



# GLLEP INVESTMENT BOARD

27th November 2020

Microsoft Teams

## Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
14:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> <li>FOR APPROVAL - Minutes 11th November</li> </ul>	Chair	Paper 1 To follow
14:05	<b><u>FOR INFO Single Local Growth Fund (SLGF)</u></b> <ul style="list-style-type: none"> <li>Quarter 2 SLGF Update report</li> <li>Summary of Scheme Progress</li> <li>Quarter 2 Dashboard</li> </ul>	Halina Davies, LEP	Papers 2, 2.1 and 2.2 attached
14:15	<b><u>DECISION - Skills Capital Investment Fund Programme GBF</u></b> <ul style="list-style-type: none"> <li>Report on Recommendations for Remaining Project Allocation</li> <li>Scheme and Course Information</li> <li>Value of Grant: To be Determined</li> </ul>	Halina Davies, LEP	To Follow
14:45	<b><u>DECISION</u></b> Greater Lincolnshire Growth Fund Lincoln City Football Club <ul style="list-style-type: none"> <li>Summary Report &amp; Recommendations</li> <li>Due Diligence Report <b><u>Commercial in Confidence</u></b></li> </ul> Value of Grant: £200,000	Michelle Davis, Greenborough Management Ltd	Papers 4 and 4.1 <b><u>Commercial in Confidence</u></b> attached Appendices 1-3 <b><u>Commercial in Confidence</u></b> attached
15:00	AOB and close of meeting	All Members	

Directors: Pat Doody, Cllr Colin Davie, Cllr Philip Jackson, Dean Fathers, Chris Baron, Cllr Rob Waltham,

Apologies: None

Observers: Pete Holmes (BEIS), Andrew Crookham (S151 Officer)

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

### 27/11/2020 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Colin Davie	GBF Skills Capital Fund - Paper 3	LCC are land owners for public sector hub site
Cllr Rob Waltham	Killingholme Pumping Station - Papers 4 and 4.1	NLC are partners for the AMEP site

### 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

# LEP INVESTMENT COMMITTEE

11<sup>th</sup> November 2020

Via MS Teams

Draft Minutes

<u>Present:</u>	
<u>Board Directors:</u>	Pat Doody - Chair Cllr Colin Davie (LCC), Cllr Philip Jackson (NELC) part of the meeting, Dean Fathers (Health), Chris Baron (Butlins)
<u>LEP Officers:</u>	Halina Davies, Ruth Carver, Cathy Jones, Sue Groves (Note Taker)
<u>Observers:</u>	Pete Holmes (BEIS), Lindsay Hill Pritchard (AB), Andrew Crookham (Accountable Body & S151 Officer) part of the meeting, Cllr Richard Hannigan (NLC)
<u>Apologies:</u>	Cllr Rob Waltham (NLC)
<b><u>Welcome by the Chair</u></b>	
<b><u>Apologies and Declarations of Interest</u></b>	
<u>Declarations of Interest</u>	
Cllr Colin Davie - Holbeach Phase 2 (Paper 4) & Boston and Horncastle College (Paper 7)	
Cllr Philip Jackson - Cycling Programme (Paper 6) & Europarc FEZ Unit Disposal (Paper 9)	
Full declarations of interest can be found at <a href="https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/">https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/</a>	
<b><u>Minutes from Previous Meeting (Paper 1)</u></b>	
The minutes from the Investment Committee held on 5 <sup>th</sup> August 2020 were accepted as a true record.	
<b><u>Terms of Reference (Paper 1.1) - Ruth Carver</u></b>	
<ul style="list-style-type: none"> <li>➤ Annual Review of Terms of Reference for the IB. Proposing one amendment to allow any GLLEP Board member to join the Investment Board meetings when decisions are required. Discussion took place and it was agreed that this should remain but additional directors invited to the on the IB.</li> <li>➤ Query raised about points 9.2 and 9.5 in the Terms of Reference regarding majority decisions and it was agreed that 9.2 related to decisions at meetings and 9.5 related to decisions by written procedures. Needed clarification in the TOR;s</li> <li>➤ Agreed that two Board members (one private sector and one public sector) are required for decisions on projects over £2m.</li> </ul>	
<u>Actions:</u>	
<ul style="list-style-type: none"> <li>❖ KS to amend the TOR's as above. Once amended circulate via the chair to the IB for approval</li> <li>❖ RC to invite private sector GLLEP Board member to join the Investment Board. This may be two members due to one current member stepping down in December.</li> </ul>	
<b><u>Approved Paper on Skegness Business Park (Paper 2) - Halina Davies</u></b>	
<ul style="list-style-type: none"> <li>➤ This paper is for information only regarding the contract variation option and was approved at the Board meeting held on the 30<sup>th</sup> September.</li> </ul>	
<b><u>For Getting Building Fund Update (Paper 3) - Halina Davies</u></b>	
<ul style="list-style-type: none"> <li>➤ The Investment Board was asked to note the progress made in delivery of the Getting Building Fund Programme, and measures being taken to ensure 50% of grant expenditure this financial year, as well as the following financial year as required by Government.</li> <li>➤ Key things to note are the 2 programmes with 4 schemes with provisional Getting Building Fund allocation with one scheme currently classed as an amber risk, ie, Killingholme project where the due diligence is yet to be completed, with queries relating to land ownership and outputs, but will be discussed at the Investment Board arranged for the 27<sup>th</sup> November.</li> <li>➤ A letter from MHCLG was sent to the LEP Chief Executive on the 18<sup>th</sup> September clarifying funding requirements and setting out when and how the grant funding will be released to the Accountable Body. Good progress has been made with the due diligence reports as can be seen in today's agenda and will move to contracting stage if the Board approves the schemes, ie, Holbeach Phase 2, Grimsby Cycle Super Highway and LSIP Phase 2.</li> <li>➤ The Centre for Innovation and Rural Health scheme has already been through due diligence, but</li> </ul>	

will now be subject to a deed variation of contract and is being progressed with the Accountable Body.

- Call for projects to make up the Skills Capital Investment Programme closed in early September and recommendations are being made to the Board today (Paper 7 and appendices).
- The IB challenged the team on deliverability of the pipeline should any scheme slip in the GBF programme.

#### **Getting Building Fund Programme - Holbeach FEZ Phase 2 (Paper 4) - Halina Davies**

##### **Cllr Davie left the room for this item, due to his conflict of interest**

- Seeking Investment Board approval to contracting stage for the Holbeach FEZ Phase 2 project provisional allocation of £6,432,161 which includes a contribution of 0.5% towards project management fees.
- Phase 2 of the project requires £8.5m in total to be delivered and the Getting Building Fund grant of £6.36m contributing to the design and construction costs, but because the fees element has been increased, the overall cost of the project will be £13.7m
- 220m of site access road infrastructure and a brand new Hub building for the FEZ site.
- The site road will extend to the western boundary of the site and will give access to the remaining 8 plots of Phase 1 and will be completed by April 2021.
- The new Hub building will start construction around April 2021 and will provide high quality business space and collaboration space for SMEs, businesses working in the supply chain and related businesses and is expected to be completed by March 2022.
- The land acquisition for the next stage of the proposed FEZ site is not being funded by the LEP grant and negotiations are expected to be completed by December and terms have already been agreed and the Board should be aware that match funding has already been secured would cover the cost of the land acquisition element of the Phase 2 scheme. The LEP has been informed by the Legal team that contracting of Phase 2 would also require a variation into the contract already in place for the Phase 1 scheme to show the relationship between the two contracts because they are 2 different programmes, ie, Getting Building Fund and Single Local Growth Fund.
- Due diligence has identified that the overall the package of outputs delivered by the scheme is considered to provide good value for money and outcomes include 973 new jobs being delivered and 22 new businesses being created on the Phase 2 element of the site.

Until the meeting was quorate, the discussion continued later, therefore **Cllr Davie re-joined the meeting**

#### **Invest and Grow fund Application Haatch Desks (Paper 5) - Cathy Jones**

- An Expression of Interest application has been received from a project seeking £2-2.5m to develop new office/meeting room spaces, before going to a full application if the Board wishes it to go forward.
- The GLLEP Board of Directors recently confirmed the intention to close the Invest and Grow Fund and repurpose this funding as part of our Covid response and recovery planning. There was a slight delay while the LEP sought confirmation from Government that this fund could be used in this way. However, the expression of interest was received during the delay of confirmation and has been given due consideration.
- The applicant seeks to develop new office and meeting spaces at St Martins Park in Stamford in an existing building which the applicant describes as iconic to Stamford and which is currently owned by SKDC. The project does not have planning consent but the applicant would only expect to purchase with planning consent in place.
- It appears to be a straightforward project with a robust track record and invest in early-stage technology companies, which include Kiddicare and Elevaate.
- This project does not meet the aim of the Fund, which is to unlock stalled infrastructure. In this project there are the inevitable development uncertainties but no infrastructure constraints have been identified and that they have other options for funding.

<p>Decision:</p> <ul style="list-style-type: none"> <li>The Investment Board agreed that this project should not be taken forward to full application stage.</li> </ul>
<p><b><u>Getting Building Fund Programme - Cycling Programme - Immingham to Grimsby Cycle Superhighway scheme (Paper 6) - Halina Davies</u></b></p> <ul style="list-style-type: none"> <li>➤ This project will complement the existing quality off-road cycle infrastructure alongside the new South Humber Bank link road and Moody Lane, which has been on the pipeline for some time, and comprises three elements: <ul style="list-style-type: none"> <li>- A1173 Immingham-SHIIP (Stallingborough site) off road cycle link</li> <li>- Hobson Way, Immingham off-road cycle link</li> <li>- A180 Westgate, Grimsby off-road cycle link</li> </ul> </li> <li>➤ North East Lincolnshire Council is the lead applicants for the project and would act as the Accountable Body for the scheme working with its strategic partner ENGIE.</li> <li>➤ The overall project requires £2.6m to be fully delivered with a Getting Building Fund grant of £2.2m, contributing to the design and construction costs and will look to retain £11,140 from the provisional scheme allocation towards GL LEP fees. NELC will also contribute a further 0.5% towards due diligence, legal and management fees.</li> <li>➤ This would make the total requirement towards the project £2,239m, leaving approximately £26k, lower than originally planned.</li> <li>➤ Suggested that this unallocated amount could be added to the Skills Capital Investment Programme via a further government change request should the Investment Board agree to this approach.</li> </ul> <p>Decision:</p> <ul style="list-style-type: none"> <li>Investment Board endorsed the programme to go to full contract.</li> </ul>
<p><b><u>Cllr Philip Jackson and Andrew Crookham joined the meeting</u></b>  <b><u>Cllr Colin Davie left the room</u></b></p>
<p><b><u>Continuation of Getting Building Fund Programme - Holbeach FEZ Phase 2 (Paper 4) - Halina Davies</u></b></p> <p>Decision:</p> <ul style="list-style-type: none"> <li>The Investment Board Approved the scheme for the GBF, with the following conditions</li> <li>Ensure that the contract stipulates food sector businesses occupy the hub and site</li> <li>The applicants are asked to engage with the food board and the Health &amp; Care Enterprise Board on the aims and strategy of the scheme, as well support to tenants</li> <li>Monthly monitoring agreed by the AB</li> </ul>
<p><b><u>Cllr Davie re-joined the meeting</u></b></p>
<p><b><u>Getting Building Fund Programme - Lincoln Science and Innovation Park Phase 2 (Paper 8) - Halina Davies</u></b></p> <ul style="list-style-type: none"> <li>➤ Following successful delivery of LSIP Phase 1 and based on the GLLEP funded feasibility study for Phase 2, the project consists of two elements and is on the pipeline and was classed as a deliverable scheme last year.</li> <li>➤ It's made up of enabling works on the Phase II site and sits alongside LSIP Phase I and also provision of an R&amp;D anchor development, ground defence technologies - ISTAR Research Institute, and the scheme is at a reasonably advanced stage on design and capable of delivery in the short term</li> <li>➤ Due diligence has identified that outputs are considered to be reasonable and in some cases poor value for money, but having looked at the ratios, some of the outputs may need to be re-visited, but significant benefits from the project, which justifies the investment for a highly strategic scheme.</li> </ul>

- The main risks include a potential planning delay for the final design, although already in discussions with the Council's planning team and any changes to the design will be minimal.
- Only other concern is the slow take-up of commercial space and this has been taken into account.
- The substantial due diligence which has been undertaken and has said that the project has a moderate risk for investment. There are conditions to the investment which are straightforward.
- Recommend the £3.4m funding, which includes the LEP's fees.

Comments:

- ❖ Paper 8 requires amendment on Page 2.
- ❖ Accounts have been examined and even though due diligence points out not value for money, this is an error in the due diligence report and the scheme is good value for money - to be amended and republished
- ❖ Suggestion that those in LSIP Phase 1 starter spaces eventually move to LSIP Phase 2 spaces, therefore, freeing up Phase 1 starter spaces for new businesses.

Decision:

- Investment Board agreed to support the scheme.

**Getting Building Fund Programme - Skills Capital Investment Fund Programme (Paper 7) - Halina Davies**

- GLLEP was awarded £7.6m for a new Skills Capital Investment Fund
- A change request was put to Government to see if £301,500 could be added from the previous Coastal Highways cycle scheme, which was not ready to proceed, making the amount available to projects £7,884,360.
- The allocations must be spent by March 2022 and to be delivered by 2025.
- There were 11 schemes for consideration and an officer panel was brought together to score the submissions with regard to Strategic Assessment as per the assurance framework guidance on the 28 September, and subsequently an independent Economic Assessment was carried out on behalf of the LEP to complete the overall project scores. Recommended allocations have taken into account the overall scores for strategic assessment, economic case, deliverability and impact; to what extent the projects addressed the main focus of the programme; and match funding levels and status. An independent assessment was carried out by Thomas Lister Ltd.
- The top five schemes shown below achieved 'high priority' status by being scored 35+ overall. We therefore recommend that all five of these schemes are approved for provisional Skills Capital Investment Programme **allocations** and can proceed to due diligence stage:
  - The Care CoRE (Centre of Excellence for Care)
  - Engineering, Logistics, Innovation, Technology and Energy Skills (ELITE)
  - Construction Centre Extension
  - GC Energy Centre: Engineering and Construction
  - Lincoln Institute of Technology (Holbeach Hub)
- The top 5 schemes were in the highest priority status, ie, they scored over 35, and recommend that these 5 schemes are approved, which total £6.7m with £1.18m left to allocate. To allocate this funding to one of the next 3 projects, ie, Lincoln College, Horncastle College and Digital Learning and Infrastructure Project, additional funding would have to be found. All projects were similar in scoring and all are value for money in their own way. Difficult to make a recommendation as to which project should go forward, but based on deliverability and that there is no training provision in Horncastle, the Board should discussed to make a decision.

Decision:

- Support for the top 5 projects agreed, but to return to the 3 remaining projects to ask what they could deliver on reduced funding and discuss at the next meeting on the 27<sup>th</sup> November.



### **Growth Deal Quarter 2 Interim Update - Lindsay HillPritchard**

- This is the most up to date information, but still assessing claims from various projects and will provide an updated to the Investment Board on the 27<sup>th</sup> November and will have recommendations for the Board to make decisions and a breakdown of project activities.
- The committee will note from the paper presented at the 5<sup>th</sup> August Investment Board that we discussed the remaining spend (£34million of grant) left to pay out to contracted projects. This was to be funded by the last tranche of SLGF from government (£18million) and with previous freedom and flexibilities and repaid monies. The position then identified 5% of our total programme grant will be spent post March 2021 and it was agreed that this would be covered by Offset. Since this profile for the Quarter 2 period, the Offset figure has slightly increased. The cause of the slippage is due to the following 2 projects:
  - Advanced Engineering R&D Centre (The Bridge) - at the last meeting, the profile from that project included two large pieces of equipment worth approximately £2m, they have since taken further advice from the supplier who has advised the importance of coordinating the installation of both of these pieces of kit once the building is fully complete due to risk of damage and sensitivity to dust. The project has therefore profiled this expenditure into the first quarter of 22/23 and this aligns with the ERDF contact (which is yet to be released from the ERDF team).
  - Grantham Southern Relief Road - The shift in spend profile relates to Phase 3 works which are not scheduled to commence until Spring 2021. Negotiations are still on-going with the contractor for this phase to formally agree the target cost. This is expected to be completed in December 2020, however the project manager has updated the spend profile to take account of the expected programme of works. Updated profile not expected until early next year and once target costs have been agreed with the main contractor. It was agreed at the last meeting that 85% of the grant would be released to the project in March 2021 and the remaining 15% (£4.2m) in 2021/2022. Accountable Body has implemented an intervention rate has been set based on the profile of Quarter 1, so have released less funds. Will have further discussions with the Project Manager and return findings to the next Investment Board with a clear recommendation on risks and deliverability. Intervention rates could be increased so that 85% could be released by March 2021.
- PD - regarding the R&D project, are freedoms and flexibilities being used and how long could that continue. LHP - freedoms and flexibilities are being used but it is expected that the project should be complete by May 2022, two months past the deadline.
- PH - freedoms and flexibilities would raise concerns with Government if they go on too long and the Government would carry out monitoring against the actual scheme.

### **Cllr Jackson left the meeting**

### **Europarc FEZ unit disposal (Paper 9) - Halina Davies**

- Seeking Investment Board approval for Wykeland Ltd (the landowners) to dispose of a unit on the Europarc FEZ site. The unit was developed with the support of Growth Deal funding which was released to North East Lincolnshire Council as grant recipient.
- The Europarc FEZ scheme was approved and contracted by the Greater Lincolnshire LEP and North East Lincolnshire Council on the 14<sup>th</sup> February 2019. Funding totalled £1,2m has since been released to the grant recipients with £578,523 remaining to be claimed by March 2021.
- The scheme has provided factory space for food sector related investors looking to locate their business in Greater Lincolnshire and involved construction of one 30,000sq<sup>2</sup> and one 15,000ft<sup>2</sup> industrial unit on the Europarc FEZ site. Wykeland (the land owners) were originally intending to retain both units, and the 30,000ft<sup>2</sup> unit has already been leased to Ultimate Group, the UK's largest independent flexible packaging manufacturer focused on the food industry, but now there is a request from a company called Zero Grimsby Ltd who process frozen fish and other processes.
- A valuation report has been received from the applicant and has been externally assessed and

confident that clawback of funding is not required because the value has not increased.

- Should the Board agree to allow the disposal to Sub Zero, the LEP could inform NELC quickly and Wykeland would remain landowners of the site, the contract being with NELC.

Decision:

- ❖ Board agreed to the sale, and ask the LEP executive to investigate whether a clause could be developed concerning subsequent disposal and profit be on similar market terms, and protected as food service industry in the spirit of the original grant.

**Next Investment Board Meeting**

Friday, 27<sup>th</sup> November 2020

DRAFT

## Paper 2 Growth Deal Quarter 2 Interim Update – Summary Position

Publication	Public Paper (published)					
Meeting date:	27th November 2020					
Agenda Item:	2					
Item Subject:	GROWTH DEAL QUARTER 2 UPDATE					
Author:	Linsay Hill Pritchard/Halina Davies					
For:	Discussion	Yes	Decision		Information	Yes

### 1. SUMMARY

- 1.1 The Investment Board is asked to note the progress made in delivery of the Growth Deal Programme and the impacts of project slippage and re-profiling following submission of the quarter 2 claims. It builds on the previous paper submitted on the 11<sup>th</sup> November.

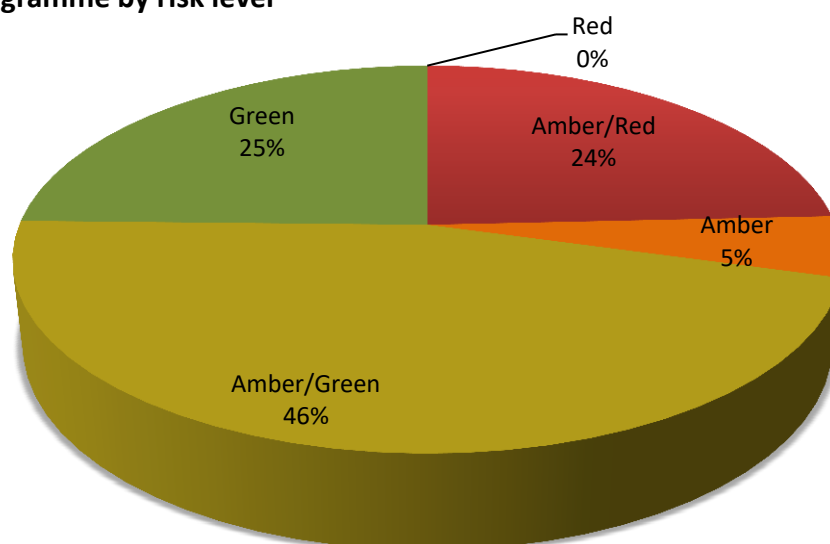
### 2. BACKGROUND

- 2.1 This paper shows forecast targets for 2020/21 based on Q2 claims and correspondence with grant recipients; it provides a review of each project within the programme (Paper 2.1) following claim assessment and subsequent follow up meetings. Actual figures for Quarter 2 of 2020/21 have been formally reported to government via the dashboard on 20th November 2020. This is included for information as Paper 2.2.

