



LEP INVESTMENT BOARD

21st September 2018

Siemens, Teal Park Road, North Hykeham,
Lincoln, LN6 3AD

Minutes

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Present:

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

LEP Officers: Ruth Carver, Halina Davies, Cathy Jones, Louise Greensmith (Note Taker)

Observers: Pete Holmes (BEIS), Michelle Davis (Greenborough Ltd - first 2 items only))

Apologies: Richard Wills (LCC), Cllr Colin Davie (LCC), Vicky Wheelwright (BEIS)

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following:

Richard Wills (LCC), Cllr Colin Davie (LCC), Vicky Wheelwright (BEIS) observer

Declarations of Interest:

UL declared an interest on the Feasibility Fund Paper (Paper 6) as the Lincolnshire Co-op is a partner in LSIP

Pat Doody declared an interest on the two Growth Fund Projects relating to SDG Access Limited and Wolds Manufacturing Services Limited (Papers 2 and 3) . Natwest/RBS are the bankers for the schemes.

Pete Moore declared an interest on the Wolds Manufacturing scheme (Paper 3), LCC are equity partners in a parcel of land on the site. 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 the LEP office at the earliest convenience.

Minutes and Matters Arising

It was noted that the agenda for today stated approval of minutes for 25th May 2018; this should be approval of minutes for 24th August 2018.

The minutes of the 24th August 2018 were discussed. UL commented that on the Declarations of Interest it should read Gainsborough Growth Project and not Grantham Technology and Innovation. It was then accepted that these were a true record and can be published on the website.

Action

Amend and publish

Paper 2 - Greater Lincolnshire Growth Fund - SDG Access Limited

Pat Doody left the room. Board Directors were asked to consider the due diligence appraisal for the SDG Access Limited project and to approve progression to contracting stage. Michelle Davis gave an overview of the business; it is a family owned business that was established in 1989 that offer bespoke security door solutions, have a turnover of £1,665,608 and employ 15 FTEs. The Board asked for clarity on the ownership of the land involved in the project. This project will see the consolidation of all business operations to one site on the paddock north of 7 Lincoln Road. It

was noted that on page 9 of the due diligence assessment, point 10.2, it should read 2 jobs safeguarded and not 2 jobs created. It was also questioned why only 2 jobs would be safeguarded when the business employs more and it was confirmed that these 2 posts have only just been recruited with future growth in mind and without expansion they will no longer be sustainable.

The Board questioned the output of 23 jobs and the forecast of projected growth initially, given the likely increase in wages required and other costs on top of this such as utilities. However, it was noted that growth has been 100% over the last 3 years and maybe the applicant was cautious in their predictions. More detail would need to be captured on the types of roles being delivered within the contractual agreement. The board felt that the business model may not end up exactly as the applicants propose, but considered it to be a good model.

The Accountable Body confirmed support for the scheme and identified no concerns of note prior to and during the meeting.

Conditions to be included within the GLLEP funding agreement were agreed as follows:

- Full scheme plans, specification for the works and copy of the lowest tender to be appended to the funding agreement.
- 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 site to be acquired for the scheme once the project is completed in order to verify acquisition costs, eligible expenditure and grant calculation and as a basis against which to assess future clawback obligations should this be triggered.
- Monitoring of outputs to be undertaken.

The Investment Board approved the £151,346 of Greater Lincolnshire Growth Fund towards the delivery of this project provided the recommended conditions are included in the funding agreement.

Paper 3 - Greater Lincolnshire Growth Fund - Wolds Manufacturing Services Limited

Pete Moore LCC left the room. Board Directors were asked to consider the due diligence appraisal for a grant to Wolds Manufacturing Services Limited and to approve progression to contracting stage. Michelle Davis gave an overview of the business; they are contract manufacturers of fine fragrance which commenced trading in 2013. They have a turnover of £964,634 (2017 accounts) and employ 22 staff.

The Board questioned and challenged Michelle on the business operating model and also mentioned the value of land, as money will be going to East Lindsey we needed to be sure that it is a genuine red book valuation. It was confirmed that the valuation has already been checked out during due diligence appraisal and has been confirmed as acceptable.

The Board commented on the terms on the land and asked if these had been agreed already, it was confirmed that they haven't, but that the land has been put aside.

The scale of grant was deemed to be significant for a small company and the Board sought more clarity on the monitoring and conditions of the project. It was confirmed that the business have and will continue to be supported by Growth Hub advisors and they are hoping to join the scale up

activity programme. The Directors of the business are very hands on and Greenborough Ltd will be monitoring them for three years following project completion.

Conditions to be included within the GLLEP funding agreement were agreed as follows:

- Full scheme plans, specification for the works and copy of the lowest tender to be appended to the funding agreement.
- 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 land to be acquired and the scheme once completed as a basis against which to assess future clawback obligations should these be triggered.
- Monitoring of outputs to be undertaken.

The Investment Board approved the £327,653 of Greater Lincolnshire Growth Fund towards the delivery of this project provided the recommended conditions are included in the funding agreement.

Michelle Davis left the meeting.

Paper 4 - Hemswell Food Enterprise Zone (FEZ)

Pat Doody RBS/Nat West and Pete Moore LCC returned to the room.

Board Directors were asked to consider the due diligence appraisal for the Hemswell Food Enterprise Zone and to approve progression to contracting stage.

Halina Davies gave an overview of the project stating how this project will create a focal point for growing the farming and food supply chain in Greater Lincolnshire and that it is 1 of 3 strategic FEZ's in our area.

