



# GLLEP INVESTMENT COMMITTEE

17<sup>th</sup> December 2019

Conference Call Meeting

## Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
10:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> <li>Approval of Minutes 29th November</li> <li>Electronic Approval Note A46/A15 Riseholme Roundabout (December 2019) (for information)</li> </ul>	Chair	Paper 1 attached Paper 2 attached
10:10	<b><u>For Information and Decision</u></b> GL LEP Category A Pipeline <ul style="list-style-type: none"> <li>Overview Report and Recommendations</li> <li>Due Diligence Report - Keadby Pumping Station</li> </ul>	Halina Davies, LEP/Linsay Hill Pritchard, Accountable Body	Papers 3 and 3.1 attached Appendix A attached
10:40	<b><u>For Decision</u></b> Made In Gainsborough Phase 2 (not Growth Deal) <ul style="list-style-type: none"> <li>Report &amp; Recommendations</li> </ul>	Halina Davies, LEP	Paper 4 attached
10:55	AOB and close of meeting	All Members	

Attendees: Pat Doody (Chair), Cllr Colin Davie, Chris Baron

Apologies: Ursula Lidbetter, Cllr Philip Jackson, Cllr Rob Waltham, Andrew Crookham (S151 Officer)

Observers: Pete Holmes (BEIS)

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

### 17<sup>th</sup> December 2019 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Rob Waltham	Keadby Pumping Station Papers 3 and 3.1 Brigg Link Road Paper 3	NLC are applicants
Cllr Phillip Jackson	Hobson Way Cycle Route Paper 3	NELC are applicants
Ursula Lidbetter	LSIP Phase 2	Coop are key partners on the Science Park

# LEP INVESTMENT COMMITTEE

29<sup>th</sup> November 2019

Mercury House, Willoughton Drive, Foxby  
Lane Business Park, Gainsborough, DN21  
1DY

Draft Minutes

## Paper 1 - Draft Minutes

### Present:

**Board Directors:** Ursula Lidbetter - Chair (Lincs Co-op), Pat Doody (Nat West), Cllr Philip Jackson (NELC), Cllr Colin Davie (LCC)(via telephone for two items only)

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

**Apologies:** Andrew Crookham (S151 Officer), Cllr Rob Waltham (NLC), Chris Baron (Butlins)

**Observers:** Pete Holmes (BEIS), Simon Green (NLC)

### Welcome by the Chair

#### Apologies and Declarations of Interest

Formal apologies were received from the following:

Andrew Crookham, Cllr Rob Waltham, Cllr Colin Davie (for some of the meeting), Chris Baron

#### **Declarations of Interest:**

Cllr Rob Waltham	North Junction Roundabout, Papers 6 & 61.	NLC are applicants
Cllr Colin Davie	Holbeach FEZ Contract Variation, Paper 7 A46 Riseholme Roundabout, Papers 8 & 8.1	LCC are applicants
Cllr Philip Jackson	Access to Employment Zones Phase 1, Papers 5 & 5.1	NELC are applicants
Cllr Philip Jackson Cllr Rob Waltham Ursula Lidbetter	GLLEP Category A Pipeline, Papers 13 & 13.1	Applicants or Project Partners - Each scheme conflict to be clarified as discussions take place

Full declarations of interest can be found at

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

The Committee members 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 & Matters Arising (Papers 1, 2 & 3)

The minutes from the 27<sup>th</sup> September and 1<sup>st</sup> November were accepted as a true record.

Electronic Approval Note for the Bridge - noted by the Committee members.

#### **Growth Deal Update (Paper 4)**

Committee members noted the Growth Deal Programme update report and the positive progress to date.

Currently, there are 4 high risk schemes all of which were discussed in separate Papers during this meeting:

- Access to Employment Phase 1
- Northern Junction Roundabout
- Holbeach Food Enterprise Zone
- Lincolnshire Lakes

The LEP continues to closely monitor all Amber and Red RAG rated schemes as per the risk mitigation processes agreed with the Board. There are also 3 projects that saw an increase of risk status from Amber to Amber/Red within Quarter2, these are:

- Grantham Southern Relief Road  
Phase 1 is complete and construction for Phase 2 started September 2019. Phase 3 design works are now substantially completed, pre-commencement planning conditions are being reviewed and several are due to be discharged in the next quarter. Due to the current uncertainty on Phase 3 spend for this financial year; the project has been increased to an Amber/Red risk rating.
- Hemswell Food Enterprise Zone  
The LEP has been advised by WLDC that they wish to withdraw the project at this time and return the scheme to the GLLEP project pipeline. The LDO for the Food Enterprise Zone remains in place and it is hoped that the project can be revisited in the future.
- SHIIP Phase 1  
There are still come continued problems regarding site acquisitions and this impacted on a low value claim in Quarter 2. There are also concerns over the full delivery of all mitigation sites originally identified as discussions on the other sites remain challenging and a full paper will be brought to the 31 January Investment Committee on this matter.

The Committee was informed about achievements against the Improvement Plan, and requirements for the Annual Performance Review and the Peer Review.

#### **A46/A15 Riseholme Roundabout (Papers 8 and 8.1)**

Following a brief presentation in relation to the due diligence appraisal the Committee discussed the papers provided; however the paper was not quorate for a decision on the day hence electronic approval would be sought soon after the meeting and a subsequent decision confirmed.

The Committee asked if dualling of the A46 had been considered and were reassured that this was being looked at by both Highways England and Midlands Connect as part of the Midlands Engine Strategy.

The Committee regarded the A46/A15 Riseholme Junction as being highly strategic with need for its improvement demonstrated strongly.

The Committee also noted that the Nettleham Junction has recently been assessed as part of the wider transport strategy for Lincoln and as it will play a key role in the delivery of that strategy, is currently not in a position to be progressed. The scheme has been returned to the GLLEP pipeline for future consideration.

**Decision:**

Electronic approval to be sought as soon as possible for the £2,398,850 of grant requested and a summary paper regarding the decision to be provided at the next Investment Committee for information.

**Sleaford Growth Project Phase 1 Rugby Club Junction (Papers 9 and 9.1)**

The Sleaford Growth Project was awarded a £2m provisional Growth Deal allocation in January 2017. The scheme includes two junctions, the Rugby Club Junction (A17/A153) and Holdingham Roundabout Junction (A15/A17). Phase 2 partial signalisation and additional queuing lanes will be brought forward for due diligence next Spring.

The Phase 1 Rugby Club Junction was presented to the Committee and discussed. The importance of the scheme to enable future employment growth in Sleaford was acknowledged.

