new land valuations have been commissioned and reports received. LCC are currently reviewing these with Corporate Property colleagues and entering into the next phase of negotiations with Croftmarsh.

The land being considered for this 5HA development forms part of a wider 91.5 acre site with outline permission. Croftmarsh (the landowners) have high expectations on the realisation of value in the land. Current land valuations have recently been received from two local RICS accredited surveyors providing unserviced and serviced values and a view on the cost of development.

There is a significant variance in the total site valuation due to the difference in methodology applied by the surveyor discounting the market valuations by cost of delivery. The cost of finance and associated fees are not included in one of the valuations. To ensure Lincolnshire County Council is investing where the market is failing, but not irresponsibly, guidance has also been sought on the potential economic value associated with this development.

LCC intend to use the DCLG guidance formula for Land Value Uplift, which suggest this 5 hectare plot is worth in the region of £2.25m once the servicing element has taken place, excluding the 557sqm small industrial units. A 'Greenfield uplift' per sqm figure of £43 will also be applied.

Land negotiations are ongoing and aim to be determined including legal documentation by the 10 May 2019.

- 3.7 Legal documentation - LCC Legal Services team have been briefed and will prepare this, however it is worth noting that legal negotiations with Croftmarsh on previous iterations of this project (Skegness Countryside Business Park) have not been straightforward or timely.
- 3.8 Planning application and detailed designs - GF Tomlinson, have recently been appointed, via the SCAPE procurement framework, to provide specialist project support in these areas. LCC are now in receipt of their feasibility report and this will enable them to proceed from an informed position upon agreement of the land sale.
- 3.9 Utilities - The site has no utility connections at present, although there are services in the vicinity of the plot on Holly Road and Hassall Road. Engagement with WDP has been positive and at present there is capacity on the network.

The major constraints involved in servicing this plot relate to drainage. Anglian Water has confirmed the site will need to consider additional measures to mitigate the foul water it generates but until designs have been undertaken costs and timescales cannot be determined. Also the surface water drainage infrastructure installed by Croftmarsh requires

proving with CCTV survey to enable its adoption through a section 102 by Anglian Water at a cost of approximately £2,000.

There are also two Anglian Water mains running through the site that both have 6 m easement zones over them and this will need to be considered in the design solution.

The plot has extant planning permission for approximately 30% of the plot outlined for phase 1 and a hybrid planning application will need to be submitted, which will require flood risk assessment and a draining strategy. Agreement is also required from ELDC that the development of the 5 Hectares will not trigger the wider infrastructure requirements of the site.

To ensure these challenges are managed effectively, costs and timescales are adhered to GF Tomlinson has been appointed to assist with delivery. They have a proven track record working with LCC and have appointed a contractor through the SCAPE procurement framework.

#### 4. RISKS

- 4.1 Without public sector intervention Skegness will diminish as a multi - sectorial economy and become even more dominated by tourism, with the associated issues of seasonality of employment and low wages. Values for employment land and rents that can be achieved from lettings of industrial spaces in the Skegness are low compared to national averages. Secondly, site servicing and construction costs in Skegness are slightly above national averages due to its peripheral location. These factors combine to make the return on investment in employment land servicing unattractive to the private construction industry, hence there is a role for the public sector to intervene to address market failure.
- 4.2 Whilst LCC is extremely keen to bring this project to fruition and provide new economic infrastructure which can be directly utilised by the private sector to increase the business base and build job numbers within Skegness, there are a number of delivery risks associated with this project:

Risk	EXISTING RISK			Mitigating actions
	Likelihood	Impact	Overall Impact	
Land acquisition	Possible	Major	Amber	Dialogue on the revised two phase scheme has been ongoing since October 2018 with regular fortnightly updates to Croftmarsh on progress.  Current land valuations have recently been received providing un-serviced and serviced values and a view on the cost of development.  Land acquisition strategy devised to facilitate purchase.

				<p>LCC supported by Keir to open land acquisition negotiations with Croftmarsh w/c 25/02/19</p> <p>Head of Terms to be drawn up</p>
Utility supply - insufficient capacity in the area	Possible	Medium	Amber	<p>Although the site has no utility connections at present, there are services in the vicinity of the plot on Holly Road and Hassall Road.</p> <p>At present, initial enquiries indicate that there is sufficient gas and electricity capacity in the area for Phase 1.</p> <p>GF Tomlinson, a framework contactor has been appointed to provide specialist support in securing the energy requirements for the site.</p>
Drainage	Likely	Medium	Amber	<p>The site will need to consider additional measures to mitigate the foul water it generates and this will be mitigated through the detailed design process.</p> <p>Surface water drainage requires proving with CCTV survey to enable its adoption through a section 102 by Anglian Water.</p> <p>There are also two Anglian Water mains running through the site that both have 6m easement zones over them and this will need to be considered in the design solution.</p> <p>GF Tomlinson, a framework contactor has been appointed to provide specialist support with this element of the project, including liaison with Anglian Water and the detailed design.</p>
Obtaining Planning Permission	Possible	Medium	Amber	<p>Objections during the consultation may require the application to be referred to the Planning Committee.</p> <p>It is worth noting this plot is the only allocated employment land for Skegness in the East Lindsey Local Plan and it already has outline consent for employment use. The detailed consent will be consistent with this.</p> <p>GF Tomlinson, a framework contactor has been appointed to provide specialist support with this planning process including preparation of the necessary planning documentation.</p>

- 4.3 LCC have requested that in conjunction with the risks to Phase identified above the Investment Board consider the far greater risk to the local economy and it's over reliance on tourism, if the funding for this project is withdrawn.

