



GLLEP INVESTMENT BOARD

20th September 2021

Microsoft Teams

Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
16:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> FOR APPROVAL - Draft Minutes 1st April 2021 	Chair Chair Accountable Body	Paper 1 attached
16:05	<u>INFORMATION - GLLEP SLGF and GBF Programme</u> <ul style="list-style-type: none"> Progress Update Report 	Halina Davies, LEP	Paper 2 Attached
16:20	<u>DECISION - Options for GLLEP Capital Funds</u> <ul style="list-style-type: none"> Summary report with recommendations 	Halina Davies, LEP	<u>Confidential</u> Paper 3 to follow
16:55	AOB and close of meeting	All Members	

Directors: Pat Doody (Chair), Cllr Colin Davie, Cllr Philip Jackson, Nick Worboys, Andrew Crookham
 Apologies: Dean Fathers, Darren Cunningham, Cllr Rob Waltham
 Observers: Pete Holmes (BEIS)
 Officers: Ruth Carver (GLLEP), Halina Davies (GLLEP), Julia Bowness (Note Taker)

26/02/2020 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict

Quorum rules - A quorum shall vary dependent on fund values to be voted upon. For projects with a value under £2 million, three members of the investment committee are required. For projects with a value above £2 million, four members of the investment committee are required. In each case, these require at least one Private Sector Director and one Non-Private Sector Director

BESPOKE LEP INVESTMENT BOARD

1st April 2021

Via MS Teams

Draft Minutes

Present:

Board Directors: Pat Doody - Chair, Cllr Philip Jackson (NELC), Cllr C Davie (LCC)
Dean Fathers (Health), Darren Cunningham (Phillips 66), Nick Worboys
(Longhurst)

GL LEP Officers: Halina Davies, Sue Groves (Note Taker)

Observers: Pete Holmes (C&LG), Linsay HillPritchard (Accountable Body)

Apologies: Dean Fathers (Health), Andrew Crookham (Accountable Body & S151 Officer),
Cllr Rob Waltham (NLC), Ruth Carver

Welcome by the Chair

Apologies and Declarations of Interest

Declarations of Interest

Full declarations of interest can be found at

<https://www.greaterlincolnshirelep.co.uk/about/boards/lep-board/> and then clicking on individual profiles

Minutes from Previous Meeting (Paper 1)

The minutes from the Investment Committee held on 26th February 2021 were accepted as a true record.

Matters Arising

Darren Cunningham declared a retrospective interest in the Killingholme Marshes Drainage scheme which was discussed at the last meeting.

Action:

Induction: Chair to contact Nick Worboys regarding induction advice from a board member perspective.

2020/21 Year End Verbal Update on Funding - Linsay HillPritchard

The Accountable body confirmed that the Quarter 4 interim Single Local Growth Fund claims had been reviewed and paid. There is some underspend across the board as expected; however, the total payment for Quarter 4 is £9 million giving a total in year payments of £25.4million. This has been achieved with the final tranche of £18million SLGF grant, £5.4million of repaid grants, and £2million of offset. The impact of this is that £8.6 million remains to be spent from offset in 2021/2022 and 2022/2023. The bulk of this will be in 2021/2022.

Getting Building Fund achieved claim spend of £2.8million with the remainder of the £12.9 grant being achieved through offset as an agreed freedom and flexibility.

When asked by the Chair to clarify, PH (C&LG) commented that by achieving the £12.9m grant spend target and agreed contracting targets the LEP had met government requirements to enable release of the remainder of Getting Building Fund.

Engineering, Logistics, Innovation, Technology and Energy Skills (ELITE), TEC Partnership (Papers 2 and 2.1 - Halina Davies)

- On the 11 November 2020, the Investment Board approved a provisional grant allocation of £1,410,496 for this scheme to support delivery of the wider Getting Building Fund Skills Capital

Investment Programme. The project is one of six supported under the auspices of the Skills Programme.

- The scheme helps support recent announcements for a Humber Freeport and government support for a new Able Marine Energy Park, definitely a time of wider opportunity for the ports and logistic sector in Greater Lincolnshire.
- The ELITE programme includes the purchase of cutting-edge training equipment and accommodation refurbishment, enabling the training of a diverse, skilled workforce of tomorrow. It targets the 'Port and Logistics' sector and supports the 'Low Carbon/Renewables' and 'Manufacturing and Engineering' sectors. Digital development is a key enabling theme throughout.
- The programme will create 1,789 additional enrolments and will include L1-L4 programmes with both progression pathways in education and training, as well as progression into employment by March 2025, for those completing studies.
- The training provided will also address changes to customs processes impacting on roles such as the British Transport Police, Customs Officers and Port and transport security.
- HD confirmed that this was the final GBF Skills Capital Investment Programme scheme to go through due diligence appraisal and reach contracting stage, the LEP having already issued contracts for the other five.

