



LEP INVESTMENT BOARD

29th March 2019

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

Paper 0 - Agenda

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

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

Apologies: Cllr Colin Davie (LCC),

Observers: Pete Holmes (BEIS)

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

Parking Arrangements

29th March 2019 GL LEP Investment Board - Conflict of Interest Table

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

LEP INVESTMENT BOARD

10th January 2019

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

Minutes

Draft Minutes

Present:

Board Directors: Ursula Lidbetter (Chair) (Lincs Co-op), Cllr Peter Wheatley (NELC), Chris Baron (Butlins - by phone), Pete Moore (Section 151 Officer), Pat Doody (Nat West),

LEP Officers: Ruth Carver, Halina Davies, Linsay HillPritchard, Sue Groves(Note Taker)

Observer: Pete Holmes (BEIS - by phone)

Apologies: Cllr Colin Davie (LCC), Cllr Rob Waltham (NLC)

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following:
Cllr Colin Davie and Cllr Rob Waltham

Declarations of Interest:

Ursula Lidbetter declared a potential interest regarding the Growth Deal project in Gainsborough and Pat Doody declared an interest on Paper 2 (Natwest/RBS provide banking to Wise Software UK Ltd).

Full declarations of interest can be found at

<https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/>

The Board were reminded that declarations of interest are required as part of LEP governance and must be submitted at least annually, and if anything changes to notify the LEP office at the earliest convenience.

Minutes and Matters Arising

The minutes of the 29th October 2018 were accepted as a true record with minor amendments and can be published on the website.

Action

Publish

Paper 4 - Skills Capital Investment Fund Programme - Decision

A paper and supporting due diligence appraisal report were presented and discussed for approval of the North Lincolnshire Higher Level Technical, Business Skills and Innovation Hub (TBSIH) Project in Scunthorpe to enter into contracting stage.

At the 8th March Investment Board, Board members approved a programme approach to the Skills Capital Investment fund, formally agreeing £7.34m towards the programme. The TBSIH scheme was one of the four projects awarded an allocation, being provisionally offered £1.8m out of the £4m requested due to limitations on the amount of overall funding available within the programme.

The project is led by DN Colleges Group in partnership with the University of Lincoln and North Lincolnshire Council and it was confirmed in the meeting that DN Colleges Group have agreed in principle the terms for leasing the former Civic Centre from North Lincolnshire Council, in order to accommodate TBSIH. The lease is intended to be for a period of 125 years for which the College will be legally obligated to pay an annual sum in terms of a rent to the Council.

The total estimated cost of Phase 1 of the scheme is £6.9m and the current position with the funding for the scheme is as follows:

LEP Contribution

- DN Colleges Group has asked for £2.3m from GL LEP.
- £1.8m is already allocated from GL LEP in the Skills Capital programme and is fully required for the Phase 1 project.
- An additional £200,000 was requested and could be provided from currently unallocated funding within the Growth Deal Capital programme. (The Investment Board has previously agreed that should any growth deal funding become available for reallocation for skills capital decision Jan 2018, it can be considered towards existing pipeline schemes)
- The Board were asked if North Lincolnshire Council, as key partners for the TBSIH scheme, could repurpose £300,000 of Growth Deal funding into the TBSIH scheme from the Scunthorpe Town Centre project, given its strategic importance to North Lincolnshire. The Investment Board was supportive of this approach, and the £300,000 will be taken from Public Realm related costs (£100,000) and the Church Square Extension (£200,000), with North Lincolnshire Council increasing their own future capital programme commitment to the Scunthorpe Town Centre scheme to ensure its continued delivery going forward.

Match Funding

- £2m from the DN Colleges Group capital reserves has been approved by the Board of Governors for investment into the scheme.
- £2.6m is to be invested from North Lincolnshire College by way of a loan provided to the DN Colleges Group, which the Council are to secure via prudential borrowing. The College will be required to make an annual repayment, which will be met through the College leasing their existing building.

The Board were supportive of the scheme, however they raised a number of questions:

They asked for written confirmation that North Lincolnshire Council would commit an additional £300,000 of future funding into the Scunthorpe Town Centre scheme to ensure delivery, and that the variation required will not affect the milestones or outputs.

The Board wanted to understand what level of financial due diligence North Lincolnshire Council has undertaken in offering the loan.

For the college, the board requested a pre contract condition on the collective availability of revenue to support TBISH in the form of a business plan, and the contribution of all partners to this. They also asked for reassurance that phase 1 and phase 2 are indeed separate. Though indicated in the due diligence report further clarification was requested to ensure that should the IOT bid prove unsuccessful Phase 1 would not be at risk.

The Board suggested that within the funding agreement there should be longer than normal lengths of clawback.

The Board requested that for all future funding contracts the LEP should be very explicit about the implications of missing milestones and financial targets, highlighting that if they are not achieved it could lead to the withdrawal of funding.

It was noted that in the due diligence report the table for Outputs and Outcomes had no learners identified in 21/22 and that there was an error in the leverage calculation relating to value for money (section 10.2 iii). This should be revised as soon as possible.

Decision

The Investment Board formally approved £1,800,000 of Single Local Growth Fund towards the

delivery of this project via the Skills Capital Investment Fund Programme; approved an additional £200,000 of currently unallocated Growth Deal funding towards the scheme; and approved the approach suggested by North Lincolnshire Council to repurpose £300,000 from the Scunthorpe Town Centre scheme to the TBSIH project, making the total SLGF contribution of £2.3m.

Following a discussion, it was agreed that the following conditions should apply and be part of the funding agreement:

Pre-contract Conditions

- Confirmation of the final match funding package to be confirmed and demonstrated by the College to GLLEP.
- DN Colleges Group to confirm in writing to GL LEP how the annual loan repayment of £182,000 per annum to North Lincolnshire Council would be met should the Institute Of Technology bid prove unsuccessful and the College therefore not be able to vacate and lease their existing building.
- The college are to confirm the collective availability of revenue to support TBISH in the form of a business plan, and the contribution of partners to this plan.

Post-contract Conditions

- A copy of the finalised Heads of Terms for the agreement for lease and lease to be provided to GL LEP prior to drawdown of funding.
- Confirmation of the extent of works to be undertaken on the Civic Centre by North Lincolnshire Council to be provided to GL LEP along with a programme for the works and overall level of investment as this may be considered as a financial contribution to the scheme by the Council.
- A copy of the planning approval and listed building consent to be provided to GL LEP prior to drawdown of funding.
- A copy of the report on tenders and lowest tenders for the selection of the design and build contractor for the scheme to be shared with GLLEP.
- An up to date programme for delivery of the project including key milestones and timescales to be provided to GLLEP prior to drawdown of funding.

Paper 2 - Electronic Approval for Greater Lincolnshire Growth Fund - Decision

This had previously been circulated and electronically approved on the 19th December 2018 and is noted for the Minutes -

Decision - formally approved £218,806.43 of Greater Lincolnshire Growth Fund towards the Wise Software Limited Project and progression of the scheme to procurement and contracting stage
The following conditions are to be incorporated within the funding agreement:

- Full scheme plans, specification for the works with works to be tendered and a copy of the lowest tender to be appended to the funding agreement.
- GLGF to be invested only into capital costs of converting and refurbishing the existing buildings and constructing the new building, if market value of the building to be acquired is lower than the price being paid.
- Updated milestones for delivery of the project and forecast drawdown of GLLEP Growth Fund to be provided.
- A Red Book valuation to be provided for the building to be acquired and scheme once completed as a basis against which to assess future clawback obligations should these be triggered.
- Monitoring of outputs to be undertaken.

Paper 3 - Growth Deal Programme Review - Discussion Item

Discussion took place regarding the projects on Appendix 1, which had been previously been circulated. It was explained that the high risk projects were marked red and would need to be monitored closely, projects marked amber would be looked at on a quarterly basis to work through any risks/mitigations and projects marked green are the ones where good progress is being made.

The Growth Deal programme is currently 71% contracted, with 65% of contracted spend expended to date. There are 14 schemes/phases still uncontracted, with 6 of these totalling £13.8m and reaching the final stages of negotiation and likely to be contracted by January 2019. The remaining 8 amount to £21.9m growth deal allocation (17.7% of the total allocation). The Board felt that getting to this stage was a real achievement.

Letters were sent in December 2018 to Directors/Managers of uncontracted projects reminding them of the necessity to spend funding allocations by 31st March 2021, and the implications for the wider programme when forecast targets are annually not met. The very latest forecasts for achievements of key milestones along with revised quarterly expenditure forecasts were requested in writing in December 2018, providing a deadline for responses of the 11th January 2019.