**Decision**

The GLLEP Investment Committee approved the Sleaford Growth Project Phase 1 project to contracting stage and agreed the £900,000 of grant requested. Conditions to be addressed and included within the funding agreement are as follows:

**Pre-Contract**

- NKDC state that the public sector funding has been endorsed by both authorities and is therefore secured. It is therefore recommended as a condition of approval that NKDC provide written confirmation to confirm all sources of public match have been secured.

**Pre-Drawdown**

- The milestones are considered to be reasonable and realistic given the advanced stage of the project; however as a condition of this investment a revised programme will be required to be provided to confirm actual programme for delivery.

**Borderville Expansion (Papers 10 and 10.1)**

The project was presented to the Committee and discussed.

It was agreed that the outputs were deemed good value for money and also that the scheme was deliverable completing by November 2020.

The Committee acknowledged the slight risk that costs could rise, but Stamford College have delivered in budget and on time on previous projects and would be asked to underwrite any cost overruns.

**Decision**

The GLLEP Investment Committee approved the Borderville Expansion project to contracting stage and agreed the £1,120,889 of grant requested. Conditions to be addressed and included within the funding agreement are as follows:

#### Pre-Contract

- NCS to confirm in writing that the Board have approved match funding required to meet the balance of project costs
- NCS's legal advisors to provide written confirmation that the proposed scheme can be delivered on the land subject to the lease with the third party owner
- NCS to confirm in writing that they will meet any cost overruns should these arise on the project

#### Pre-Drawdown

- A copy of the report on tenders and lowest tender to be provided to demonstrate the scheme is deliverable in accordance with the budget costs

#### **Holbeach Food Enterprise Zone (Papers 7 and 7.1)**

Following comments from the Investment Board on the 27<sup>th</sup> September, and the decision that the £3m funding should contribute to the up-front land acquisition costs, road infrastructure and some utilities related work to ensure delivery by March 2021, a full update on proposals for power provision and funding sources was requested from LCC for the 29<sup>th</sup> November Investment Committee.

Mick King, Head of Economic Infrastructure at LCC attended the meeting and presented progress made with regard to key issues raised:

- ❖ LCC has appointed NMCN as the successful tenderer for the works involving building the site access spine road, which allows access to the University's plot and enabling access to a further tranche of development plots LCC will be able to bring to the market.
- ❖ LCC have agreed to underwrite any additional costs that might be incurred and confirmed that match funding for Phase1 is in place.
- ❖ Regarding the electricity supply, LCC have placed an order with WPD who will undertake all the works entailed, both contestable and non-contestable.

#### **Decision**

The Investment Committee formally approved the Holbeach FEZ Phase 1 variation to contract and agreed that the £3,000,000 of grant be attributed to infrastructure and utilities costs that will be drawn down by 31 March 2021.

#### **Proposed Extension to Unlocking Rural Housing Fund (Paper 11)**

A paper was presented to the Committee on the potential of extension of the Unlocking Rural Housing Programme and discussed. This paper was for information to help inform decisions being taken in relation to funding allocation in Papers 12 and 12.1, and also for consideration should any new grant funding become available in the new year.

With further funding, some housing sites are ready and believed to be capable of delivery by March 2021, including some existing projects that could be extended. Schemes would still be subject to full business cases and due diligence if a programme was put in place.

#### **Invest and Grow Loan Fund Update (Paper 13)**

An update was given on the Invest and Grow Loan Fund, including anticipated repayment

schedules.

GLLEP has made 4 loans to date worth £7.8m, two of which have been repaid in full.

The Committee discussed a particular issue with the International Bomber Command Centre. The loan was guaranteed by 8 individuals via separate loan guarantee agreements. Unfortunately, two of the guarantors have since passed away and there is no provision to transfer the liability to any other person or corporate body in the loan agreement.

Lincolnshire Bomber Command Memorial Trustees believe that the organisation can now support the £800k loan provided by LCC but this will need to be evidenced and verified.

The loan is due for repayment in May 2020 and the Company has advised that they may wish to seek an extension to their Invest & Grow loan to delay the repayment date. The Trustees are also exploring any flexibility which other lenders can offer.

They have been advised that such a request would need to take the form of a new loan application and this would enable the GLLEP to carry out due diligence on the organisation's ability to both provide security for and repay an extended loan.

Members noted this update.

#### **CLlr Colin Davie joined the meeting by telephone**

#### **Access to Employment Zones Phase 1 - Toll Bar (Papers 5, 5.1 (Confidential) and 5.2)**

The Access to Employment Zones Phase 1 project was awarded a £1,893,516 Growth Deal grant in July 2017 against a total project cost of £2,210,819 and is a contracted scheme with GLLEP.

New Administration at NELC paused progress on the existing scheme (for a short time) and instructed officers to review possible alternatives to the signalised junction. The original and a newer proposal for Toll Bar have been thoroughly reviewed with a view to meeting the same strategic objectives of growth, journey time improvements and road safety.

The Investment Committee recognised the deliverability of both options and understood the strategic nature and need for improvement of the junction.

Subject to approval by the LEP of the revised proposal, NELC officers would consider the merits of each LEP approved scheme and make recommendations to Cabinet before the end of 2019 to ensure that, whichever scheme is selected meets the necessary deadlines for delivery.

The Littlecoates Road/Cambridge Road Junction, Phase 2 scheme (which has also been contracted with GLLEP) is in a more advanced stage with certainty of design, and will be delivered ahead of Toll Bar Junction which now aims to begin on site in July 2020.

Should the Toll Bar project be subject to the "Call In" process, it would then go to Scrutiny Committee and a final decision could be made by early January.

The grant for the existing scheme is £1.89m, but if the new option is chosen, only £1.56m would be needed and therefore approximately £400k could be returned for pipeline funding.

#### **Decision**

The GLLEP Investment Committee approved the Access to Employment Zones Phase 1 Toll Bar potential variation to contract (subject to NELC Cabinet decision on the 23 December). Conditions of grant have been identified in relation to both designs, but will depend on which option is progressed.

#### **Simon Green gave brief update and left the Room**

#### **Northern Junction Roundabout (Papers 6 and 6.1 (confidential))**

A revised project proposal for the Northern Junction Roundabout was presented to the Committee and discussed.

Homes England confirmed in their presentation to GLLEP Investment Board on the 27<sup>th</sup> September that the Lincolnshire Lakes scheme is unlikely to proceed on site until at least next spring, which would leave completion of Lake 1 beyond the 31<sup>st</sup> March 2021 deadline for delivery. They also confirmed that they would not be prepared to take a phased approach to release match funding towards the northern junction roundabout in advance of the Lincolnshire Lakes scheme being agreed in its entirety.

The Committee acknowledged that the scheme remains highly strategic and were mindful to support 100% funding of the roundabout through reallocation of the £2m currently contracted towards Lake 1 towards the roundabout.