### 3. PROGRAMME OVERVIEW

- 3.1 The programme has seen continued success with the financial completion of projects and many of the other projects remain on track to deliver SLGF spend fully by 31 March 2021. The overall assessment on the government dashboard (Paper 2.2) shows a risk rating of Green/Amber.
- 3.2 The following chart shows the % of each risk level:

% of programme by risk level



## Paper 2 Growth Deal Quarter 2 Interim Update – Summary Position

- 3.3 Output delivery remains a concern and many projects have highlighted potential delays in the delivery of outputs, but in the main are positive that outputs are achievable. We are yet to fully understand the impact of COVID and we have asked all projects to assess and gather evidence to help inform our local business intelligence. We continue to monitor output delivery and impact; however we plan to fully review the outputs in 6 months' time to identify any reduction in outputs following the COVID pandemic

### 4. QUARTER 2 SUBMISSION PROGRESS

- 4.1 We have previously identified that £34million of SLGF grant was left to be spent on the programme to Contracted projects. This is to be funded by the last tranche of SLGF from government (£18million) and with previous freedom and flexibilities and repaid monies. The position in August following the Quarter 1 claim submissions identified 5% of our total programme grant will be spent post March 21 and it was agreed that this would be covered by Offset. The table below shows the position agreed in August 2020:

Growth Deal Programme Position	SLGF Left to release	20/21	21/22
SLGF 20/21 Allocation (fully received)	£18.15	£18.15	-
SLGF OFFSET	£10.36	£3.15	£7.21
SLGF Reserve (from paid back monies)	£3.65	£3.65	-
SLGF In Year (20/21 Paid back/contract Variations)	£2.27	£2.27	-
<b>TOTAL</b>	<b>£34.43*</b>	<b>£27.23</b>	<b>£7.21</b>

\*Figures report slightly differently to previous table due to minor error identified.

- 4.2 Four projects were identified with SLGF spend post March 2021 to be covered by offset:

- The Bridge - £1.782million
- Grantham Southern Relief Road - £4.2million
- Sleaford Growth Phase 2 - £900K
- Unlocking Rural Housing - £380K

- 4.3 Following the Quarter 2 claim submission and updated project profiles the programme level has changed.

Growth Deal Programme Position Q2	SLGF Left to release	20/21	21/22	22/23
SLGF 20/21 Allocation (fully received)	£18.15	£18.15	-	-
SLGF OFFSET	£10.36	£2.46	£7.24	£0.65
SLGF Reserve (from paid back monies)	£3.65	£3.65		
SLGF In Year (20/21 Paid back/contract Variations)	£2.27	£2.27	-	-
<b>TOTAL</b>	<b>£34.43</b>	<b>£26.54</b>	<b>£7.24</b>	<b>£0.65</b>

## Paper 2 Growth Deal Quarter 2 Interim Update – Summary Position

- 4.4 The table above identifies that the programme will spend the SLGF yearly allocation of £18million and the repaid monies of £5.9million, however four projects have identified some movement on the SLGF spend which will impact on the Offset used in each year (see below).

Changes in yearly distribution of SLGF	20/21	21/22	22/23
Unlocking Rural Housing	£0.150	-£0.150	
Advanced Engineering R and D Centre - (The Bridge)	-£0.013	-£0.640	£0.653
Grantham Southern Relief Road	-£0.794	£0.794	
Sleaford growth Phase 2	-£0.032	£0.032	
Total changes	-£0.689	£0.036	£0.653

- 4.5 In the wider context of the programme this represents an additional 0.55% of the total SLGF grant being covered by offset post March 21. This is well within the delegated limit of maximum £10million post March 21 agreed at the August 2020 Investment Board.

- 4.6 As identified in the interim paper the biggest adjustments occurred with 2 projects:

Grantham Southern Relief Road

Phase 1 works are complete and Phase 2 works are estimated to be completed in September 21. The shift in spend profile relates to Phase 3 works which are not scheduled to commence until Spring 21. Negotiations are still on-going with the contractor for this phase to formally agree the target cost. It has been confirmed that this will be completed in December 20. The project manager has advised that a detailed and more accurate programme of works and therefore profile can be provided in February 21.

Given that this is the largest and most complex phase to deliver it is not unexpected that costs are adjusting. Enabling works including vegetation clearance, ecological works, archaeological works, fencing, topsoil strip, etc. will continue onsite leading up to main construction works. All land has been agreed and access granted to enable the phase 3 works to commence and with final target costs close to being agreed the project is in a more positive position.

The Investment Board had agreed to release up to 85% of the grant by March 21 which is still possible, but this took account of the previous profile. Given the delays and slippage we recommend that we continue to pay at the agreed intervention rate in August and look at the release of additional funding by increasing the intervention rate when the Phase 3 contract is agreed and awarded.

## Paper 2 Growth Deal Quarter 2 Interim Update – Summary Position

### Advanced Engineering R and D Centre - (The Bridge)

At the time of our previous meeting it was hoped that 2 large pieces of equipment; Transmission Electron Microscope (TEM) and Scanning Electron Microscope (SEM), could be purchased and installed by March 22. The University of Lincoln have since taken further advice from the supplier who has advised the importance of coordinating the installation of both of these pieces of kit once the building is fully complete due to risk of damage and sensitivity to dust.

The project has therefore profiled this expenditure into the first quarter of 22/23 and this aligns with the ERDF contract (which is yet to be released from the ERDF team). The project Manager has advised that they continue to work with both the contractor and supplier and will look at any opportunity to bring spend forward and reduce the delivery/installation timeframe.

- 4.6 Although many of the projects are still profiling to complete by March 21 there was considerable slippage on costs on the forecasts for the Q2 claims. Positively, three projects submitted claims higher than forecast including Northern Junction, Sleaford Growth Phase 2 and Borderville Extension, and 7 other projects showed slippage of less than 25%.
- 4.7 Slippage in quarter 2 resulted in a grant release underspend of £3million. As identified above we know that a further £690K of grant overall has moved post March 21. This leaves £2.3Million that has been moved to Q3 and Q4 of the 20/21 financial year.
- 4.8 Several of the projects have highlighted that it is taking longer to sign off works on site and receive invoices and this does account for the high level of variance. There are also identified delays in receiving supplies as an impact of COVID-19.
- 4.9 Paper 2.1 provides, a on a project level, the current risk assessment and summary of activity on each project. The Investment Board will note that only 2 of the projects are in a higher risk category and where projects are amber, progress is good but reduction in spend for reasons identified in 4.6 have impacted on the risk rating.
5. **GLLEP/SIDP PIPELINE CALL**
  - 5.1 GLLEP Officers have been working closely with the Strategic Infrastructure Investment Plan (SIDP) working group to bring together a joint call for infrastructure projects at the end of November. Non infrastructure project will also be welcomed but will be appraised only by the LEP following the usual process for call analysis. Infrastructure scheme assessments will involve the SIDP working group for strategic scoring and moderation.
  - 5.2 It is our intention to bring together more cohesively prioritisation of infrastructure for Greater Lincolnshire. Capital only projects can be submitted but with a minimum grant funding request of £500,000.

We are looking for schemes that fall in to one of two categories:

## Paper 2 Growth Deal Quarter 2 Interim Update – Summary Position

**Category A** - Capital projects that can financially complete before March 2025 (short or medium term)

**Category B** - Capital projects that are still in development (long term) or concept stage

We will review all Outline Business Cases and utilise the experience of a variety of groups including our Strategic Advisory Groups, Growth Hub, and Strategic Infrastructure Development Programme Steering Group with a final decision made by the GL LEP Board as to whether or not a project will be included in the GL LEP pipeline, and endorsement from the Greater Lincolnshire Infrastructure Group will be sought for Infrastructure related schemes, ultimately informing the updating of the SIDP.

### Timetable

Open Call invitation launched	Monday 30th November 2020
Deadline for Outline Business Case submissions	Monday 1st February 2021
Assessments and scoring	Category A 2 <sup>nd</sup> February - 26 February 2021 Category B 1 <sup>st</sup> March - 19 <sup>th</sup> March 2021
Pipeline schemes reviewed and agreed by GL LEP Investment Board and endorsed by GL Infrastructure Group	Category A March 2020 Category B April 2020
Project applicants notified of outcomes	April 2020

## 6. CONCLUSION

- 6.1 That the Investment Board notes progress made with the SLGF programme and the details of the GLLEP/SIDP Pipeline call for projects.

## Paper 2.1 Single Local Growth Fund - Project Summary - 27 November 2020

PROJECT	RISK	SUMMARY
Grantham Southern Relief Road	AR	<p>Phase 1 and 2</p> <ul style="list-style-type: none"> <li>Phase 1 works have been completed in full and Phase 2 works are progressing well and are expected to be completed in September 21.</li> </ul> <p>Phase 3</p> <ul style="list-style-type: none"> <li>Problems have continued with mobilising this phase of the project. The main construction stage has been delayed to spring 2021 due to acquiring land and slow progress of utility diversion work. All land has now been secured and access terms granted.</li> <li>In late September it was agreed to commence enabling works on Phase 3 where opportunities were identified to reduce cost and the duration of the main works. The works that were authorised included, Construction of Internal haul road, erect boundary fencing, Pre-earthworks drainage and ecology works to relocate bat roosts and mitigate the risk of badgers. These works will be undertaken between October and spring 2021.</li> <li>Work is progressing on developing the target price and detailed costs were received on the 11 September with the final costs to be received by 18 December.</li> <li>A key milestone will be the submission of the full programme of works in February 21.</li> <li>The project has profiled spend beyond March 21 and will need continued financial monitoring for a further 4 years.</li> </ul>
South Humber Infrastructure Investment Programme (SHIIP) Phase 1	AR	<ul style="list-style-type: none"> <li>Although the project has claimed the full SLGF grant for delivering the first and largest mitigation site, spend has slipped overall.</li> <li>The Cress Marsh is complete, auto pumps working well, grass seeding completed, water level full and grazing started. Delivering this mitigation site has enabled the development of Humber Link road and other developments in the area.</li> <li>The 5 sites are moving slowly and COVID has impacted on negotiations. 2 sites are very near legal completion (Novartis and BASF) and it is expected these will be complete in December. The planning process has started as well as tender process so that they can run in parallel. Three months build expected and the project is hopeful all will go to plan for completion by March 21.</li> <li>A further update is expected on the other sites in December.</li> <li>Given the payment of SLGF there is now only the match funding (secured) to be claimed on the project and we expect some slippage post March 21.</li> </ul>



The Bridge - Advanced Engineering R and D Centre	A	<ul style="list-style-type: none"> <li>• The university is currently undertaking a retendering exercise for construction.</li> <li>• Following the first stage of tender evaluations 5 contractors were selected with the highest scoring and assessment based on competency and quality of response to the shortlisting questionnaire.</li> <li>• The 2nd stage of the tender now involves those 5 contractors being invited to price the full scheme and respond to further specific technical questions. This 2nd stage was issued on 10th November 2020 and returns are due back for the end of January 2021. There will then be a period of evaluation and contract award is anticipated for March 2021 with construction to commence shortly after.</li> <li>• Expenditure for construction has been re-profiled on the budget sheet to 2021/22 and there are 2 pieces of equipment that have moved in Q1 of 22/23.</li> <li>• A Project Co-ordinator has been appointed and will be in post in Oct 2020.</li> </ul>
Huttoft Boat Shed Visitor Centre	A	<ul style="list-style-type: none"> <li>• The project's main expenditure has moved into Q3/4.</li> <li>• Although Integra (the incumbent Contractor) are in a position to undertake further Ground Investigation (via a specialist subcontractor) on the 9th December 2020, LCC have shown concern in their delivery and programme as being over-optimistic.</li> <li>• The main structural build is complete and in storage however limited activity has occurred on site in the last few months. Kier (acting out LCC instructions) are pursuing alternative delivery methods for the final stages of piling and civils works with and without Integra, prior to delivery and installation of the modular building by Integra.</li> <li>• There is a continued push to complete by March 21.</li> </ul>

Gainsborough Growth Phase 1	A	<ul style="list-style-type: none"> <li>• Good progress was made early on in the scheme with the Transport model complete in full (£270,250), LOTS pilot - complete - 4 apartments delivered,</li> <li>• Project is working with the Landlord of the Extra Public House on Lord Street and the adjacent building (TH20) in Gainsborough on a plan to deliver a total of six apartments above the premises. Plans are also progressing for the conversion of three apartments in the building 5-7 Market Place Gainsborough.</li> <li>• The pre-construction phase is underway and the eligible expenditure for this phase will be claimed in Q4.</li> <li>• The Lincolnshire Co-op Travel Branch and Post Office have now moved into new premises freeing up the site for redevelopment.</li> <li>• Savoy Cinema - Due to the heritage setting of the scheme, detailed work is underway through the planning application to reach a design that is acceptable. Specialist Historic Building and Conservation Advisors Latham's have been appointed with a set brief to support the project. WLDC confirmed capital funding is secure and planning permission was approved at a meeting of the Planning Committee on 13th November.</li> <li>• The project has regular contact with Savoy, and both parties are still looking to the future and feeling positive in spite of COVID. There are still delays in the project and early discussions have been held on re-profiling the outputs to a later date.</li> </ul>
Holbeach Food Enterprise Zone	A	<ul style="list-style-type: none"> <li>• Road construction has concluded for the element being funded by the SLGF. Utility installation is programmed as follows: WPD expect to be onsite in Spring 2021 and works conclude by Autumn 2021. Anglian Water are onsite now and expect to conclude works for the foul pumping station by February 2021, and the S66 work by March 2021.</li> <li>• The project is linked as part of GBF accelerated programme with further road extension to be constructed using a combination of the remaining SLGF and the Getting Building Funding.</li> <li>• Following the identification of the need for a "hub" building onsite, the Programme Board progressed the design and construction of this pending approval of Getting Building Funding.</li> <li>• The project spent as per the claim forecast but will need a full contract variation now that the GBF has been approved. LCC Legal team have been consulted on this.</li> </ul>

Centre of Rural Health	AG	<ul style="list-style-type: none"> <li>• Construction has progressed well over the past quarter with all rooms now formed on site following the installation of the partitioning.</li> <li>• Detailed design has continued including finalising the laboratory furniture detail and also the process gases design; with this now being first fit within the building. Mechanical and electrical installations are also progressing well.</li> <li>• The programme has been improved upon since last reporting and the 3.5 weeks delay has now been reduced to 2 weeks. This has been as a result of re-sequencing certain activities. A number of supply items have caused concern with extended lead-in times, but these are being mitigated as delivery dates are confirmed and again re-sequencing can be achieved.</li> <li>• The project is on target to complete by March 21 and is under contract variation following the approval of Getting Building Fund.</li> </ul>
Sleaford Growth Project Phase 2	AG	<ul style="list-style-type: none"> <li>• LCC and Eurovia contracting continue to work together via the Midlands Highways Alliance (MHA) Framework to provide early contractor involvement (ECI).</li> <li>• During the last three months, design work has finished and the design frozen to allow for a target cost to be provided. Eurovia Contracting have now provided a target cost and programme. LCC are currently reviewing it for compliance and completeness.</li> <li>• Once the review is completed LCC will move to issuing the Notice to Proceed (instruction to proceed to construction phase).</li> </ul>
Boston Quadrant Infrastructure Programme	AG	<ul style="list-style-type: none"> <li>• There has been significant spend and the public benefit works (to which the grant was awarded) is now 95% complete. Work on the Stadium has seen completion of initial two stands.</li> <li>• Construction is underway on the final 2 stands with piling all completed.</li> <li>• Pitch and external works anticipated in the next couple of months to enable the stadium to be occupied.</li> <li>• Project has received full grant so claim amount will go as match funding.</li> <li>• Spend this quarter was slightly down however overall spend has increased in the 20/21 period. Total project costs up to March 21 will be £23.7million which will exceed the contract amount by £569,959. There will be further spend which will be captured as leverage to the programme. The project had highlighted previously that costs had increased overall and will be covered by them.</li> <li>• Lots of success in output delivery. The Care Home will open in November. The Travel Lodge will open by the end of year. Land sale completed on petrol filling station site, with construction anticipated to commence next year.</li> </ul>

Unlocking Rural Housing	AG	<p>This programme has delivered successfully with most projects completed with the exception of :</p> <ul style="list-style-type: none"> <li>• Church Lane - Works are complete with the exception of the roads and sewers which are not yet signed off by the adopting authorities (Anglian Water and Lincolnshire County Council). The Main Contractor who was appointed and would have been responsible for completing these works has gone into administration. The project is waiting for the administrator to conclude assessments before proceeding with the remaining work. There is 70K left to evidence.</li> <li>• Broadfield Lane - Final claim due to cover retention costs in Q3 of £1.5k</li> <li>• Boston Quadrant - Spend this quarter is less than expected but overall the yearly total will be £17k more. Spend is expected past March 21 and 230K of SLGF will be claim in 22/23 on the last few units. The project has completed the first 62 dwellings and these have been handed over to Boston Mayflower. Roads and drainage have been completed for the initial element of the next phase, with construction on-going on 9 of the next phase of 15 affordable dwellings. Planning permission has been received for Phase 5 and 6 and contracts have been concluded with the Registered Provider for the next 15 dwellings, with discussions on-going for the final dwellings.</li> </ul>
Bishop Burton College Lincolnshire Showground Riseholme Campus	AG	<ul style="list-style-type: none"> <li>• The project has completed and is operational.</li> <li>• There is a small amount of retention left to claim as they have had on-going issues with one of the roof structures. We are awaiting a further update.</li> <li>• The project has delivered on many of the outputs but we are expecting further updates to be submitted from the project team. A letter will be going out to formally receive these by the end of December.</li> </ul>
Access to Employment Zones Phase 1	AG	<ul style="list-style-type: none"> <li>• The claim received was budget however we have been informed that a payment to the main contractor just missed the claim period and that they anticipate a much higher rate of spend next quarter.</li> <li>• Significant progress is being made on site now. The works to footways on the north-east and north-west of the roundabout are nearly complete. Utility works by Northern Power Grid are also nearly complete.</li> <li>• The next quarter will see the main contractor delivering the civil engineering works and the utility diversion works will be underway. The engineering works are scheduled for completion by the end of January 2021 but the project management team are looking to bring this forward.</li> <li>• Outputs - New Homes Created - As discussed in the recent monitoring meeting, these will not be achieved in 2020/21. The site has full planning consent but there is a condition of this, which prevents occupation prior to the completion of the Toll Bar Improvements. It is expected these will now be achieved in 2021/22.</li> </ul>