Two high risk uncontracted projects (Skegness Gateway Project and Access to Employment Zones Phase 2) have been asked to review their schemes and respond to the GLLEP by 31st January 2019 with deliverable and viable proposals for consideration by the 20th February Investment Board.

Managers of contracted projects have also been reminded of the importance to keep the LEP regularly informed of likely delays/risks and the potential for funding to be withdrawn if milestones are consistently not achieved and suitable explanations not given.

Project Pipeline Call

On the 10th December 2018, GLLEP received 50 outline business cases for review. Positively from the initial assessment, there are some ambitious schemes, a list of which could be found on Appendix 2 (previously circulated). Although the call targeted projects that could deliver by 2020/21 in the main, it was clear that some projects are more long-term. Full analysis of all submissions has begun with an initial focus on projects that state that they can deliver by the 2020/21 growth deal deadline.

Project submissions will be assessed throughout January with findings being presented to the 20th February Investment Board and a final revised pipeline to the 29th March 2019 GLLEP Board. The LEP has already identified a number of risks to potential delivery from those business cases already reviewed, and the assessment process will begin to provide a basis for more realistic forecasting of the programme and pipeline going forward, enabling the LEP to consider to what extent risks identified might determine support for a project in the short term.

Once the UK Shared Prosperity Fund is announced by Government, the LEP will be keen to bring forward and prioritise schemes that are not only strategically important, but that can demonstrate deliverability, value for money and impact.

Annual Programme Review

The Annual Programme Review will take place on the 10th January 2019 and will assess on how the GLLEP has performed this financial year in relation to governance, delivery and strategy. A detailed paper is being provided by the LEP in response to questions raised by the Government as part of this process.

Whilst GLLEP and its Accountable Body remained positive about meeting the £8.7m growth deal target with the support of some freedoms and flexibilities, it was important for the investment

Board to note that several schemes have not achieved their individual forecast targets this financial year.

The Review will look at clear actions and assessment of performance, and conclusions on a national basis should be reached by the end of March 2019. The LEP will know more regarding whether funding for 2019/20 will be released by Government and whether there will be conditions attached by April.

Any Other Business

The Chair suggested that GL LEP may wish to assist/support/match fund any bids for the High Street Fund, which only District Councils can apply for. It was agreed that consideration of the High Street Fund bids by the LEP made sense, however it was noted that the County Councils were disappointed at not being able to bid for this fund themselves as this is a Greater Lincolnshire wide issue. It was stated that LCC is currently leading a group discussing the future of our High Streets and the LEP will offer assistance to District Councils through this group.

It was suggested that some of the High Street schemes could potentially become part of the LEP pipeline if they prove unsuccessful bidding for the High Street Fund.

The Board asked whether the Northern Junction Judicial Review appeal had been resolved. Ruth Carver explained that a request for an appeal process had been submitted to court by the claimants, however that it can take up to 6 months for the paperwork to be reviewed and then up to a further 12 months for an appeal to be scheduled if permitted.

Paper 2

Greater Lincolnshire Growth Fund - Sleaford Building Services Limited

1. PAPER FOR DECISION

- 1.1 Board Directors are asked to consider the due diligence appraisal for the Sleaford Building Services Limited (SBS) Project under the auspices of the Greater Lincolnshire Growth Fund and to approve progression to contracting stage.

2. BACKGROUND

- 2.1 Sleaford Building Services Ltd (SBS) based in Heckington, are a Mechanical and Electrical contractor with 44 directly employed staff across the office and numerous construction sites. The company was founded in 2003 by current Managing Director Barry Exton, and now has a turnover in excess of £8.1million.
- 2.2 SBS work through the main build contractor for a project who would then sub-contract SBS as an M&E contractor to carry out the specialist work within the building, for example installing air conditioning plant and machinery.
- 2.3 SBS currently has around many active clients around the UK.
- 2.4 SBS currently rent an office in Heckington Business Park, rent a fabrication workshop in Scopwick and rent a storage facility in Stainfield. The office space in Heckington is at capacity. The office has useable space of 350m². The company have also outgrown the car parking and as such the reasonable work space per person is stretched. Within the office there are 6 departments - Pre Construction, Design, Project Management, Finance, Support and Small works. A major issue for the company is that the people within the departments are no longer located together.
- 2.5 SBS have developed their business to include the prefabrication of more specialist modular plantrooms.
- 2.6 The work flow in the current workshop is extremely inefficient and there is no process of segregation implemented due to restricted space. The new facility will allow SBS to set the workshop up with a better workflow that will allow the company to be more productive and efficient and deliver the segregation needed. SBS are working with a lean process management company as well as using our experience to create an efficient workshop space.
- 2.7 SBS's competitors are hard to identify as generally other contractors could be seen as competition however SBS undertake work for them, as there are some clients (£100m turnover) that are unable to deliver

some of the design and modelling that SBS can. Other businesses in the area of a similar size to SBS tend to be niche and only focus on delivery of specific tasks whereas SBS pride themselves on the variety of work they can deliver which is why their clients chose them.

3. THE PROJECT

- 3.1 SBS wish to buy an established manufacturing facility in nearby Sleaford and have identified a possible site which has a workshop of 450m2 (*TRP Unit, pride park, appendix 1 valuation report*).
- 3.2 The new building, with the intended renovations, will have the office space SBS require, housing up to 60 people in designated and specifically designed offices, along with an additional fabrication bay and the overall size to consolidate production within one building.

4. PROJECT COSTS AND PROGRAMME SUITABILITY

- 4.1 The company is seeking £298,072.31 grant.

Sleaford Building Services Limited are based in Heckington with the new premises to be based within Sleaford, within the GLLEP boundaries. The project sits well within the manufacturing priority.

5. OUTPUTS , OUTCOMES AND ADDITIONAL BENEFITS

- 5.1 The project aims to:-

To build a new manufacturing facility, enabling the company to significantly improve production efficiency ensuring they have the capacity to meet increasing customer demand and deliver against future growth plans.

The project will create 20 jobs by the end of May 2021.

Sleaford Building Services Limited	
	Current year Sept 17 - Aug 18
Turnover	£8,170,817
Gross Profit	£2,447,734
Net Profit	£965,986

Additional benefits:

- Increase in availability of 20 skilled jobs in a rural area. SBS will be upskilling as part of the project with more draftsman and additional skilled labour being brought into the process to meet demand.
- Availability of Apprenticeship roles going forward to ensure the business has a sustainable volume if a skilled workforce is needed to grow the business.
- The new site development and build will have a preferential policy for using local suppliers. This will generate multiple opportunities for other local businesses, creating and sustaining the local economy.
- The expansion of the premises will be the catalyst that SBS needs to ensure they not only keep their current market position, but allow them to realise their growth aspirations. As a growing employer in the local area, this growth will keep people in the area by offering secure jobs. Without this security, employers will look to move elsewhere for work.
- Bring in more visitors into Heckington/Sleaford area through increased customer visits and attracting new families for work.
- This project development will promote SBS as an engineering employer thriving in a rural environment.
- The project development will promote Lincolnshire as a key manufacturing hotspot, helping to change the misconception that Lincolnshire is focused solely on agriculture.

6. CONDITIONS IDENTIFIED WITHIN DUE DILIGENCE APPRAISAL

6.1 Sleaford Manufacturing Services Limited has requested a grant contribution of £298,072.31, and upon due diligence appraisal, this amount is recommended for approval from the Greater Lincolnshire Growth Fund. GLLEP Fees for due diligence and legal costs will be deducted accordingly. Details of state aid compliance have been confirmed by independent solicitors DWF Law who state that the level of grant proposed falls within the remit of GBER Article 29 (process innovation) and that the quantum and percentage of grant proposed are both fully compliant with the limitations of this exemption.

6.2 Conditions within the funding agreement are recommended to incorporate the following:

- i. An updated programme for delivery of the scheme to be provided, once planning permission for the extension works has been provided.
- ii. Confirmation that the scheme can be delivered as currently proposed and within the existing budget following grant and planning permission, should this necessitate any changes to be made to the scheme, which are not currently anticipated.
- iii. A copy of the planning decision notice to be provided when available.
- iv. SBS to confirm that in the event of costs being higher than anticipated or if there are any cost overruns during implementation of the works, that they intend to, and/or have the ability to meet any such cost overruns from their own resources.
- v. Monitoring of outputs to be undertaken as required.

7. RECOMMENDATION

- 7.1 That the Investment Board formally approves £298,072.31 of Greater Lincolnshire Growth Fund towards the Sleaford Building Services Limited Project and progression of the scheme to procurement and contracting stage.