## 5. PHASE 1 COSTS

- 5.1 As contained in the GF Tomlinson feasibility report design and build cost estimates which include the 200m extension of Hassall Road, servicing of 5 hectares (12.35 acres) and construction of 557 sq m (6,000 sq ft) of industrial workspace units are summarised below:

Net Build Costs	£ 1,601,699
Design Costs	£ 132,225
Early Warning Register	£ 110,000
Construction Fees	£ 82,976
E.O. Design Management Fees	£ 17,674
Pre-construction Fees	£ 18,616
Feasibility Total (Excluding VAT)	£ 1,963,190
Additional Costs	£ 501,000
Total estimated Costs	£ 2,464,190
LCC Contribution	£ 1,185,190
Requested from the SLGF	£ 1,279,000

## 6. POTENTIAL PURCHASERS

- 6.1 A major local business has expressed an interest in 4 hectares (10 acres) of serviced land proposed as part of Phase 1 as they are currently looking to expand and diversify their business. They are aiming to double the size of their local operation within the next 10 years and to achieve this they are considering investing in a new purpose built factory in Skegness.

To secure the long-term future of the business they are currently looking for a suitable site of serviced land to facilitate them being in a position to start building their new facilities by spring 2020. This new high tech facility will have significant positive impacts on the economy of the town, safeguarding existing jobs and offering new good quality jobs in an area with high levels of deprivation.

## 7. GOVERNANCE

- 7.1 The project will be run in accordance to PRINCE2 standards, with standard documentation stored on IMP. Framework contractor GF Tomlinson will be procured to aide project delivery.

The following groups will be created to help deliver this project;

- Technical Delivery group - the technical specialists who create the plans, drive day-to-day activity and hold contractors to account
- Project board - to set direction, provide resources, open doors, resolve issues, and hold delivery teams to account
- Stakeholder Engagement Forum - engage senior politicians, director level officers to maintain strategic alignment with emerging national policies and ambitions for the East Coast

## 8. OUTPUTS AND OUTCOMES

- 8.1 These remain as previously identified for each Phase in the due diligence report dated 24 January 2018.

## 8.2 Phase 1 and Phase 2 Outputs

i) Core Outputs (Strategic Economic Plan)	Phase 1	Phase 2
Public Investment Leveraged (£)	£1,050,000	£975,400
Private Sector Investment Leveraged (£)		£6,865,600
Number of new Jobs Created (gross)	71	270
Number of Jobs Safeguarded (gross)	11	1251
ii) Local Strategic Outputs		
Commercial floorspace refurbished/constructed and occupied (SQM)	1858	
Number of new businesses created	4.5	36.5
ii) Others		
Total Length of Resurfaced Roads (M)	200	
Total Length of Newly Build Roads (M)		1387
Total Length of New Cycleway (M)		400
Type of Service Improvements Delivered	1	
Area of Site Reclaimed, Developed or Assembled (HA)	2	29
Follow On Investment at Site (£)	2	24.46
Commercial Floorspace Occupied (SQM)	1846	97,600

## 9. STRATEGIC IMPACT

9.1 This project will assist in delivering the council's "Prosperity through Infrastructure" and "Supporting Business and Growth" strategies by:

- Meeting the short and medium term needs for serviced employment land for businesses in the coastal economy to expand or relocate
- Providing new industrial units on leasehold terms to create an improved ladder of provision for small and growing businesses
- All year round employment
- Broader local economy comprising strong supply chains
- Demonstrates a strong ability to delivery projects using Growth Deal

9.2 The scheme will deliver directly against the Greater Lincolnshire SEP objective of seeking to increase the number of well-paid employment opportunities available in Lincolnshire by supporting the Engineering and the Agri-Food sectors.

## 10. ADDRESSING MARKET FAILURE

10.1 Significant public sector investment has been made into a number of projects across Skegness designed to help accessibility and extend the tourism season. However, none have directly addressed the chronic shortage of modern industrial premises and spade ready serviced development land which are needed for a broad economic base. This project is aimed at redressing this.

## 11. RECOMMENDATION

11.1 LEP Officers have considered progress made by the recipients in progressing Phases 1 and 2 and would like to make the following recommendations to the Board:

### Phase 1

Phase 1 of the scheme has not achieved a number of milestones since last January, indeed the detailed design will not be complete until June 2019 and the land acquisition negotiation with Croftmarsh to enable the scheme was clearly not as progressed as was indicated at the time of due diligence in 2018. There is therefore a high risk that milestones could slip again on this project.

There remains however consideration of the fact that this site would accommodate an interested investor by Spring 2020. The site also remains the only allocated employment site for Skegness in the East Lindsey Local Plan and could help support several of Greater Lincolnshire's key sectors, in particular manufacturing.

The Phase 1 scheme could be deliverable by April 2020, well within the 31 March 2021 deadline, providing all the key milestones identified are achieved, though the level of risk surrounding the land acquisition and utilities makes this scenario difficult to achieve.

### Recommendation:

That the Board approves 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, and land acquisition is fully secured including legal documentation by 10 May 2019.

Should either milestone not be achieved the full £4m allocation will be returned to the wider Growth Deal Programme and both Phases 1 and 2 of Skegness Gateway would be returned to the GL LEP Pipeline.

## 11.2 Phase 2

Phase 2 of the project is unlikely to progress in the short-term and may not be achievable by the 21 March 2021 deadline for the programme.

### Recommendation:

Given the importance of this area of employment land to the East Lindsey Local Plan that the Board gives approval for the applicant to provide more detailed milestone information and a revised full business case on the Phase 2 element of the scheme by the 31 March 2019 for 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.

# Investment Board

20 February 2019

## Paper 5 - Access to Employment Zones Phase 2

### 1. PAPER FOR DECISION

- 1.1 Board Directors are 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.

### 2. BACKGROUND

- 2.1 The Access to Employment Scheme was awarded a provisional allocation of £4.2m as part of the LEPs Growth Deal 1 agreement with government. Phase 1 of the scheme relating to the construction of a new signalised crossroads junction at Toll Bar on the A16 to the south of Grimsby, was contracted in July 2017. Following extensive public consultation and consideration of options by the Council's Cabinet, the project received final approval in October 2018 and the construction of Phase 1 is scheduled to commence this July.
- 2.2 Although a business case was provided by North East Lincolnshire Council (NELC) for both phases 1 and 2 in February 2016, no recent business case has been provided to the LEP regarding Phase 2 to date.
- 2.3 NELC wrote to GLLEP on the 1 February 2019 regarding revised proposals for Phase 2 following Cabinet approval and this letter has formed the basis of this paper.