Northern Roundabout Junction	AG	<ul style="list-style-type: none"> <li>• Positive spend on this project and works on site have been progressing in-line with the programme. Formation works are well underway with the footprint of the new junction becoming visible with significant ground and drainage works being completed.</li> <li>• Main works are due to be completed by the end February 2021 subject to weather.</li> <li>• Current projection completion date is 19th March 21 . NLC had already received £1.8m in grant against the withdrawn Lincolnshire Lakes Project and this has now been fully recouped with the claim submission. T</li> <li>• The project will hit the total contract costs by March 21 but there will be further costs paid into 21/22 by way of retention. This will be captured as leverage.</li> </ul>
Agri-Food Centre of Excellence	AG	<ul style="list-style-type: none"> <li>• Spend is down this quarter due to the re-profiling of valuation dates however the next quarter will include four valuations.</li> <li>• The project is continuing to make good progress, with construction being focussed on the internal works. Rooms have been created and plaster boarded. Ventilation systems and electrical installations are being carried out. The external cladding is nearing completion and the building is now very close to being fully water tight.</li> <li>• COVID - Social distancing is being maintained on site, with a one way system in place. The creation of internal rooms has meant that the number of workers in each room has to be limited to ensure that multiple trades are now working in the same space.</li> <li>• The University is monitoring the delivery of materials to site - this is not an issue at the moment. A 9 day delay on site, was caused by Covid-19 and the expected completion date is 18 Feb 2021.</li> </ul>
Scunthorpe Town Centre	AG	<ul style="list-style-type: none"> <li>• (Site 1) Brigg Rd/Station Rd/High St East Signals has suffered delays due to the contractor finding a live gas main which was not laid to the correct depth. It was only 290mm below the surface and should be 750mm. The scheme has had to be redesigned to relay the gas main. The traffic island has had to be reinstated to keep traffic away from the route of the gas main, resulting in a 5 week delay. Completion now anticipated 1st Dec 2020.</li> <li>• (Site 2) Station Rd/Carlton St signals - Siemens are due to fit new signals 12th Oct 2020 to complete the scheme.</li> <li>• (Site 5) Brigg Rd/Winterton Rd/Glebe Rd Roundabout - Lighting column replacement achieved 27th July 20.</li> <li>• (Site 6) Winterton Rd/Home St Priority Junction - draft detailed designs received 25th July 20.</li> <li>• (Site 9) Brigg Rd/Trafford St Pedestrian Crossing - Siemens are due to fit new signals 12th Oct 2020 to complete the scheme. Although the claim was lower than anticipated the project is on track to complete by March 21. We expect to release the final £85,000 SLGF in quarter 4.</li> </ul>

A46-A15	AG	<ul style="list-style-type: none"> <li>• All sub-surface work, service diversions and widening complete.</li> <li>• Footways have been built except for final surface and lower asphalt layers laid.</li> <li>• Planned completion date on schedule for 25th October.</li> <li>• The project was down on spend due to not receiving the works sign off and subsequent invoice by the quarter end. Spend on track for Mar 21 but note retention of £107k due in 21/22.</li> </ul>
Sleaford Growth Project Phase 1	AG	<ul style="list-style-type: none"> <li>• All subsurface works are complete, as is surfacing and footways. The actual physical completion is due by the end of October 20 with Financial completion on track for March 2021.</li> <li>• The project believes there will be a small underspend on costs which could result in 15K being available in grant.</li> <li>• The claim 2 was underspent but again invoices were not received and cleared in time. A small retention of £8k is expected in 21/22.</li> </ul>
Skills Capital Investment Fund	AG	<p>The programme features 4 sub-contracts as follows:</p> <ul style="list-style-type: none"> <li>• Digital and professional Skills Centre (Lincoln College) (2.3m). The project is progressing well and a recent claim was submitted to the value of £878K. The project is classed as amber /Green given that spent will be Post March 21 although board have approved the release of the additional £500k to the programme given good performance on the other schemes.</li> <li>• EMAT - Engineering Manufacturing and Technology Centre - (2.8m) - The project is classed as green in risk with the construction extension works completed and handed over. A small retention of 55K is due to be claimed in Q3.</li> <li>• Digital Skills Centre (Stamford College) - (.473m) - Financially complete and awaiting output information. - Green risk.</li> <li>• North Lincolnshire Higher level Technical , Business Skills and Innovation Hub ( 2.3m) - Complete and awaiting output information and a small retention to be released in Q3 162K. - Green risk.</li> </ul>
GL Centre of Medical Science	AG	<ul style="list-style-type: none"> <li>• External and Internal works are continuing well: Partitions and plasterboard installed, Mist coating and decorating continuing, Doors installed &amp; electrical work commenced on upper floors, Air handling units in place, Data cabling has commenced, Feature staircase work commenced, External brickwork continuing.</li> <li>• Visits have been arranged with the School of Medicine staff, to show them the space. This is helping to understand how the building will operate practically.</li> <li>• The building should be completed by 17th March 2021. Close monitoring is taking place with fortnightly meetings with the contractor.</li> <li>• COVID - Initially COVID caused a 2 week delay. Arrangements have been made to support workers on site and bubbles have been created to reduce the impact of cross contamination.</li> <li>• Delays in obtaining materials are the only concern, but this is being monitored closely. The</li> </ul>

		<p>main issue is with solar panels (made in USA) and block paving (made in Ireland). These items have been re-sequenced to mitigate against delays, and the contractor is putting pressure on suppliers to ensure priority is given to the project.</p>
Europarc Food Enterprise Zone	AG	<ul style="list-style-type: none"> <li>• Work has progressed really well over the past quarter and the contractor is on target to finish onsite by the end of October.</li> <li>• Wykeland have let the 30,000 square foot building to a local food packaging company and have interest from a company to purchase the 15,000 square foot build which was discussed at the Investment board on the 11<sup>th</sup> November.</li> <li>• The output of 4,181 sq.m commercial floorspace has been claimed and evidenced this quarter.</li> <li>• There was a NIL claim so no grant to be paid. The project submitted a nil claim this quarter as although the invoices from the contractor have been paid by Wykeland their invoice was not sent to NELC in time for them to get the money paid out.</li> </ul>
Skegness Gateway Scheme	AG	<ul style="list-style-type: none"> <li>• Construction work commenced August 20 including site clearance, Installation of security fencing, site cabins and welfare units.</li> <li>• Unadoptable sections of road have been removed and disposed of off-site. Trimming the road to formation level and stone capping application applied and stabilisation works completed. A new culvert has been installed on Holly Road and includes surface water drainage and inspection chambers.</li> <li>• The project is on target to complete March 21.</li> <li>• Outputs - Confident that these will be delivered but reviewing timeframes as they will likely slip into 21/22 and some in future years.</li> </ul>
Access to Employment Zones Phase 2	AG	<ul style="list-style-type: none"> <li>• Following the dismissal of their first contractor, a new contractor has now been appointed and has been making good progress with civil engineering works.</li> <li>• The majority of works to the new roundabout are nearing completion. The re-shaping of Little Coates Road will then commence to tie into the new roundabout. Completion is on course for Dec 2020.</li> <li>• The claim was lower than expected but this will be made up next quarter. Outputs - The project has asked for the outputs, which were due to be achieved in Mar 2021, to be re-profiled into 21/22. These are the new homes created and jobs created/safeguarded. The houses to be built have outline planning permission, but there have been delays to the start of construction. The same number of outputs will be achieved but the timeline has slipped.</li> </ul>

Gainsborough Growth phase 2	AG	<ul style="list-style-type: none"> <li>(Bowling Green Road) - The land remediation contract commenced on 26th May and works are progressing well. The site has been cleared of vegetation, topsoil, stripped to levels and funded. The subcase (stone) has been installed to the new roadways, with base courses due to be installed at the end of September. The installation of mains drainage is well advanced. Section 38 highway approval by LCC is virtually complete with specification of tarmac and drainage agreed. Section 104 for design of new sewer/drainage has been technically approved by Severn Trent Water with Section 106 (connection to existing sewers) approval also achieved. Investigation works by Severn Trent Water's contractor to inform the design of the main sewer diversion commenced at the start of September.</li> <li>(Corringham Road) - Works started on site on Monday 7th September with an expected completion date of 15th November. Works progressing as per the programme. Works completed include installation of compound facilities diversion of BT services and installation of traffic control.</li> </ul>
Digital Technology Transport & Logistics Academy	AG	<ul style="list-style-type: none"> <li>Contractor still anticipating completion of the building in Dec 2020. There have been delays in the works to the adjacent car park and halls of residence. The car park will be the final element for completion and this is now due in Feb 2021.</li> <li>Small underspend this quarter but the project is on target to complete by March 21.</li> <li>Outputs - A revision to the timescale in which outputs will be achieved is currently under discussion following our monitoring meeting.</li> </ul>
South Humber Infrastructure Investment Programme (SHIIP) Phase 2	G	<ul style="list-style-type: none"> <li>The first sections are now open to traffic and following concerns over certainty of delivery of culvert sections for Phase 2, the decision was taken to undertake Phase 3 first (this allowed more time to ensure key required materials were on site).</li> <li>Phase 3 will be complete by the end of October 20 and then the contractor will move to complete Phase 2.</li> <li>Full Completion is on schedule for January 2021. The project has been fully paid its grant and we are now capturing additional Match to the programme.</li> </ul>



Borderville	G	<ul style="list-style-type: none"> <li>• As at 30th June the ground works were substantially complete, and the steel structure was in place. There have been some sub-contractor issues with purchasing materials but this has now been resolved.</li> <li>• The building is expected to be watertight by 27th September. October will see work starting to take place internally. Two extra crews have been brought in the last few weeks, who have been working longer hours to catch up on the programme and hit key milestones.</li> <li>• The roofing works to the main roof are 90% installed with the exception of the flashings to the parapet still to complete following the installation of the SFS wall system. The SFS metal framing is now 97% complete with the parapet still to complete which is off the critical path.</li> <li>• External Wall Insulation / Sheathing Board has progressed and now over 60% complete. The windows and internal partitions have commenced, and the building is expected to be weatherproof imminently.</li> <li>• The project is on target for completion and full spend by March 21.</li> </ul>
Grantham Technology and innovation Centre	G	<ul style="list-style-type: none"> <li>• The project is now physically complete and the building has been handed over. There are only small snagging items remaining. This is the final financial claim for this project and will go as match funding, as all grant has now been paid.</li> </ul>
Normanby Enterprise Park	G	<ul style="list-style-type: none"> <li>• In terms of the physical works completed on NEP7 and for which the funding for the GL LEP was required, 95% of the project was completed prior to Clugston's entering administration.</li> <li>• The road, street lighting, drainage and footpaths have all been completed, with the final 'wearing course' (tarmac) still to be laid following completion of the ABM factory, to avoid damage to the new road surface. In addition there is some weeding, seeding and maintenance of the new sustainable urban drainage system (swales and attenuation pond) required, which will be carried out early in the new year.</li> <li>• ABM is continuing to await further information on the position in relation to HS2 and their subsequent contract, which is the main driver for the expansion and relocation of their facilities.</li> <li>• As such outputs need to be reviewed and revised both in terms of number and duration for delivery. Another company is looking to relocate to the NEP7 site which would create a 145,000 sqft unit, which would deliver 135 jobs on day one, with a further 150-200 jobs within 3 years of the completion date. The project is spent to value of contract and remaining costs are being captured as additional leverage.</li> </ul>

Boole Technology Centre	G	<ul style="list-style-type: none"> <li>• The project has completed and is operational. All spend evidenced and this is in output monitoring stage.</li> <li>• We receive regular reports from the project manager. Floorspace and Jobs created/safeguarded have been achieved and the project continues to support businesses (60 left to achieve) and help businesses expand (13 left to achieve).</li> </ul>
Holbeach Peppermint Junction	G	<ul style="list-style-type: none"> <li>• The project has completed and is operational. All spend evidenced and this is in output monitoring stage.</li> </ul>
Tentercroft Street Growth Corridor Phases 1 and 2	G	<ul style="list-style-type: none"> <li>• The project has completed and is operational. All spend evidenced and this is in output monitoring stage.</li> </ul>
Lincoln Transport Hub	G	<ul style="list-style-type: none"> <li>• The project has completed and is operational. All spend evidenced and this is in output monitoring stage.</li> </ul>
Suttern Roundabout	G	<ul style="list-style-type: none"> <li>• The project has completed and is operational. All spend evidenced and this is in output monitoring stage.</li> </ul>
Go Skegness Sustainable Transport	G	<ul style="list-style-type: none"> <li>• The project has completed and is operational. All spend evidenced and outputs have been achieved.</li> <li>• We continue to monitor the impacts of the project.</li> </ul>

# Growth Deal Dashboard

LEP Name Greater Lincolnshire LEP

This Quarter: Q2\_2021



Deliverables Progress										
Housing	This Quarter		15-17	Financial Year						Total
				17-18	18-19	19-20	20-21	21-25		
Houses Completed	0		0	384	61	58	0	-	-	503
Forecast for year	47		-	384	61	58	47	3,413		3,963
Progress towards forecast	0%		-	100%	100%	100%	0%	-	-	13%
Jobs										
Jobs Created	10		0	218	332	44	13	-	-	607
Apprenticeships Created*	0		0	0	0	37	0	-	-	37
Jobs including Apprenticeships	10		0	218	332	81	13			644
Forecast for year	303		-	218	331	81	303	4,070		5,003
Progress towards forecast	3%		-	100%	100%	100%	4%	0%	-	13%
* Apprenticeships included within jobs totals prior to 2017										
Skills										
Area of new or improved floorspace (m2)	0		0	0	863	5,665	0	-	-	6,528
Forecast for year	8,023		-	0	863	5,665	8,023	0		14,551
Progress towards forecast	0%		-	-	100%	100%	0%	-	-	45%
Number of New Learners Assisted										
	0		0	378	830	442	0	-	-	1,650
Forecast for year	959		-	378	830	442	959	2,157		4,766
Progress towards forecast	0%		-	100%	100%	100%	0%	-	-	35%
Transport										
Length of Road Resurfaced	0.0		0.0	0.0	0.0	0.0	0.0	-	-	0.0
Length of Newly Built Road	0.0		0.0	0.0	0.0	0.0	0.0	-	-	0.0
Length New Cycle Ways	0.0		0.0	0.0	0.0	0.0	0.0	-	-	0.0

Project RAG Ratings					
Project Name	Previous Quarter Q1_2021	This Quarter Q2_2021	Project Name	Previous Quarter Q1_2021	This Quarter Q2_2021
Grantham Southern Relief Road	AR	AR	South Humber Infrastructure Investment Program	AG	G
Boston Quadrant Infrastructure Programme	AG	AG	Gainsborough Growth phase 2	AG	AG
Boole Technology Centre	G	G	Due Dilligence	G	G
Unlocking Rural Housing	G	AG	Digital Technology Transport & Logistics Academy	AG	AG
Bishop Burton College Lincolnshire Showground	AG	AG	Huttoft Boat Shed Visitor Centre (0.240m)	AG	A
Tentercroft Street Growth Corridor Phases 1 and 2	G	G	Borderville	G	G
Lincoln Transport Hub	G	G	Centre of Rural Health	G	AG
Go Skegness Sustainable Transport	G	G	Sleaford Growth Project Phase 2	AG	AG
Access to Employment Zones Phase 1	AG	AG	-	-	-
Normanby Enterprise Park	G	G	-	-	-
Northern Roundabout Junction	A	AG	-	-	-
South Humber Infrastructure Investment Programme	AR	AR	-	-	-
Lincolnshire Lakes Lake 1	N/A	N/A	-	-	-
Agri-Food Centre of Excellence	AG	AG	-	-	-
Holbeach Peppermint Junction	G	G	-	-	-
Scunthorpe Town Centre	G	AG	-	-	-
A46-A15	AG	AG	-	-	-
Sleaford Growth Project Phase 1	AG	AG	-	-	-
Sutterton Roundabout	G	G	-	-	-
Grantham Technology and innovation Centre	G	G	-	-	-
Gainsborough Growth Phase 1	A	A	-	-	-
Skills Capital Investment Fund	A	AG	-	-	-
GL Centre of Medical Science	AG	AG	-	-	-
The Bridge - Advanced Engineering R and D Centre	AR	A	-	-	-
Holbeach Food Enterprise Zone	A	A	-	-	-
SLGF Balance	N/A	N/A	-	-	-
Hemswell Food Enterprise Zone	N/A	N/A	-	-	-
Europarc Food Enterprise Zone	AG	AG	-	-	-
Skegness Gateway Scheme	A	AG	-	-	-
Access to Employment Zones Phase 2	G	AG	-	-	-

Growth Deal Performance	Area lead comments
AG	

Financial Progress							
LGF Award	2015-16 £26,400,000	2016-17 £39,863,787	17-18 £12,687,335	18-19 £8,733,858	19-20 £6,809,606	20-21 £18,153,052	Total £112,647,638
LGF Outturn							
Actual	£ 3,333,061		£ 46,524,178	£ 14,181,938	£ 8,661,451	£ 14,718,344	£ 5,632,476
Forecast for year	£ 24,924,755		£ 42,924,177	£ 14,181,937	£ 8,661,017	£ 14,718,777	£ 24,924,755
Progress towards forecast	13%		108%	100%	100%	100%	23%
LGF Expenditure							
Actual	£ 6,340,254		£ 36,605,631	£ 8,304,579	£ 12,801,983	£ 21,206,379	£ 9,737,389
Forecast for year	£ 29,463,838		£ 33,005,631	£ 8,737,800	£ 12,554,291	£ 21,557,351	£ 29,463,838
Progress towards forecast	22%			95%	102%	98%	33%
Non-LGF Expenditure							
Actual	£ 14,441,566		£ 45,471,567	£ 36,474,796	£ 30,859,218	£ 32,648,357	£ 24,160,819
Forecast for year	£ 77,523,547		£ 45,131,335	£ 36,523,324	£ 31,571,072	£ 28,783,648	£ 77,523,547
Progress towards forecast	19%			100%	98%	113%	31%
Total LGF + non-LGF Expenditure							
Actual	£ 20,781,820		£ 82,077,198	£ 44,779,375	£ 43,661,201	£ 53,854,736	£ 33,898,208
Forecast for year	£ 106,987,385		£ 78,136,966	£ 45,261,124	£ 44,125,363	£ 50,340,999	£ 106,987,385
Progress towards forecast	19%		+105%	+99%	+99%	+107%	+32%

Contractual Commitments (manual entry)							
Forecast			15-17	17-18	18-19	19-20	20-21
Actual			£ 34,980,339	£ 15,315,589	£ 23,796,048	£ 18,356,359	£ 20,199,303
Variance			+5%	+157%	-40%	-3%	-78%

**Commentary**  
The programme has seen continued success with the financial completion of projects and many of the other projects remain on track to deliver SLGF spend fully by 31 March 2021. The assessment overall sees a risk rating of Amber/Green.  
The last reporting period identified 5% of our total programme grant will be spent post March 21 and it was agreed that this would be covered by Offset  
4 projects were identified with SLGF spend post 21 to be covered by offset:• The Bridge - £1.782million• Grantham Southern Relief Road - £4.2million • Sleaford Growth Phase 2 - £900K • Unlocking Rural Housing - £380K  
The programme is still on target to spend the SLGF yearly allocation of £18million and the repaid monies of £5.9million however there has been some movement on the SLGF spend which will impact on the Offset used in each year. The change is not material (an increase of 690K) and could still potentially be reduced. The biggest adjustments occur with 2 projects:  
Grantham Southern Relief Road - Phase 1 works are complete and Phase 2 works will be completed in August 21. The shift in spend profile relates to Phase 3 works which are not scheduled to commence until Spring 21. Negotiations are still on-going with the contractor for this phase to formally agree the target cost. This is expected to be completed in December 20 however the project manager has updated the spend profile to take account of the expected programme of works. Given that this is the largest and most complex phase to deliver it is not unexpected that costs are adjusting. Enabling works including vegetation clearance, ecological works, archaeological works, fencing, topsoil strip, etc. will continue onsite leading up to main construction works.  
Advanced Engineering R and D Centre – (The Bridge) - At the time of our previous meeting it was hoped that 2 large pieces of equipment; (Transmission Electron Microscope (TEM) and Scanning Electron Microscope (SEM), could be purchased and installed by March 22. They have since taken further advice from the supplier who has advised the importance of coordinating the installation of both of these pieces of kit once the building is fully complete due to risk of damage and sensitivity to dust.  
The project has therefore profiled this expenditure into the first quarter of 22/23 and this aligns with the ERDF contact (which is yet to be released from the ERDF team).  
Positively, three projects submitted claims higher than forecast including Northern Junction, Sleaford Growth Phase 2 and Borderville, and 7 other projects showed slippage of less than 25%. Slippage in quarter 2 resulted in a grant release underspend of £3million. As identified above we know that a further £890K of grant overall has moved post March 21. This leaves £2.3Million that has been moved to Q3 and Q4 of the 20/21 financial year. Several of the projects have highlighted that it is taking longer to sign off works on site and receive invoices and this does account for the high level of variance. There are also identified delays in receiving supplies as an impact of COVID-19.