GL LEP Investment Board

29 March 2019

Paper 3 - Growth Deal Programme Update

1. PAPER FOR DECISION

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

2. BACKGROUND

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

3. RISK MANAGEMENT

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

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

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

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

4. ANNUAL PROGRAMME REVIEW

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

5. PERFORMANCE MANAGEMENT

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

Projects showing red in any category

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

Projects showing Amber in any category

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

6. RECOMMENDATIONS

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

Growth Deal Dashboard

LEP Name Greater Lincolnshire LEP

This Quarter: Q3_1819



Deliverables Progress										
Housing	This Quarter		15-17	Financial Year						Total
				17-18	18-19	19-20	20-21	21-25		
Houses Completed	48		0	384	48	0	0	-	-	432
Forecast for year	65		-	384	65	634	1,342	1,456	-	3,881
Progress towards forecast	74%		-	100%	74%	0%	0%	-	-	11%
Jobs										
Jobs Created	256		0	218	257	0	0	-	-	475
Apprenticeships Created*	0		0	0	0	0	0	-	-	0
Jobs including Apprenticeships	256		0	218	257	0	0	-	-	475
Forecast for year	220		-	218	220	1,289	2,955	4,432	-	9,114
Progress towards forecast	116%		-	100%	117%	0%	0%	0%	-	5%
* Apprenticeships included within jobs totals prior to 2017										
Skills										
Area of new or improved floorspace (m2)	0		0	0	0	0	0	-	-	0
Forecast for year	928		-	0	928	3,000	7,039	0	-	10,967
Progress towards forecast	0%		-	-	0%	0%	0%	-	-	0%
Number of New Learners Assisted	826		0	378	826	0	0	-	-	1,204
Forecast for year	676		-	378	676	715	867	800	-	3,436
Progress towards forecast	122%		-	100%	122%	0%	0%	-	-	35%
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 Q2_1819	This Quarter Q3_1819	Project Name	Previous Quarter Q2_1819	This Quarter Q3_1819
Grantham Southern Relief Road	AR	A	South Humber Infrastructure Investment Program	A	A
Boston Quadrant Infrastructure Programme	A	A	-	-	-
Boole Technology Centre	G	G	-	-	-
Unlocking Rural Housing	G	AG	-	-	-
Bishop Burton College Lincolnshire Showground	AG	AG	-	-	-
Tentercroft Street Growth Corridor Phases 1 and 2	G	G	-	-	-
Lincoln Transport Hub	G	G	-	-	-
Go Skegness Sustainable Transport	G	AG	-	-	-
Access to Employment Zones Phase 1	A	G	-	-	-
Normanby Enterprise Park	A	A	-	-	-
Northern Roundabout Junction	N/A	N/A	-	-	-
South Humber Infrastructure Investment Program	A	A	-	-	-
Lincolnshire Lakes Lake 1	AR	AR	-	-	-
Agri-Food Centre of Excellence	N/A	N/A	-	-	-
Holbeach Peppermint Junction	AG	A	-	-	-
Scunthorpe Town Centre	N/A	G	-	-	-
A46-A15	N/A	N/A	-	-	-
Sleaford Growth Project	N/A	N/A	-	-	-
Sutterton Roundabout	G	G	-	-	-
Grantham Technology and innovation Centre	N/A	N/A	-	-	-
Gainsborough Growth	N/A	N/A	-	-	-
Skills Capital Investment Fund	AG	A	-	-	-
GL Centre of Medical Science	N/A	N/A	-	-	-
Advanced Engineering R and D Centre	N/A	N/A	-	-	-
Holbeach Food Enterprise Zone	AG	A	-	-	-
SLGF Balance	N/A	N/A	-	-	-
Hemswell Food Enterprise Zone	N/A	N/A	-	-	-
Europarc Food Enterprise Zone	N/A	N/A	-	-	-
Skegness Business Park	N/A	N/A	-	-	-
Access to Employment Zones Phase 2	N/A	N/A	-	-	-

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

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%	-100%	-100%	-100%	-100%

Commentary
Following the ability to re-profile the projects in September the Dashboard shows the programme more accurately. Spend is however still a challenge and I note that the LEP are still only at 5% of the year end spend target. Given the low spend position several actions have been taken.
- Letters were sent to Directors/Managers of uncontracted projects in December 2018 reminding them of the necessity to spend funding allocations by 31 March 2021, and the implications for the wider programme when forecast targets are annually not met. The projects were asked to submit the very latest forecasts for achievement of key milestones along with revised quarterly expenditure forecasts.
- Managers of contracted projects have also been written to reminding them of the importance to keep the LEP regularly informed of likely delays/risks and the potential for funding to be withdrawn if milestones are consistently not achieved and suitable explanations not given. Where these are identified and risks increased meetings will be held with these projects. Following Q3 submissions meetings have been arranged with SHIIP Phase 2, Holbeach SL Fez and the Skills capital programme.
- Two high risk uncontracted schemes (Skegness Gateway Project and Access to Employment Zones Phase 2) have been asked to review their schemes and come back to GLLEP by 31st January 2019 with deliverable proposals for consideration by the February Investment Board. These schemes amount to £6.1million in the programme allocation. Should the projects not be able to deliver the Board will look at the pipeline of schemes to assess whether there are other schemes that could deliver within the Growth deal timeframe.
There are some key projects with expected larger claims in quarter 4 of the financial year and 4 projects with spend forecast have only just been contracted. Positively many of these newly contracted schemes have been spending at risk and will therefore be submitting retrospective claims.
As detailed above I remain committed to working with the LEP to ensure the spend is maximised within the period. The programme is also beginning to see more outputs coming through and the LEP is on target to achieve its year end output targets. Both Jobs and skills have over achieved the 18/19 yearly target with Housing units at 74%.

Section 151 Officer Approved	
Name	Pete Moore
Signature	
Date	25/01/2019

Investment Board

29 March 2019

Paper 4 - Access to Employment Zones Phase 2a

Confidential (Purdah)

1. PAPER FOR DECISION

- 1.1 Board Directors are asked to review the due diligence appraisal for the Access to Employment Zones Phase 2a Scheme (Littlecoates Road/Cambridge Road) and to consider Officer recommendations with regard to the funding allocation and progression to contracting stage.

2. BACKGROUND

- 2.1 As explained within the 20th February 2019 Investment Board paper the Access to Employment Scheme was awarded a provisional allocation of £4.2m as part of the LEPs Growth Deal 1 agreement with government. Phase 1 of the scheme relating to the construction of a new signalised crossroads junction at Toll Bar on the A16 to the south of Grimsby, was contracted in July 2017. Phases 2a and 2b are uncontracted and Phase 2a forms the basis of this paper.
- 2.2 A full business case was requested by the Board for Littlecoates Road/Cambridge Road (Phase 2a) by the milestone date of 28th February and this has been achieved. Due diligence appraisal has been carried out on the documentation provided, and as per the Board recommendation an additional independent review has also been carried out by a highways expert on the deliverability of all three junctions.

3. DECISION MADE 20 FEBRUARY

- 3.1 Having reviewed all the information provided the Board remained concerned about the level of programme risk attached to delivery of this project and the following decision was made by the Investment Board at the 20th February Board meeting:

Firstly, the Board requested greater clarity on the milestone periods provided for all three junctions. They are currently broad, in particular in terms of construction. Specific start dates and completion dates were requested for monitoring purposes.

- 3.2 Toll Bar

Although Toll Bar is already contracted with GL LEP and aims to begin construction in July 2019, the concurrent delivery approach for the entire Access to Employment Zones scheme means that milestones for Phase 2 are dependent on timely delivery of Toll Bar by December 2019 as planned. Any slippage on Toll Bar will result in delays for the

Phase 2 junctions. For this reason, Toll Bar will be regarded as a High Risk Red RAG rated scheme within the programme with the following actions being applicable going forward:

- The scheme has been placed in quarterly special measures (review points with the Investment Board)
- If delivery against existing milestones is not demonstrated the LEP will look to withhold funding or clawback/withdraw funding in line with the grant funding agreement.
- It will now be subject to monthly meetings with LEP/accountable body teams

3.3 Littlecoates Road/Cambridge Road

The revised detailed design for Littlecoates Road/Cambridge Road will not be complete until autumn 2019, and a significant amount of consultation with Members, the public and stakeholders still needs to take place based on the programme gant chart provided. The LEP requested greater clarity on how further scheduled cabinet considerations might still impact delivery of the scheme.