### 3. THE PROJECT

#### 3.1 Littlecoates Road/Cambridge Road

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

- 3.2 The junction is situated in western Grimsby. It lies immediately to the north of the A46, which has been identified by Midlands Connect as an important, pan-regional route connecting the West Midlands with the Humber Ports. Although not located directly on the A46, the tailbacks generated by the Littlecoates/Cambridge Road mini roundabout are so significant that queue lengths extend beyond Littlecoates Road and affect the roundabout operation at A46 Bradley Crossroads. Traffic modelling shows queue lengths of up to 2,000m into the junction from the south in the AM peak and also excessive journey times through the junction.
- 3.3 The existing mini roundabout has vastly exceeded its design capacity, which results in extensive queuing in all directions at peak times. The junction is identified as a priority for improvement in the Council's

adopted Local Transport Plan Highways Strategy. It also adjoins the strategic former Western School housing site which is in Council ownership and forms a key part of the Housing Zone delivery programme agreed by the Council and Homes England. This site has a capacity of 400 homes and already has the benefit of outline planning consent through a Local Development Order. The Council is seeking a joint venture partner to accelerate delivery of housing on a package of surplus sites including the former Western School. It is anticipated that a delivery partner will be appointed during 2019, however this appointment is not directly related to the delivery of the Littlecoates Road/Cambridge Road junction improvement scheme.

- 3.4 Cabinet gave formal approval for development of a full-size, multi-arm roundabout to increase the traffic capacity of the junction and improve pedestrian/cycle safety with the introduction of a shared cycle/footway around the outside of the roundabout.
- 3.5 The proposals have been subject to an extensive option appraisal process and engagement with adjoining landowners to identify the preferred location/alignment for the new roundabout and to ensure the final scheme design met the needs of all road users. The new design will also provide an upgraded bus stop with a Real-Time Information (RTI) display. The scheme has been subject to full redesign and this process has, unfortunately, resulted in significant delays in relation to the timeframes originally agreed with the LEP.
- 3.6 This scheme will enable development of the land containing the existing roundabout, and other areas of Cambridge Road which will be 'stopped up' for landscaping purposes and will therefore contribute to gateway improvements along the route. The scheme can be delivered entirely within the highway and adjoining Council-owned land, removing a significant barrier to delivery.
- 3.7 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.
- 3.8 The Benefit - Cost Ratio (BCR) for this project is estimated to be 19.68, based on peak hour journey time benefits. Improvement of the Littlecoates Road/Cambridge Road junction will support the delivery of up to 832 new homes on the Western School site and other allocated housing sites in Waltham and Humberston.
- 3.9 Nuns Corner  
Some further development of the Nuns Corner scheme design/business case is required but the business case will be submitted by the end of April 2019.
- 3.10 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. Heavy flows of traffic from the A46 to the east and west meet residential traffic from the south in the, much of which is heading for the commercial centre of Grimsby in the AM peak. Traffic



flows and conflicting turn movements have had an impact on Nuns Corner roundabout, with queues at the roundabout frequently having an operational impact on the neighbouring Fryston Corner signalised junction.

- 3.11 The Nuns Corner junction also adjoins the Grimsby Institute of Further and Higher Education (GIFHE) and is in close proximity to the Diana Princess of Wales Hospital. As such it has particularly high volumes of pedestrians, cyclists and bus users. The junction is operating above its design capacity and has been identified as a priority for improvement in the LTP Highway Strategy.
- 3.12 In January 2017 NELC Cabinet gave its approval to retain the Nuns Corner roundabout and introduce enhanced pedestrian and cycle safety measures. As a result, these proposals have also been subject to an extensive option appraisal process and full scheme redesign, resulting in significant delays in relation to the timetable originally agreed with the LEP.
- 3.13 The revised scheme seeks to retain and enhance the existing roundabout whilst providing significantly improved, off-site facilities for cyclists and pedestrians and reducing collisions involving cyclists turning from Scartho Road (in the south) to Bargate (in the east) by providing an improved alternative route. This will enable more effective use of the existing carriageway space for road users, increasing the vehicular capacity of the junction.
- 3.14 A new signalised pedestrian and cycle crossing will be provided on Laceby Road, which will take cyclists away from the roundabout and encourage them to cross Laceby Road closer to the western entrance to GIFHE.
- 3.15 The new design will help to realise the capacity required to support housing growth, through:
  - widening the inscribed circular diameter of the roundabout and increase the entry splays, thus improving the roundabout capacity
  - removing cycle markings from the roundabout circulatory area, which have been cited as a reason for collisions
  - improving adjacent highway features which result in blocking back into the roundabout.
- 3.16 NELC will submit the business case for the project in April 2019. Subject to LEP funding approval the scheme will then progress into final scheme design. The project can be delivered within the existing highway and cycle paths. Construction on site is scheduled to commence in May 2020 with completion in August 2020.
- 3.17 The BCR for this project will be the result of a combination of journey time savings, and the benefits associated with a reduction in casualties in this location. The current estimate is that the scheme

will deliver a medium to good BCR. Further assessment of the scheme BCR is underway and will be presented in the business case.

3.18 Improvement of the Nuns Corner junction will support the delivery of up to 545 new homes on land to the south of the Diana Princess of Wales Hospital and other related housing sites that will benefit from the capacity improvements.