Section 151 Officer Approved	
Name	Andrew Crookham
Signature	
Date	20th November 2020

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>27 November 2020</b>					
<b>Agenda Item:</b>	<b>3</b>					
<b>Item Subject:</b>	<b>Recommended allocations for the Skills Capital Investment Programme</b>					
<b>Author:</b>	<b>Halina Davies</b>					
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>	<b>Yes</b>	<b>Information</b>	

### 1 RECOMMENDATION

- 1.1 That the remaining £1,262,809 be provisionally allocated to the Public Sector Hub in Horncastle, subject to due diligence.
- 1.2 Should any of the schemes within the Getting Building Fund not go ahead; the LEP will make the case to fund the remaining schemes within the skills capital fund, such as GLASS and Digital Learning and Infrastructure Project.

### 2 SUMMARY

- 2.1 Five schemes were approved for indicative allocations at the last Investment Board. Three schemes are competing for the remaining balance within the fund. This paper therefore provides the Investment Board with a comparison of the three schemes and makes a recommendation based on further assessment as to which scheme should get approval for a provisional allocation. The available pot is £1,262,809 (includes fees).

### 3 BACKGROUND

- 3.1 On the 11 November 2020 the Investment Board approved provisional allocations for the following five schemes to enable delivery of the Skills Capital Programme, subject to due diligence.

Scheme	Applicant	Total Cost	GBF Required	GBF allocation (Less 0.5% Fees)	Total/50	Rank in all
'The Care CoRE' (Centre of Excellence for Care)	Boston College	£786,500	£414,500	£412,427	40.5	1
Engineering, Logistics, Innovation, Technology and Energy Skills (ELITE)	TEC Partnership, Grimsby	£2,426,084	£1,417,584	£1,410,496	38.7	2
Construction Centre Extension	Stamford College (Part of the Inspire Education Group)	£2,391,375	£2,140,537	£2,129,834	38.6	3
GC Energy Centre: Engineering and Construction	Grantham College	£1,962,937	£1,605,606	£1,597,578	38.4	4
Lincolnshire Institute of Technology (Holbeach Hub)	University of Lincoln	£2,569,944	£1,122,965	£1,117,350	36.1	5
			Total Allocated to date	£6,667,685	Remaining less 0.5% fee £1,256,495	

- 2.2 However, there were three schemes which scored very closely in the overall assessment of the programme call (ranked 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> position), and the

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

Investment Board asked for more detail on deliverability and any additional information at the next meeting.

### 4 THE PROCESS

- 4.1 The assessment process as outlined in the Local Assurance Framework takes into account the overall scores for strategic assessment, economic case, deliverability and impact; to what extent the projects addressed the main focus of the programme; and match funding levels and status.  
<https://www.greaterlincolnshirelep.co.uk/about/corporate-governance/local-assurance-framework/#:~:text=The%20Greater%20Lincolnshire%20LEP%20Local,and%20in%20spending%20government%20funds.>
- 4.2 An independent report was provided by Thomas Lister on each scheme submission and assessment scores attributed and this was also discussed by the Investment Board on the 11 November.
- 4.3 After the 11 November meeting, at the board members request, milestone updates were sourced from the three projects being considered for the remaining provisional allocation and an external assessment of the impact of these updates on deliverability was carried out. There was also further comparison of the three business cases originally provided to the LEP and the three curriculum plans.

#### Revised scores following second assessment by Thomas Lister Ltd

Scheme	Applicant	Requested Allocation	Round One Scores	Strategic Scores - out of 20	Economic, deliverability and impact - out of 30	Round Two Scores
Greater Lincolnshire Analytics and Skills Service	Lincoln College	£1,388,092	34.6	14.6/20	18/30 Economic Case Deliverability 4/10 Impact	32.6 Economic Deliverability Impact
Public Sector Hub FE College, Horncastle	Boston College	£1,643,000	34.5	14.5/20	20/30 - no change Economic Case Deliverability 8/10 Impact	34.5 Economic Deliverability Impact
Digital Learning & Infrastructure Project	DN Colleges Group	£816,285	32.8	15.8/20	18/30 Economic Case- Deliverability 8/10 Impact	33.8 Economic Deliverability Impact

### 4.4 Options for Allocation

The executive looked at options for the remaining allocation:

1. Due Diligence - For the top two schemes to move to full due diligence - the risk being the impact on milestones in an already tight delivery

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

programme, and asking the project sponsors to commit to further work

2. Spilt the available funding between the top two schemes - GLASS could be scaleable, but it hard to see that the Public Sector hub scheme would be scaleable.
3. Award the funds to DN College Group as this is an affordable option, however this would be against the LEP's Assurance Framework.
4. Do not allocate any additional funding to any of the schemes.

### 4.5 Scheme One

#### Greater Lincolnshire Analytics and Skills Service (GLASS) (Lincoln College)

##### The Scheme

GLASS will offer the soft skills, vocational and leadership training to fill the GLLEP skills gaps and training needs across the GLLEP priority sectors. This project offers a range of new, holistic services across Lincolnshire that will:

- Upskill and retrain the whole workforce in both the vocational and soft skills required to succeed in the post-Covid-19 world.
- Offer training to business leaders via the Lincolnshire Leadership Academy in partnership with Human Alchemy that will enable them to respond successfully to the changing business landscape and take their organisation to the next level.
- Improve productivity, efficiency and revenue streams of the region's businesses through a new service, Data Analytics Lincolnshire.
- Open five new Digital Community Learning Centres (DCLC) in the most economically deprived, rural and 'cold spot' areas that will make training and upskilling easily accessible and enable residents to achieve their employment potential (Gainsborough, Horncastle, Louth, Mablethorpe, Spalding).
- Remodel and refurbish the former Fire Station on Monks Road to provide an attractive, inviting, engaging, modern learning environment for adults that will increase the numbers of adult learners in Lincoln, improving inclusivity, attainment levels and the availability of job-ready candidates.

The refurbishment will offer a total of 486 sqm of training space, incorporating the Lincolnshire Leadership Academy (LLA) and Data Analytics Lincolnshire (DAL). A further 240 sqm will be provided within the five DCLCs. The project aims to tackle two challenges currently faced by our local businesses:

- A national challenge pertaining to the need to support the organisational and economic recovery of our businesses from the devastating impact of the Covid pandemic
- A regional challenge relating to the shrinking working-age population and the need to upskill and retrain existing staff, whilst developing a robust pipeline of job-ready candidates from outside the organisation.

##### Monks Road Site Design Detail

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME



The scheme is scheduled to complete September 2021.

### The Value for Money Assessment

Scoring and Analysis by Thomas Lister Ltd as at 14<sup>th</sup> October 2020.

Scheme Name	Applicant	Outputs	Deliverability	Analysis	Score Awarded
Greater Lincolnshire Analytics and Skills Service (GLASS)	Lincoln College	<ul style="list-style-type: none"> <li>Match funding investment leverage ratio is 2.33:1.</li> <li>17 new jobs at £81,652 per job.</li> <li>4 safeguarded jobs at £347,023.</li> <li>726 sq m of space delivered at £1,911 per sq m.</li> <li>380 businesses assisted at £3,653 per business.</li> <li>6,033 learners created at £230 per learner.</li> </ul>	Relatively deliverable with all match funding confirmed except for bank funding, which represents 21% of the total funding package. It is also noted that the detailed design for the project is still to be undertaken and this could result in scheme and cost variations which differ from the project that has been presented.	<p>The budget for delivering both the former fire station on Monks Road along with fitting out and opening up five new digital learning centres appears to be optimistic, particularly given that the detailed design for all of these projects has not yet completed.</p> <p>The other concern is that the bank funding has not been secured which represents a considerable amount of funding at £416,000. This coupled with the fact that the detailed</p>	TL score awarded is 20 / 30.



## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

		<ul style="list-style-type: none"> <li>• 60 businesses created at £23,133 per business.</li> <li>• 95 new courses at £14,611 per course.</li> <li>• 120 updated courses at £11,567 per course.</li> <li>• 1,206 learners assisted to get priority jobs at £1,151 per learner.</li> </ul>		<p>design has not completed does create some element of risk.</p> <p>The other area of concern is that the level of overall numbers of outputs to be created seem to be very high, particularly in comparison to other projects that are delivering either similar or greater amounts of space and learning facilities.</p>	
--	--	--	--	---	--

### Updates provided since the initial assessment

A full curriculum plan has been provided and details can viewed in Appendices A and B.

The College has confirmed that ALL of the match funding for the GLASS project will now derive entirely from their existing reserves and that there is no need to secure funding from the bank (the board will note that the bank element identified in the original submission would have been 21% of the funding package). This would ensure that the project could immediately gain access to funding and directly resolves one of the key risks to deliverability.

Lincoln College are confident that there will not be relevant scheme or cost variations to the presented project. Some work on the detailed design has been undertaken as considerable work had commenced prior to submitting the Skills Capital Fund application, evidenced by artists' impressions. The College has consulted staff, users, employers, contractors and architects throughout this process.

The design is largely around the aesthetics of the building with no planning permission required. The college does not foresee any material changes to the scheme design itself. The key aim is to refurbish the Community Education Centre (CEC) to create an attractive learning environment that is fit for purpose, providing increased capacity and opportunities to effectively engage adult learners.

There is still a requirement to revisit the architects' drawings and amend, if necessary, following feedback from further focus groups. As the work is essentially aesthetic, any variations to the internal design would further ensure that the focus is on ensuring public, social areas and classrooms are modern and attractive, that the external areas can be used as outdoor teaching areas, and the frontage allows passers-by to view the learning taking place within the centre in order to draw people in.

The college's construction partners have undertaken a review of the property to be able to produce the detailed design and costings. This has been informed by other work that has been undertaken to date including:



### PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

- The College's Facilities Team knowledge of the building and records of previous work, maintenance, and repairs
- Considerable input from experts including Core Architects and YMD Boon
- Contractors who have already identified two pieces of structural work that need to be undertaken - namely the support required for the frontage and the subsidence at the side of the building

The structural work has been included in the costs, having been identified/confirmed by two independent contractors. Timescales for the work have been included in the delivery plan. The college's construction partner has confirmed that the structural work can be done whilst the interior updates are being progressed and that they will not impinge on the college's ability to commence delivery of learning programmes from September 2021, although this does remain a risk.

The only changes that the college has been advised may occur are if asbestos or any other major structural repairs are uncovered once work commences. The college has said this will not prevent delivery within the proposed timeframe; however as an unknown this does remain a risk. The College does undertake regular asbestos surveys of the campus and to their knowledge there is no asbestos within the CEC building, however further detailed checks will need to be carried out prior to works commencing. The college has included a contingency for asbestos within the overall costings based on the advice received from architects and surveyors. The College accepts that any upward cost variations will be borne by the College and has stated that it has the facility to accommodate this.

The Digital Community Learning Centre (DCLC) design is essentially generic; each one will include a learning space which will be equipped with hardware, networking, and furniture to create a modern digital classroom. All of these have been costed and the college expects that each centre could be completed for £85,000 and within the designated timeframe. Hardware and furniture have been identified and ready supply is available. College procurement processes would be followed outside of the formal tender for the CEC refurbishment; this would expedite the process and enable DCLCs to be up and running as soon as possible.

The college also wished to provide the board with further assurances around the deliverability of their new course offer. The majority of courses being proposed are off the shelf courses already in existence and being delivered by the College; however, they intend to add significant value through focusing on specific areas and providing bespoke additionality that will enhance the performance of local businesses and their workforce. This will enable the College to quickly add value by focusing on the specific needs of businesses and their workforce, for example, delivery of Sector Based Work Academies.

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

In summary, the College has made progress since the initial submission of the business case. Specifically, in relation to the key milestones, Lincoln College has confirmed that:

- Match funding is now secure from our existing reserves
- Detailed design has been undertaken
- Discussions with Lincoln City Council are progressing regarding the frontage

The project timeline has been reshaped to reflect the changes to the GLLEP decision process. The college has discussed the planned procurement process with YMD Boon. Procurement would therefore commence in January 2021 if a decision on a provisional allocation to support the project could be made on 27 November. The procurement process would take 10-12 weeks, meaning a project start date of April/May 2021 would be feasible.

The college say a project completion date of August 2021 is achievable with sufficient contingency if required, but the risks mentioned above could potentially result in an extension to this period. The college states that adherence to timelines would be stressed throughout the tendering process and would be closely and robustly monitored by the College's Project Team as well as YMD Boon, who have extensive experience of delivering timely ESFA Condition Improvement Fund projects within secondary and primary schools. The college's view is that the start of training delivery in September 2021 is highly achievable and realistic.

### Revised milestone dates provided by the college

Milestone	Forecast Date	Comments	Delivery Date Confirmed
Initial scheme design complete	Sept 20	Completed	Yes
Feasibility work completed	Sept 20	Completed	Yes
Acquisition of statutory powers		Not required	N/A
Detailed design completed	Oct 20	Completed	Yes
Planning Permission submitted	Oct 20	Planning permission not required but conversation with Lincoln City Council underway re frontage	Yes
Match funding secured	Oct 20	Completed. Will use existing reserves	Yes
Procurement	Jan 21	To be led by YMD Boon	Yes

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

process issued			
Procurement contracts awarded	Mar 21	Procurement process will take 10-12 weeks	Yes
Project start date	Apr/May 21		Yes
Project completion date	August 21	Refurbishment of the Monks Road building and fit-out of Digital Community Learning Centres to be completed within a four month period	Yes

### Assessment from Thomas Lister Ltd Post 11 November 2020

The GLASS project has had its deliverability score reduced by 2 points to reflect risks associated with asbestos and major structural repairs being required. The total score reduces to 32.6 and the project moves to 8th place. (see Paper 3.1)

#### 4.6 Scheme 2

##### Public Sector Hub FE College, Horncastle (Boston College)

##### The Scheme

By partnering with the District Council, Boston College will bring forward a newly built education facility to ensure that East Lindsey residents can access better quality learning provision within the district. This is crucial to helping provide East Lindsey businesses with access to a pool of talented individuals that have the skills they need to help them grow and boost the local economy.

The project will construct 400m<sup>2</sup> of new learning space in Horncastle, drawing on an estimated catchment of 6000 post 16 individuals in East Lindsey who are currently learning elsewhere, as well as adults not currently engaging in training. The new facility will be operated by Boston College as part of an integrated Public Sector Hub that will include a number of other strategic partners. The course provision will be linked to the requirements of local employers and adults. This will allow adult students and apprentices better access to learning opportunities in rural areas of Greater Lincolnshire, including university level courses.

The Hub will enable more efficient delivery of public, health and education services by lead partners in the District for the benefit of local communities and economies. East Lindsey District Council has already secured site acquisition. The County Council's solicitor acting on their behalf, is ready to exhibit a draft contract and related transfer deed. This has been confirmed by the Senior Lawyer in Property Legal Services Lincolnshire, who acts for ELDC in this matter.

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

Planning consent has also been secured for the development and there is Full Council approval for the capital funds required to complete the match funding package. Boston College has agreed Heads of Terms with East Lindsey District Council to operate the new learning space under a 25-year lease, with five year break clauses.



The LEP funding will be specifically targeted towards the provision of a dedicated Further Education College suite as part of the overall build programme to address a recognised cold spot for post 16 delivery. The new bespoke facilities and curriculum provision on site will be targeted towards courses which meet the skills gaps in the local industrial strategy for example, digital skills, business skills; adult learners (19 +) and specialist apprenticeships that meet the need and demands of local employers in key sectors and future curriculum policy opportunities.

The scheme is scheduled to complete November 2021.

### The Value for Money Assessment

Scoring and Analysis by Thomas Lister Ltd as at 14<sup>th</sup> October 2020.

Scheme Name	Applicant	Outputs	Deliverability	Analysis	Score Awarded
Public Sector Hub FE College, Horncastle	Boston College	<ul style="list-style-type: none"><li>Investment leverage ratio is 1:3.79.</li><li>2 new jobs at £821,500 per job.</li><li>15 businesses assisted at £109,533 per businesses.</li><li>1,536 learners created at £1,069</li></ul>	No issues identified in terms of this project being able to come forward for delivery and is therefore deemed to be shovel ready.	This project is considered to be highly deliverable given that all match funding has been secured, planning permission in place, detailed design completed and the procurement contracts potentially capable of being awarded in October 2020 with the project completed by January 2022. It is noted that this programme may well	TL Score awarded is 20 / 30.

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

		<p>per learner.</p> <ul style="list-style-type: none"> <li>• 30 businesses created at £54,766 per business.</li> <li>• 15 learners assisted to get jobs in priority sectors at £109,533 per learner.</li> <li>• 6 new courses created at £177,383 per course.</li> </ul>		<p>have slipped given the programme for considering this project for skills capital funding, nonetheless deliverability is noted. In terms of the outputs and overall impact of the scheme, with exception of the learners, the cost of providing other outputs is high and typically in excess of standard benchmarks which impacts on value for money. It is also noted that this project is very East Lindsey focused and that is reflected in the overall score given for impact.</p>	
--	--	--	--	---	--

### Updates provided since the initial assessment

A curriculum plan has been provided and details can viewed in Appendix C.

Further progress has been made to this shovel ready project since Boston College submitted their Capital Skills bid in early September 2020:

- The planning application approved in August 2020 has now been formally released following completion of a scheme of archaeological investigation as required in the approval determination. A Decision Notice has been provided.
- Works required under the RIBA stage 4 Professional Services Contract (Pre-construction) have been fully completed. The design is now developed to construction stage and all works packages have been fully market tested to form a contract price.
- The Building Regulation application has been submitted.
- The Contractor (Willmott Dixon) has completed the enabling works to allow services to be separated on site between the project site and Lincolnshire County Council's retained land as per a Services Enabling document provided to GL LEP.
- Negotiations have been held on NEC (new engineering contract) clauses to enable the works contract documents to be prepared.

### Assessment from Thomas Lister Ltd Post 11 November 2020

The scoring for the Public Sector Hub remains unchanged; however, the project moves to 6th place due to a change in the scoring of the GLASS project (see Paper 3.1)

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

### 4.7 Scheme 3 Digital Learning and Infrastructure Project (DN Colleges Group)

#### The Scheme

The project involves two main elements.

Firstly, a full refurbishment of the Alan Jackson building at North Lindsey College. Bond Bryan and Turner & Townsend have been appointed as professional advisers to North Lindsey College in planning the project and a report from Bond Bryan has been provided and includes a summary of estates strategy, options appraisal, space needs & rationale, condition survey and RIBA stage 2 report including supporting drawings. A cost estimate report and funding programme have also been provided. This project element comprises:

- The reconfiguration of the existing Alan Jackson Building at North Lindsey College into a Digital curriculum centre of c. 900m<sup>2</sup> plus some relocated spaces that enable full refurbishment.
- Creation of a range of highly flexible teaching facilities to support the Digital provision as well as an employer engagement suite.
- Enabling the mothballing of half of the 2nd floor of the College's Lindsey Building (approx. 880m<sup>2</sup>).
- Roof repair and replacement of the existing Alan Jackson building which has caused significant water ingress in recent years.
- A reduction/relocation of underutilised hair and beauty salons to accommodate the new Digital curriculum target at meeting the needs of priority sectors.
- Refurbishment works which will primarily cover the roof, internal walls and partitions, internal finishes and mechanical and electrical installations.
- Provision of a Digital curriculum department with a distinctive new identity, supporting the aim to raise the profile and encourage employer/industry engagement.

In the short-term the new facility will allow the College to mothball existing classrooms in the poor-quality Lindsey Building. This is a critical first step to reducing the College's overall floor area on the North Lindsey site from 31,000m<sup>2</sup> to under 20,000m<sup>2</sup>, subject to future funding.

The second project element comprises digital developments costing £420,000 to enable North Lindsey College to help drive forward the local economy and the demand for digital skills through an infrastructure that fully enables digital connectivity, including:

- Improvements to increase capability for students to enrol in College systems remotely via web and mobile platforms without needing an initial visit to site.
- Increasing the range of online teaching and learning applications to improve the quality of distance learning.
- Improvements to the college's ability to communicate digitally; enhanced telephone and video calling capabilities.

## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

- Purchase of tablets, laptops, cameras, microphones and other technologies for staff which will enable them to produce and deliver enriched, high-quality online learning experiences for students.
- Video-enablement of on-site classrooms and improvements to the IT infrastructure around these to allow online delivery.
- Purchase of laptops and portable internet devices to loan to technologically disadvantaged students to ensure that they are not disenfranchised by a learning model which expects some degree of online learning.

Focusing on level 3 provision (with some level 2) the Digital Learning and Infrastructure project is complementary to the Technical, Business Skills and Innovation Hub (TBSIH) in Scunthorpe, which forms part of the Institute of Technology for Greater Lincolnshire. The IOT scheme facilitates knowledge exchange through the collaboration of businesses, university, college and public sector to increase higher level technical, associate professional and innovation skills, thereby driving increased productivity. The TBSIH is promoting progression pathways, skills and professional development from Level 3 into Level 4/5 and beyond through to Level 8 across all of the GLLEP's priority sectors.