The Board approved continued £1,802,109 Growth Deal support for the Littlecoates Road/Cambridge Road element of the project provided that the full business case and supporting evidence was submitted to GLLEP for due diligence appraisal by 28 February 2019. An independent review by a highways expert was requested in relation to deliverability of all three junctions to help inform the due diligence appraisal process.

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

If the scheme progresses, the board will expect the utility engagement milestone period to be evidenced and to be provided with reassurance that if diversions are required, the scheme remains deliverable by 31 March 2021.

In addition, detailed design must be completed and submitted to the LEP for review by 9 September 2019 for continued grant support.

All remaining milestones will remain closely monitored throughout 2019/20; in particular implications of any further cabinet, stakeholder and public engagements and of course progress against Toll Bar delivery.

3.4 Nuns Corner

Should the due diligence appraisal be submitted on time for Littlecoates Road/Cambridge Road and proceed to contracting by the end of April, the Board gave approval for a continued provisional

allocation of £504,375 for the Nuns Corner junction. This allocation will however also be dependent on the business case and supporting evidence being submitted for due diligence appraisal by 30 April 2019, the advice given by the highways expert in terms of deliverability, and detailed design milestones being achieved.

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

The LEP will continue to review progress against both Toll Bar and the Littlecoates Road/Cambridge Road scheme to understand potential implications for deliverability impacts on the Nuns corner scheme. The LEP will also closely monitor progress against all the milestones identified, in particular implications of any further cabinet, stakeholder and public engagements.

Formal funding agreements on either junction will not be finalised until all political and public consultations have been concluded.

4. THE PROJECT

4.1 Littlecoates Road/Cambridge Road

The Littlecoates Road/Cambridge Road improvement scheme junction is situated in western Grimsby. It lies immediately to the north of the A46, which has been identified by Midlands Connect as an important, pan-regional route connecting the West Midlands with the Humber Ports. The tailbacks generated by the Littlecoates/Cambridge Road mini roundabout are so significant that they affect the roundabout operation at A46 Bradley Crossroads.

4.2 This scheme will remove a well-known pinch point from North East Lincolnshire's highway network providing a new, full sized roundabout to replace the existing, substantially congested mini roundabout. The new roundabout will have spare capacity in its design, so will also partially future-proof this corridor for new traffic. It will assist in the delivery of new housing sites, including 400 new homes at the former Western School site on Cambridge Road, Grimsby and improve traffic flow to existing employment sites.

4.3 North East Lincolnshire Council will work closely with their regeneration partners ENGIE in order to design, manage, procure and deliver the scheme.

4.4 The proposals have been subject to an extensive option appraisal process and engagement with adjoining landowners to identify the preferred location/alignment for the new roundabout and to ensure the final scheme design met the needs of all road users. Homes England will provide funding for the 4th arm of the roundabout in order to provide access to the development site. The housing site will be delivered by a private sector developer, who will be appointed in

late 2019 to deliver a wider package of Council owned sites, and will therefore be a key delivery partner in regards to housing delivery.

- 4.5 Subject to LEP funding approval, the scheme will undergo a detailed design process in line with the existing North East Lincolnshire Council Cabinet decision from January 2017. Construction on site was scheduled to commence in December 2019 but recent discussions on Toll Bar completion indicate this is more likely to be February 2020.
- 4.6 NELC is requesting a Growth Deal contribution of £1,802,109 towards an overall Phase 2a cost of £2,003,008 (88.64%).

5. STRATEGIC IMPACT

- 5.1 This project forms part of the B1444, which is the signposted diversion route for Cleethorpes in the event of roadworks or closures on the A180. It is therefore considered to provide a strategic benefit to the visitor economy by providing access improvements to one of Greater Lincolnshire's best known tourist destinations.
- 5.2 Littlecoates Road is an important link road for commuters between housing areas to the south and employment opportunities to the north on the South Humber Bank. It will help to indirectly support delivery of strategic renewable energy sites on the South Humber Bank and make them more attractive to potential employees.
- 5.3 The need for new housing is fully supported by this scheme. In addition to providing a new access into a proposed 400 dwelling development site, releasing early phases of housing, it will assist in the delivery of other housing sites slightly further away, creating vital highway capacity in a location which is currently restrictive to growth.

6. PROJECT MILESTONES

- 6.1 Milestones for delivery of this phase of work were provided to the 20th February 2019 Investment Board and it was agreed that given the importance of achieving Growth Deal Programme expenditure targets by 31 March 2021 these milestones should be set as firm deadlines for delivery.

- 6.2 These milestones were as follows:

Detailed Design	11 March 2019 - 9 September 2019
Creation of PM documents & processes	11 March 2019 - 1 April 2019
Consultation with affected Ward Members (intermittent)	25 March 2019 - 9 September 2019
Engagement with Utility companies for any required diversions	20 May 2019 - 15 July 2019

Consultation with public and stakeholders (intermittent)	8 April 2019 - 18 November 2019
Tender Period	7 October 2019 - 28 October 2019
Tender review and contract award	4 November 2019
Mobilisation Period	11 November 2019 - March 2020
Phase 1 Construction	2 December 2019 - March 2020
Phase 2 Construction	March 2020
Phase 3 Construction	March 2020 - April 2020
Phase 4 Works	May 2020
Completion	June 2020

6.3 The business case submitted for due diligence appraisal already suggests potential slippage to these milestones, hence the Board will need to consider if these proposed forecast changes are permissible. Key changes now being identified are:

- Detailed design - starting April subject 2019, to final funding award from GL LEP (was 11 March).
- Procurement process to commence in November 2019 and in January 2020 (was 7 October 2019), procurement contracts awarded January 2020 (was 4 November 2019).

6.4 The highways expert consulted was clear that the milestones provided by NELC have omitted consideration of timescales for key elements of delivery such as the statutory undertakers. The programme so far has not been designed around them to mitigate the risk of delay, even though they will be crucial to successful delivery. Indeed the expert stated that the programme appeared 'tight'.

7. PROJECT OUTPUTS

7.1 Outputs attributable to the scheme are as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years	Total
Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)		230,899					230,899
Private Sector Investment Leveraged (£)							
Number of new Jobs Created (gross)	0						
Number of new housing units completed	25	100	252	126	367	0	870
Outcomes							
Construction jobs created	15	19					34
Indirect housing unlocked					102	3,143	3,245

8. RISKS

8.1 Due diligence has identified the following risks in relation to this project.

Risk	Likelihood Low/Medium /High	Overall Impact Low /Medium /High	Mitigation	To be a condition of funding? Y/N
Match funding from Homes England is not secured	Low	Medium	NELC have confirmed that in the event funding is not secured the Council will fund the shortfall from reserves.	Written confirmation to be provided from NELC.
Detailed design results in cost increase	Medium	High	Contingency provision contained within costings and NELC to be required to confirm they will fund any cost increases	Written confirmation required from the Council.
Cabinet approvals not secured.	Medium	High	NELC to provide written confirmation of outstanding cabinet approvals required and timescales for securing.	Yes, written confirmation required.
Programme delays	Medium	Medium	An updated programme to be provided once the scheme has completed the competitive tender process.	Yes. Updated programme required.

9. COSTS

9.1 NELC are seeking £1,802,109 from GL LEP which equates to 88.64% of total project costs at £2,033,008. Match funding totals £230,899 of which Homes England are yet to approve £80,000 as part of their Homes England Accelerated Construction Programme (to be confirmed this month) and NELC would find the balance of £150,899 from their capital programme. NELC have confirmed that in the event that Homes England funding is not approved as anticipated, the

Council have the funds to make up the balance of required match funding from the Council's own reserves.

10. CONDITIONS IDENTIFIED AT DUE DILIGENCE APPRAISAL

- 9.1 The Due Diligence Assessment has identified a number of conditions that are required to be satisfied as part of any LGF approval and these are detailed below:

Pre-contract conditions

- Written confirmation of match funding being secured whether this is from Homes England or through the Council's own reserves.
- Written confirmation that the Council will meet any cost increases incurred on the scheme and have the reserves to do so.
- The programme and process for completing all required consultations and securing necessary Cabinet approvals to be confirmed prior to the scheme being able to proceed.
- All necessary Cabinet approvals to be in place as a condition of funding.

Pre-drawdown conditions

- A copy of the report on tenders and lowest tender to be provided for the scheme once the procurement process has completed.
- An updated programme for delivery of the scheme to be provided once a contractor has been appointed.

Post-contract and completion of the works

- Six monthly updates to be provided to GL LEP in relation to delivery of the respective housing developments that provide outputs for the GL LEP LGF funding - post-contract and completion of the works.