It was acknowledged that outputs would be indirect and that risks remain in relation to Land acquisition, sign off of the Section 6, and procurement, and an updated state aid report was yet to be provided. The Committee did however wish to support the scheme if these key milestones can still be achieved over the next few weeks and deliverability can be confirmed.

#### **Decision:**

The GLLEP Investment Committee approved the Northern Junction Roundabout scheme to contracting stage and agreed the full £4,500,000 of Growth Deal grant requested. The existing Lake 1 scheme funding agreement with GLLEP will be withdrawn from the programme returning to the GLLEP Pipeline. The £409,240 already claimed against the Lake 1 scheme will need to be repaid to GLLEP in due course.

The Committee agreed the following:

- ❖ Meeting to be arranged as soon as possible after the 12th December 2019 by Homes England to involve BEIS, NLC and LEP to discuss outstanding legal requirements and realistic milestones for achieving them.
- ❖ Several pre-contract conditions are to be addressed by NLC and discussed at the meeting:

- The land acquisition to enable delivery of the roundabout to be completed with written evidence provided to GLLEP (Milestone date to be determined in meeting above).
- A copy of the signed Section 6 to be provided to GLLEP by 31st December 2019.
- An updated state aid report to be provided to GLLEP which includes reference to delivery of the commercial site by 31 December 2019.
- Evidence of recent procurement processes followed for delivery of the roundabout to be provided to GLLEP demonstrating appointment of contractor and confirming a full programme for delivery by March 2021.

❖ If the project fails on timescales and achieving key milestones, the project will be withdrawn - decision to be made at the 31 January 2020 Committee meeting.

### **Cllr Colin Davie left the meeting and Simon Green returned to the meeting**

### **GLLEP Category A Pipeline (Paper 12)**

The Committee was not quorate to discuss this paper.

### **Decision**

It was agreed that a conference call Investment Committee meeting would be arranged as soon as possible to discuss the paper and its recommendations ensuring that there are no conflicts of interest. Decisions taken in relation to allocations to pipeline schemes will be formally noted at the 31 January meeting.

## PAPER 2

### A46/A15 RISEHOLME ROUNDABOUT

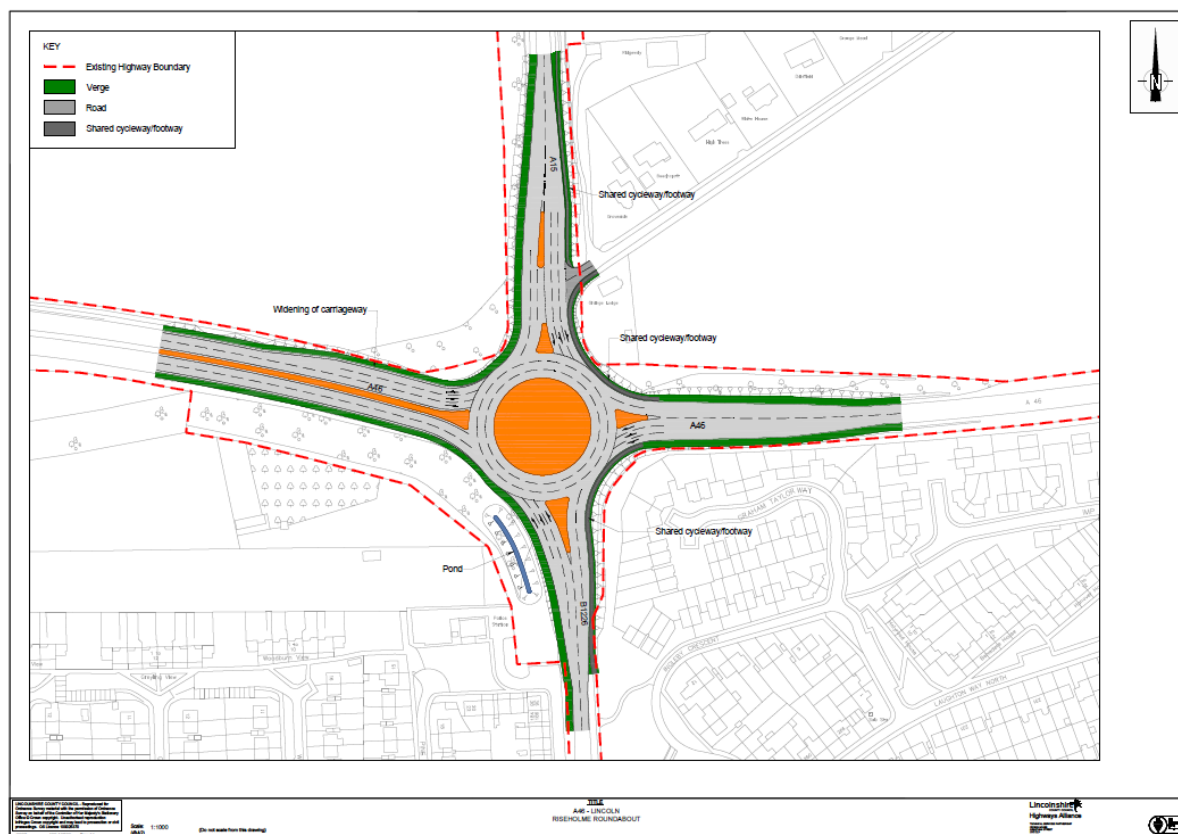
Publication	Public Paper (published)					
Meeting date:	17 December 2019					
Agenda Item:	2					
Item Subject:	A46/A15 Riseholme Roundabout – Electronic Decision Note					
Author:	Halina Davies					
For:	Discussion	Yes	Decision		Information	Yes

## 1. SUMMARY

- 1.1 This paper is to confirm the outcome of an electronic decision by the Investment Committee regarding approval to contracting stage for the A46/A15 Riseholme Roundabout scheme.