The Alan Jackson Building



The scheme is scheduled to complete September 2021.



# PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

PROPOSED FLOOR PLANS



## The Value for Money Assessment

Scoring and Analysis by Thomas Lister Ltd as at 14<sup>th</sup> October 2020.

Scheme Name	Applicant	Outputs	Deliverability	Analysis	Score Awarded
Digital learning and Infrastructure Project	DN Colleges Group	<ul style="list-style-type: none"> <li>330 learners at £4,075 per learner.</li> <li>investment leverage ratio 3:1.</li> </ul>	Currently at RIBA Stage 2 and detailed design not completed; therefore, costs could fluctuate.	This scheme is linked to the Health Skills Project and both schemes will ultimately result in a reduction of teaching space. Only two categories of outputs are being claimed and overall value for money is poor in comparison to other projects. Scores also reflect overall impact which is primarily North Lindsey focused. The stage of delivery for this project is the same as for the Health Care Project only being at RIBA Stage 2 and requiring the detailed design process to be completed. It is acknowledged that planning approval is not required and the work should be relatively straight forward which is reflected in the deliverability score.	TL Score awarded is 17/ 30



## PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME

### Updates since the Assessment

A curriculum plan has been provided and details can viewed in Appendix D.

DN Colleges Group have reviewed their capital works programme and, having recently engaged Turner & Townsend as project managers, have provided GLLEP with a revised programme for delivery. This would still enable the capital works to complete by September 2021 whilst planning for a build phase over Summer 2021 that minimises disruption to students and teaching.

Task Name	Duration	Start	Finish
Survey and agree scope	1 wk	Mon 25/01/21	Fri 29/01/21
Develop/design/scope/specifications	8 wks	Mon 01/02/21	Fri 26/03/21
Prepare tender document	1 wk	Mon 29/03/21	Fri 02/04/21
Prepare pricing schedule	3 wks	Mon 05/04/21	Fri 23/04/21
ITT/Tender period	3 wks	Mon 26/04/21	Fri 14/05/21
Evaluate tender/clarifications	1 wk	Mon 17/05/21	Fri 21/05/21
Contract award & mobilisation	4 wks	Mon 24/05/21	Fri 18/06/21
<b>BUILD PHASE</b>	10 wks	Mon 21/06/21	Fri 27/08/21
Completion & handover	1 wk	Mon 30/08/21	Fri 03/09/21

The applicants have also progressed the match funding position. Originally they applied on the basis of the project cost of £1,793,062 being funded by £1,344,797 (75%) from GLLEP and £448,265 (25%) from the College's reserves. Subsequently we have secured Further Education capital funding from the Department for Environment of £326,777 for the roofing works and Education and Skills Funding Agency (ESFA) capital funding for the project of £650,000. This match funding totals £976,777 (54%) and therefore reduces the GLLEP gap funding required by £528,512 to £816,285 (46%).

### Assessment from Thomas Lister Ltd Post 11 November 2020

The Digital, Learning and Infrastructure project has an increase in score by 1 point to reflect the improved leverage position (see Paper 3.1).

## 5 OVERVIEW

- 5.1 All three schemes are deliverable by March 2022; however the Public Sector Hub project has probably made the most progress to date, with it being the only scheme at RIBA design stage 4.

## **PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME**

- 5.2 It is important to note that there is also currently no training provision in Horncastle. Value for money is regarded as reasonable for the Digital Learning and infrastructure scheme, very good for the GLASS scheme and reasonable for the Public Sector Hub scheme in the economic assessment, however the focus of this programme is on learning provision and all three projects have provided clear curriculum plans.
- 5.3 There is only enough money at this time remaining in the GBF Skills Capital Investment Programme to support one more project. The two projects not supported would be added to the GLLEP pipeline.
- 5.4 None of the schemes have been through a full due diligence process, hence the output information provided would still need to be assessed and verified.
- 5.5 Approval of provisional allocations and movement to due diligence stage has already been secured on the 11 November for the following schemes; The Care CoRE - Boston College, the ELITE in Grimsby, The Construction Centre Extension at Stamford College, the GC Energy Centre at Grantham , and the Lincolnshire IOT at Holbeach.

### **6 SUGGESTED ALLOCATIONS**

- 6.1 The sixth allocation has proved somewhat more complex to determine as the three projects concerned had very similar scores and varying strengths and weaknesses.
- 6.2 Whichever scheme receives the final allocation there will not be enough funding within the programme currently to cover the full amount required. There is currently £1,262,809 remaining in the programme pot and this would be subject to 0.5% of GLLEP fees.
- 6.3 Officers also recommended on the 11 November that any remaining gap identified for the final scheme could be transferred from the now closed for applications Invest and Grow (Growing Places Fund) to increase the Skills Capital Programme grant accordingly. The remainder of this fund will form part of future repurposing discussions at GLLEP Board now that C&LGU has confirmed that this possible

### **7 COMMENTS FROM THE ACCOUNTABLE BODY**

- 7.1 The Board will want to consider a programme approach in managing risk and ensuring a broad delivery in the key sectors of agri-food, health and care, manufacturing and engineering, visitor economy, ports and logistics and low carbon.

### **8 RECOMMENDATION**

- 8.1 Based on the additional milestones and funding detail provided Officers still recommend that the Public Sector Hub Scheme in Horncastle be awarded a provisional allocation from the Skills Capital Investment Programme, given its progression to date, deliverability and limited risk.

The chosen scheme will be fully reviewed at due diligence stage to ensure continued value for money and assurance on deliverability and brought back for approval to the investment board.

## **PAPER 3 -SKILLS CAPITAL INVESTMENT PROGRAMME**

- 8.2 The remaining schemes will be added to the LEP's Pipeline for future funding opportunities.

24<sup>th</sup> November 2020

## 1. Purpose of this Review

Rachel Lister has been instructed by Greater Lincolnshire LEP to review additional information that has been provided from applicants of three schemes that were submitted and scored under the Pipeline Call for Projects under the Skills Capital Investment Programme.

Based upon the additional information provided around milestones for delivery of projects, the previous economic, impact and deliverability assessments have been reviewed to identify whether a different score would have been allocated if the information now provided were available at the time.

I would report as follows;

## 2. Skills Capital Investment Programme Projects

The projects to be assessed are summarised in the table below;

Scheme Name	Applicant	Brief Description	Total Project Cost	Skills Capital Programme Funding Sought	Proportion of Skills Capital Funding
Digital Learning and Infrastructure Project	DN Colleges Group	The project comprises two elements being the full refurbishment of an existing building to provide highly flexible teaching facilities to support digital provision training along with an employer engagement suite. The second element will fund improvements to digital infrastructure to assist with online teaching and learning applications along with a purchase of digital equipment and other technologies to enrich learning experiences for students.	£1,793,062	£1,344,797  Now reduced to £816,285	75%  46%
Public Sector Hub FE College, Horncastle	Boston College	The construction of a new learning space within the existing Horncastle College site, to enable the more efficient delivery of public, health and education services with a focus on digital skills.	£3,050,500	£1,643,000	54%
Greater Lincolnshire	Lincoln College	Remodelling and refurbishing of the former fire station within the Lincoln College Grounds	£1,982,989	£1,388,092	70%

Analytics and Skills Service		to provide cutting edge learning space equipped with the latest Microsoft technologies and providing space to host the data analytics Lincolnshire service. In addition, a network of digital community learning centres to deliver employer led support to residents and employees through structured online learning and face to face teaching within the digital sector to be provided.			
------------------------------	--	--	--	--	--

A Summary of the scores that were previously provided for the three projects are shown in the table below;

Pipeline Scheme	Strategic/20	Rank Tier 1	Economic/10	Deliverability/10	Impact/10	Total/50	Rank in all
<u>Scheme title</u>							
Digital Learning & Infrastructure Project	15.8	6	3	8	6	32.8	8
Public Sector Hub FE College, Horncastle	14.5	9	6	8	6	34.5	7
Greater Lincolnshire Analytics and Skills Service	14.6	8	8	6	6	34.6	6

It is noted that the three projects were ranked 8<sup>th</sup>, 7<sup>th</sup> and 6<sup>th</sup> respectively based upon the information provided.

### 3. Additional Information Submitted

The reassessment of each of the individual projects based upon additional detail provided is summarised as follows;

#### i. Digital Learning and Infrastructure Project

The primary change to this project relates to the funding package, which due to the college being able to secure additional DfE and ESFA funding means that the amount of funding required from GL LEP has reduced by £528,512 to £816,285. Match funding has therefore increased from £448,265 to £916,777.

The match funding leverage ratio has therefore improved to 1:1.12. It is noted that the previous leverage ratio was 3:1 being three times LEP funding to the amount of private match funding secured.

It is therefore considered that the marginal improvement to the leverage ratio could result in an increased score of the economic assessment from 3 points to 4 points,

which would increase the overall score to 33.8. This would mean that the project ranked in 7th place as the next top scoring project had a total of 34.5 points out of 50.

It is noted that the improvement in the leverage ratio is still below the standard value for money benchmark of 1:2 and value for money is only therefore reasonable in terms of leverage.

With regard to the clarification provided in relation to timescales for the delivery of the project, it is noted that there has been limited progress with the actual delivery of the scheme with the only real change being the appointment of Turner and Townsend and an updated programme being provided.

The revised programme for the scheme is now confirmed to be as follows;

<b>Task Name</b>	<b>Duration</b>	<b>Start</b>	<b>Finish</b>
Survey and agree scope	1 wk	Mon 25/01/21	Fri 29/01/21
Develop/design/scope/specifications	8 wks	Mon 01/02/21	Fri 26/03/21
Prepare tender document	1 wk	Mon 29/03/21	Fri 02/04/21
Prepare pricing schedule	3 wks	Mon 05/04/21	Fri 23/04/21
ITT/Tender period	3 wks	Mon 26/04/21	Fri 14/05/21
Evaluate tender/clarifications	1 wk	Mon 17/05/21	Fri 21/05/21
Contract award & mobilisation	4 wks	Mon 24/05/21	Fri 18/06/21
<b>BUILD PHASE</b>	10 wks	Mon 21/06/21	Fri 27/08/21
Completion & handover	1 wk	Mon 30/08/21	Fri 03/09/21

The scheme still has to complete the survey stage, to agree the scope of works and undertake the development, design and specification stage prior to being in a position to progress the tender process.

On this basis as the deliverability score already given is an 8, it is not considered necessary to adjust this score any further.

Overall, therefore it is considered that the score for this project should increase to 33.8 out of 50 with the project overall delivering reasonable value for money.

ii. The Public Sector Hub, FE College, Horncastle

Information provided by Boston College relates to confirmation of the planning approval through the provision of the decision notice, a copy of the executed professional services contract and completion by Wilmot Dixon of the enabling works.

In addition, building regulations for the building works have been applied for. The college confirm that the project is now as shovel ready as it can be, pending a decision on funding from GL LEP.

The college also confirm that with regards to the land ownership position that the deed of contract for the lease and related transfer deed have now been prepared in readiness for execution.

The assessment of this project was on the basis that it was highly deliverable and ultimately this position has not changed in that the project still remains highly deliverable and in context with the circumstances no adjustment is therefore proposed to be made to the deliverability score.

In terms of the economic assessment and impact, as there have been no changes to outputs or other details relating to this project, the scores in this regard have also remained unadjusted.

However, due to a change of score of the GLASS project (see below), this project will be in 6<sup>th</sup> place.

Overall, the scheme remains as being assessed as reasonable value for money.

### iii. GLASS Project

The additional information submitted for this project has been to confirm that there is no longer a reliance on bank funding, as match funding is now fully secured from existing reserves. Whilst this does not have any impact on the leverage ratio, it does mean that the funding package for the scheme is now secured.

It is also acknowledged that detailed design for the internal layout and configuration of the existing building has been completed and the college states that this was a relatively simple exercise to undertake given that the scheme does not represent any specialist fit out or fixtures.

The college have however advised that whilst some minor structural repairs will be required to the building, it is not yet known at this time whether there may be other major structural repairs required to the building along with the presence of asbestos which also needs to be assessed as to whether this is present at this time.

The college have presented this as being a relatively minor risk; however, it is questionable whether the discovery of any additional structural works being required to the building or indeed the presence of asbestos would inevitably impact on the deliverability of the scheme in terms of timescales and cost.

The other outstanding matter is that discussions are also to be concluded with Lincoln City Council relating to treatment of the frontage of the listed building. Therefore, there remains risk to the delivery of the scheme, which needs to be considered within the deliverability score for the project (as was identified and considered in the original assessment but does not require revisiting as this matter has not changed in the updated information provided).

On the basis of the additional information being provided, which has identified that there may be asbestos present in the building along with the necessity to undertake major structural repairs, it is considered that the score should be adjusted downwards by 2 points to account for this additional risk not having been previously known to the project. The revised score for the GLASS Project is therefore 4 for deliverability and a total score of 32.6. This will change the ranking of this project to 8<sup>th</sup> place.

Otherwise, the overall value for money of this project is considered to be very good in terms of the overall package of outputs that will be delivered.

## 4. Conclusions

The overall assessment of the three projects has established that changes in scores are necessary to the Digital Learning and Infrastructure and GLASS projects.

The Digital and Learning Infrastructure has improved given that leverage has increased from the previous ratio of 3:1 and is now 1:1.2. The adjustment of deliverability scoring to

this project changes the ranking to 7<sup>th</sup> place however the placement of the scheme still falls lower than the highest scoring project being the Horncastle Hub project.

The GLASS Project has also seen a minor improvement with the funding package now being fully secured and in place; however, there are still residual and what could be considerable risks remaining in terms of deliverability of the scheme, which have been identified in terms of finalising treatment of the frontage of the listed building with Lincoln City Council and fully determining whether asbestos is present within the building, which will require removal. In addition, it has also been stated that there could be other major structural repairs that might be necessary to the building. On this basis the scoring for the deliverability of this project has changed with a reduction of 2 points meaning this project falls to 8<sup>th</sup> place with 32.6 points.

Information provided in relation to the Public Sector Hub in Horncastle does not change the scoring of this project as it remains highly deliverable as was scored previously.

## 5. Recommendations

Based upon the review of economic assessment, deliverability and impact of the three projects following submission of additional information, it is hereby recommended that;

- i. The Digital, Learning and Infrastructure project has an increase in score by 1 point to reflect the improved leverage position, this project moves to 7<sup>th</sup> place.
- ii. The scoring for the Public Sector Hub remains unchanged; however, the project moves to 6<sup>th</sup> place due to a change in the scoring of the GLASS project.
- iii. The GLASS project has the deliverability score reduced by 2 points to reflect risks associated with asbestos and major structural repairs being required. The total score reduces to 32.6 and the project moves to 8<sup>th</sup> place.
- iv. The table showing the amended scores and changed ranking for all projects is shown in the table below;

Pipeline Scheme	Strategic/20	Rank Tier 1	Economic/10	Deliverability/10	Impact/10	Total/50	Rank in all
<u>Scheme title</u>							
Digital Learning & Infrastructure Project	15.8	6	4	8	6	33.8	7
Public Sector Hub FE College, Horncastle	14.5	9	6	8	6	34.5	6
Greater Lincolnshire Analytics and Skills Service	14.6	8	8	4	6	32.6	8



### **Lincoln College Skills Capital Project - GLASS**

Further to your email dated 30 September 2020, please the response below and attached curriculum plan.

Our Leadership and Management offer is different to the offer already available from the Leadership and Management/Business School of the University of Lincoln, in Lincoln.

Our offer includes online Level 2 and 3 Team Leading and Management programmes as well as a bespoke offer which will come from Human Alchemy, that is of a level and content that is not found anywhere else. The Intellectual Property for Human Alchemy's material is drawn upon from over 40 years' experience in senior leadership roles and provides unique, bespoke and tailored programmes on subjects such as High Performance Team Working that includes modules such as:

#### Module 1 Model of the Extraordinary.

How the model works, using well-known companies to get the team to understand the principles. Where does Global Service sit and why. Explore what has to be in place to move to the top right hand corner and create a plan.

Introduce what modern leadership looks like and explain the 6 traits of a high performing organisation as well as the model of organisational clarity.

#### Module 2 Exceptional Communication

How we are all individuals and process the same information differently, dependent on our historic life filters. Head diagrams to explain this and stress the importance of rapport and curiosity, to make sure that what is being said is being received the same way. Background Conversations and why they need to be declared, something you said has not been happening in the past. Explore a Code of Conduct

#### Module 3 On the Hook

How high level targets need to be cascaded clearly in order for them to be met.

The importance of 1 to 1 reviews.

This is the single most important task as a leader and if it is done well, keeps everyone on the hook and surfaces background conversations, leading to high performance.

#### Module 4 Lean Processes and Focus on the Data

How valuable data has become and how by harvesting data, you can pinpoint actions needed to improve performance or customer satisfaction.

Lean processes and systems. Understanding what your processes and systems are in service of and why they are important to your targets.

Lincoln College are already delivering in the identified locations and are an integral part of the existing skills solution. We are the provider of choice for a lot of employers and stakeholders in these areas as we can provide bespoke, flexible solutions that do not necessarily rely on classroom based delivery taking place. If the training and skills offer in the organisations referenced in your email already met the requirements of local employers there would be no need for employers to approach Lincoln College as they do.

In order to continue to meet the demand from local employers, strengthen the offer we are already delivering and further develop the resources for local delivery we are proposing to 'formalise' our presence and enhance our delivery models through the Digital Hubs; making our provision more accessible, thus

## Appendix A

further reducing transport costs and time away from business. The College has been in discussion with a number of public and private sector organisations regarding the hosting of the digital hubs.

Every location is an area where we are heavily involved with local businesses. The following table provides a few examples of some of Lincoln College's existing employer relationships and activity in the locations specified.

<b>HORNCASTLE</b>			
<b>Company</b>	<b>Address</b>	<b>Postcode</b>	<b>Current activity</b>
Polypipe Civils Ltd	Boston Road Industrial Estate, Holmes Way, Horncastle	LN9 6JW	L2 and L3 Engineering Apprenticeships
LIVES	Units 5-8 Birch Court, Spratt Close, Boston Road Industrial Estate	LN9 6SB	L2 and progression to L3 Business Admin Apprenticeship, L2 On-line Team Leading Courses
Tanglewood Group	36 Louth Road, Horncastle	LN9 5EN	L2 On-line courses, currently in discussions around Apprenticeships, NVQ only and Functional Skills.

<b>LOUTH</b>			
Professional Technical Consulting Limited (t/a Protec Services)	4 Westmour Units, Warwick Road, Louth	LN11 0YB	L3 Infrastructure Apprenticeship, L5 Operations Manager Apprenticeship.
Famous Four Products Limited T/A Famous Four	Warwick Road, Fairfield Industrial Estate, Louth	LN11 0YB	L5 Operations Manager Apprenticeship
Bottomley Distillers	Unit 6 Bolingbroke Court, Bollingbroke Road, Louth	LN11 0ZW	L2 Supply Chain Warehousing Operative. New company we are working with, there will be a number of other opportunities when they move to new premises.

<b>SPALDING</b>			
The Orders of St John Care Trust (Southfield House)	Woolram Wygate, Spalding.	PE11 1PS	L2 and L3 Adult Care Apprenticeships.
Turners (Soham) Ltd	Town Drove, Quadring, Spalding	PE11 4PU	NVQ's Team Leading, L2 On-line Courses. IT Apprenticeships and LGV Apprenticeship
JDM Food Group	Monument Road, Bicker	PE20 3DJ	L3 and L5 Leadership and Management L2 On-line Courses – 60+ staff

## **Louth**

Lincoln College are currently servicing employer need within Louth and even work with several organisations on the same industrial estate as First College's Head Office. These employers approached Lincoln College as the programmes currently delivered by First College failed to meet their skills needs. Both First College and Grimsby Institutes programmes are restricted to the lower levels and offer a narrow curriculum, whereas Lincoln College would seek to deliver as many as the 3800 qualification that we offer as possible via digital and blended means and always offer a bespoke solution to every organisation we work with.