11. TOLL BAR PROGRESS

- 10.1 As per the Board decision in February 2019 Toll Bar (Phase 1) is classed as a high risk project and monthly meetings have been scheduled between GL LEP and NELC to review progress. The first of these was held on 20 March 2019.
- 10.2 Tenders have been received from six contractors via the main highways framework. A preferred contractor is yet to be announced.
- 10.3 Statutory undertakers are currently being engaged with refreshed quotes received from two and estimates from the other two. One diversion is possibly no longer required. Some further trial pits will be carried out throughout May.
- 10.4 The scheme is currently looking like it may be over budget, but should this be the case NELC will cover any additional costs either via

the contingency element, via additional Section 106 contributions, through value engineering or ultimately via their capital programme.

- 10.5 Construction is still scheduled to begin on site in July 2019 however the completion date has slipped slightly to mid-end of January 2020.

12. RECOMMENDATION

- 11.1 LEP Officers have considered progress made by the recipients in progressing Phase 1 and Phase 2a and would like to make the following recommendation to the Board:

11.2 Phase 2a - Littlecoates Road/Cambridge Road

That the Board approves £1,802,109 Growth Deal support for the Littlecoates Road/Cambridge Road element of the project, provided that the conditions identified within the due diligence appraisal can all be satisfied.

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

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

The construction on site is now likely to begin in February 2020 hence we assume the scheme will not complete until July 2020. This would still allow NELC a reasonable amount of time to manage any further unforeseen delays and still meet the March 2021 Growth Deal Programme deadline.

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

Phase 2b - Nuns Corner

Any slippage on either the Toll Bar or Littlecoates Road/Cambridge Road junctions has an automatic effect on the timing for the Nuns Corner scheme due to the concurrent delivery proposed.

The advice from the independent highways expert is that the overall programme is very tight even if all milestone dates provided in early February could be achieved and the costs estimates seem low.

For this reason the Board asks that the £504,375 allocation be returned to the wider Growth Deal Programme and Phase 2b of Access to Employment Zones should be returned to the GL LEP Pipeline. Projects on the pipeline will be asked to submit full business cases should further LEP funding opportunities become available.



Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

In Respect of

Single Local Growth Fund

For

Littlecoates Road/Cambridge Road, Grimsby

21st March 2019

Paper 3.1

Confidential (Purdah)

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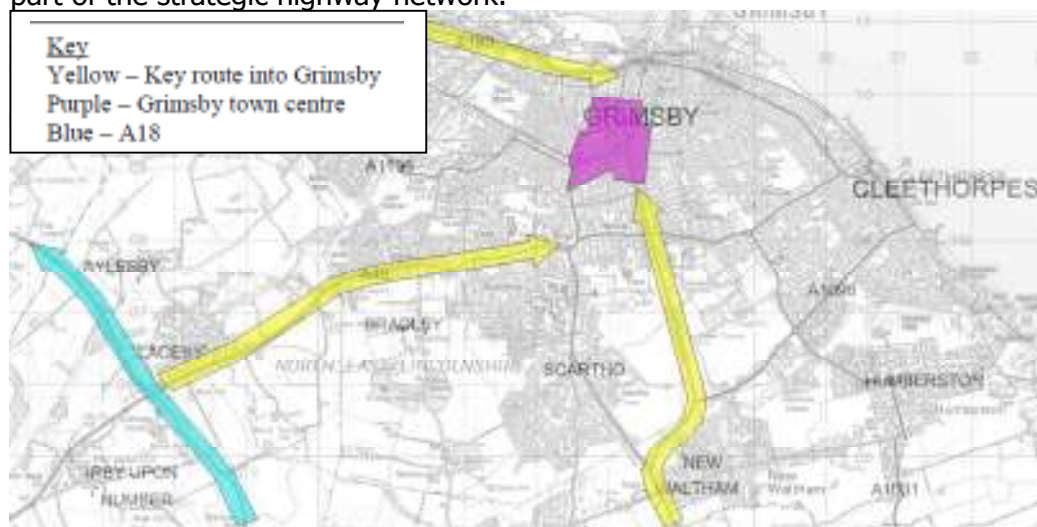
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APPENDICES

I	BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
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1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 A Detailed Business Case has been submitted by North East Lincolnshire Council (NELC) seeking Local Growth Fund (LGF) from GL LEP of £1,802,109 to contribute towards upgrading an existing mini-roundabout at Littlecoates Road/Cambridge Road, which is an existing pinch point within the highway network. LGF is sought to facilitate upgrading the existing roundabout to a full sized roundabout with two lane entries from the adjoining main roads and a two lane circulatory area. Increasing the size of the roundabout will assist in alleviating congestion and creating additional capacity within the highway network unlocking a number of housing sites and improving access to employment sites in the locality also.
- 1.2 The works in addition to the provision of a fourth arm to the roundabout and road widening, also include new signs, motorway communications and lighting, along with cost provided to statutory undertakers, design fees and project management fees. There will also have to be various road closures and temporary diversions while works are undertaken to this roundabout, which will be progressed at a time when funding has been secured and detailed design enables a programme to be crystallised. All of these costs are included within a total works cost estimated at £2,033,008.
- 1.3 The works to the roundabout proposed as part of this application are also stated to result in unlocking the delivery of six residential sites with 870 units attributable directly to the LGF sought as part of this application.
- 1.4 The congestion issues on the highway network affect the capacity of the A46 and the A1136. By increasing the size of the existing three arm mini-roundabout junction to a full sized four arm roundabout, this will enable a primary point of access to be constructed into a proposed development site, unlocking the growth potential for 400 dwellings at the former Western School in Grimsby. The site already has Outline Planning Consent as part of a Local Development Order and is in the ownership of NELC. It is this scheme for which Accelerated Construction Funding Programme monies has been secured from Homes England.
- 1.5 The plan below has been provided by NELC and shows how the Littlecoates Road/Cambridge Road junction interacts with the various other key junctions forming part of the strategic highway network.



- 1.6 The final purpose of the junction is also to operate as part of the sign-posted diversion re-route for access to Cleethorpes, in the event of closures on the A180. This adds to the regional significance of this junction, providing sustained access to various tourist destinations within the district.
- 1.7 As referred, the subject scheme forms one of three priority junctions located to the south and west of Grimsby town centre, being the subject site, Nuns Corner and Toll Bar, all of which comprise three key highway routes with Grimsby being the terminus point for the A180, A46 and A16.
- 1.8 This strategic highway network provides access to markets, employment and through significantly increasing capacity and reducing congestion, has been identified as having the potential to unlock major housing and employment growth, as well as assisting to establish Grimsby town centre as a significant sub-regional retail and office centre. The port of Grimsby is also a major focus for the off-shore wind sector.
- 1.9 Toll Bar has already been approved by GL LEP; however at this time is not yet in delivery with Nuns Corner due to be submitted to the GL LEP for due diligence consideration (Phase 2b) in April 2019 and Toll Bar already contracted with GL LEP and due to commence construction in July 2019.
- 1.10 We have further been made aware that the GL LEP Board has requested greater clarity on the milestone periods provided for all three junctions, given their critical independence.
- 1.11 In order to provide reassurance to the Board that the junction schemes can be completed in accordance with the programme provided by NELC, GL LEP has consulted an independent transport expert to review all three schemes and to report back in terms of realism and capability for the delivery of these projects in accordance with highways requirements, associated estimated costs and programme for delivery.
- 1.12 We have been provided with a copy of the results of the review undertaken by the highways expert and this is contained within Section 7 of this report.
- 1.13 It is also noted that collectively the three junction schemes overlap in terms of sites being unlocked for housing delivery. Outputs generated by these schemes are therefore required to be apportioned between the various junctions.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 NELC are seeking £1,802,109 from GL LEP which equates to 88.64% of total project costs at £2,033,008.
- 2.2 NELC have stated that their match funding to the project is £230,899.
- 2.3 NELC have also referred to Homes England Accelerated Construction Programme Funding being secured and upon request have clarified that the funding sought under this programme from Homes England is £80,000 and is due to be confirmed by Homes England in March 2019.

- 2.4 This leaves a balance of funding of £150,899 from the Council. NELC have confirmed that in the event that Homes England funding is not approved as anticipated, the Council have the funds to make up the balance of required match funding from the Council's own reserves.
- 2.5 It is therefore recommended that as a condition of this funding, that NELC confirm in writing to GL LEP that in the event that Homes England funding is not secured that the Council have sufficient funds in their reserves to be able to meet the match funding shortfall.