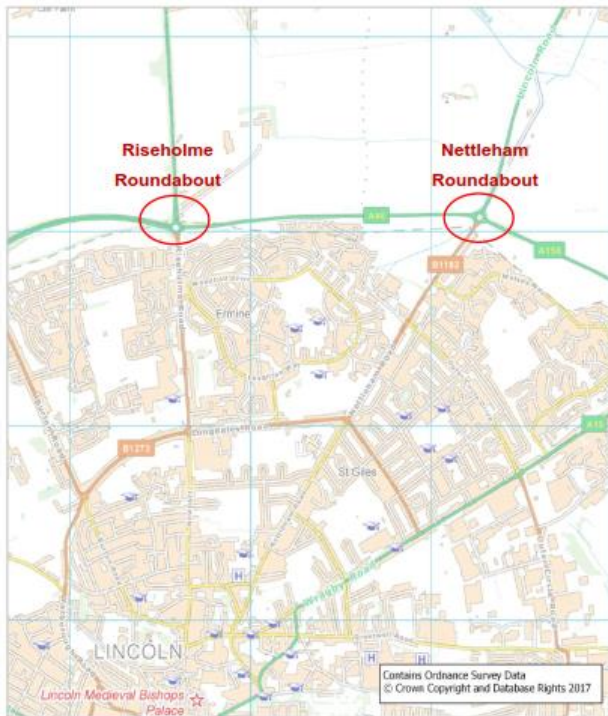
## 2. THE PROJECT

- 2.1 The A46/A15 Riseholme Road junction upgrade involves capacity improvements to the existing roundabout junction. It is proposed to upgrade the roundabout through providing additional lanes on all four approaches of the roundabout, increasing the size of the circulatory carriageway and providing a shared north south cycleway / footway on the eastern side of the A15 and B1226 Riseholme Road. This will improve the operation of the junction, reducing congestion and delays and improving non-motorised user accessibility.



## PAPER 2

### A46/A15 RISEHOLME ROUNDABOUT



### 3. FUNDING

- 4.1 The project requires £2,398,850 of grant funding. Lincolnshire County Council (LCC) is due to receive a total of £1.74m Integrated Transport Grant funding as part of an annual grant from the Department for Transport. Of which, LCC has received £1.5million through the 2018/19 and 2019/20 Integrated Transport Block (ITB). A further £0.24m will be received from the ITB allocation for 2020/21.
- 4.2 LEP funding would be spent solely on construction costs.
- 4.4 An additional 0.5% of the grant amount (£11,994) will also be retained from the existing provisional allocation for the scheme to cover GL LEP Fees.

### 4. OUTPUTS

- 5.1 Although it is appreciated the scheme will have a positive impact on jobs, housing and future investment leverage, given the cost of the scheme, a proportionate approach has been undertaken on which assessments to include within the scheme forecast appraisal.
- 5.2 The Committee recognised the high strategic importance of this project. Without the infrastructure works proposed, a number of major projects within Lincoln would be unable to be delivered as these are dependent on a highways network with sufficient capacity.
- 5.2 The outputs directly generated are limited by the very nature of the scheme being highways related; however, the outputs that have been identified as being in accordance with the SEP are shown in the table below:

## PAPER 2

### A46/A15 RISEHOLME ROUNDABOUT

	Previous Years	2019/20	2020/21	Total
<b>Core Outputs (Strategic Economic Plan)</b>				
Public Investment Leveraged (£)	400,000	1,000,000	340,000	1,740,000
<b>Others (please list)</b>				
Construction jobs created		35	41	76
Benefit Cost Ratio (BCR)			16.38	16.38
Present Value Benefits (PVB)			28.5	28.5

## 5. PROJECT MILESTONES

6.1 The following milestones have been agreed in relation to delivery of the scheme:

Acquisition of statutory powers	February 2019 – December 2019
Community and stakeholder engagement ongoing	August 2019 – December 2019
Procurement process issued	December 2019 – January 2020
Procurement contracts awarded	February 2020
Start on site	April 2020
Completion of works	October 2020
Match funding secured	March 2020

6.2 The Committee considered the above milestones to be realistic and achievable.

## 10. CONDITIONS OF GRANT

10.1 The following conditions of grant are required to be satisfied by the applicants:

### Pre-Contract

- Written confirmation from LCC that they will meet any shortfall in funding should the ITB allocation not be committed
- Written confirmation that LCC will meet any costing increases incurred in the scheme and have the reserves to do so

### Pre-Drawdown

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

## 11. DECISION

11.1 GL LEP growth deal grant totalling £2,398,850 was electronically approved by the GL LEP Board towards the scheme on the 2nd December 2019 subject to the conditions detailed above. It will now

## **PAPER 2**

### **A46/A15 RISEHOLME ROUNDABOUT**

proceed to contracting stage. In addition, a further £11,994 will be retained from the existing project allocation towards GL LEP fees.

## PAPER 3

### GL LEP CATEGORY A PIPELINE

Publication	Public Paper (published)					
Meeting date:	17 December 2019					
Agenda Item:	3					
Item Subject:	GL LEP Category A Pipeline – Review and Recommendations					
Author:	Halina Davies/Linsay Hill Pritchard					
For:	Discussion	Yes	Decision	Yes	Information	

#### 1. SUMMARY

- 1.1 This paper looks to inform the Investment Board of progress made by Category A pipeline schemes that have been invited to submit full business cases. It also makes recommendations on which projects are in a position to take up any currently unallocated Growth Deal funding.

#### 2. BACKGROUND

- 2.1 At the 27<sup>th</sup> September investment board, options to bring forward projects at risk were discussed in case any schemes have to withdraw in the remaining months of the Growth Deal programme. The LEP team were asked to look at options in the following areas:
- Extensions to existing programmes or contracts
  - Revisiting the existing pipeline and recommending which schemes to invite to application, due diligence stage, and pre-approval
  - Scoring the latest pipeline of schemes that could deliver by March 2021 and inviting them to application, due diligence and pre-approval
- 2.2 The Board reviewed and discussed all Category A schemes both from the latest call for projects and from the existing GL LEP Pipeline on the 1<sup>st</sup> November 2019.
- 2.3 At that meeting it was decided that six projects would be asked to submit full business cases and that the Keadby Pumping Station Assisted Outfall project would provide detailed information for a due diligence appraisal to be completed in advance of the 29<sup>th</sup> November Investment Board.
- 2.4 In addition, the board agreed that the development of two programmes could begin to be progressed - Unlocking Rural Housing programme Round 2 and a Greater Lincolnshire Agri-Grants Programme in conjunction with other LEPs currently delivering one.
- 2.5 At the 29<sup>th</sup> November Investment Board a decision was not able to be made with regard to reallocation of funding as the meeting was not

## PAPER 3

### GL LEP CATEGORY A PIPELINE

quorate for this item. The principles of the approach to re-allocation were discussed on the 29<sup>th</sup> November meeting and it was agreed that the papers would be updated accordingly and brought to an extra ordinary meeting on the 17<sup>th</sup> December for decision. The papers now reflect initial discussions, the actual amount of grant available and provide an expanded suite of scenarios for consideration.

### 3. OVERVIEW

- 3.1 Each of the six projects asked to do so have submitted full business cases and answered initial questions that had been raised at the 1<sup>st</sup> November meeting.
- 3.2 LEP Officers have reviewed these submissions, and taking into account board discussions to date have provided an overview on how deliverable by March 2021 each scheme might be, highlighting any remaining key risks to consider. This analysis summary can be seen in Appendix A Paper 3.