Action:

- Although the delivery timescales are tight, they are deemed achievable with it being a refurbishment scheme, and the LEP will ask the TEC Partnership to explore with the main contractor opportunities to bring forward works timescales wherever possible.

Decision:

- ❖ Investment Board approved the £1,410,496 GBF grant contribution to the £2.4m ELITE scheme and progression to contracting.

Any Other Business

- No other business was raised at this meeting

Next Investment Board Meeting

28th May 2021

ACTION LOG

Area	Who
Chair to contact Nick Worboys regarding induction advice from a board member perspective	PD
Officers to request that TEC Partnership explores with the main contractor opportunities to bring forward delivery timescales	HD
Approval of the ELITE scheme to contracting stage	HD

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Publication	Public Paper (published)					
Meeting date:	20 September 2021					
Agenda Item:	2					
Item Subject:	Report on GL LEP GBF and SLGF Programme Progress					
Author:	Halina Davies (GL LEP)/Lindsay Hill Pritchard (Accountable Body)					
For:	Discussion		Decision		Information	Yes

1. SUMMARY

- 1.1 The Investment Board is asked to note the progress made in delivery of its Getting Building Fund (GBF) and Single Local Growth Fund (SLGF) Programmes, and measures being taken to manage output delivery and grant expenditure this financial year.
- 1.2 The following report covers the period up to June 2021. SLGF is near completion with most projects having completed in the last year. There remains a handful of projects still delivering grant spend into 21/22 and 22/23. For the quarter one period we expected to release £914k of grant, however we have released slightly less at £867k therefore there is a small underspend in this quarter. The £7.8 million forecast to be released in this financial year is still expected to be achieved with the bulk of this spend in quarter 4.
- 1.3 SLGF Programme Output Delivery Progress - Growth Deal Targets

Output	SLGF Target to 31 Mar 2021	SLGF Achieved to 31 Mar 2021	SLGF Achieved Q1 2021/2022	RAG
Jobs & Apprenticeships Created FTE	933	977	30.3	G
Housing Created - units	550	593	0	G
Are of new/improved learning/training floorspace (m2)	14,551	13,081	1,900	G
Learners Assisted	2,609	2,711	0	G
Length of newly built RD (KM)	0	285	0	G

1.4 GBF Risk Status

Project Name	Delivery (5)	Finances (5)	Reputation (5)	Overall (15)
Centre for Innovation in Rural Health	1	1	1	3
Holbeach FEZ Phase 2	2	5	2	9
Skills Capital Investment Programme	2	4	1	7
Lincoln Science & Innovation Park Ph2	1	1	1	3
Killingholme Marshes Drainage Scheme	1	4	1	6
Greater Lincolnshire Cycle Programme	2	4	1	7

Overall risk score of 5.8 putting programme risk in Green/Amber.

2. BACKGROUND

- 2.1 The SLGF Programme grant has now been completely drawn down, with a few schemes still in final stages of delivery (as agreed via freedoms and flexibilities) and outputs and outcomes are being monitored and evaluated. There is less spend than expected on the projects identified to deliver purely match funded spend and

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therefore we will be scheduling risk monitoring meetings to understand the full impact of this reduction.

2.2 Work continues with LEP area transition requirements and we have held several meetings with partners at Hull City Council to identify the projects that will come over to Greater Lincolnshire LEP having been financially completed and therefore relate to output delivery only. We expect the projects identified to be transferred no later than October 2021.

2.3 The GBF programme is fully contracted and must be delivered by March 2022 with all grant funding having been drawn down by the 31 March 2022. Total project costs are likely to be £36.5m and £12.9m of the £25.8m programme was drawn down in March 2021 (some freedoms and flexibilities were applied).