3.19 Programming

Minimising wider network disruption during the delivery of each of the schemes is a key factor in considering programming. As a result it has been proposed to deliver the junction improvement schemes for Phases 1 and 2 in sequence rather than co-terminously, with minimal overlap, as follows:

- Toll Bar junction (July 2019-December 2019)
- Littlecoates Road/Cambridge Road (December 2019-May 2020)
- Nuns Corner (May 2020-August 2020)

3.20 Milestones

Littlecoates Road/Cambridge Road

MILESTONE	PERIOD
Detailed Design	11 March 2019 - 9 September 2019
Creation of PM documents & processes	11 March 2019 - 1 April 2019
Consultation with affected Ward Members (intermittent )	25 March 2019 - 9 September 2019
Engagement with Utility companies for any required diversions	20 May 2019 - 15 July 2019
Consultation with public and stakeholders (intermittent)	8 April 2019 - 18 November 2019
Tender Period	7 October 2019 - 28 October 2019
Tender review and contract award	4 November 2019
Mobilisation Period	11 November 2019 - March 2020
Phase 1 Construction	2 December 2019 - March 2020
Phase 2 Construction	March 2020
Phase 3 Construction	March 2020 - April 2020
Phase 4 Works	May 2020
Completion	June 2020

Nuns Corner

MILESTONE	PERIOD
Creation of PM documents & processes	11 March 2019 - 1 April 2019
Consultation with affected Ward Members (intermittent )	8 April 2019 - 16 December 2019

Consultation with public and stakeholders (intermittent)	8 April 2019 - Feb 2020
Engagement with Utility companies for any required diversions	20 May 2019 - 15 July 2019
Detailed Design	2 September 2019 - 16 December 2019
Tender Period	January 2020 - February 2020
Tender review and contract award	March 2020
Mobilisation Period	April 2020
Phase 1 Works (8 weeks)	May 2020 - June 2020
Phase 2 Works (4 weeks)	July 2020
Completion	August 2020

#### 4. RISKS

- 4.1 Risk analysis tables for both projects have been provided by NELC. A summary of these is shown below with GL LEP risk assessment attributed.

##### Littlecoates Road/Cambridge Road

DESCRIPTION		MITIGATION	GL LEP Risk Rating
Political decisions lead to delays	Current	Scheme has NELC Cabinet approval. Ongoing consultation with elected members to further reduce likelihood of occurrence.	High
Public consultation and engagement	Current	Public opposition was evident for the signal proposal, which is no longer 'on the table'. At that stage, consultation insisted that a roundabout-based solution was crucial. This proposal meets that objective. Further consultation / engagement will reduce likelihood of risk.	Medium
Contractual / construction	Ongoing	Underground services identified as part of LDO for housing site. Contractor will be called from a framework contract.	High

Engineering, including scheme design, structures and earthworks	Current	Possibility of requests for changes continuing into detailed design phase to be reduced as principle of scheme has NELC Cabinet consent.	Medium
Stakeholder consultation and engagement	Short term	Initial consultation with elected member identified this as preferred option and has cabinet approval. Has minimal impact on adjacent properties and accesses.	Medium
Strategic risk, including policy, local plan, SHLAA, LTP	Long term	Risks reduced when scheme starts construction.	Low
Site Supervision - Including legal/statutory processes, site supervision, policy changes and overall programme.	Long term	On-site risks will be better understood as project moves through detailed design process towards construction.	Medium
Statutory Undertakers	Long term	Have been identified as part of LDO for housing site. Will be examined further with service providers as part of detailed design process.	Low
Environmental	Long term	Had previously needed two trees to be felled. Current design hopes to remove this risk, will be confirmed as part of detailed design.	Low

### Nuns Corner

DESCRIPTION		MITIGATION	GL LEP Risk Rating
Political decisions lead to delays	Current	Scheme has NELC Cabinet approval. Ongoing consultation with elected members to further reduce likelihood of occurrence	High
Public consultation and engagement	Current	Scheme is not yet in the public domain. Likely to be positive reception to roundabout project which meets needs to remove a well-known pinch-point from the network with sufficient public	Medium

		engagement and media releases.	
Contractual / construction	Current	Underground service providers identified and risks accounted for. Unlikely to require substantial diversion. Contractor will be appointed from a framework tender, thus further reducing risk.	Medium
Engineering, including scheme design, structures and earthworks	Short term	Possibility of minor amendments to scheme design continuing into detailed design phase is reduced as the scheme has Cabinet consent.	Medium
Stakeholder consultation and engagement	Short term	Scheme has initial stakeholder engagement, which stated a clear preference to keep the roundabout and minimise impact on the conservation area. This has been maintained in the current proposal, so any external opinions are likely to be relatively minor.	Medium
Strategic risk, including policy, local plan, SHLAA, LTP	Long term	Scheme proposal will help to deliver the aforementioned policies while having a greater impact on sustainable travel and collision reduction.	Low
Site Supervision - Including legal/statutory processes, site supervision, policy changes and overall programme.	Long term	On-site risks will be better understood and naturally resolved as project moves through detailed design stage towards construction. This will be achieved through a series of studies including Road Safety Audits at appropriate points.	High
Statutory Undertakers	Long term	Detailed underground utility surveys will be commissioned as part of the detailed design process.	Medium
Environmental	Long term	Land required for scheme is all within NELC ownership. All highway and footway is within the existing highway boundary and as such has nominal risk to change. The cycleway along Barrett's Recreation Ground is not adopted, but is within NELC ownership and	Low

		currently tarmac surfaced, just in a poor state of repair. Materials may require approvals for use in conservation area.	
--	--	--	--

## 5. COSTS

### 5.1 Littlecoates Road/Cambridge Road

The current scheme cost is £2.033m, which represents an increase in cost over the previous proposals approved by the LEP. This will be mitigated to an extent by a reduction in costs for the Nuns Corner improvement scheme. Costs are broken down as follows:

Construction and civil engineering	£1,190,089
Statutory undertakers and diversions	£ 381,500
Contingency (@10%)	£ 157,159
Design fees (@12%)	£ 207,450
Project Management (@5%)	£ 96,810
Total	£2,033,008

### 5.2 Nuns Corner

The current scheme cost is estimated at £569,000 and is broken down as follows:

Statutory undertakers and diversions	£ 50,000
Contingency (@15%)	£ 52,665
Design fees (@12%)	£ 48,452
Project Management (@3.5%)	£ 14,132
Total	£ 569,000

## 6. OVERALL SCHEME

- 6.1 Overall costs for the delivery of the entire Access to Employment Zones project have increased from £4,673,000 as set out in the approved business case in February 2016. This will generate an increased requirement for NELC funding of just under £140,000. The Council will seek to recover some of this uplift through future section 106 contributions.