### 4. INDIVIDUAL PROJECT ANALYSIS

- 4.1 Having reviewed the full business case submissions and more detailed responses to Board questions raised on 1<sup>st</sup> November 2019, it is clear that each project has different strengths and weaknesses and it is important that comparisons are explored taking into account a range of factors to enable recommendations to be made.
- 4.2 The Keadby Pumping Station Scheme has now been through due diligence appraisal and recommendations can be viewed in Paper 3.1 The other projects identified as most deliverable have all submitted detailed business cases and could progress to diligence within a very reasonable timescale to enable delivery if allocated funding.
- 4.3 Based on the findings demonstrated in Appendix A the tables below show our scenario planning for the £938,601 grant funding currently available in the Growth Deal Programme. There may also be a potential further £324,359 available depending on NELC decisions regarding Access to Employment Zones Phase 1 next week. Appendix A highlights how each project compares in terms of strategic impact, risk and deliverability and explains to what extent the schemes have progressed through key delivery milestones. We believe there are a number of options available for consideration.

Scenarios for the £938,601 of grant available:

#### Most Deliverable & Low Risk Options

Centre for Rural Health (full business case submitted)	£0.94m (UOL could work with a phased model that involves reduced funding by reviewing the designs and what is included)
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## PAPER 3

### GL LEP CATEGORY A PIPELINE

Keadby Pumping Station (Due diligence appraisal stage)	£0.94m (subject to discussion with NLC & environment Agency on what could be achieved with this amount)
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#### Medium Risk Options

Unlocking Rural Housing Programme Round 2 (commissioning approach - schemes identified)	£0.94m
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LSIP Phase II (full business case submitted) (Enabling Work Package 1 only)	£0.94m
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Linking Cycle Routes - Hobson Way Immingham (full business case submitted)	£0.35m
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Agri-Grants Programme (GCGP already have a Programme in place - however schemes need to be identified and a process for joining agreed)	£0.94m
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#### Higher Risk Options

Lagoon and Main Infrastructure	£0.94m
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Brigg Link Road	£0.94m (subject to discussion with NLC & Environment Agency on what could be achieved with this amount)
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## 6. RECOMMENDATION

- 6.1 It is recommended that the board reviews the project analysis undertaken in Appendix A and discusses the scenario options relating to the £938,601 grant funding amount requiring reallocation.

Following thorough analysis the Officer recommendation is that the most strategic, low risk and deliverable scheme with the strongest outputs and outcomes for economic growth is the Centre for Rural Health. Subject to confirmation from UOL regarding phasing and due diligence submission in December the scheme could be added to the existing delivery contract for the Lincoln Medical School given that it would be located within the same building.

## **PAPER 3**

### **GL LEP CATEGORY A PIPELINE**

Should a further £324,359 be confirmed on the 23 December 2019 this should also be allocated to the Centre for Rural Health Scheme.

**Greater Lincolnshire Local Enterprise Partnership**

**DUE DILIGENCE ASSESSMENT**

**in respect of**

**Single Local Growth Fund**

**for**

**Keadby Terminal Assisted Outfall (TAO) Pumping Station  
Keadby  
Scunthorpe**

**17<sup>th</sup> December 2019  
Paper 3.1**

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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 the Environment Agency (EA), seeking Local Growth Fund (LGF) from GL LEP of £3,493,709 to contribute towards replacing and upgrading pumping station equipment at the Keadby Terminal Assisted Outfall (TAO) Pumping Station which is nearing the end of its economic life.
- 1.2 The Keadby project falls within the wider Isle of Axholme and is a critical element of existing and proposed new flood defence infrastructure. Keadby forms a part of a network of flood defences and pumping stations across the area that help to provide flood risk protection to over 15,500 properties across the Isle of Axholme area, including market towns, road infrastructure, employment sites and farmland.
- 1.3 Specifically, and one of the closest sites that will be safeguarded by these works is the Sandtoft Business Park project which will deliver new and upgraded transport infrastructure to access the strategic employment site at the former Sandtoft Airfield in North Lincolnshire. The 53.5 hectare site is strategically located adjacent to the M180, providing accessibility to the national motorway and trunk road network, M1, M18, M62 and the A1(M). Sandtoft is also around 45 minutes drive from the South Humber Gateway Ports, 35 minutes from Humberside Airport and 15 minutes from Robin Hood Airport in Doncaster. Therefore, it is in a prime location for the development of the business/logistics sector.
- 1.4 The development of Sandtoft is a priority for the growth of the Greater Lincolnshire and North Lincolnshire economies, as well as the South Humber Bank Ports, which is also identified within the GL LEP SEP and the emerging Local Industrial Strategy.
- 1.5 The total cost of the flood defence works throughout the Isle of Axholme area is estimated to be in the region of £34,937,095, the majority of which has been secured from the Flood Defence Grant In Aid (FDGIA) with some match secured from the Highways Agency.
- 1.6 At this time there is insufficient funding to be able to undertake the entire package of flood defence works proposed throughout the Greater Lincolnshire LEP and Sheffield City Region LEP areas which will address the full extent of flood defence upgrades and enhancement works required to afford the necessary protection across both of the LEP areas.
- 1.7 The rationale therefore in seeking LGF funding from GL LEP, is so that LGF can be invested within the Keadby project, which in turn will enable other funding already secured through the FDGIA to be invested to undertake further works required on the upstream parts of the Keadby flood defence network and further along the water course. At this time, and in accordance with current information obtained through initial investigations, whilst indicative costs for the investment required for the further works to be undertaken on the flood banks and water courses has been produced, there is a risk that actual investment required could be more than the costs that have been estimated at this stage.
- 1.8 If investment need is greater than the FDGIA already secured, this grant funding may be unable to fully fund all the required flood defence works in Keadby and the wider Isle of Axholme. The more funding that can be attracted to the communal asset at Keadby that benefits the whole of the Isle of Axholme, the more FDGIA can be utilised on more local works that are currently unfunded or for where there may be insufficient funding to undertake the full extent of flood defence works required.
- 1.9 In this regard, the Environment Agency continue to work with local authorities and other partners throughout the Greater Lincolnshire and Sheffield LEP areas in constantly

seeking to secure capital contributions so as to maximise funding secured and extend to flood defence works that can be funded as a consequence.