Lincoln College are also delivering retail programmes for retailers in Louth at the request of East Lindsey District Council. These bespoke programmes, delivered online or through a blended approach, are aimed at providing the skills to understand the rise in demand for online sales, providing an understanding of the benefits of engaging in social media, developing website and how to attract footfall and enhance sales. Delivery of these programmes commenced in 2019; filling a skills gap that could not be accommodated by First College or Grimsby Institute. This course was developed in Summer 2018 and in the post Covid-19 world, where online sales have increased by 60%, it is even more relevant than ever to support the local high street and independent traders and is an example of the bespoke provision that we provide.

The Fairfield Industrial Estate in Louth, where a number of the companies that we are currently working with are located, has been identified as a potential location for a hub, though we have not currently gained firm commitment from a host. This would offer an out of town solution which is accessible by local employers and provides additionality to the existing town centre locations occupied by First College and Grimsby Institute. Alternative locations are still being explored.

## **Horncastle**

In the development of our Skills Capital application, we had some initial discussions with Boston College to establish their possible interest in exploring collaborative working to support our application, however due to the short timescales for submission of the application and inability to coordinate diary commitments at a critical time of the year for Colleges we were unable to explore this fully. It was not made clear at that time that Boston College were submitting their own application for Horncastle or the nature of such. Had this been the case, we would have possibly explored an alternative location for our Digital Hub. However, our existing employer relationships within Horncastle are significant, the organisations with which we work are a substantial size and have the potential to grow further even in the current suppressed economic climate.

We are aware of the East Lindsey District Council relocation within Horncastle and their emerging training hub that will be managed by Boston College; although we understand that this is also dependent on additional funding.

Lincoln College are open to explore this dialogue further if Skills Capital Funding is supported for the Digital Hub and the Boston College application in order to ensure the avoidance of duplication and complementarity of activities.

We would choose a location that does not detract from the training hub and the Boston Road Industrial Estate in Horncastle has been identified as a potential suitable location due the existing relationships that we have with employers in the locale. In Summer 2017, Mortons agreed to host a digital training hub as part as part of our Digital and Professional Skills Centre Skills Capital Fund submission, we would seek to explore this opportunity again.

### **Spalding**

The College have had initial conversations with Tonic Health in Spalding about hosting a hub. However, they are currently closed due to the pandemic and we have been unable to re-establish contact with them over the last couple of days to obtain a letter of support.

Our existing employer relationships within Spalding are significant, the organisations with which we work are a substantial size and have the potential to grow further even in the current suppressed economic climate. A lot of the Care businesses that we work with require significant support and flexible and accessible training for staff across the Greater Lincolnshire; our offer provides this.

### **Mablethorpe**

The College has engaged with Community Learning in Partnership (CLiP) and has a long standing relationship as an existing partner delivering the ESF NEET contract. CLiP are willing to host a hub and part of capital request is to reconfigure their Mablethorpe centre. We have had extensive conversations with CLiP about their current and anticipated employer provision, mapped what they cannot currently deliver and agreed that Lincoln College will pick up anything that is not part of their core curriculum offer.

They will provide a letter of support; however, this has not yet been received. We will forward as soon as it is received.

We are aware of the Station Leisure and Learning Hub that has been proposed as part of the Town Deal programme however, there is no guarantee that this will be approved by Government and the initial submission is not made until 31 October this year. Our understanding is that if the initial Town Investment Plan is approved is unlikely that the next stage, which will require detailed and robust business cases, will commence much before 2021 with outcomes likely to be late 2021/ early 2022. The proposed Lincoln College Mablethorpe hub could be operational by early Spring 2021, responding quickly and flexibly to the needs of the area.

We can comfortably assume that our provision will provide local support to residents and employers for two-three years before the Station Leisure and Learning Hub is built.

### **Additionality**

Lincoln College are already operating, via adult learning and employer provision, in the areas that have been identified for the hub locations and therefore we do not feel that written approval from the other Colleges and Private Training Providers also operating in these areas is particularly relevant.

The College uses EMSI data and Vector data as part of a robust approach to identifying areas of deprivation and training need. Our qualified Data Analytics Team spent a significant amount of time researching data for this submission and the areas that we chose to support stood out as being under represented in relation to appropriate levels of vocational training.

Our comprehensive analysis has highlighted eight locations where there are significant gaps in provision. We have selected the six which provided the widest geographical spread across the county in order to avoid 'clusters' of cover and reduce the negative impact on the residents in the remaining cold spot areas. The College are prepared to be flexible and are willing to pivot or remove the proposed hub locations if it is felt that this will provide a better solution for Greater Lincolnshire and remove any perceived risk to other provision.

The College has excellent relationships with the key stakeholders including the Chamber of Commerce, Institute of Directors, Local and District Councils, Jobcentre Plus and other professional sector bodies including the CIPD.

Lincoln College are a Kickstart Gateway organisation providing an end to end recruitment and development process for employers and participants across Greater Lincolnshire. We are already receiving requests from employers including Lincolnshire Police who are looking for a region wide workplace recruitment and development solution. We have a preliminary meeting with them on Friday 9 October to discuss this further and agree a way forward. It is expected that SMEs will try to benefit as much as they can from the Kickstart opportunity and will require local bespoke training and development support to ensure their successful engagement with the programme and adherence to programme requirements in order to achieve maximum benefit and opportunities for the participants.

The hubs respond to known cold spots which were also highlighted through the previous DfE Area Review. Our current data analysis, using EMSI, Vector and Jobcentre Plus data, shows that there are still significant gaps in these areas and therefore current provision is insufficient. Our focused solution will consequently provide clear additionality.

Our proposed solution is about upskilling and reskilling adults and not core 16-18 FE provision. We will be working with adults and employers in these areas as we do already. Through extensive consultation with employers and adults, we have carefully designed a solution which provides additionality through our delivery method, increased accessibility and our programme offer.

Our model is to offer a more accessible and relevant solution to employers and adults, that has the ability to respond proactively to the needs of the labour market (e.g responding quickly to redundancy in instances such as Bakavor in Spalding; with whom we also have an existing relationship for the delivery of functional skills) and provide training and skills provision that will equip adults to move back in to employment / progress within employment.

The data analysis that we have undertaken in formulating our proposal shows that adults/ employees were:

- needlessly travelling
- unable to travel
- not receiving relevant training.

The impact of Covid has accentuated this, with adults and employers even more keen to reduce travel to Lincoln and to be able to access local training provision. Our solution will allow hybrid delivery from the hubs (some face-to-face or access to tech) and therefore reduce the need to travel. Thus, creating a sustainable local solution.

Provision Type	Course Title
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	European Computer Driving Licence (ECDL)
Digital Skills	European Computer Driving Licence (ECDL Extra)
Digital Skills	Microsoft Office Specialist (MOS)
Digital Skills	Facebook Blueprint
Digital Skills	Google Analytical
Digital Skills	Digital Marketing Business Principles
Employability Skills	Employability Skills
Employability Skills	Employability Skills
Health & Care	Preparing to Work in Adult Social Care
Health & Care	Understanding Autism
Health & Care	Caring for Children & Young People
Health & Care	Counselling Skills
Health & Care	Understanding Specific Learning Difficulties
Health & Care	Awareness of Mental Health
Health & Care	Awareness of Mental Health Problems
Health & Care	Awareness of Mental Health Problems
Health & Care	Understanding Autism
Business	Team Leading
Business	Leadership & Management
Business	LEAN Efficient Systems
Business	Bookkeeping & Accounts
Business	Bookkeeping & Accounts
Business	AAT Accounting
Visitor Economy	Understanding Retail Operations
Visitor Economy	Principles of Customer Service
Construction	IOSH Working Safely
Construction	IOSH Managing Safely
Construction	Nebosh Health & Safety
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	European Computer Driving Licence (ECDL Extra)
Digital Skills	Facebook Blueprint
Digital Skills	Google Analytical
Digital Skills	Digital Marketing Business Principles
Employability Skills	Employability Skills
Employability Skills	Employability Skills
Health & Care	Preparing to Work in Adult Social Care
Health & Care	Understanding Autism
Health & Care	Caring for Children & Young People
Health & Care	Counselling Skills
Health & Care	Understanding Specific Learning Difficulties
Health & Care	Awareness of Mental Health
Health & Care	Awareness of Mental Health Problems

Health & Care	Awareness of Mental Health Problems
Health & Care	Understanding Autism
Business	Team Leading
Business	Leadership & Management
Business	LEAN Efficient Systems
Business	Bookkeeping & Accounts
Business	Bookkeeping & Accounts
Business	AAT Accounting
Visitor Economy	Understanding Retail Operations
Visitor Economy	Principles of Customer Service
Construction	IOSH Working Safely
Construction	IOSH Managing Safely
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	European Computer Driving Licence (ECDL Extra)
Digital Skills	Facebook Blueprint
Digital Skills	Google Analytical
Digital Skills	Digital Marketing Business Principles
Employability Skills	Employability Skills
Employability Skills	Employability Skills
Health & Care	Preparing to Work in Adult Social Care
Health & Care	Understanding Autism
Health & Care	Caring for Children & Young People
Health & Care	Counselling Skills
Health & Care	Understanding Specific Learning Difficulties
Health & Care	Awareness of Mental Health
Health & Care	Awareness of Mental Health Problems
Health & Care	Awareness of Mental Health Problems
Health & Care	Understanding Autism
Business	Team Leading
Business	Leadership & Management
Business	LEAN Efficient Systems
Business	Bookkeeping & Accounts
Business	Bookkeeping & Accounts
Business	AAT Accounting
Visitor Economy	Understanding Retail Operations
Visitor Economy	Principles of Customer Service
Construction	IOSH Working Safely
Construction	IOSH Managing Safely
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	European Computer Driving Licence (ECDL Extra)
Digital Skills	Facebook Blueprint
Digital Skills	Google Analytical
Digital Skills	Digital Marketing Business Principles
Employability Skills	Employability Skills

Employability Skills

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Business

Business

Business

Business

Business

Business

Visitor Economy

Visitor Economy

Construction

Construction

Digital Skills

Digital Skills

Digital Skills

Digital Skills

Digital Skills

Digital Skills

Digital Skills

Digital Skills

Employability Skills

Employability Skills

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Health & Care

Business

Business

Business

Business

Business

Business

Visitor Economy

Visitor Economy

Construction

Construction

Digital Skills

Employability Skills

Preparing to Work in Adult Social Care

Understanding Autism

Caring for Children & Young People

Counselling Skills

Understanding Specific Learning Difficulties

Awareness of Mental Health

Awareness of Mental Health Problems

Awareness of Mental Health Problems

Understanding Autism

Team Leading

Leadership & Management

LEAN Efficient Systems

Bookkeeping & Accounts

Bookkeeping & Accounts

AAT Accounting

Understanding Retail Operations

Principles of Customer Service

IOSH Working Safely

IOSH Managing Safely

Essential Digital Skills for Life

Essential Digital Skills for Work

Essential Digital Skills for Life

Essential Digital Skills for Work

European Computer Driving Licence (ECDL Extra)

Facebook Blueprint

Google Analytical

Digital Marketing Business Principles

Employability Skills

Employability Skills

Preparing to Work in Adult Social Care

Understanding Autism

Caring for Children & Young People

Counselling Skills

Understanding Specific Learning Difficulties

Awareness of Mental Health

Awareness of Mental Health Problems

Awareness of Mental Health Problems

Understanding Autism

Team Leading

Leadership & Management

LEAN Efficient Systems

Bookkeeping & Accounts

Bookkeeping & Accounts

AAT Accounting

Understanding Retail Operations

Principles of Customer Service

IOSH Working Safely

IOSH Managing Safely

Essential Digital Skills for Life



Digital Skills	Essential Digital Skills for Work
Digital Skills	Essential Digital Skills for Life
Digital Skills	Essential Digital Skills for Work
Digital Skills	European Computer Driving Licence (ECDL Extra)
Digital Skills	Facebook Blueprint
Digital Skills	Google Analytical
Digital Skills	Digital Marketing Business Principles
Employability Skills	Employability Skills
Employability Skills	Employability Skills
Health & Care	Preparing to Work in Adult Social Care
Health & Care	Understanding Autism
Health & Care	Caring for Children & Young People
Health & Care	Counselling Skills
Health & Care	Understanding Specific Learning Difficulties
Health & Care	Awareness of Mental Health
Health & Care	Awareness of Mental Health Problems
Health & Care	Awareness of Mental Health Problems
Health & Care	Understanding Autism
Business	Team Leading
Business	Leadership & Management
Business	LEAN Efficient Systems
Business	Bookkeeping & Accounts
Business	Bookkeeping & Accounts
Business	AAT Accounting
Visitor Economy	Understanding Retail Operations
Visitor Economy	Principles of Customer Service
Construction	IOSH Working Safely
Construction	IOSH Managing Safely

Course Level	Expected Enrolments	Course Location
Entry Level 3	10	Lincoln
Entry Level 3	20	Lincoln
Level 1	20	Lincoln
Level 1	20	Lincoln
Level 1	20	Lincoln
Level 2	20	Lincoln
Level 3	20	Lincoln
Level 3	10	Lincoln
Level 3	10	Lincoln
Level 3	8	Lincoln
Level 1	20	Lincoln
Level 2	25	Lincoln
Level 2	20	Lincoln
Level 2	10	Lincoln
Level 2	10	Lincoln
Level 2	8	Lincoln
Level 2	8	Lincoln
Level 1	12	Lincoln
Level 2	15	Lincoln
Level 3	8	Lincoln
Level 3	8	Lincoln
Level 2	10	Lincoln
Level 3	8	Lincoln
Level 2	10	Lincoln
Level 1	10	Lincoln
Level 2	8	Lincoln
Level 3	8	Lincoln
Level 2	12	Lincoln
Level 2	12	Lincoln
Level 2	15	Lincoln
Level 2	8	Lincoln
Level 3	6	Lincoln
Entry Level 3	10	Gainsborough
Entry Level 3	10	Gainsborough
Level 1	10	Gainsborough
Level 1	10	Gainsborough
Level 2	8	Gainsborough
Level 3	6	Gainsborough
Level 3	6	Gainsborough
Level 3	5	Gainsborough
Level 1	10	Gainsborough
Level 2	10	Gainsborough
Level 2	12	Gainsborough
Level 2	8	Gainsborough
Level 2	8	Gainsborough
Level 2	8	Gainsborough
Level 2	8	Gainsborough
Level 1	10	Gainsborough
Level 2	8	Gainsborough

Level 3	5	Gainsborough
Level 3	5	Gainsborough
Level 2	10	Gainsborough
Level 3	5	Gainsborough
Level 2	8	Gainsborough
Level 1	5	Gainsborough
Level 2	5	Gainsborough
Level 3	5	Gainsborough
Level 2	8	Gainsborough
Level 2	10	Gainsborough
Level 2	10	Gainsborough
Level 2	8	Gainsborough
Entry Level 3	10	Louth
Entry Level 3	10	Louth
Level 1	10	Louth
Level 1	10	Louth
Level 2	8	Louth
Level 3	6	Louth
Level 3	6	Louth
Level 3	5	Louth
Level 1	10	Louth
Level 2	10	Louth
Level 2	12	Louth
Level 2	8	Louth
Level 2	8	Louth
Level 2	8	Louth
Level 2	8	Louth
Level 1	10	Louth
Level 2	8	Louth
Level 3	5	Louth
Level 3	5	Louth
Level 2	10	Louth
Level 3	5	Louth
Level 2	8	Louth
Level 1	5	Louth
Level 2	5	Louth
Level 3	5	Louth
Level 2	8	Louth
Level 2	10	Louth
Level 2	10	Louth
Level 2	8	Louth
Entry Level 3	10	Mablethorpe
Entry Level 3	10	Mablethorpe
Level 1	10	Mablethorpe
Level 1	10	Mablethorpe
Level 2	8	Mablethorpe
Level 3	6	Mablethorpe
Level 3	6	Mablethorpe
Level 3	5	Mablethorpe
Level 1	10	Mablethorpe

Level 2	10	Mablethorpe
Level 2	12	Mablethorpe
Level 2	8	Mablethorpe
Level 2	8	Mablethorpe
Level 2	8	Mablethorpe
Level 2	8	Mablethorpe
Level 1	10	Mablethorpe
Level 2	8	Mablethorpe
Level 3	5	Mablethorpe
Level 3	5	Mablethorpe
Level 2	10	Mablethorpe
Level 3	5	Mablethorpe
Level 2	8	Mablethorpe
Level 1	5	Mablethorpe
Level 2	5	Mablethorpe
Level 3	5	Mablethorpe
Level 2	8	Mablethorpe
Level 2	10	Mablethorpe
Level 2	10	Mablethorpe
Level 2	8	Mablethorpe
Entry Level 3	10	Spalding
Entry Level 3	10	Spalding
Level 1	10	Spalding
Level 1	10	Spalding
Level 2	8	Spalding
Level 3	6	Spalding
Level 3	6	Spalding
Level 3	5	Spalding
Level 1	10	Spalding
Level 2	10	Spalding
Level 2	12	Spalding
Level 2	8	Spalding
Level 2	8	Spalding
Level 2	8	Spalding
Level 2	8	Spalding
Level 1	10	Spalding
Level 2	8	Spalding
Level 3	5	Spalding
Level 3	5	Spalding
Level 2	10	Spalding
Level 3	5	Spalding
Level 2	8	Spalding
Level 1	5	Spalding
Level 2	5	Spalding
Level 3	5	Spalding
Level 2	8	Spalding
Level 2	10	Spalding
Level 2	10	Spalding
Level 2	8	Spalding
Entry Level 3	10	Horncastle

Entry Level 3	10	Horncastle
Level 1	10	Horncastle
Level 1	10	Horncastle
Level 2	8	Horncastle
Level 3	6	Horncastle
Level 3	6	Horncastle
Level 3	5	Horncastle
Level 1	10	Horncastle
Level 2	10	Horncastle
Level 2	12	Horncastle
Level 2	8	Horncastle
Level 2	8	Horncastle
Level 2	8	Horncastle
Level 2	8	Horncastle
Level 1	10	Horncastle
Level 2	8	Horncastle
Level 3	5	Horncastle
Level 3	5	Horncastle
Level 2	10	Horncastle
Level 3	5	Horncastle
Level 2	8	Horncastle
Level 1	5	Horncastle
Level 2	5	Horncastle
Level 3	5	Horncastle
Level 2	8	Horncastle
Level 2	10	Horncastle
Level 2	10	Horncastle
Level 2	8	Horncastle

# Lincoln College Curriculum Plan Greater Lincolnshire

## Enrolments by Area

Lincoln	409
Louth	231
Spalding	231
Gainsborough	231
Horncastle	231
Mablethorpe	231
<b>TOTAL</b>	<b>1564</b>

## Enrolments by Provision Type

Employability Skills
Digital Skills
Visitor Economy
Health & Care
Business
Construction
<b>TOTAL</b>

# e Analytics & Skills Service (Glass)

Type
145
483
114
459
244
119
1,564

Enrolments by Level	
Entry Level 3	130
Level 1	327
Level 2	836
Level 3	271
TOTAL	1564

## **Appendix C**

### **Boston College Horncastle Hub**

#### **Course Title**

#### **Numbers on course in**

<b>Level</b>	<b>21/22</b>	<b>22/23</b>
--------------	--------------	--------------

Essential Digital Skills Level 1	1	38	38
Essential Digital Skills Entry 3	Entry 3	40	36
Recognising Employment Opportunities Level 1	1	18	18
Personal Career Preparation Level 1	1	18	18
Using Office Equipment Level 1	1	18	18
Access Award in Bookkeeping Level 1	1	8	8
Foundation Certificate in Accounting Level 2	2	0	8
Award in Leadership and Team Skills	2	8	8
Advanced Diploma in Accounting Level 3	3	0	0
Certificate in Leadership and Management	2	10	10
Certificate in Leadership and Management	3	10	10
Customer Service	2	14	10
Customer Service	3	10	10

#### **Total Numbers per year**

**192 192**

*Total numbers declared in bid*

*192 192*

*Numbers of new courses declared in bid*

*2 2*



**Horncastle**

<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	
60	100	120	
60	90	100	
24	24	30	
24	30	33	
20	20	20	
8	15	15	
22	22	24	
8	8	10	
20	25	25	
10	15	15	
10	10	12	
20	20	24	
15	20	24	
<b>301</b>	<b>399</b>	<b>452</b>	<i>1536</i>
<i>300</i>	<i>400</i>	<i>452</i>	<i>1536</i>
			1536
<i>2</i>			<i>6</i>

## **Appendix D**

### **Curriculum Plan 2021/22 to 2024/25**

	Level	2021/22	2022/23	2023/24	2024/25
Digital T Levels	3	30	62	72	77
Digital Marketing Standard	3	3		5	
Infrastructure Technician Standard	3	3	4	4	5
Marketing Assistant Standard	3	2	3	3	4
New Apprenticeship Standards	3			5	6
AEB Funded Short Courses	2/3	5	10	12	15

Specific course titles are agreed each year as part of business planning dependent on what is available. Therefore an average low income of £724 per learner has been used to inform potential income.