Project	SLGF Allocation (Proposed) £	NELC funding £	S106 Contributions £	Total £
Toll Bar *	1,893,516	288,053	29,250	2,210,819
Littlecoates Road/Cambridge Road	1,802,109	230,899	TBC	2,033,008
Nuns Corner	504,375	64,625	TBC	569,000
Total	4,200,000	583,577	29,250	4,812,827

\*Already contracted

## 7. OUTPUTS AND OUTCOMES

- 8.1 Outputs remain as previously identified for each element in the original business case provided in 2016. The business case for the overall Access to Employment Zones project identified 300 indirect jobs created and 1,432 housing units completed as the outputs associated with the programme of improvements. Timeframes have slipped from those set out in the original business case. It should be noted that there has been no scrutiny of Phase 2 outputs via the LEP given that due diligence has not yet taken place. In addition, the main focus on employment related outputs was altered due to the M180 element of the scheme not being supported by the LEP (full requested provisional allocation was not awarded by government).

8.2 Toll Bar

The contracted Toll Bar scheme includes 317 new homes created as a result of the project by March 2021. Delivery of the Toll Bar scheme will unlock/accelerate delivery of the following sites:

- Land west of Louth Road, New Waltham (directly adjoining the Toll Bar junction) 105 - 400 units, delivery commencing late 2019
- Land west of Greenlands, New Waltham 95 - 204 units - now under construction
- Millennium Park, New Waltham 146 - 385 units - now under construction

8.3 Littlecoates Road/Cambridge Road and Nuns Corner

Taking into account the contracted outputs for the Toll Bar scheme, this leaves a residual of 1,115 housing completions to be realised as a result of delivery of the Littlecoates Road and Nuns Corner improvement schemes, based on the approved business case. NELC are proposing to pro-rata these outputs in proportion to the GLLEP funding allocated indicatively to each scheme, as follows:

- Nuns Corner - 22%
- Littlecoates Road/Cambridge Road - 78%

The Nuns Corner improvement scheme will unlock/accelerate delivery of 245 housing completions on adjoining sites as follows:

- Land to the south of Diana Princess of Wales Hospital - 245 units (of 490 approved as part of this scheme).

There is no other grant funding associated with the above site and as such these outputs can all be apportioned to the Nuns Corner scheme.

This would leave 870 homes to be delivered against the Littlecoates road/Cambridge road scheme.

## 8. RECOMMENDATION

- 8.1 LEP Officers have considered progress made by the recipients in progressing Phase 2 and would like to make the following recommendations to the Board:

The overall scheme has not achieved any of the milestones provided within the original business case, although delays were mostly attributed to Cabinet decisions in relation to the proposed original designs.

### Littlecoates Road/Cambridge Road

The revised detailed design for Littlecoates Road/Cambridge Road will not be complete until autumn 2019, and a significant amount of consultation with Members, the public and stakeholders still needs to take place. The construction on site is however scheduled to begin in December 2019 and complete by May 2020. This would allow NELC a reasonable amount of time to manage any further unforeseen delays and still meet the March 2021 Growth Deal Programme deadline.

### Recommendation:

That the Board approves continued £1,802,109 Growth Deal support for the Littlecoates Road/Cambridge Road element of the project provided that the full business case and supporting evidence is submitted to GLLEP for due diligence appraisal by 28 February 2019.

Should this milestone not be achieved the full Phase 2 £2,306,484 allocation will be returned to the wider Growth Deal Programme and Phase 2 Access to Employment Zones would be returned to the GL LEP Pipeline.

If the due diligence milestone is achieved and the scheme progresses, the board will expect the utility engagement milestone period to be evidenced and to be provided with reassurance that if diversions are required, the scheme remains deliverable by 31 March 2021. In addition, detailed design must be completed by 9 September 2019 for continued grant support.

All remaining milestones will remain closely monitored throughout 2019/20, in particular implications of any further Cabinet, stakeholder and public engagements.

### Nuns Corner

It is worth the Board noting that any slippage on either the Toll Bar or Littlecoates Road/Cambridge Road junctions would have an automatic effect on the timing for the Nuns Corner scheme due to the concurrent delivery proposed.

### Recommendation:

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 gives 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 and detailed design milestones being achieved.

Should this milestone not be achieved the £504,375 allocation will be returned to the wider Growth Deal Programme and this element of Phase 2 Access to Employment Zones would be returned to the GL LEP Pipeline.

The LEP will continue to review progress against the Littlecoates Road/Cambridge Road scheme to understand potential implications for 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.

# GL LEP Investment Board

20 February 2019

## Paper 6 - Invest and Grow Expression of Interest: Carta Real Estate (Boston) Ltd

### 1. PAPER FOR DECISION

- 1.1. Carta Real Estate (Boston) Limited have submitted an Expression of Interest for loan funding for their proposed **mixed-use commercial development on land off Swineshead Road, Boston.**
- 1.2. Board Members are recommended to note the information provided and invite the applicant to submit a full application for loan funding for this scheme.

### 2. THE PROPOSED SCHEME

- 2.1. 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 first phase plot sales are progressing but purchasers' details have not been identified at this stage as they are not yet in the public domain.
- 2.2. Further details are provided in Paper 6.1 and an up to date layout plan at Paper 6.2.

### 3. OBSERVATIONS

- 3.1. Because the site sits within the “safeguarded corridor” reserved for the Boston Distributor Road, the proposed layout of this site makes provision for the road should that proposal come forward in the future. The scheme has been designed to a higher specification than would otherwise be required.
- 3.2. It is understood that the commercial site is proposed for development, with or without the new road.
- 3.3. Lincolnshire County Council and Boston Borough Council are understood to support the distributor road proposals and to be seeking funding to develop a business case.
- 3.4. From the information provided in the Expression of Interest, the scheme broadly meets the criteria for the Invest and Grow loan fund:
  - The scheme meets the loan fund's published guidance regarding the minimum scale of development, although it does not unlock the development of larger growth sites, or linked development sites.

- 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 specified period. This would need to be confirmed as part of due diligence.

#### **4. RECOMMENDATIONS**

- 4.1. The Board is recommended to invite the application to submit a full application and ensure that the ensuing due diligence assessment explores the need to build at the higher specification.