3. PROGRESS TO DATE

3.1 GBF - An update on scheme and programme progress is provided in the table below:

Scheme	Applicant	Grant Allocation (not including GLLEP fees)	RAG	Status
Centre for Innovation in Rural Health	UOL	£1,300,004	Green	<p>This project is financially complete. The construction fit-out has now been complete for 2-3 months and users have been getting familiar with their new home as far as restrictions are allowing. The early feedback is very encouraging.</p> <p><u>Q1 Monitoring</u> We now move to the output monitoring stage and for this project.</p> <ul style="list-style-type: none"> 29 businesses assisted to improve performance due to be achieved in 2024/25.
Holbeach FEZ Phase 2	LCC	£6,367,839	Amber	<p>Cluster Hub Building Works on the main Superstructure of the building started before the end of August. LCC are anticipating some delays with building materials, which has pushed the completion date from 7th March 2022 to 20th March 2022, but LCC are constantly monitoring the situation with the contractors involved and mitigating where possible.</p> <p>Infrastructure Works Phase 1b road has been constructed and is completed.</p> <p>Phase 2 Land Acquisition Legal contracts were completed 31st March.</p> <p>Masterplan A masterplan refresh has been undertaken for the entire FEZ site via Pick Everard. Not part of the</p>

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				<p>project itself, but important for the Board to note in terms of future site layout and design.</p> <p>Q1 Claim We had expected the project to spend £3.859m in total costs to date but the actual spend to date is £3.107m - therefore an underspend of £0.752M (19.48%). The project has submitted a revised construction programme and has forecasted to be on track to deliver by March 22. Given the level of underspend the project has been given an Amber risk rating.</p> <ul style="list-style-type: none"> • Amber risk rating - initiated a project monitoring visit. • Regular updates required on spend to ensure no further slippage.
Killingholme Marshes Drainage Scheme (KDMS)	NLC/Able UK	£4,328,032	Green/Amber	<p>Killingholme Marshes Drainage Scheme The project mobilisation began 12th April 2021 with the compound being fully established 27th May 2021. Works have been undertaken to connect the project compound to utilities with on-going works for pumping station final connections. The cofferdam installation commenced 2nd June 2021. Earthworks commenced in mid-April and the pump supplier has commenced manufacturing the pump system. Work has started to construct the headwall in early August.</p> <p>It is worth noting that in the current climate (specifically Covid 19) projects of this type face unusual challenges. The impacts, to a degree, compromise working practices and elements of delay have been caused by staff either having been infected or being in periods of isolation. Furthermore, there are indirect consequences in terms of the supply (and upward price pressure) on a number of items and particularly in respect of the cost (and timely delivery) of steel and concrete. As such the project has been delayed but increasing manpower will contribute towards mitigation along with alternative working methods.</p> <p>Q1 Claim The project was expected to spend £2.809m in total costs but the actual spend to date is £0.339 - therefore an underspend of £2.47m (87.93%). Part of the underspend is due to a discrepancy in the retrospective costs. The contract states £1.292m of retrospective costs were due to be claimed for the period 1st July 20 - 25th February 21. However, the project confirmed in July 21 that the £1.292m figure given should have actually been £900k of which approx. 350K would qualify within the eligible period for claims (1st July 2020 onwards). Given that the overall scheme cost</p>

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				<p>amount of £9,511,251 would remain the same and the unclaimable retrospective costs amount to 5% of the total contract costs it is recommended that a contract variation is actioned to include the 550k of costs as an amount levered output.</p>
Cycle Programme	GLLEP	£2,216,860	Amber	<p><u>A180 Westgate between Lockhill Roundabout and Westgate Roundabout</u> The project was started earlier than planned (22/3/21). The eastbound cycleway works are substantially complete. Due to Covid-19 a delay on the steel delivery for the proposed bridge parapet extension has occurred. This delay pushed the completion date to August 2021.</p> <p><u>A1173 Immingham Town Centre to Stallingborough Industrial Site, via the Kings Road</u> This scheme is delayed due to resourcing and the project leads are negotiating and coordinating with National Power Grid (NPG) as they have planned a new connection in the same area. Works need to be aligned to ensure no abortive costs.</p> <p><u>Hobson Way between the South Humber Bank Link Road and the junction with South Marsh Lane</u> The construction works commenced on 1/6/21. This start date was later than programmed due to NPG emergency works in the same location, however, the works have been completed ahead of programme on 2/7/21.</p> <p><u>Q1 Claim</u> The project was expected to spend £0.963m in total cost but the actual spend to date is £0.317 - therefore an underspend of 0.646m (67.08%). This has been explained within the progress report with Hobson Way delayed by 3 months and A1173 by 4 months. This has impacted on the spend profile but the project is still on track to complete by March 22 according to submitted profiles. The programme is scheduled to come in on budget.</p>
Skills Capital Fund Programme	GLLEP	£7,899,175	Amber	<p>Programme is fully contracted with six schemes being supported overall. One project is looking like it may complete beyond March 2022 due to delays, however with freedoms and flexibilities being applied to intervention rates this can be mitigated if necessary.</p> <p><u>Q1 Claims</u> The programme was due to spend £2.7million overall but was underspent by £1.4million however this was mainly due to one project not submitting a claim in time.</p> <ul style="list-style-type: none"> • Individual meetings to be held with higher