Apprenticeship Standards are still being identified and we anticipate new Standards over the next few years.

<b>TOTAL</b>	<b>Potential Income</b>
241	£2,439,402
8	£88,000
16	£240,000
12	£84,000
11	£88,000
42	£30,408
330	£2,969,810

(Based on 20/21 fees/projected income)  
at provision is funded eg AEB courses  
come.

future years

## PAPER 4

### GREATER LINCOLNSHIRE GROWTH FUND - LCFC

Publication	Public Paper (published)					
Meeting date:	27 November 2020					
Agenda Item:	5					
Item Subject:	Report on Greater Lincolnshire Growth Fund - Lincoln City football Club					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

#### 1. SUMMARY

- 1.1 Board Directors are asked to consider the due diligence appraisal for the Lincoln City Football Club (LCFC) Project under the auspices of the Greater Lincolnshire Growth fund and to approve progression to contracting stage.

#### 2. BACKGROUND

- 2.1 LCFC formed in 1884 and the Sincil Bank Stadium - now renamed the LNER Stadium - has been the club's home for 124 years. New investment in the club in 2016 led to an unprecedented period of success. LCFC's vision is to be a successful and sustainable football club that forms an integral part of, and adds value to, the community.

- 2.2 LCFC aims to create an environment that provides the conditions for sustainable sporting and commercial success, by investing in three core pillars:

- People: Performance teams (football department) and Operational teams
- Fan Engagement: Retention & growth; Digital opportunities; Commercial revenue
- Infrastructure: A fit-for-purpose facility which maximises commercial and community output

- 2.3 The growth fund project forms part of a wider transformation of the stadium facilities. Additional development activity that will take place will include the regeneration of the 3G training pitch and provision of changing rooms for community use (the funding for this additional activity will come from the Football Foundation).

#### 3. THE PROJECT

- 3.1 The project for which LCFC are seeking grant towards is the development of three areas:

Stacey West stand - (visitor stand) taking the capacity of this section from 1,944 to 3,400 (increasing stadium capacity from 10,253 to 11,709). There is the additional potential to install rail-seating (in line with government regulations) increasing the capacity of that section by 2000 taking the overall stadium capacity to 13,700

Club Hub - Construction of new community facilities beneath the stand will increase the operational and commercial activity of Lincoln City Foundation, enabling the growth of the FE and HE education programmes along with community projects.

Parking facilities - the project will install Parking Eye to exploit further commercial opportunities. This will see 100-110 parking spaces available for public use which could reach a maximum potential income of £8000 p/m (based on 100 occupancy). Target will be 20% within 6-9 months - £1,500 p/m.

## **PAPER 4**

### **GREATER LINCOLNSHIRE GROWTH FUND - LCFC**

3.2 The anticipated benefits of this development are detailed below:

- Growth in matchday revenue by increasing ticket sales
- Growth in matchday bar, catering and retail sales
- Growth in matchday commercial opportunities (sponsorship & advertising)
- Growth in visitor economy and wider commercial benefits to the city
- Growth in FE & HE education leading to an increase in apprenticeships and new jobs being created
- Growth in other LCF community projects both commercial and grant-funded
- Create new revenue stream through installation of Parking Eye

3.3 LCFC recognises it is in a development and growth phase requiring significant investment in assets, systems and people, which will have a negative effect on the income statement in the future. It is critical however that the club ensures that these investments deliver expected returns in order to ensure long-term sustainability. (Appendix one - Survive, Revive, Thrive. The confidential document provided by LCFC details plans in the post-Covid environment).

#### **4.0 PROJECT COSTS AND PROGRAMME SUITABILITY**

4.1 LCFC is seeking a £200,000 grant.

4.2 LCFC is based in Lincoln City Centre within the GLLEP boundaries. The project sits well within the visitor economy priority.

#### **5.0 OUTPUTS, OUTCOMES AND ADDITIONAL BENEFITS**

5.1 The project aims to:-

- Develop the Stacey West stand to increase revenue through increased matchday ticket capacity, matchday bar, catering and retail sales, growth in matchday commercial opportunities (sponsorship & advertising).
- Develop the Club Hub for growth in FE & HE education leading to an increase in apprenticeships and new jobs being created. This will lead to growth in other LCF community projects both commercial and grant-funded
- Create new revenue stream through installation of Parking Eye
- The project will create 6 full time staff, 18 part time staff and 12 apprenticeships.

5.1 Additional benefits:

The University of Lincoln produced an Economic Impact Report in 2019 highlighting the strength of the football club's contribution to the city's visitor economy on a matchday. Its Executive Summary (appendix 2) concludes:

- Football clubs can, if the visitor experience is harnessed appropriately, significantly contribute to both short-term visitor economy and the longer-term brand enhancement benefits of a place
- Fans, whether home or away, assume the identity of cultural tourists and therefore can be understood as potential consumers of the city and its culture, as well as consumers of football.
- Straddling the sporting and cultural aspects of the visitor experience may result in what Weed (2008) argues to be 'active sport event tourists' who engage longer

## PAPER 4

### GREATER LINCOLNSHIRE GROWTH FUND - LCFC

and deeper with a place resulting in greater economic spend. Currently, 46.6% of match day spending is spent on food and drink but there is room to grow this and other types of spending.

- Data suggests on match day, significant increases in sales for global chains.
- LCFC's 'Fan Zone' offers an excellent platform to be developed further: i) deploying mobile street food movements to produce a more local, authentic and distinctive offer, ii) advertising and promotion of national and regional businesses - both for extra third-stream income.
- LCFC already has excellent examples of partnership working that have impacted positively on Brand Lincoln and the local economy.

5.3 In addition, the development of the 3G FTP and the provision of changing rooms, classroom/s, community and office spaces within the project will serve to directly support, promote and increase strategic outputs for the club's community department, Lincoln City Foundation

#### 6.0 COMMENTS FROM THE ACCOUNTABLE BODY

6.1 We note the recommendation within the due diligence report. The fund has been set up to offer value added activity that will create new commercial opportunities and additional sustainable employment in Greater Lincolnshire. Clearly the project provides the opportunity to support the visitor economy of Lincoln by enabling increased capacity on site and strengthens the community aspect of the club however at this time the case for investment appears weak.

#### 7.0 CONDITIONS IDENTIFIED WITHIN DUE DILIGENCE APPRAISAL

7.1 The following is extracted from the due diligence report. The full report has been provided to the board for review.

The due diligence assessment has identified a number of issues, the primary matter being that based upon the information provided, LCFC do not require GLGF as funding as last resort in order to facilitate delivery of this scheme. Thus, LCFC based upon financial information and statements provided, have the funds available to meet the costs of this project, particularly if there is an award of Towns Fund for which a bid has been made to government and an initial decision is anticipated in January 2021.

On the basis of the information provided by LCFC and our assessment of the implications of this, a recommendation for investment and any conditions which would need to be addressed as part of this are not being made at this time, pending a decision from the Investment Board as to whether they wish to see investment in this project from the GLGF.

In the event that Investment Board wishes to approve investment in this project, conditions to be attached to any offer are as follows:

- Written confirmation of an updated programme for delivery of the scheme taking into consideration the Towns Fund and timescales for approval of that funding - pre-contract.
- State aid advice to confirm the amount of funding sought is within intervention levels and taking into account the Towns Fund investment and other grants also being sought - pre-contract.

## PAPER 4

### GREATER LINCOLNSHIRE GROWTH FUND - LCFC

- The financial due diligence to be reviewed upon provision of latest set of accounting information which is required to be requested, along with consideration of the financial position in the event that other grants or loans are secured - pre-contract.
- A copy of the report on tenders and lowest tender to demonstrate the project can be delivered within the scheme budget - pre-drawdown.
- Written confirmation that LCFC will meet any cost increases if these arise on the scheme, without comprising the scheme or number of outputs to be delivered - pre-contract.

#### 8.0 RECOMMENDATION

- 8.1 The Board are asked to note progress of the Getting Building Fund programme to date.

Given the risk poised with the project and the fact that evidence suggests the GLGF would not be the funder of last resort or essential for bridging the funding gap (as detailed in the due diligence report and due diligence recommendation to not support), it is difficult to see how the application can be supported by the Investment Board.

As detailed in the due diligence report, In the event that GL LEP Investment Board do wish to invest in this project, there are a number of conditions identified within Section 12 of this report which would need to be considered and met by LCFC. It is further recommended that all such conditions would be attached to any offer of funding, to ensure key milestones are met and there is certainty of delivery within agreed timescales.



**Greater Lincolnshire Local Enterprise Partnership**

**Due Diligence Assessment**

**In Respect of**

**Funding from the Greater Lincolnshire Growth Fund**

**For**

**Lincoln City Football Club Limited**  
**LNER Stadium**  
**Lincolnshire**  
**LN5 8LD**

**18<sup>th</sup> November 2020**  
**Commercial in Confidence**  
**Paper 4.1**



# CONTENTS

	<b>Page No.</b>
1.0 PROJECT SUMMARY AND PLANNING STATUS	1
2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING	3
3.0 KEY ISSUES	4
4.0 STRATEGIC FIT	5
5.0 MARKET ASSESSMENT	6
6.0 DEVELOPMENT APPRAISAL	7
7.0 FINANCIAL DUE DILIGENCE	8
8.0 DELIVERABILITY AND PROGRAMME	11
9.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE	11
10.0 PROCUREMENT	12
11.0 OUTPUTS AND VALUE FOR MONEY	12
12.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT	13
13.0 CONCLUSIONS	14
14.0 RECOMMENDATIONS	14

# APPENDICES

I	BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
II	STATE AID ADVICE
III	ACCOUNTANTS SUMMARY REVIEW

## 1.0 PROJECT SUMMARY AND PLANNING STATUS

### Background

- 1.1 Lincoln City Football Club (LCFC) was formed in 1884 and as such has a long history imbedded within the city, with the existing LNER Stadium having been the club's home for the last 124 years.
- 1.2 The club has had a highly successful performance since 1975 with a series of wins leading to the club's promotion to the Football League in 1987.
- 1.3 New investment in the club in 2016, along with the appointment of Danny and Nicky Cowley resulted in an unprecedented period of success for the club. In 2017, LCFC became the first non-league team to reach the FA Cup quarter final in 103 years and followed this with the National League title.
- 1.4 Success continued in the following season when the club beat League 1 Shrewsbury Town in the Checkatrade trophy final in front of 27,000 club fans at Wembley Stadium. In 2019 the club successfully won the League 2 title.
- 1.5 LCFC's vision is to be a successful and sustainable football club, that forms an integral part of, and adds value to, the local community. The club therefore seeks to create an environment that provides the conditions for sustainable sporting and commercial success by investing in three core pillars;
  - People, performance teams and operational teams.
  - Fan engagement, retention and growth, digital opportunities, commercial revenue.
  - Infrastructure, a fit for purpose facility which maximises commercial and community output.
- 1.6 In seeking to deliver the football clubs vision, LCFC have identified the need to invest in the existing stadium culminating in the project proposals which are subject to the application to GL LEP. LCFC are seeking £200,000 of Greater Lincolnshire Growth Fund (GLGF).
- 1.7 The project is broken down into three elements, which are described as follows;
  - i. To Increase the Capacity of the Stacey West Stand.

The total spectator capacity at the stadium is currently 10,253. Proposals are to expand one section of the stadium, being the Stacey West Stand, from its current seating capacity of 1,944 to a proposed increase capacity of 3,400. The increase in capacity of 1,456 seats will therefore increase total seating capacity in the stadium to 11,709. The scheme will also create the potential to install rail seating in line with government "safe-standing" regulations. Provision of rail seating would further increase the capacity of the Stacey West Stand to 5,400.

The total increase in the Stacey West Stand capacity would therefore be 3,456, with the overall stadium capacity increasing to 13,700.

ii. Redevelopment of the Club Hub.

This scheme proposed supports the wider transformation of stadium facilities, to include regeneration of the 3G FTP and the provision of changing rooms for community use, which will also be supported by grant funding from The Football Foundation.

Construction of the new community facilities beneath the stand would serve to increase the operational and commercial activity of the Lincoln City Foundation (LCF), enabling this to grow its further and higher education programmes, along with other community projects.

iii. Development of Asset Car Parking.

Proposals are also to redevelop the Stacey West Car park to install Parking Eye, to exploit further commercial opportunities on a 24 hour 7 day a week basis at the LNER Stadium.

1.8 Overall, therefore the proposed outcomes of this project that the club are seeking to realise are;

- Growth in match day revenue by increasing ticket sales.
- Growth in match day bar, catering and retail sales.
- Growth in match day commercial opportunities (sponsorship and advertising).
- Growth in visitor economy and wider commercial benefits to the city.
- Growth in further and higher education programmes, leading to an increase in apprenticeships and new jobs being created.
- Growth in other football club community projects both commercially and grant funded.
- Creation of a new revenue stream through installation of the Parking Eye.

1.9 The above outcomes are necessary to ensure that LCFC can secure its long-term sustainability. To date, good progress has been made through the design, planning and consultation process with the following consultancy team and partners in place;

- GL Events; procured to provide advice in terms of stadia design and construction.
- Football foundation; seeking grant funding on behalf of the Premier League, FA and government opportunities.
- City of Lincoln Council; planning consultation.
- Lindum Group; providing project drawings and leading on necessary consultation.
- Globe Consultants Limited; planning consultants.
- Sports Ground Safety Authority and Safety Advisory Group; sports safety governing bodies.
- Ferco Seating; global sports stadia seating experts.

- 1.10 The project has therefore progressed through the planning process with full planning permission being secured for the scheme. The detailed design process now requires to be completed to enable the project to proceed to the procurement stage after which works will be in a position to commence onsite.
- 1.11 It is confirmed that GL LEP, GLGF is required to contribute towards the redevelopment and expansion of the Stacey West Stand as part of a package of funding, which is detailed within Section 2 of this due diligence.

### **Implications of COVID-19**

- 1.12 The full application received for this scheme was initially deferred during the first lockdown due to the pandemic in March 2020, whereby LCFC were asked to review proposals in the light of COVID-19 to ascertain whether there may be any changes or delays in going forward with the implementation of the scheme as proposed.
- 1.13 The full application was subsequently submitted in October 2020 shortly before the government announced the second lockdown taking effect from 5<sup>th</sup> November 2020.
- 1.14 LCFC have maintained that they intend to proceed with the project as proposed, subject to the funding being confirmed and lockdown restrictions being eased to enable the club to proceed. It is noted that LCFC had assumed a return to football from January 2021, and pilots at selected clubs were started in September 2020 in the hope of a gradual return to normality. Unfortunately, the second wave of the virus has caused the postponement of the pilots to March 2021. In reality this probably means that there will be no return to football before April 2021, subject to rolling out of the vaccination programme; however, it remains a risk that there could be no return for the season 2020-2021.
- 1.15 There are potential funding sources set up both in direct response to COVID-19, but also other forms of funding available and those which LCFC are applying for are detailed within Section 2 of this due diligence. It is also confirmed that accountants have been appointed by Thomas Lister on behalf of GL LEP to investigate the financial position of LCFC, its financial stability and capability to deliver this project as proposed. The findings of the accountant's financial due diligence are detailed within Section 7 of this report.

## **2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING**

- 2.1 The application initially submitted from LCFC sought £380,000 of Greater Lincolnshire Growth Fund (GLGF). However, on subsequent review of the project and discussions with GL LEP, given the injection of further shareholders' funds, the amount of GLGF sought reduced to £200,000.
- 2.2 It is noted that total estimated project costs are £2,600,000 of which £1,900,000 are considered to be eligible project costs.
- 2.3 The profile of funding for the project is therefore as follows;

Football Foundation Grant	£1,000,000
GLGF	£200,000
Capital Investment form LCFC	<u>£1,400,000</u>
<b>Total</b>	<b><u>£2,600,000</u></b>

- 2.4 It has subsequently been learned that LCFC have also applied for £800,000 under the Towns Fund Programme. It is understood that the application for funding has been submitted to government and a decision is anticipated in January 2021. Following the initial decision by government on the towns fund project, full business cases would then require to be prepared for individual projects and submitted to government for final sign off before funding was formally committed to projects.
- 2.5 Queries have been raised in relation to the ability of the project to be delivered given the scale of financial resource sought from the Towns Fund and implications on the project if this were not successful. Furthermore, the delivery of the scheme would potentially be delayed until spring/summer 2021, when a final decision is anticipated to be made on the Towns Fund bids by government.
- 2.6 LCFC have subsequently confirmed in writing that the project is not dependent on the Towns Fund being secured and in the event that the application was rejected, the project would continue as funding would be met through shareholders' funds from the club.
- 2.7 The statement from LCFC that they do not require Towns Fund investment to enable the project to proceed, given that they have sufficient shareholders fund capital to be able to invest in this project, potentially undermines the case being made for requiring grant funding. A key requirement of public grant funding programmes, including Towns Fund, are that it must be demonstrated that funding sought is of last resort, and without this funding the project could not proceed.
- 2.8 This also brings into question the need for GL LEP GLGF, because if LCFC have sufficient shareholders capital and potentially other capital grant funding, there is no requirement for GLGF either, as it clearly is not needed and is not funding of last resort.
- 2.9 The other issue to consider is that if a Towns Fund bid is successful, LCFC will have £800,00 of funding, which provisionally was going to be utilised to underwrite the Towns Fund bid and could as an alternative be utilised to replace GL LEP's investment in this project.
- 2.10 In summary therefore the need for GL LEP funding has not been demonstrated as being the funding of last resort, potentially resulting in the project being ineligible for grant support.

### **3.0 KEY ISSUES**

- 3.1 A number of issues were identified in relation to this project when the application documentation was first submitted. These issues are identified below as follows;
- i. The need for investment from GL LEP to be demonstrated in order to facilitate the delivery of this project, given that the grant of funding requested was presented on the basis of seeking the maximum amount of investment could be secured under the eligibility criteria. The amount of funding was subsequently reduced to £200,000; however, the need for grant funding as a last resort has not been demonstrated.
  - ii. State Aid advice was not provided in support of the application. State Aid advice has subsequently been provided from Wilkin Chapman LLP and is covered further within Section 9 of this report.

- iii. Further clarification was required on the funding sought under the Towns Fund Programme, as no information was provided in this regard. LCFC subsequently confirmed that £800,000 of funding has been sought under this programme and a decision on the application pending.
  - iv. Red Book Valuations to identify the value of the LNER Stadium as existing and the market value of the stadium assuming that the works had completed. The reason for requesting valuations is on the basis that the works potentially funded by GLGF will contribute to an uplift in asset value of the stadium and in the event that there is a change of ownership of the asset, GL LEP could trigger clawback of the grant at a percentage of uplift in value, capped at £200,000. We understand a valuation report has been commissioned but at this time has not been received. Valuation information does not have a necessary bearing on the due diligence report; however, would be required for contracting purposes whereby the base value of the scheme would be the estimate of value detailed within the valuation report assuming that all works had been completed.
  - v. Financial position of the club in view of the pandemic to be assessed and accountants appointed by Thomas Lister to undertake the financial due diligence. The outcome of the assessment is detailed within Section 7 of this report.
- 3.2 The main issue which has not been resolved as part of this due diligence process relates to the fact that LCFC have not been able to demonstrate that they require the grant funding from GL LEP. This is considered in further detail in conjunction with the findings of the financial due diligence undertaken by independent accountants.

## **4.0 STRATEGIC FIT**

- 4.1 The proposed project is considered to have fit with the following strategies;

- i. The Greater Lincolnshire Strategic Economic Plan (SEP). The SEP has identified specific priorities for preserving, expanding and sustaining the visitor economy. An Economic Impact Report produced by the University of Lincoln, highlights the strength of the football club's contribution to the city's visitor economy on match days. In addition, very often visitors will straddle both sporting and cultural aspects on offer within the city so that those who attend sporting events may dwell longer in the city resulting in greater economic spend, such as spend on food and drink.

The expansion of the stadium and increased number of visitors on match days therefore supports the SEP.