# Invest and Grow Fund

## Expression of Interest

<b>Title of Scheme</b>	<b>Boston, Land at Swineshead Road</b>
------------------------	--

<b>Section 1 : Contact Details</b>	
<b>Name</b>	<b>James Ridings</b>
<b>Position</b>	<b>Director</b>
<b>Organisation</b>	<b>Carta Real Estate (Boston) Limited</b>
<b>Address</b>	<b>12 Halifax Court Fernwood Business Park Newark NG24 3JP</b>
<b>Telephone Number</b>	<b>07713 065820</b>
<b>E-Mail Address</b>	<b><a href="mailto:james.ridings@cartaRE.co.uk">james.ridings@cartaRE.co.uk</a></b>

<b>Date Submitted</b>	<b>Draft 31/1/19</b>
-----------------------	----------------------

## Section 2 : Project Description

- a) Please provide a clear summary of the project including the nature of the overall project and details of how the investment being sought will be used.

A 3.7 ha mixed-use commercial development site, the first phase of which will provide infrastructure improvements to open up the site so as to allow the sale of 3 plots to commercial occupiers.

The site sits within the “safeguarded corridor” reserved for the Boston Distributor Road and the proposed layout makes provision for the road should that proposal come forward in the future.

The first phase will comprise the access/infrastructure and the following units:

- Discount food store (Class A1) comprising 1,862 sq m gross external floorspace with a net sales area of 1,315 sq m.
- 2 no. drive through restaurants (Class A3/A5) comprising 444 sq m gross external floorspace and 331 sq m of floorspace respectively.

This will act as a catalyst for the development of the remainder of the site where the following sectors will be targeted for potential additional retail (Class A1) and/or employment (Class B1, B2 and B8) uses equating to a further 2,000 – 3,000 sq m

The loan is to fund the costs of providing access to the site, of creating the roads and infrastructure to a standard acceptable for adoption, for the input of utility supplies including providing and energising an electricity substation, for protection and capping of the high pressure gas mains and sewer that traverse the site, dealing with abnormal ground conditions, and the professional fees thereon.

*A maximum of 20 points can be awarded to this section*

- b) What is the timeframe for the delivery of this project?

Planning Submission March/April 2019

Planning Permission June/July 2019

Works Commencement September/October 2019

Handover/Practical Completion January 2020

First phase open for trade Q1/Q2 2020

*A maximum of 5 points can be awarded to this section*

### Section 3 : Project Benefits

- a) How will the proposed project immediately unlock constrained development that will bring forward economic activity, delivering jobs and/or housing?

The site has hitherto been constrained due to the high costs of access roads, existing and proposed infrastructure due to the presence of a high pressure gas main and sewer that traverse the site, the need for power, and abnormal ground conditions.

The project will capitalise on the demand for land from the three occupiers of the first phase, who have been actively trying to identify new opportunities for their operations but have been unable to find suitable sites elsewhere in Boston. This project will deliver that.

The land sale agreements are in solicitors hands representing the first phase of the development which will be exchanged before any funds are required. Those agreements provide that subject to us providing the necessary access roads and managing/providing the infrastructure, the occupiers will complete the land sales. Subject to a successful loan application therefore the development demonstrates true viability and deliverability.

The land sales are for three retail/restaurant units that will immediately provide permanent employment opportunities within the business sectors of food services and retail, along with further employment during the construction period. The nature and scale of development proposed will strengthen the workforce structure of the local area.

In addition to the above, the works will also facilitate the promotion of the second phase of the development. This will provide wider employment opportunities in a range of owner-managed SME's likely to include light industry, engineering, assembly, storage and small-scale distribution. It is highly likely that some of these will be new business start-ups.

The unit sizes will be reflective of the existing stock such that they are complimentary, allowing organic growth and thereby retention of employment in the area.

As stated above the development has been designed so as to allow for the incorporation of the western distributor road. As well as reducing congestion in Boston, this can ultimately connect up with and help further unlock the housing land to the south west quadrant of the town.

*A maximum of 20 points can be awarded to this section*

- b) What type and number of jobs that will be created as a result of this project, and over what time period?

Only the first phase can be calculated at the moment which would be as follows:

Foodstore – 70 FTE'S based on the employment densities from the Homes and Community Agency Publication 'Employment Densities Guide 2015'). Permanent

A3/A5 Food and Drink – In excess of 100 FTE's. Permanent

These will be new stores and not existing store relocations so represent new jobs.

Construction – 60-70 estimated over a 2 year period

*A maximum of 10 points can be awarded to this section*

- c) What type and number of houses will be created as a result of this project, and over what time period?

There is no housing proposed as part of the development however your attention is drawn to the comments above regarding the western distributor road and connecting with the south and western Quadrant and Quadrant 2 schemes where ultimately 500 new homes will be created.

*A maximum of 10 points can be awarded to this section*

- d) What are the causes of the current constraint and why have they not been previously addressed?

The site currently has no access road to the A52 and is accessed off Wortleys Lane to the side of the site.

The site is constrained by a high pressure gas main that crosses the site north to south and has a no build zone of 12.192 metres either side of the centre line.

The site is further constrained by a 175mm diameter sewer that crosses the site in an east-west direction and is subject to a 6 metre easement.

These are shown on the attached plan.

The site is further constrained by the anticipated ground conditions with a requirement for piled foundations creating a high build rate per square metre.

The reason that they have not been previously addressed is due to the extremely high costs of providing the access roads and the creation/management of the existing and proposed infrastructure. With the security of the 3 land sale agreements that will have been exchanged by the time work starts, the values of which exceed the total costs required, the project represents a major catalyst for the opening up of the site to create further jobs and investment.

*A maximum of 20 points can be awarded to this section*

- e) What is the planning status of the project?

The project is currently the subject of pre-application discussions with a planning application anticipated March/April this year.

Due diligence is ongoing to assist the preparation of the planning application.

*A maximum of 5 points can be awarded to this section*

- f) What are the key constraints and risks associated with the delivery of this project? How will these risks be mitigated?