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				<p>risk projects within the programme.</p> <ul style="list-style-type: none"> • Analysis of retrospective costs within the individual projects to assess understanding and claiming. • Review of barriers to delivery given delays on some projects.
Lincoln Science & Innovation Park Phase 2	LSIP	£3,430,090	Green	<p><u>Defence R&D Building</u> <u>Design</u> - Redesign on the existing building has been completed and amendments were approved by the Planning Authority and approved on 5th March 21. <u>Procurement</u> - RG Carter have been appointed to construct the building. <u>Activities on Site</u> - An early works package has now been completed with significant additional sub-surface structures discovered but no significant contamination. As such, the demolition has been completed and the piling mat prepared for principal construction to begin. <u>Commercial Progress</u> - LSIP have agreed Heads of Terms and Agreement for Lease with inward investment defence technology business SRC UK Limited. This is anticipated to create more than 100 high-value jobs in Lincoln in the defence supply chain over the next 5-years. <u>Infrastructure Project</u> <u>Design</u> Detailed designs for the infrastructure works have been completed and were submitted to City of Lincoln Planning Authority for Reserved Matters consent. These include utilities infrastructure, hard landscaping, highways alterations, soft landscaping, drainage and site services. Reserved matters consent should now be in place. <u>Procurement</u> Due to the ground risks (both additional unknown contamination and sub-surface structures), an early works package was commissioned to remove the existing slab and dig out any obstructions discovered. Total Reclaims Demolition were appointed. <u>Activities on Site</u> A ten week demolition process has now completed with the entire site excavated, the concrete crushed into graded material and laid across the site in preparation for the main works. One additional site of hydrocarbon contamination was discovered but no more significant issues (such as asbestos). In agreement with the Environment Agency, on-going monitoring of groundwater has continued and LSIP will be bringing on specialist remediation contractors to remove hydrocarbon contaminated soil. <u>Commercial Progress</u></p>

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				LSIP is currently handling enquiries for c. 80,000 sqft of design and build developments on Phase II that, if agreed, would begin between 2022 and 2024 with completions between 2024 and 2025. Q1 Claim No concerns the project is on track and has submitted a claim ahead of schedule for a small amount of retrospective costs. The project remains on track to deliver by February 22.
Fees 1%	GLLEP	£258,000	Green	Applied at programme level
		£25,800,000		

- 3.2 Good progress continues to be made across the programme despite the tight timescales provided, however as can be seen in the table above some Q1 claims have been lower than forecast.
- 3.3 In order to meet the full £12.9m GBF spend target for 31 March 2022 freedom and flexibility options on the basis of risk assessment and past performance may need to be considered for one of the schemes, but it is too early to tell at this stage. The majority of projects remain on target to complete by the government's overall programme deadline.
- 3.4 In terms of risks and mitigation measures for the GBF programme the following table provides an overview of concerns and our suggested approach:

Risk	Mitigation Measure	Deadline
Projects are unable to meet the GBF £12.9m spend target by 31 March 2022	LEP to discuss and agree in principle freedoms and flexibilities with the accountable body and C&LGU in Q4 if necessary	Prior to Annual Performance Review in February 2022
Procurement issues due to Brexit and Covid 19 impacts	LEP will work closely with applicants to ensure that any changes to procurement rules or delays due to Covid 19 can be planned for and resolved as soon as possible	Ongoing
LEP Review and CSR announcement outcomes have direct implications for the LEP and its programmes	LEP to work with C&LG to update on progress made, share reasons for any delays, and provide reassurance & evidence that the March 2022 targets remain achievable for GBF programme. LEP to respond to LEP Review changes as swiftly as possible, ensuring that any subsequent programme implications are shared with grant recipients as soon as possible.	November 2021

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3.5 Outputs

The following outputs have been agreed to be delivered within the programme:

Output	Value	Achieved to date	% Achievement
Direct Jobs Created	2,520	-	-
Construction Jobs Created	140	-	-
Jobs Safeguarded	330	-	-
Commercial Space Unlocked (sqm)	2,350		
New Learning Space Unlocked	3,800	-	-
New Learners Assisted	1,110	40	3.6%
Businesses Assisted	80	-	-
Roads/Cycle Lanes/Walkways Unlocked (km)	9	-	-
R&D Floorspace (sqm)	695	-	-

3.6 As expected, the output levels are low at this stage. The table above shows achievement against outputs within the offer letter from government and we will update the board regularly on this basis. Projects are contracted to deliver elements of the outputs detailed in our GBF offer letter and also project specific outputs that we will capture and report in the coming quarters.

4.0 SLGF

4.1 The focus of this programme is to complete delivery of the projects (remaining expenditure being attributed to capital offset as agreed previously) and to monitor and evaluate performance against these and all fully completed schemes within the programme.

4.2 This table shows remaining SLGF Offset at programme level

Growth Deal Programme Position Q2	SLGF Left to release	21/22	22/23
SLGF OFFSET	£8.6m	£7.24m	£1.36m

4.3 Focus on Outputs

As the Board will be aware there is an on-going commitment to report on the core outputs as identified in the LGF returns. The next SLGF DELTA return is expected in November 2021 and we will again capture financial and output data to report our successes. The table in paragraph 1.3 provides the board with the latest output submission to government and we can see from the data that all outputs are achieving apart from area of new learners space, which has caught up in the first quarter of 21/22. Although this is very positive we are mindful that projects are highlighting to us delays in output delivery.

A good example of unforeseen impacts on outputs is the Skegness Business Park scheme. Although the scheme's delivery is completed, there has been a delay in completing the sale of the first tranche of development land at the Business Park. It appears a small sliver of land was not acquired by the grant recipients, not through design or intention from either the lead body or land owner, but by Land Registry's

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interpretation of the plan utilised in the original transfer deed. The land is in the process of being transferred, but the legal process can take several months to complete, and therefore the sale cannot be completed to enable the outputs until legal paperwork for the small piece of land is finalised.

4.4 Covid 19

Some of the projects have suffered delays due to the Covid Pandemic. Building projects in particular have raised issues:

- Contractors having to work in bubbles, having to be socially distanced, or bubbles having to self-isolate has slowed progress.
- Projects have been unable to have several building trades working together, as they would normally do.
- Obtaining building materials has also been a challenge.

This has affected the timescales for delivering outputs. Most projects will still achieve the forecast outputs, but later than anticipated. Projects with learner outputs have managed to continue in some form, by teaching online. Some have been delayed whilst waiting for buildings to be completed, and this has delayed the start of some college programmes until the new academic year in September 2021.

4.5 Focus on Financial and Physical Delivery

Project Managers, have until recently been clearly focussed on seeing their project physically completed; the financial aspect completed, and grant claimed. Whilst this is expected in the early stages of the project lifecycle reminders have been sent on the importance of shifting focus onto output

4.6 Additional Outcomes

There are many projects that achieve additional outcomes as a result of receiving SLGF. It is important that these are viewed and considered alongside the core outputs we report to Government. These help us quantify and record the added value of each project and can often show the greater benefit of the project to a local area.

Additional Outcomes Achieved by SLGF Projects	Actual to Date
Jobs Safeguarded	50
Employment Floorspace (m2)	7,417
New Businesses Created/Safeguarded	49
Businesses Supported/Assisted	607
Businesses Expanded	25
Construction Jobs	129
Land Reclaimed/Brownfield Land Redeveloped (ha)	9.1
Commercial Floorspace	18,491
Provision of new junction/roundabout	1
Land Area rehabilitated to provide ecological habitat	38.9
Number of brand new curriculum/training courses	4
Updated/modernised curriculum courses	7
Learners with enhanced understanding of opportunities in priority sectors	2,100
Km of New Road	1

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4.7 Agreed Actions to be undertaken by the Team

- Discussions on updated profiles where necessary
- Variations after the revised profiles are received
- Project Managers to be reminded again of their responsibilities to achieve and evidence the outputs stated in their contract/latest variation
- Discuss with projects if there any other outcomes/added value that we should be capturing
- Assess whether updates on case studies are needed and information for inclusion on the LEP Website

5.0 **CONCLUSION**

- 5.1 The Board are asked to note delivery progress of the GBF programme to date and feedback regarding on-going monitoring of the SLGF Programme.