- ii. The Local Industrial Strategy (LIS). A strong focus of the LIS is delivering a diverse and sustainable business base within Lincolnshire and to provide opportunities on an inclusive basis for the residents that it serves.

The football club assists in generating spend within the City, thus stimulating GVA on match days from both home and away fans along with associated activity within the supply chain.

In addition, LCFC have been delivering community-based programmes for over 25 years and are now an established registered charity, called the Lincoln City Foundation. The evolution of the Foundation has seen it expand into other

areas including health, education and inclusion whilst still delivering its original activity of sport.

This along with the provision of community facilities within the stadium, delivers further opportunities on an inclusive basis and to reach out to some of those hidden communities. The project therefore supports the objectives of the LIS.

- iii. City of Lincoln Council. The project has the endorsement of the Council as it supports a number of their strategies and Local Plan in terms of planning, economic and tourism strategy. The grant of planning permission for the scheme evidences the support of the council in planning terms.
- iv. Government Policy - There has been greater emphasis by government on the importance of sporting activities for all, in terms of the physical health and mental wellbeing that sport helps to generate. Sport has also been identified as one of the means that can help to tackle the obesity crisis effecting a significant proportion of society. Obesity is known to have a detrimental impact on health and puts increasing pressure on already stretched NHS services.

The project therefore supports government objectives through the promotion of sport and the associated benefits that it delivers.

## **5.0 MARKET ASSESSMENT**

5.1 LCFC advised they have undertaken significant feasibility in relation to this project in relation to the growth and sustainability of the football club. In May 2020, LCFC produced a strategy document called Project – Survive, Revive, Thrive. This strategy sets out proposals for the club to help address the immediate challenges being faced because of the COVID situation, how to rebuild the business post pandemic and how then to expand the overall capacity and activities associated with the stadium to generate new revenue and secure long-term sustainability. The strategy therefore identifies key means of action as follows;

- i. USP; the bank of goodwill – LCFC has strong relationships with its fan base, with fans continuing to support the club financially. During the COVID pandemic, where tickets had been bought for games which could not go ahead, fans have agreed for the value of tickets to be converted into shares, enabling the club to retain revenue. The club identifies that capitalising on relationships with its supporters will be critical and are focusing on preserving this relationship.
- ii. Community Engagement; the work of the Foundation – the profile of the Foundation is to continue to be promoted by the club so as to maximise its exposure and highlight the ongoing work of the Foundation through this crisis and recovery phases. This typically ensures that donations to the Foundation as a charity can also be maximised helping to sustain and expand the work undertaken.
- iii. Economic Impact Report – this identifies opportunities to expand the visitor experience enhancing contributions to both the short-term visitor economy and longer-term brand enhancement benefits. In addition, fans whether home or away are often potential consumers of the city and its culture as well as purely consumers of football. As referred earlier, there is the ability therefore to straddle both the sporting and cultural aspects of the visitor experience, particularly in relation to spend on food and drink, along with room to grow into other types of spending.

LCFC also have a fan zone, which offers a platform capable of further developments such as deploying mobile street food movements, advertising of national and regional businesses, all of which generate third stream income for the club.

- v. The Phase 2 'Revive' stage of the strategy seeks to maximise exposure and growth of rewards offered to fans, along with how a rewards platform can be used to connect more creatively with fans. Along with this will be a special edition merchandise, lottery product and further share purchase is being explored, which could also form part of a reward offer scheme.
- vi. The Phase 3 'Thrive' element of the strategy will retain a focus on the immediate financial crisis facing football, with the club seeking to build upon and expand the facilities that it has within its stadium but also building on those linkages with its supply chain and associated partnerships, visitor and cultural attraction as means to increase business and revenues.

The means to secure new and innovative revenue and operations will continue to be reviewed as part of the ongoing sustainability of LCFC, depending on the circumstances prevalent at the time and what the long-term impacts may be from the COVID-19 pandemic.

- vii. At this time therefore, it is considered that based upon the research and feasibility that has been undertaken by the club in context with scheme proposals that sufficient evidence has been identified to demonstrate need for investment to undertake the scheme.

## **6.0 DEVELOPMENT APPRAISAL**

- 6.1 A development appraisal for this project has not been undertaken on the basis that it is not a standard property development project, whereby a scheme is constructed, let and sold. The project is bespoke to the football club, being investment in the expansion of its existing stadium and associated facilities.
- 6.2 Whilst it is the intention that the scheme may accommodate additional commercial and retail activities through securing new operators to the scheme, these are not yet identified and would be let by the club on standard leases, at market rents as a means to generate additional revenue.
- 6.3 An assessment in relation to the construction costs for the project has been undertaken on behalf of GL LEP by RLB Consultants. The outcome of RLB's assessment is that they are satisfied that the submitted costs are reasonable based upon the early stage design information issued to date.
- 6.4 RLB have compared the costs provided against typical benchmarks and confirm that they are within an acceptable range of the BCIS data.
- 6.5 RLB do note however, a number of areas where information has not been fully provided given the early stage of design and there does therefore remain a risk that submitted final costs may be returned higher than currently forecasted.
- 6.6 It is noted that this situation is generally mitigated through a full competitive tender process based on RIBA stage 3 or 4 design information and an adequate contingency



allowance maintained within overall project budget to allow for any unforeseen design/development risk.

- 6.7 LCFC have confirmed that they would be intending to procure the works through a procurement process and therefore there should be no other issues in this regard.

## 7.0 FINANCIAL DUE DILIGENCE

- 7.1 Financial due diligence has been undertaken for Thomas Lister by John H Smith FCA, on behalf of Ormerod Rutter Limited, who are instructed by TL on this project.
- 7.2 The financial due diligence has been prepared solely for the purpose of facilitating an initial assessment of the financial standing of LCFC, in terms of having the appropriate capacity and resource to undertake the delivery of the proposed project.
- 7.3 The financial review is in an interim review at this stage, because the latest results for the football club for the year ended 30<sup>th</sup> June 2020 have not yet been published and whilst latest management accounts have been provided that were made up to 31<sup>st</sup> March 2020, a profit and loss account and balance sheet for the year ended June 2020 have not been made available.
- 7.4 The key extracts taken from the financial due diligence report are below;

- Below is a summary of results and other key data extracted from the latest filed accounts;

		13m		
	30.6	30.6	31.5	31.5
Period ended	2019	2018	2017	2016
	£k	£k	£k	£k
Turnover	5,390	5,285	4,682	1,341
Profit (loss) before tax	-2,238	-1,089	1,280	-419
Average league attendance	9,006	8,782	5,162	2,594
League	2	2	National	National
League position	1st	7th	1st	13th

- It can be seen there has been a history of losses apart from the successful 2016-17 football season that brought promotion to the English Football League ("EFL").
- Results for year ended 30 June 2020 have not yet been published. Sight of a draft profit and loss account and balance sheet at that date will need to be requested.
- Latest management accounts provided to me were made up to 31 March 2020. They appear to indicate a profit to that date but it is not clear whether that includes an exceptional £1m compensation receivable on the loss of previous first team management personnel. From other documents provided I can see that a worst-case loss of £1m had originally been assumed for 2019-20 (if season 2019-20 had

been aborted) so it is reasonable to assume there will have been a loss. Accounts made up to a more recent date (say 30 September) will need to be requested.

### ***Balance sheet***

5. The latest balance sheet made available to me is made up to 30 June 2019. That showed net worth of just over £1m and not much debt. Losses have been funded by capital injections from underlying principal investors, thus keeping LCFC in a solvent position. That has continued into 2020 as well as share capital raised from supporters who were happy to convert ticket refunds into shares. It is reasonable to assume the support from the investors will continue but that might need to be confirmed in writing. I can see that a note in the last published accounts stated that *“The Parent Company and underlying investors have indicated their intention to support the company by providing funding until the end of the current season and beyond if that is necessary.”*

### ***Risk score***

6. The Creditsafe report dated 26 October 2020 shows no recorded defaults or CJJ's and recommended credit limit is £75,000 (previously £175,000). The credit score was 60 out of 100 and so in the category of Low Risk. It had previously been scored 72 out of 100 (Very Low Risk). In the current economic climate, it is not surprising to see an increase in risk, indeed it is more surprising that LCFC is still classed as Low Risk given the published financials and the adverse effects of Covid-19 on match day income. Creditsafe might have taken comfort from the shareholder support and recent capital injections.

### ***Possible financial bail outs for EFL clubs in League One and League Two***

7. It is unlikely that government will support the clubs as it expects the Premier League to do so. An offer of £50m was made in October by the Premier League but was rejected by the EFL who sought £250m for all three divisions. However the EFL has since backtracked and made the following statement following a meeting of clubs on 12 November 2020: *“Following a comprehensive debate in all three divisions, a collective agreement in principle was made to move forward and finalise the negotiations, with Championship Clubs making it clear today that they wanted to ensure their colleagues in League One and League Two received the proposed £50m financial support package to cover gate losses for 2019/20 and 2020/21 as soon as is practically possible.”*

The statement can be seen here <https://www.efl.com/news/2020/november/efl-statement-rescue-package/>

8. It is unclear how and when the £50m will be distributed among the clubs and what the mix will be (rumoured to be £20m in grants and £30m in loans). Logically the distribution will be based on lost match day revenues rather than a simple arithmetical division of £50m among the 48 clubs. I think it reasonable to assume that LCFC would receive in excess of £1m and if it was based on crowd attendances in 2019-20 \*\* then LCFC might expect a sum approaching c.£1.4m.

If the £50m is allocated to the two leagues 1 and 2 in similar proportion to the recently agreed squad salary cap of £2.5m and £1.5m respectively then I estimate that LCFC's share might be c.£1.3m.

\*\* LCFC home attendances were an average of 8,986 out of a total for League One of 211,248 and a total for both Leagues 1 and 2 of 323,736 so 4.25% of L1 attendances or 2.78% of L1 And L2 attendances.

### ***Return of fans to stadiums***

9. The LCFC financial projections assumed a return to stadiums from January 2021. Pilots at selected clubs were started in September in the hope of a gradual return to normality but the "second wave" of the virus has caused the postponements of pilots to March 2021. That probably means no return before 1 April 2021 and possibly no return for season 2020-21. So the LCFC financial projections will need to be revised and indeed the project timeline will need to be reassessed if the current season 2020-21 is extended because some work can only be done off season.

### ***On field success***

10. Any football club in the EFL will benefit or suffer from on field success or failure. LCFC has enjoyed relative success in recent years and is currently well placed in 5<sup>th</sup> position in L1 and so on the face of it a reasonable chance of promotion to the Championship if early season form can be maintained.
- 
- 7.5 In summary therefore, the financial due diligence concludes that this is an interim assessment only based upon further accounting information that would be required to enable this to be undertaken on a comprehensive basis.
  - 7.6 The current pandemic presents difficult times for any football club, however, LCFC is better placed than most in terms of shareholders support and momentum with on field success. Fundamental to this is the potential financial package from the Premier League and an update in respect of potential receipt of this funding is also necessary.
  - 7.7 Ultimately, given the passage of time that it is likely to take in completing the detailed design and procuring a contractor prior to this scheme being in a position to formerly commence onsite, an end to the pandemic is likely to be a more realistic prospect given the impending vaccination programme. There remains however uncertainty as to the ability to recommence/restart the football season, along with extent of the financial package from the Premier League that would greatly assist in mitigating losses made by the club due to the pandemic. The other unknown at this time is the outcome of the Towns Fund bid, which would also provide considerable resource to LCFC.
  - 7.8 Potentially therefore the point is reiterated that the level of investment that is sought from the GLGF should be considered in context with the package of grant and other funding support mechanisms that are on offer and being sought by LCFC.
  - 7.9 At this time, it is not considered that justification has been made to demonstrate that the GLGF applied for is funding of last resort to facilitate the delivery of this project. Indications are that the project could proceed with Towns Fund investment supported by any bailout package and shareholders' funds, potentially replacing the GLGF. This is however, caveated by not having been provided with more up to date financial

information and the need to revise any financial projections, which were not available at the time of preparing this due diligence.

## **8.0 DELIVERABILITY AND PROGRAMME**

- 8.1 At the time of preparing this due diligence report, lockdown restrictions are currently in place although construction and the food sector are free from restrictions, subject to social distancing requirements being observed.
- 8.2 Assuming that lockdown restrictions are lifted on the 2<sup>nd</sup> December and with the prospect of a vaccine also being rolled out potentially from December onwards, there may be some normality returning to living conditions in the UK by spring of next year.
- 8.3 In terms of this project, it is noted that the detailed design process is yet to be completed and following on from this the scheme will be required to be competitively tendered.
- 8.4 Realistically therefore if it takes around twelve weeks to complete and agree the final design for the scheme along with estimated costing and completion of the competitive tender process, the scheme may be in a position to commence onsite in the spring/early summer of 2021.
- 8.5 On the basis that LCFC have applied for Towns Fund investment, this could coincide with a final decision on the Towns Funding programme, against which funding is being sought for this scheme.
- 8.6 The applicant has identified a programme for delivery which would commence in January to March 2021 with works being completed by August/September. Given that the project is yet to complete the detailed design stage and conclude the tender process, a start on site certainly in the early part of 2021 is not considered to be realistic or achievable for reasons noted earlier.
- 8.7 Furthermore, it is also understood that if LCFC are intent on seeking Towns Funding, that such funding is not available retrospectively and any works that are undertaken in advance of an award of Towns Fund investment being made, would automatically exclude any such costs, as these would no longer be eligible for funding.
- 8.8 Given the current circumstances therefore, it is considered that more likely a start on site would be achievable by spring, early summer 2021 with practical completion of the scheme by the end of 2021.
- 8.9 In the event that this scheme was to go forward with GLGF funding, an updated programme for delivery would be required to be completed.

## **9.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE**

- 9.1 LCFC have procured State Aid advice from Wilkin Chapman LLP. The State Aid advice confirms that under Article 55 of the General Block Exemption (GBER) aid is permitted for the financing of construction, renovation and operation of sport and multifunctional recreational infrastructures such as stadiums.
- 9.2 The State Aid advice does not confirm however, the maximum intervention limit that LCFC could receive under Article 55 and in the event that funding was to be

recommended for this project, further clarification would be required in this regard so as to ensure that the amount of funding sought does not exceed any intervention limits.

- 9.3 The only other issue that was raised within the State Aid advice is that the football club cannot have exclusive use of the facility. Other professional, non-professional sport users must use the facilities for 20% of the time.
- 9.4 In the event that the project was taken forward for investment, further information in this regard would also be required to be provided to demonstrate that State Aid Regulation is satisfied.

## 10.0 PROCUREMENT

- 10.1 LCFC have assembled a team of consultants working with the Chief Executive Officer and Head of Business Operations at the football club in order to take forward the delivery of the project.
- 10.2 It has been confirmed therefore that this team will be responsible for procuring a contractor for the scheme on a competitive tender basis and there are therefore not anticipated to be any issues noted with the proposed procurement process.

## 11.0 OUTPUTS AND VALUE FOR MONEY

- 11.1 The outputs anticipated to be demonstrated by this scheme are detailed in the table below;

Output	2020 – 2021	2021 - 2022	2022-2023	Total
Private investment Leveraged	£1,400,000			£1,400,000
<u>Jobs Created</u>				
Full time Posts	6			6
Part Time Posts	18			18
Apprenticeships	4	4	4	12

- 11.2 The value for money analysis in relation to the outputs delivered is as follows;
- Private sector leverage – equates to a ratio of 1:7, which is excellent value for money. It is noted however that £800,000 worth of investment may come from the Towns Fund in which case the private sector leverage ratio would equate to 1:3, which is still very good value for money.
  - Public sector leverage – in the event that Towns Fund is secured, the public sector leverage ratio would be 1:4, which whilst is good value for money is considered less important than the private sector investor investment given that Towns Fund is also public money.
  - Jobs created – assuming that the full-time equivalent jobs equate to 12, the cost per job to GL LEP is £16,667 per job which is just in excess of the standard value for money benchmark of £15,000 per job.

- iv. 12 apprenticeships created equates to £16,667 per apprenticeship, which is considered to be value for money.
- 11.3 It is also acknowledged that there are a number of other benefits that would be created by the project, particularly in relation to being able to attract greater visitor numbers to Lincoln City, increase in business turnover, along with supply chain activity all of which will stimulate GVA within Lincoln.
- 11.4 Whilst LCFC have stated that without investment the project will not proceed, it is noted that LCFC have confirmed whilst applying for Towns Fund investment at £800,000, if this investment is not approved that the scheme will still proceed because the investment from the Towns Fund will be underwritten by LCFC.
- 11.5 It is therefore questionable whether the scheme would genuinely stall without the GL LEP investment being made, given the stance of the football club and the shareholders. It also brings into question whether the funding from the GLGF is really needed in order to facilitate delivery of this project.

## **12.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT**

- 12.1 The due diligence assessment has identified a number of issues, the primary matter being that based upon the information provided, LCFC do not require GLGF as funding as last resort in order to facilitate delivery of this scheme. Thus, LCFC based upon financial information and statements provided, have the funds available to meet the costs of this project, particularly if there is an award of Towns Fund for which a bid has been made to government and an initial decision is anticipated in January 2021.
- 12.2 On the basis of the information provided by LCFC and our assessment of the implications of this, a recommendation for investment and any conditions which would need to be addressed as part of this are not being made at this time, pending a decision from the Investment Board as to whether they wish to see investment in this project from the GLGF.
- 12.3 In the event that Investment Board wish to approve investment in this project, conditions to be attached to any offer are as follows:
- Written confirmation of an updated programme for delivery of the scheme taking into consideration the Towns Fund and timescales for approval of that funding – pre-contract.
  - State aid advice to confirm the amount of funding sought is within intervention levels and taking into account the Towns Fund investment and other grants also being sought – pre-contract.
  - The financial due diligence to be reviewed upon provision of latest set of accounting information which is required to be requested, along with consideration of the financial position in the event that other grants or loans are secured – pre-contract.
  - A copy of the report on tenders and lowest tender to demonstrate the project can be delivered within the scheme budget – pre-drawdown.
  - Written confirmation that LCFC will meet any cost increases if these arise on the scheme, without comprising the scheme or number of outputs to be delivered – pre-contract.


## 13.0 CONCLUSIONS

- 13.1 LCFC are a long-established football club in Lincoln City and have been relatively successful in climbing up the football league with prospects of further promotion depending on whether the 2019/2020 league resumes. Much rests on the position of the pandemic, which in turn is dependent on the ability for the early rollout of a vaccination programme.
- 13.2 The relative success of the club, strong spectator and shareholder support, along with a growing number of attendances at matches has underpinned proposals being explored to capitalise on the opportunity to expand the stadiums capacity, improve facilities and fan/visitors experience, thereby increasing revenues, profitability and sustainability of LCFC in the long-term.
- 13.3 Fundamental to this is the ongoing support of the Lincoln Foundation and the support provided to local communities and businesses along with the potential expansion of higher and further education programmes centred around sport.
- 13.4 Whilst the project is recognised as being in accordance with various strategies and will potentially deliver outputs and benefits to the city, the due diligence assessment based upon information provided from the club has been unable to establish that funding from the GLGF is required to facilitate delivery of the scheme,
- 13.5 Indeed, the financial information provided and based upon the fact that the football club have made a bid for the Towns Fund, which shareholders have formally confirmed they will underwrite if the bid is not successful, indicates that this scheme can proceed without GLGF investment.
- 13.6 The conclusion of this due diligence assessment is therefore that the need for GLGF has not been demonstrated and the decision therefore rests with the Investment Board as to whether they wish to invest £200,000 of GLGF into this project.

## 14.0 RECOMMENDATIONS

- 14.1 Based upon the information provided by LCFC for this project, and in accordance with analysis detailed with the due diligence and financial due diligence undertaken, it is hereby recommended to GL LEP Investment Board that investment of £200,000 is not approved for this project, as need for funding has not been demonstrated.
- 14.2 In the event that GL LEP Investment Board do wish to invest in this project, there are a number of conditions identified within Section 12 of this report which would need to be considered and met by LCFC. It is further recommended that all such conditions would be attached to any offer of funding, to ensure key milestones are met and there is certainty of delivery within agreed timescales.

Produced by:



Rachel Lister BSc (Hons) MRICS  
Thomas Lister Limited

Date: 18<sup>th</sup> November 2020

11 The Courtyard  
Buntsford Gate  
Bromsgrove  
B60 3DJ