The project is reliant on funding for the infrastructure works to open up the site. There is obviously planning risk, but it is hoped that the pre-application discussions will help alleviate this.

A full flood risk assessment will be required as the development sits within Flood Zone 3.

No element of the loan will be required to be drawn down until the pre-sales agreements and planning is in place and the pre-sales commitments are in excess of the loan amount so any risk to the loan sum will be completely mitigated.

*A maximum of 20 points can be awarded to this section*

- g) Who are the other main partners involved in the delivery of this project? What are their roles and responsibilities?

The first phase plot sales are all in solicitors hands however as they are not legally exchanged, we have been asked not to divulge their identities publicly.

The other key members of the delivery team are:

Lead Architects – RPS, Newark

QS and Project Management – Benchmark Property, Leicester

Lead Engineers – 3e Consulting, Wakefield

Highways Engineers – Exigo Project Solutions, Wakefield

Property Consultants – Fisher German, East Midlands

Main contractor – not yet appointed.

*A maximum of 20 points can be awarded to this section*



## Section 4 : Funding

- a) What specific type of investment is being sought to fund this project. (Please enter 'YES' in the blue shaded column against the relevant category below)

<b>Front-funding Infrastructure</b> (e.g. highway improvements) which is needed to release development where it has planning permission and there is certainty that the investment will be repaid. This could involve small infrastructure schemes which would enable major developments to start and thereby start to release development values and enable the investment to be repaid	YES
<b>Investment</b> via a 'commercial' loan arrangement to facilitate major investment by local businesses.	
<b>Front-funding infrastructure</b> (including the costs of borrowing) with the funding repaid from a planning gain increased such as Section 106 or CIL.	

*A maximum of 5 points can be awarded to this section*

- b) What is the value of the total amount of funding you are seeking from the Invest and Grow Fund?

£1.9m is value of the funding we are seeking from the Invest and Grow Fund. The total cost of the project is approximately £2.4m. The gap funding required will be provided privately.

*A maximum of 5 points can be awarded to this section*

- c) Over what period of time will the funding be re-paid?

The period for which the funds will be required is likely to be 6 months from the initial drawdown and certainly no more than 9 months.

*A maximum of 5 points can be awarded to this section*

- d) How will you ensure that the Invest and Grow Fund will be re-paid?

The funding will not be drawn down until such time as works are ready to be commenced. At that point there will be pre-sales agreements in place the proceeds of which will more than cover the funding required. Upon completion of the works and handover of the plot sales the funding will be repaid as a priority.

*A maximum of 15 points can be awarded to this section*

e) What additional funding, land and assets are in place to deliver the project?

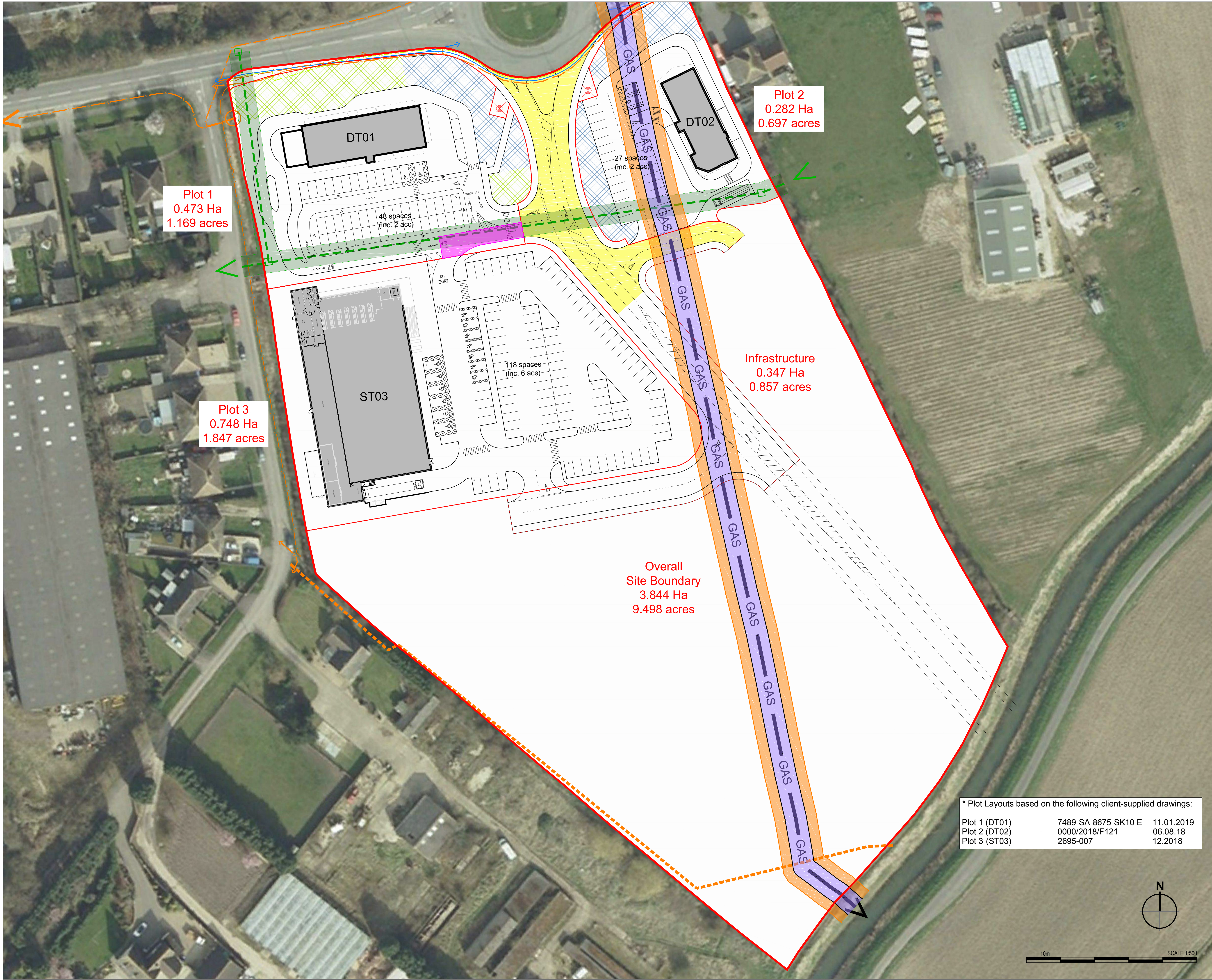
The land is subject to an existing legal option under which we can draw down the land as required.