- 1.10 The works specifically proposed to be undertaken at the Keadby Pumping Station site are as follows:
- Removal of all existing mechanical and electrical equipment.
  - Replacement of existing pumps with fish and eel friendly pumping equipment.
  - Replacement of existing diesel engines with electric motors.
  - Provision of electrical grid connection in lieu of existing diesel motor power.
  - Building and civil infrastructure refurbishment.
  - Installation of a new flow isolation equipment to improve control and operational safety.
  - Access, crange and welfare improvements to improve operational safety.
  - Project management and administrative works associated with the project.
- 1.11 Detailed cost breakdowns have been provided for this scheme which have been prepared by the EA's Technical and Cost Consultancy Team and subject to review by RLB which is detailed within Section 6 of this report.
- 1.12 It is noted that planning permission was required for the scheme and the consent for the works to the pumping station was secured in January 2019.
- 1.13 As the Keadby Station forms part of a network of flood defence projects, this has been incorporated within a procurement process for the wider works across the flood defence network. The procurement process completed in February 2019, with the award of construction contracts at this time.
- 1.14 Construction on the Keadby Pumping Station is therefore underway as part of a package of works as part of a wider contract. Works to the Keadby Station are anticipated to be fully completed by 31<sup>st</sup> March 2021.

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

- 2.1 The EA are seeking £3,493,709 from GL LEP, which equates to around 1% of total project cost. The balance of funding has been secured from the FDGIA at £28,342,146 and Highways England at £3,101,240.
- 2.2 As referred earlier within this application, the EA continue to seek to secure additional capital contributions so as to increase the number of flood defence projects that can be undertaken so as to maximise the overall extent of works that can be undertaken across a priority list of schemes.

## **3.0 KEY ISSUES**

- 3.1 The following clarifications have been raised by GL LEP in respect of the project which are summarised as follows:
- i. Confirmation of the actual works that would be undertaken at the Keadby Terminal Assisted Outfall and detailed breakdown of costs – this has been provided and has been detailed within Section 1 and Section 6 of this report.
  - ii. Provision of further information relating to the flood defence infrastructure across the Lincolnshire and Sheffield LEP areas and impacts on the area both with and without the flood defence works as proposed – this has been provided through a series of plans attached as appendices to the Detailed Business Case. These plans better present the scale of area protected and associated impacts, although

a summary of the homes and businesses that would be protected within the GL LEP area are described within Section 10 of this report.

- iii. Clarification was requested in relation to further works that would be able to be undertaken within the GL LEP area if the Keadby Pumping Station project were to receive LGF funding. This query has been answered and has been presented within Section 1 of this report.

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

## **4.0 STRATEGIC FIT**

- 4.1 The recent flood events that have occurred in November 2019 have had a devastating impact on the Lincolnshire, Derbyshire and Yorkshire sub-regions, a consequence of which has been for Government to announce emergency measures and packages of works to be established so as to seek to avoid the reoccurrence of flood disasters by protecting areas better through enhanced, expanded and reinforced flood defence infrastructure.

- 4.2 In addition to these recent events and announcement of Government measures, the project also supports the following strategies:

- i. GL LEP Strategic Economic Plan (SEP). The works to the Keadby Pumping Station will help to support and sustain GL LEP's priorities for the area by ensuring future flood risk is better managed and protecting four strongest sectors within Lincolnshire. These are:

- Agri-Food.
- Advanced Manufacturing and Engineering.
- The Low Carbon Economy and Renewable Energy.
- Visitor Economy.

These sectors are prevalent across the GL LEP area.

- ii. Local Industrial Strategy. The project supports the emerging LIS in that it will seek to assist in preserving the economic base and communities throughout Lincolnshire and to ensure that the right environment is created for inclusive growth and wellbeing, including within the rural areas.
- iii. The GL LEP Water Management Plan 2015-2040. This sits at the heart of GL LEP priorities and was one of the first 33 projects listed on its action plan which will benefit existing land uses, existing development allocations and will improve option selection for future growth.
- iv. Other Strategic Water Plans. There are various EA strategies including Trent Catchment Flood Management Plan (TCFMP) and the Humber Flood Risk Management Strategy (HFRMS).

- 4.3 In addition, there is the Strategic Flood Risk Assessment for North Lincolnshire and North East Lincolnshire which covers the project area in the Isle of Axholme.

- 4.4 The project has therefore been demonstrated to have significant strategic fit which, as referred to earlier, is reinforced through the recent catastrophic flood events which have also affected parts of Lincolnshire.

## **5.0 MARKET ASSESSMENT**

- 5.1 A market assessment in the traditional sense has not been undertaken on the basis that the works proposed by the scheme are associated with reinforcing and improving flood defences and thus preserving existing homes, businesses and industry, and enabling growth of the Lincolnshire area along with that of the adjoining Sheffield and Humber regions. The EA as lead for this scheme working with a number of organisations including local authorities, Internal Drainage Boards (IDB) and Highways England have commissioned a series of studies and investigations in relation to flood defence works and required enhancements across the various areas. The strategic programme of works has been designed to minimise the economic damage across the area of Isle of Axholme, Sheffield LEP and Humber region and this is detailed in the table below:

Type of Benefit (Damage Avoided) Category	Amount of Damage Avoided to area through investment into All Isle of Axholme Flood Risk Infrastructure
Residential	<b>£2 Billion</b> (15,761 Properties)
Commercial (Businesses)	<b>£279 Million</b> (3813 Businesses)
Agriculture	<b>£966 Million</b> (30,000 Hectares of Prime Agriculture)
Major Infrastructure	<b>£1.93 Billion</b> (M180, Rail, Electricity, Gas Pipeline Networks)
Total	<b>£5.18 Billion</b>

- 5.2 From the damage avoided in the table above, the level of benefit directly apportioned to the Keadby project is outlined in the table below:

Type of Benefit (Damage Avoided) Category	Amount of Damage Avoided to area through investment in Keadby and Wider Group
Residential	<b>£467 Million</b> (3,573 Properties)
Commercial (Businesses)	<b>£58.5 Million</b> (962 Businesses)
Agriculture	<b>£161.5 Million</b>
Major Infrastructure	<b>£217.1 Million</b> (M180, Rail, Electricity, Gas Pipeline Networks)
Total	<b>£904.3 Million</b>

- 5.3 It is noted that the above table does not include the wider economic benefit to the region through the major transport links being protected along with the impacts on the region's energy generation and energy supply infrastructure. In addition, it has also been identified that there are a significant number RAMSAR, SSSI, SACS, SPA's which would no longer be present if the do nothing flooding scenario were to arise.
- 5.4 The economic damage avoided which is detailed in the above table has been ascertained through a series of options appraisals and in a do nothing scenario, it has been established that the build up of flood water across the GL LEP area, particularly across the low lying areas will fill very rapidly over a period of two years. The build up of annual average rainfall eventually results in a level of 5.25 metres above ordnance datum across the Isle of Axholme when the flood water then starts to spill back into the tidal rivers after around 15 years.
- 5.5 Therefore, the work proposed at the Keadby Pumping Station along with the package of other flood defence infrastructure work will assist in avoiding this scenario, although as noted previously, there is further work required to complete existing studies and investigations so as to ensure that flood defence conditions can be fully established and the appropriate package of works finalised.