3.0 KEY ISSUES

- 3.1 The following clarifications were raised with NELC in respect of information contained within the Business Case:

- i. The amount and status of the Homes England Accelerated Construction Programme Funding which was referred to but limited information provided. This information has been provided and has been addressed in Section 2 above.
- ii. The Business Case states that the works facilitated by the LGF funding sought from GL LEP, will not only address capacity issues but also future proof the junction with space capacity being provided through the scheme.

However, the Business Cases application also states that the GL LEP LGF funding will address historic capacity issues, with developer contributions mitigating future calls on capacity. Clarification was requested and the response a little ambiguous in that the statement was made that the LGF funding will address historic capacity issues and provide some additional headroom in capacity terms. However, it is unlikely that the LGF will fully future proof the junction and therefore there may be further upgrades to the capacity of the roundabout junction at some future point in time. Further works would be funded via Section 106 contributions should the opportunity arise to secure these.

It is recommended therefore that this query is raised with the transport expert undertaking the review of the Council's scheme in order to obtain an independent professional opinion in this regard.

- iii. Clarification was sought in relation to where the new jobs generated will arise from. No response has been provided in respect of this query and new jobs created have therefore been excluded and replaced with construction jobs created.
- iv. An explanatory note was provided by NELC which provided a breakdown of the 870 new dwellings that are outputs directly attributable to the junction works for which LGF is sought. The Business Case document however states that 4,115 dwellings will be delivered through the LGF funding.

The response provided from NELC has stated that the junction improvement works will unlock 870 dwellings over the 5 years from 2019 to 2024; however there is a total capacity of new housing delivery beyond 2024 which equates to 4,115 dwellings.

The assessment undertaken within this report has not accepted that 4,115 will be directly unlocked through the LGF funding in the subject scheme; however as part of providing capacity within the existing highway network along with the other junction improvements referred is accepted as being part of a package of work that will assist in unlocking housing and the balance of housing number are therefore indirect residential outputs arising from this scheme.

- v. A programme for delivery for the scheme and any dependency on completion of the Toll Bar junction and Nuns Corner are required. An updated programme has been sent via the Council's consultants, ENGIE and will be reviewed in conjunction with the works being undertaken by the transport consultant.
- vi. The GL LEP Board have raised concerns in respect of the deliverability of Phase 2 of the Access to Employment Zones scheme given the very protracted cabinet approval process within NELC, which resulted in significant delay to Toll Bar (Phase 1) coming forward for delivery. The GL LEP Board have made it very clear that GL LEP will not contract this project (should it be approved) until all of NELC's approvals are in place. The reason for this being that should the project programme slip further, there is a risk that it could not be delivered by the end of the current Growth Deal Programme of March 2021, resulting in an underspend on GL LEP's programme.

The milestones set out by the GL LEP Board for this project are detailed in Section 11 of this report.

- 3.2 No further issues have been identified at this time with all other matters considered within this Due Diligence.

4.0 STRATEGIC FIT

- 4.1 The project has been identified to support the following strategies:

- i. GL LEP's 2016 refreshed Strategic Economic Plan (SEP). The project supports the five priorities for growth within the SEP, being the ability to drive the growth of the areas defining and strongest sectors – this is supported through benefits provided to the currently congested highway network in terms of unlocking opportunities to grow the visitor economy by providing access improvements to Greater Lincolnshire's various tourist destinations.
- ii. The project also supports growth of other specific opportunities including logistics through improving an existing important link road for commuters between housing areas to the south and employment opportunities to the north.

- iii. The project also supports the sustainable growth through improved transport infrastructure and enhanced connectivity with national and international markets.
- iv. Finally, the scheme will support the delivery of new housing and economic development through unlocking new housing and enabling economic activity to be sustained through the improvements to the strategic highway network.
- v. The scheme also supports NELC's planning, regeneration, employment and housing strategies through sustaining existing activity from addressing congestion issues within the existing highway network and facilitating new development through the additional capacity that will be created by the subject scheme.

5.0 MARKET ASSESSMENT

- 5.1 A Market Assessment in the traditional sense has not been undertaken; however a need for the project in context with the respective markets that it will potentially support and enable growth within has been established within the Detailed Business Case.
- 5.2 Grimsby is identified as the terminus point for three key highway routes – the A180, A46 and A16 which are all vital in providing access to employment markets and in unlocking the areas potential for housing growth.
- 5.3 Grimsby town centre is also identified as a significant sub-regional retail and office location along with its port, which is a major focus for the offshore wind sector.
- 5.4 North East Lincolnshire has recorded according to the 2011 census data over 25,000 daily commuter trips and key routes into the centre of Grimsby are now outdated and constrained in terms of capacity, requiring both modernisation and upgrades in order to accommodate predicted growth under the local plan period to 2032.
- 5.5 The subject scheme being on the B1444 lies directly to the north of the A46 junction at Bradley crossroads. Therefore the works proposed at this junction will have a direct impact on the capacity within the A46 and the ability to release a number of housing sites as detailed later within this report.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A full Development Appraisal has not been prepared for the highway works; however a breakdown of costs has been provided in this regard.
- 6.2 The breakdown of works and associated costs is shown below:

Preliminaries	-	£128,800
Roadworks general	-	£343,476
Main carriageway	-	£569,743
Signs, motorway communications and lighting	-	£138,146
Structures/sub-structures	-	£ 9,924

Statutory undertaker	-	£381,500
Contingency (10% of works costs)	-	£157,159
Design fees @ 12%	-	£207,450
Project management @ 5%	-	£ 96,810

It is confirmed that construction estimates have been prepared by the design team with substantial experience in delivery similar projects in the UK.

It is therefore recommended as a condition of this funding that once the scheme has been fully designed and tendered through a multi-supplier EU compliant highways framework, a copy of the lowest tender is provided along with a report on tenders.

In the event that costs are higher than anticipated, as a condition of funding, NELC are to provide written confirmation that the Council has the reserves to be able to meet any increase in costs or cost overruns associated with this project.

6.3 As referred earlier within this report, an assessment of the scheme is being undertaken by a highways expert and the findings of their Due Diligence is summarised below:

- The safety audit has brought up a high number of issues and some that are significant, it should therefore be requested that NELC demonstrate where they are with satisfying these as if they need to change the design then this could have a time and cost impact.
- The cost estimates seem low. It is not considered sufficient for a project of this size to have risk estimate by applying a 10% factor, it would be expected that a Monte Carlo risk assessment with specific values associated to it would be produced. This will then provide a range of risk to apply which will reduce as the project progresses.
- Again at this stage of the project it would be expected to see some accurate fees rather than a 10%. If there is a programme then surely NELC know how much time and what resources are required. Supervision fees are also missing.
- No costs are identified that are associated to utility diversion fees
- It's difficult to assess the appropriate times of the programme without seeing what the phases relate to on site, however the planning of the works generally have sound logic. The programme looks very tight and there doesn't appear to be much float. I suspect there will be little to no space to 'win' any time back should a delay occur.
- It's good to see the lead in times for the utilities; however it would be expected to see their involvement identified within specific processes on site rather than just a bar for each. As the statutory undertakers appear to be crucial to the successful delivery, it would be expected to see the programme designed around them, essentially adapt the things they do control around those areas they don't to mitigate the risk of delay. If they don't get the statutory undertakers co-ordinated with a programme as tight as this, they'll have no chance.
- The significant risk here is that the majority of the works are planned in the winter, specifically the surfacing is planned in December. If it's too cold then they can't lay or it will just peel straight up within months.
- The signal installation is included, but it would be expected for there to be an allocation of time for testing and implementing them.

7.0 DELIVERABILITY AND PROGRAMME

- 7.1 With regards to delivery of the project in accordance with the funding sought and programme put forward by NELC, we have relied upon information provided by the transport consultant and confirm details as follows:
- The programme is too optimistic, NELC need to reconsider utility management very carefully and also consider impacts on programme from constructing the scheme in the winter months.
- 7.2 Other issues relate to refinement of scheme information, costings and fees, and further political engagement that are all required to be fully addressed prior to any funding contract with GL LEP being entered in to.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 The Detailed Business Case application confirms that the works proposed to be funded by LGF are part of the existing local highways and as such constitute works to be undertaken to public highways that will be adopted upon completion and as such will be freely open for all to use on a non-selective basis. Therefore as the works form part of the public highways network, there is no infringement of State Aid regulations under Article 56. In terms of the Western School site, NELC are owners of this site and therefore will benefit from the improved access to the school site enabling this to be brought forward for residential development.
- 8.2 However as the Council are likely to dispose of the school at market value, whilst they will be beneficiaries of the uplift in land value generated, as a public authority they are entitled to invest in infrastructure which furthers the Council's delivery of its own economic objectives for the general wellbeing of its communities.
- 8.3 As the developer of the site will be acquiring the Western School site at market value, reflecting the improved access position, there is no State Aid in this regard.
- 8.4 Therefore based upon the information provided, we are not aware of any State Aid infringement however this will be subject to verification by LCC's internal legal team.