All the land required for the first phase will be drawn down when a planning consent is in place and the works are ready to commence. As long as that is by October 2020 then we have a further 5 years in which to promote and develop the rest of the site.

All the pre-development funding requirements for planning and pre-sales will have been met by the developer.

*A maximum of 10 points can be awarded to this section*





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  2. If received electronically it is the recipient's responsibility to print to correct scale. Only written dimensions should be used.
  3. This drawing should be read in conjunction with all other relevant drawings and specifications.

Key

- Site Boundary (Based on Topo survey) (3.884 Ha / 9.498 acres)
- 175mmØ Combined sewer, inc. manhole positions (assumed o/a 6m wide easement.)
- 273mmØ steel LHP Gas main, (depth varies), o/a 20' (6096mm) build prohibition zone
- 10' (3048mm) "Support Strip", No-build zone
- Low-Pressure Gas main
- 11kV HV underground Electricity
- Historic overhead Electricity line route, current status unknown
- Water
- Telecoms
- Proposed "No-build" zone
- Proposed zone "allowed a Totem sign, Banners and low-level operational signages"
- Proposed Site Totem signage location, details TBC
- Plot 3 one way Right of Access strip within Plot 1 demise.
- Area of infrastructure required to access Plot 2. \*

\* All infrastructure shown is indicative only, pending highways engineering design by specialist consultant.

F	Swineshead Road site boundary amended in line with client instruction	AE	DEC	11.02.19
E	Plot 1 layout updated to latest layout	AE	DEC	14.01.19
D	Plot layouts updated to latest client drawings	AE	DEC	10.01.19
C	Unregistered land and plot 2 infrastructure hatch added	AE	DEC	10.12.18
B	Redline amended, shared access strip added.	AE	DEC	30.11.18
A	Redlines amended	AE	DEC	27.11.18
Rev	Description	By	Ckd	Date



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Project Swineshead Road  
Boston

Title Proposed Layout Option

Status	Scale	Date Created
Preliminary	1:500 @A1	26.11.2018
Task Team Manager	Information Author	Task Information Manager
KRP	AE	KRP
Document Number		
SK047		
Project Code - Originator - Zone - Level - Type - Role - Drawing Number		
RPS Project Number	Suitability	Revision
NK018941	S0	F
rpsgroup.com		



# Investment Board

20 February 2019

## Paper 7

### Annex A: Delivery Plan 2019-20 Matrix

Delivery Plan (covering the period April 2019 - March 2020)		
	Heading	Information
1.	Summary and strategic objectives	<p>Summary headlines from the LEP's Strategic Economic Plan (or equivalent like a Mayor's economic ambition) providing the context for the LEP's ambitions. It will include linkages and reference to the LIS plans for year ahead. If applicable, the LEP should note any objectives that address the five foundations of productivity: ideas, people, infrastructure, business environment and places.</p> <p>The summary should provide an at-a-glance summary of the key indicators that feature in the LEP's Delivery Plan (so that a total summary of LEP indicators can be accumulated) and how these will illustrate the progress the LEP is making towards their objectives outlined above. Typical indicators are suggested below:</p> <ul style="list-style-type: none"><li>• businesses supported;</li><li>• jobs that businesses created;</li><li>• total investment;</li><li>• private sector leverage;</li><li>• houses built (due to LEP investment / influence);</li><li>• infrastructure created etc.</li></ul>

		<p>Not every indicator will be relevant to every LEPs' Delivery Plan. Local creativity is encouraged as to how this information is presented. LEPs could feature this summary as a series of infographics on the front page of the Delivery Plan, or a series of tables, graphs etc.</p>
2.	Local Growth Fund	<p>Outline what the LGF will achieve in the next 12 months. This should include:</p> <ul style="list-style-type: none"> <li>• Projects reaching completion/ significant milestones.</li> <li>• Projects planned for the year ahead.</li> </ul> <p>A degree of creativity will be left to each LEP's discretion. For example, LEPs could provide a 'heat map' showing where a LEP's investments will take place.</p> <p>There should be a degree of detail that breaks the activity down into project, themes or sectors: infrastructure, transport, roads, broadband, innovation, research, creative industry, manufacturing etc. There could be a read across to the LIS or SEP.</p> <p>LEPs should provide a breakdown of the performance against indicators to date and the forecast of expected outcomes at programme level at the year end.</p> <p>LEPs should outline any plans for monitoring and evaluating this programme.</p>
3.	Other Funding or Growth	<p>The LEP should capture funding progress and plans for their other funding programmes over the next 12 months e.g. Growth Hubs, City Deals, European Funding,</p>

	<b>Programmes</b>	<p>Enterprise Zones.</p> <p>As with LGF, there should be a degree of detail that breaks the activity down into project, themes or sectors: infrastructure, transport, roads, broadband, innovation, research, creative industry, manufacturing etc.</p> <p>There could be a read across to the LIS or SEP. LEPs should provide a breakdown of the performance against indicators to date and the forecast of expected outcomes at programme level.</p> <p>LEPs should outline any plans for monitoring and evaluating these programmes.</p>
4.	<b>Strategic Activity.</b>	<p>This covers the wider strategic activity and influencing through partnership working and convening that LEPs do.</p> <p>It includes multi-LEP working in a wider sub-national area, or connecting with other LEPs from a wider geography across the network on theme areas (energy, aero space etc.) - cross LEP collaboration in the coming year.</p> <p>LEPs should also outline their plans for engaging with the wider public, voluntary and community-based bodies.</p> <p>The LEP will outline the approach and opportunities (with a timeline if appropriate) for how they will consult with the business community (including AGM etc.).</p>

		LEPs can also include the ‘soft power’ influencing role of LEPs, as convenors, bringing the private sector view into local economic decision making.
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