The utilities challenge has been a major barrier to site development in this area despite an LDO being in place, hence it is hoped that investment in site servicing will revive business interest enabling phase 1 to progress more quickly.

The Board discussed the possibility of a Tripart Agreement for this project and suggested that legal advice be taken in this regard. It was discussed that the funding to WLDC would then be managed by a Special Purpose Vehicle for delivery of the site; hence clawback provision needs to be in place within the contract. It was confirmed that a clawback clause is normally in place for 5 years within the GLLEP contractual agreement, but the Board asked to increase this to 10 years given the nature and longevity of the scheme.

The Board asked about current interest in the plots and it was confirmed that there has already been some indicated interest. The location of the project was discussed and it was confirmed that the main interest to date has been locally.

The Board asked if a forecast could be provided before the release of any grant. Halina Davies confirmed that there is a contractual condition already in place to cover this point.

The Board agreed that this is a key project for Greater Lincolnshire and recognised the

complexities and cost uncertainties that can often be associated with utility provision for sites of this nature, suggesting that this would have to be well managed with any unforeseen additional costs being underwritten by WLDC/the SPV.

The Accountable Body confirmed support for the scheme during the meeting and sought clarity on the role of the SPV and clawback provision prior to the meeting taking place.

Conditions to be included within the GLLEP funding agreement were agreed as follows:

- A demand study to be commissioned by WLDC and provided to demonstrate sufficient demand for the Phase 1 land prior to any drawdown of funding.
- In the event that costs increase, confirmation to be provided by WLDC funding has been secured to meet the balance of scheme costs as required.
- Once a contractor has been appointed to undertake the works, a programme for delivery as agreed within the contract to be provided.
- A copy of the Report on Tenders and contract sum to be provided to GL LEP.
- WLDC to provide information to GLLEP as required for future monitoring and performance including completion of the works as proposed, marketing and disposal of the serviced land and outputs as they are delivered.
- A quarterly profile of expenditure to be provided to GLLEP prior to draw down of any grant funding.
- WLDC to provide a copy of the agreement entered into with HEFL to ensure that appropriate clawback arrangements are in place in accordance with GL LEP's own provisions.
- WLDC to confirm that landowners of land beyond Phase 1 will not be permitted to benefit from or connect into infrastructure provided by this funding until measures have been put in place to ensure contributions are made commensurate with any uplift in land value received.

The Investment Board approved the £2,000,000 of SLGF towards the delivery of this project provided the recommended conditions are included in the funding agreement.

Paper 5 - Growth Deal Update Report

Halina Davies gave an update to the Board. It was confirmed that a full detailed report on progress with all projects, including spend position and achieved outputs, will be provided at the next Investment Board on 30/11/18.

The Board discussed the dashboard currently used which shows forecasts, outputs and outcomes. They asked if we were now able to do approved variations and change the dashboard. It was confirmed by Pete Holmes that yes this would be changed soon and the Accountable Body would be able to make these changes.

It was discussed how Government wanted to change the deadlines for submission of the dashboard. The Accountable Body thought that these deadlines were too tight and that they would need at least 2 months after submission of quarterly claims to be able to complete the dashboard.

It was confirmed that the LEP are preparing for the Annual Review, which should take place in December 2018, and an update on this will be given at the meeting on 30/11/18.

The Board discussed the Agri-Food Centre of Excellence project and it was confirmed that the University are still awaiting formal confirmation on ESIF funding. A contract is expected imminently from the ESIF team now that the scheme has been approved, but it is currently still within the legal process centrally. The delays in this scheme are having an impact on the Holbeach FEZ scheme too with the Centre being the first project within the FEZ, and utilities orders for Phase 1 having been placed by Lincolnshire County Council at risk to ensure that they remain secured to enable delivery. The Board were also given updates on projects as follows:

- Skegness Gateway Scheme Phase 1 - Phase 1 contract in abeyance pending discussions with Croftmarsh regarding land valuation and Phase 2 delivery.
- The Europarc FEZ contractual agreement is currently with NELCs Legal Team.
- Northern Junction Roundabout is awaiting a funding decision from Homes England and will not be contracted until this match funding is confirmed.

The Board discussed the GSRR project and the potential Public Enquiry. If this happens the project spend may exceed March 2021. Halina Davies confirmed we will know more after October 2018 and that an update will be included at the Investment Board meeting on 30/11/18.

Paper 4 - Greater Lincolnshire Feasibility Challenge Fund

Cathy Jones gave an update on the fund and an overview and update of all projects. It was confirmed that the £50,000 for the Europarc contract was no longer needed and that the purpose of this paper was to look at how we take this fund forward.

The following criteria were recommended and approved for the fund's operation:

- The fund would be open only to projects which form part of GLLEP's future project pipeline.
- The fund would be allocated on a rolling basis i.e. permanently open to applications with no artificial closing date.

This would be consistent with the recommendation from the Finance and Audit Committee that the fund be used for the development of the project pipeline, rather than going to an open call.

The Board raised concerns over the issue and practicality of having to provide 3 quotes at application stage. It was suggested that this should only be 1 quote and if contracted then 3 would need to be provided.

The Board were recommended to:

- Note progress to date in Rounds 1 and 2 of the Feasibility Challenge Fund
- Approve the creation of a rolling feasibility fund for the development of the future project pipeline, with the above criteria
- Approve the withdrawal of the £50,000 grant offer for the Advance Food Factory scheme at Europarc.

These were all approved by the Board.

Any Other Business

The Board asked for an update on the Northern Junction Roundabout project Judicial Review and were told that a hearing was scheduled for 31/10/2018 and 01/11/2018.

No other business from any members was recorded.