- 5.6 The investment from GL LEP will enable the works at the Keadby Station to be funded on a comprehensive basis with no further investment required in this regard.

## **6.0 DEVELOPMENT APPRAISAL**

- 6.1 A full development appraisal has not been provided for the works to the pumping station; however, a full breakdown of costs has been provided and has been subject to assessment by RLB.
- 6.2 RLB have undertaken analysis of the specification of works provided by the EA and undertaken a high level review of information provided.
- 6.3 As these works have already been subject to a procurement process and are therefore fixed by way of the tender exercise that has completed, costs are fixed and therefore there is cost certainty in this regard. Notwithstanding this, the high level review undertaken by RLB confirms that costs as presented appear reasonable, realistic and market facing without any further issue raised in this regard.

## **7.0 DELIVERABILITY AND PROGRAMME**

- 7.1 The EA have confirmed that the scheme is already in delivery as planning is secured for the scheme, match funding fully in place and the procurement process completed.
- 7.2 The Keadby Pumping Station is being delivered as part of a package of works now onsite, due to complete fully in July 2021.
- 7.3 It is therefore programmed for the works on the Keadby Station to be completed by March 2021.
- 7.4 It is therefore recommended as a condition of investment that once the GL LEP funding decision has been made, that a detailed programme for the works at the Keadby Station be provided to demonstrate that these will be completed by March 2021.

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

- 8.1 The EA have not provided any information in relation to State Aid, on the basis that as this is all investment in public infrastructure which benefits many businesses and communities on a wholly discriminate basis, there is no selective benefit conferred on any individual parties.
- 8.2 Whilst Thomas Lister agree with this position, as we are not State Aid experts, it is recommended that this position is verified by Lincolnshire County Council as accountable body prior to the contract being put in place with the EA should GL LEP grant funding be approved.

## **9.0 PROCUREMENT**

- 9.1 The EA has procured services utilising their Water and Environment Management (WEM) Framework. The procurement of the WEM Framework has been subject to public contract regulations and was tendered utilising the EU restricted procedure. As such, the WEM Framework is subject to public procurement law and fully compliant with required principles and process.
- 9.2 The procurement route for the subject scheme and package of infrastructure works has therefore been procured through this framework.

9.3 No further issues have therefore been identified in relation to this process.

## 10.0 OUTPUTS AND VALUE FOR MONEY

- 10.1 The EA have presented within their Detailed Business Case that a number of new jobs will be created, housing units completed, commercial floorspace delivered along with business assisted and businesses created. As referred earlier, the purpose of the Keadby project is to enable the preservation of existing communities and businesses and ensure that environmental conditions are such that growth aspirations identified within the GL LEP area can be delivered and are not prevented due to flood risk matters.
- 10.2 It is not however considered that investment in the flood defence infrastructure will directly unlock the outputs referred to within the Detailed Business Case, because the creation of jobs, housing and business outputs are wholly dependent on delivery by other third party organisations and their respective investment.
- 10.3 Notwithstanding the above, we have identified the following outputs would be delivered by this project:
- i. Public Investment Leveraged - £31,443,386, which relates to a ratio of 9:1. This is significantly in excess of benchmarks of 2:1 and is therefore excellent value for money.
  - ii. Construction Jobs - 582 jobs which equates to £6,003 per job, which is significantly below the benchmark costs of circa £15,000 to £25,000 per job and is also excellent value for money.
- 10.4 In terms of the other outputs and benefits that have been generated, these have been detailed within Section 5 of the Market Assessment which establishes the minimisation of economic damage across the GL LEP and wider Sheffield/Humber areas.
- 10.5 Therefore, based on the ability to avoid further economic damage and in accordance with the outputs generated, it is considered that this justifies investment for the GL LEP LGF to be considered, also in context with the strong strategic fit that the project has in accordance with both GL LEP and wider strategies.

## 11.0 MILESTONES

11.1 The programme for delivery of this scheme is summarised in the table below:

Detailed Design	Completed
Planning Permission	Secured
Match Funding	Secured
Procurement Process	Completed
Procurement Contracts Awarded	Completed
Construction Commencement	Completed
Works Complete at Keadby	March 2021
Full Works Package Complete	July 2021

11.2 The above milestones therefore reflect the advanced stage of the project; however, as noted, a detailed programme for the Keadby works is to be provided.

## 12.0 RISK ASSESSMENT

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



<b>Risk</b>	<b>Likelihood Low/Medium /High</b>	<b>Mitigation</b>	<b>To be a condition of funding? Y/N</b>
Consenting – Delays in obtaining MMO consent.	Low	Consenting strategy agreed and developed in consultation with North Lincolnshire Council (NLC). Applications made in accordance with required programme. Detailed engagement with consenting authorities ongoing.	No
Project Change	Low	Development of User Requirement Specification with engagement with MEICA, operations and senior user representative has been completed. The detailed development of strategic and technical option design has been approved by the Senior Users leading to the submission of the FBC.	No
Technical delivery risk	Low	Development with ESE contractor and supply chain in parallel with survey work to understand existing constraints has informed the FBC design. Residual risks relating to the detailed delivery plan have been minimised.	No
Integration of construction with ongoing operation of the existing Keadby TAO.	Low	Detailed development of construction schedule and sequencing with direct engagement with ESE contractor and area operations teams has been completed. Ongoing programme risks relating to the requirement to operate the flood defence asset have been incorporated into the delivery programme, however risk relating to significant additional pumping requirement remains.	No

12.2 The risk to GL LEP for this project not being delivered is low given the advanced stage of the scheme. The only remaining matter requiring to be provided is a detailed programme for the works at Keadby as a pre-drawdown condition to funding, to demonstrate that the project will be completed by 31<sup>st</sup> March 2021.

## 13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

13.1 The due diligence assessment has identified a minimal number of conditions that are required to be satisfied as part of any LGF approval. These conditions are detailed below:

- i. Confirmation by LCC that they are of the view that there is no State Aid issues relating to investing in this project – pre-contract provision.
- ii. Provision by the EA of a full programme for the Keadby works in isolation so as to demonstrate that these will be fully completed by 31<sup>st</sup> March 2021.

## 14.0 CONCLUSIONS

- 14.1 The application from the EA is for works to replace plant and equipment at the Keadby Outfall Terminal which is nearing the end of its economic life and requires replacement and upgrade.
- 14.2 Whilst the works at the Keadby terminal could be funded by the EA utilising the grant that has already been secured, funding has been sought from GL LEP given the strong strategic fit that the project has with the LEP and other strategies and so as to enable a wider package of flood defence infrastructure works being capable of being undertaken at other locations within the GL LEP area, therefore reinforcing flood defence infrastructure on a more comprehensive basis.
- 14.3 The recent incidences of flood and the catastrophic impacts that this has had within Lincolnshire and the wider Midlands and Yorkshire area has been well documented. As a consequence of this, central Government has committed to ensure investment in the country's flood defence infrastructure so as to avoid further economic damage in areas particularly at flood risk.
- 14.4 The Isle of Axholme has been identified as one such area at significant risk of flood and the investment from GL LEP has therefore been assessed in context with the circumstances.
- 14.5 The scheme is at an advanced stage of design and potential for early delivery and could therefore proceed subject to GL LEP funds being approved and the contracting process completing.