9.0 PROCUREMENT

- 9.1 As referred earlier within this report, ENGIE are the Council's outsourced regeneration partner and highway agent in relation to this project and were appointed following a wholly OJEU compliant tender process in 2009.
- 9.2 ENGIE will therefore be responsible for tendering and commissioning the highways scheme utilising the EU compliant highways framework. All contractors on the framework have completed a full EU tender process and the procurement of the scheme is therefore considered to be in accordance with Public Contract Regulations 2015 and the 2014 EU Procurement Directives.

10.0 OUTPUTS AND VALUE FOR MONEY

10.1 The outputs that are appraised as being attributable to the LGF investment sought are identified in the table below:

	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years	Total
Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)		230,899					230,899
Private Sector Investment Leveraged (£)							
Number of new Jobs Created (gross)	0						
Number of new housing units completed	25	100	252	126	367	0	870
Others (please list)							
Construction jobs created	15	19					34
Indirect housing unlocked					102	3,143	3,245

10.2 The residential housing sites that are stated as being directly unlocked by the works proposed at Littlecoates Road/Cambridge Road are summarised below as follows:

- Land at former Western School site (HOU128) – 100 units (note balance of 300 units linked with Homes England/Accelerated Construction grant, recently contracted)
- Land at Blyth Way, Laceby (HOU 68A) – 100 units (no grant funding associated)
- Land of Fieldhead Road, Laceby (HOU75A) – 152 units (no grant funding associated)
- Land w of Bradley Road, Waltham (HOU 292) – 66 units (no grant funding associated)
- Land at Winchester Ave, Grimsby (HOU 308) – 60 units (no grant funding associated)
- Grimsby West Urban Extension (HOU 342) – 392 units (note future Housing Infrastructure Fund bid likely in relation to this site but these units - just under 12% of the quantum proposed - will be netted off any future submission to Homes England to avoid double counting).

10.3 The assessment of value for money in relation to the above outputs is as follows:

- Public Investment Leveraged is a ratio of 7.8:1. It is noted that public sector leverage is low in comparison to the LGF funding; however as all funding into this scheme is public investment, there are no real value for money issues, particularly as this is investment in public highways. The private sector does tend to contribute to, but not be responsible for delivery of infrastructure as this does not generate any financial return unless this can be carried by a viable development project.
- Number of new housing units completed at 810 is £2,071 per unit, which is excellent value for money.

- Construction jobs generated at £53,000 per job, which is poor value for money; however this is an ancillary output as opposed to a core output generated by this project.
- Number of housing units indirectly unlocked by this scheme is at £550 per unit which is excellent value for money; although there are likely to be a number of measures that directly impact on the ability for housing to be delivered.

10.4 It is also noted that there are other outputs that are generated by this scheme, including the ability to reduce congestion issues, improvements to air quality and provision of other significant benefits as part of the package of infrastructure works that will support sustained growth of Grimsby and the wider Greater Lincolnshire area and its connectivity.

10.5 It is hereby recommended as a condition of this funding that the Council provide 6 monthly updates to GL LEP on the delivery of the above housing sites as part of output monitoring and report any delay with delivery of the schemes beyond 2023/24.

11.0 MILESTONES

11.1 The programme for delivery for this scheme was provided by NELC to the Investment Board on 20th February 2019 and was agreed as follows:

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

11.2 The Business Case submission dated 28th February indicates some proposed changes from NELC to the milestone dates agreed with the Investment Board:

- Initial scheme design – completed in December 2018.
- Next stage feasibility – completed in December 2018.

- Detailed design – starting April 2019, subject to final funding award from GL LEP
- Planning permission – not required.
- Match funding secured – NELC have confirmed that their own funding is secured and that Homes England funding is in the final stages of approval. As referred earlier, written confirmation to be provided in relation to the Council and Homes England funding when finally approved.
- Procurement process to commence in November 2019 and complete in January 2019.
- Procurement contracts awarded January 2019.
- Completion of the works – 31st May 2020.

11.3 The above milestones are largely in accordance with those agreed by Investment Board in February 2019. The milestones provided by NELC do not incorporate any tasks or associated timescales for consultations and as this is a key factor within the NELC approval process requires to be clarified by NELC in terms of current programme.

11.4 Furthermore, the review provided by the Highways Consultant has considered that the programme is optimistic, given that the works are due to commence over the winter months and will be affected by adverse weather conditions.

11.5 The above milestones therefore need to be reviewed in light of the highway consultant's comments and confirmed in writing by NELC, to include all required consultation and cabinet approvals required from the Council prior to works being able to commence.

12.0 RISK ASSESSMENT

12.1 The risk assessment for the project is shown in the table below:

Risk	Likelihood Low/Medium /High	Overall Impact Low /Medium /High	Mitigation	To be a condition of funding? Y/N
Match funding from Homes England is not secured	Low	Medium	NELC have confirmed that in the event funding is not secured the Council will fund the shortfall from reserves.	Written confirmation to be provided from NELC.
Detailed design results in cost increase	Medium	High	Contingency provision contained within costings and NELC to be required to confirm they will fund any cost increases	Written confirmation required from the Council.
Cabinet approvals not secured.	Medium	High	NELC to provide written confirmation of outstanding cabinet approvals required and timescales for securing.	Yes, written confirmation required.

Programme delays	Medium	Medium	An updated programme to be provided once the scheme has completed the competitive tender process.	Yes. Updated programme required.
Housing schemes fail to come forward despite infrastructure works being completed	Medium	High	Individual schemes to be monitored by NELC.	Yes. GL LEP required to be updated accordingly.

13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

13.1 The Due Diligence Assessment has identified a number of conditions that are required to be satisfied as part of any LGF approval and these are detailed below, along with whether they should be a pre-contract or pre-drawdown condition:

- i. Written confirmation of match funding being secured whether this is from Homes England or through the Council's own reserves – pre-contract condition.
- ii. Written confirmation that the Council will meet any cost increases incurred on the scheme and have the reserves to do so – pre-contract condition.
- iii. The programme and process for completing all required consultations and securing Cabinet approvals necessary and prior to the scheme being able to proceed to be confirmed – pre-contract condition.
- iv. All necessary Cabinet approvals to be in place as a condition of funding – pre-contract condition.
- v. A copy of the report on tenders and lowest tender to be provided for the scheme once the procurement process has completed – pre-drawdown condition.
- vi. An updated programme for delivery of the scheme to be provided once a contractor has been appointed – pre-drawdown condition.
- vii. Six monthly updates to be provided to GL LEP in relation to delivery of the respective housing developments that provide outputs for the GL LEP LGF funding – post-contract and completion of the works.

14.0 CONCLUSIONS

14.1 The existing mini-roundabout at Littlecoates Road/Cambridge Road has been identified as one of three priority junctions within Grimsby that collectively have the ability to address significant congestion issues within the town and unlock a number of housing sites, providing significant improvements to access and connectivity to a number of employment sites.

- 14.2 The overall impact may also assist with the sustainable growth of the tourism sector in providing a much improved means of access and egress to key tourism destinations and significantly enhance the perception of the area as being a quality environment in which to live, work and visit.
- 14.3 Our Due Diligence Report has also incorporated the findings of the transport expert and their conclusions are summarised as follows:
- Costs may be too low and require to be reviewed.
 - Programme for delivery is considered to be optimistic and requires to be reviewed.

15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that GL LEP LGF funding of £1,802,109 be approved for this project subject to the conditions in Section 13 above being satisfied.

Produced by:



Date: 21st March 2019

Rachel Lister BSc (Hons) MRICS

Thomas Lister Limited
11 The Courtyard
Buntsford Gate
Bromsgrove
B60 3DJ

Investment Board

29 March 2019

Paper 5 - Skegness Gateway Project

Confidential (Purdah)

1. PAPER FOR DECISION

- 1.1 Board Directors reviewed the latest submission for the Skegness Gateway Scheme on the 20 February and provided a deadline for achievement of key milestones. Applicants for the scheme have asked the Board for an extension to one of the milestones based on explanations within this paper.

2. BACKGROUND

- 2.1 Having reviewed all the information provided the Board remained concerned about the level of programme risk attached to delivery of this project and the following decision was made by the Investment Board at the 20th February Board meeting:

- 2.2 Phase 1

Even though the Phase 1 of the scheme has not achieved a number of milestones since last January, the Board remained mindful that the site could accommodate an interested investor by Spring 2020 and that it remains the only allocated employment site for Skegness in the East Lindsey Local Plan. The Phase 1 scheme could potentially be deliverable by April 2020, providing all the key milestones identified are achieved, though the level of risk surrounding the land acquisition and utilities makes this scenario very difficult.

Pending greater clarification on the relationship between Phases 1 and 2 within the emerging Heads of Terms with Croftmarsh and whether revenue receipts from phase one are no longer considered a part of Phase 2, the Board approved continued £1,279,000 growth deal support for the Phase 1 element of the project provided that the land valuation negotiation with Croftmarsh was completed and evidenced in writing by 8 March 2019, HOTS were agreed, signed and evidenced by 15 March 2019, and subsequently land acquisition was fully secured including signed legal documentation by 10 May 2019.

Should any of these milestones not be achieved the full £4m provisional allocation will be returned to the wider Growth Deal Programme, and both Phases 1 and 2 of the Skegness Gateway Project would be returned to the GL LEP Pipeline.

- 2.3 Phase 2

Approval was given for the applicants to provide detailed milestone information and a revised full business case on the Phase 2 element

of the scheme by the 31 March 2019 for LEP review. Should this milestone not be achieved the £2,721,000 provisionally allocated to Phase 2 will be returned to the Growth Deal Programme, and the Phase 2 element of the project will be returned to the GL LEP Pipeline as of immediate effect. If however the applicants do not achieve any of the milestones cited above for Phase 1 the entire project will be returned to pipeline regardless, and the £4m allocation will be returned to the growth deal programme.

2.4 In addition to the above the project remains a high risk scheme with a red RAG rating, therefore the following actions were confirmed going forward:

- The scheme will be placed in quarterly special measures (review points with the Investment Board)
- It will now be subject to monthly meetings with LEP/accountable body teams
- If delivery against milestones is not demonstrated the LEP will look to withdraw its allocation
- A full update on progress will be provided to the 29 March GL LEP Investment Board

3. REASON FOR EXTENSION

3.1 Positive progress is being made in land negotiations with Croftmarsh with an initial offer being considered for Phase 1, however LCC are unable to meet the 8th March deadline due to the need for additional state aid advice now being required. This is due to a potential state aid risk that arises from the proposed construction of the 200m section of new road that is required to service the site. As this road runs alongside the outer edge of the plot LCC are looking to purchase, it is also adjacent to land that will remain in ownership of Croftmarsh, and LCC Legal Services want to have a further impartial confirmation that this will not create a state aid issue.

3.2 LCC Legal Services are currently commissioning this advice and have advised that this additional piece of work will take approximately two weeks to complete. As such the applicants have formally requested an extension as per the timescales set out below to enable them to obtain this advice and return to negotiations from a revised legal position.

3.3 LEP Officers asked why the potential state aid risk arising from the proposed construction of the 200m section of new road that is required to service the site was not identified sooner, given that an external state aid report was already commissioned a year ago. It was explained that Legal Services Lincolnshire (LSL) were not engaged until late January 2019 for their assistance in drafting documentation to start land negotiations with Croftmarsh. LSL pointed out that in their opinion State Aid would be an issue due to the 200 metres section of the Hassell Road extension being paid for out of the public purse, and with no contribution to the land south of this road, as it

stood at that time, coming from Croftmarsh. It was agreed on 7th March to get an updated professional opinion on the proposed mitigating factors and subsequent approval and sign off from LSL.

- 3.4 There are two potential solutions that have been shared with LSL to address the state aid matter. Solution 1 is to have, as part of the land purchase agreement, a contribution from land sales south of the 200m road as and when Croftmarsh sell their land, as this would then contribute towards the infrastructure costs. (Preferred option) Solution 2 is for LCC to purchase the land south of the road and to finish the road up to its land ownership which might be 170m instead of 200m (these discussions are fluid at present).
- 3.5 LEP Officers requested more clarity on what negotiations from a revised legal position will be required over the requested extension period to 30th April for evidence and signatures on this agreement. LCC responded that assuming the new professional state aid opinion is in favour of the options above, then they can proceed straight back with land purchase negotiations with Croftmarsh.

4. THE REQUEST (PHASE 1)

- 4.1 As can be seen in the milestone table this would result in around a month's delay to the overall programme for Phase 1 provided in February; the land valuation negotiation with Croftmarsh being completed and evidenced in writing by 30th April 2019, HOTs signed and evidenced by 10th May 2019 and subsequent land acquisition being fully secured including signed legal documentation by 28th June 2019.
- 4.2 LCC wish to reassure the Board that even though they have incurred a delay in acquiring the land, they are continuing as planned concurrently with achieving other milestones. They met with their specialist contractors on Friday 10th March to discuss the delivery programme and have now agreed a professional services contract with them which will be signed the week commencing 25th March.

Achievements so far include:

1. The appointment of G F Tomlinson via the SCAPE framework.
2. Feasibility study, 1st draft programme and provisional costs received.
3. G F Tomlinson have tendered out design work and appointed with LCC approval.
4. Received Professional Services Contract to formalise consultant's scope of works.
5. First meeting held with newly appointed consultant (Lungfish) to outline the schemes requirements in accordance with the brief.

- 4.3 The Board is asked to note that the scheme is now incurring costs regardless of the land acquisition outcome.

Revised Phase 1 Milestone Table

Task	Start date	End date	Revised Date (End dates)
Gateway 1 - Feasibility	17/12/18	08/02/19	N/A
Gateway 2 - Pre-construction design	08/02/19	25/04/19	31/05/19
Land purchase negotiations	25/02/19	08/03/19	30/4/19
Agree Heads of Terms	11/03/19	15/03/19	20/5/19
Site surveys	11/03/19	23/04/19	24/5/19
Land purchase and legal processes	18/03/19	10/05/18	28/6/19
Gateway 3 - Client approval to proceed to planning	08/04/19	12/04/19	3/5/19
Detailed design	08/04/19	06/06/19	12/7/19
Planning submission and consultation period	15/04/19	11/07/19	30/8/19
Contracting with GLLEP	29/04/19	27/05/19	1/7/19
Gateway 4 - Sign delivery agreement	26/07/19	08/08/19	13/9/19
Mobilisation	09/08/19	06/09/19	14/10/19
Construction period	09/09/19	21/04/20	29/05/20

5. RISKS

- 4.1 The main risks are as follows:

- State aid issue cannot be resolved (will know outcome by the end of this month, but unlikely given previous advice).
- An agreement can't be reached on the valuation amount and Croftmarsh refuse to sell the land to LCC (still a possibility though negotiations have been positive of late).
- A replacement pipeline scheme would not be given enough time to be deliverable should the legal agreements not be agreed and signed between LCC and Croftmarsh by 28th June 2019 (could

encourage a business case at risk from a potential replacement scheme).

- The scheme manages to secure legal agreements, however drainage work requirements prevent the Section 102 with Anglian Water from being signed quickly (part of detailed design work with Tomlinsons, but no guarantees that work this will not cause further delays).
- Planning consent not determined until end of August now (scheme may receive objections/conditions)

4.2 Risk Mitigation

In order to ensure that the Growth Deal Programme remains on target business cases will be requested from the most deliverable schemes emerging from the revised pipeline process.

6. RECOMMENDATION

- 9.1 LEP Officers have considered progress made by the recipients on Phase 1 and taking into account the unforeseen legal request by LSL and the importance of this site economically to East Lindsey would like to make the following recommendation:

9.2 Phase 1

That the Board approves continued £1,279,000 growth deal support for the Phase 1 element of the project provided that the revised deadlines for valuation negotiation, HOTs, and land acquisition being fully secured (including legal documentation) are all fully achieved. Should any of these milestones not be achieved the full £4m allocation will be returned to the wider Growth Deal Programme and both Phases 1 and 2 of Skegness Gateway will be returned to the GL LEP Pipeline.

Phase 2

With the added delays to Phase 1 and remaining hurdles it still needs to achieve, works on Phase 2 are deemed undeliverable by 31 March 2021, hence the £2,721,000 allocated to Phase 2 should be returned to the wider growth deal programme as of immediate effect and Phase 2 of the scheme should be placed on the project pipeline.

Investment Board

29 March 2019

Paper 6 - Lincolnshire Lakes/Northern Junction Roundabout Update

1. PAPER FOR DECISION

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

2. BACKGROUND

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

3. LATEST PROGRESS UPDATE

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

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

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

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

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

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

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

3.6 The scheme remains subject to monthly review.

4. RECOMMENDATION

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