## 15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that GL LEP LGF of £3,493,709 be considered for approval by the GL LEP Board should funding become available, subject to the conditions detailed in Section 13 above.

Produced by:



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Date: 25<sup>th</sup> November 2019

PROJECT	STATUS	Theme	Total Cost £	Grant Request £	Match £	STRATEGIC	RISK	DELIVERABILITY	Detailed Design	Planning Permission	Match Funding	Procurement Process	Procurement Contracts Awarded	Construction Commencement	Construction Complete	Key outputs	Outputs
Keadby Pumping Station (Due diligence appraisal stage)	Due Diligence	Water Management	34.9	3.5	31.4				£	£	£	£	£	£	Mar-21	X	£31,443,388 Public Sector investment 582 construction Jobs
Unlocking Rural Housing Programme Round 2 (commissioning approach -schemes identified)	Proposal	Housing	17.8	1.85	15.95			Not Known Yet (subject to individual business cases)	X	£	£	X	X	X	X	£	100 Homes 15.95million of Public/Private Match funding
Agri-Grants Programme (commissioning approach - under discussion with other LEPs)	Proposal requiring some further development with GCGP and New Anglia LEPs	Agri-food	TBC	2	TBC		Not Known - scheme approach not yet agreed with GCGP	Not Known Yet (subject to individual business cases)	X	X	X	X	X	X	X	£	TBC
Centre for Rural Health	Full Business Case	Business & Innovation/Skills	5.28	2.6	2.68				X (March 20)	£	£	£	£ (Nov 19 - Extension to Part of medical school contract)	X (Aug 20 fit out - construction of building already underway as forms part of the Medical School)	X (Mar 21)	£	Private Sector Leverage £2,678,771 695sqm New training /learning space 55 businesses assisted to improve performance 230 learners supported
LSIP Phase II	Full Business Case	Business & Innovation	6.9	3.5	3.4				X (Jan 20)	X (Jun 20)	X (Jan 20)	X(Feb 20)	X (Mar 20)	X (Apr 20)	X (Dec 20)	£ ( but requires full package)	Private Sector Leverage ( (ENABLING) £1,847,500 Private Sector Leverage) (ISTAR R&D) £1,600,000 50 new Jobs Created (gross) (ISTAR R&D) 929sqm commercial floorspace (ISTAR R&D) 70 businesses assisted to improve performance (ISTAR R&D) 125 learners supported (ISTAR R&D)
Lagoon and Main Infrastructure	Full Business Case	Water Management	1.5	1	0.5				X (Sept 20)	X (Sept 20)	X (Sept 20)	X(Sept 20)	X (Sept 20)	X (Sept 21)	X (Sept 22)	£	500K Private sector investment levered 150 new jobs 500 Jobs Safeguarded 6 new business supported 20 Learners
AB Potato Grading and Cold Stores	Full Business Case	Agri-Food	12.6	5	7.6				£ (Nov 19)	X (Mar 20)	X (Jan 20)	X (Jan20 Ph1 / May 20 PH2)	X (Feb20 Ph1 / Jun 20 PH2)	X (Apr 20 Ph1 / Oct 20 PH2)	X (Sept20 Ph1 / Mar 21 PH2)	£	200 Jobs safeguarded 66 New Jobs semi skilled/skilled Turnover will increase by 113% reduce food miles per 25 tonne lorry single journey delivery by approximately 280k miles by 2021.
Linking Cycle Routes - Hobson Way Immingham	Full Business Case	Infrastructure	0.43	0.35	0.08				X (Jan 20)	£	X (Mar 20)	X(Feb 20)	X (Mar 20)	X (Apr 20)	X (Aug 20)	X	11 Construction Jobs 0.7km of cycleway
Brigg Link Road	Full Business Case	Infrastructure	3	1.6	1.4				X (Dec 19)	X (Apr 20)	£	X(2020)	X(2020)	X (Late 20)	X (assuming Mar 21)	£	300 houses
TOTAL			82.41	21.4	63.01												

PROJECT	STATUS	Theme	Total Cost £	Grant Request £	Match £	Overview
Keadby Pumping Station (Due diligence appraisal stage)	Due Diligence	Water Management	34.9	3.5	31.4	The project was a reserve project within the pipeline and is seen as a critical element of existing and proposed new flood defence infrastructure within the wider Isle of Axholme area . Keadby forms a part of a network of flood defences and pumping stations across the area that help to provide flood risk protection to over 15,500 properties across the Isle of Axholme area, including market towns, road infrastructure, employment sites and farmland. The key site of Sandtoft Business Park(53.5Hectare) will also be protected . The rationale in seeking LGF funding from GL LEP, is so that LGF can be invested within the Keadby project, which in turn will enable other funding already secured through the FDGIA to be invested to undertake further works required on the upstream parts of the Keadby flood defence network and further along the water course. The project, which has now gone through due diligence, has a full package in place and will be deliverable by March 2021. Outputs are limited on this flood prevention scheme but the board will be mindful to review the project in the context of the wider impact of the scheme.
Unlocking Rural Housing Programme Round 2 (commissioning approach -schemes identified)	Proposal	Housing	17.8	1.85	15.95	<p>The project proposal is in the early stages of development however it builds on the already successful SLGF funded programme which invested £4million to create 419 homes in rural areas that would have been unlikely to gain private sector investment due to a variety of factors including flooding mitigation measures. The extension would look to:</p> <ul style="list-style-type: none"><li>• unlock development on priority housing sites which would not otherwise be brought forward in the short to medium term.</li><li>• support rural and coastal enterprise and growth through the delivery of an affordable housing programme within existing settlements.</li></ul> <p>To lower risk in delivery it is proposed that only schemes where there is at least a land option agreed, and where at least outline planning permission has been obtained will be considered. Preliminary discussions have taken place with partners which has identified potential schemes worth £17.8m which meet the required criteria, and in which the SLGF-funded works should be capable of financial completion by March 2021. The identified viability gap is £1.85million and estimates a further 100 units of housing completed.</p>
Agri-Grants Programme (commissioning approach - under discussion with other LEPs)	Proposal requiring some further development with GCGP and New Anglia LEPs	Agri-food	TBC	2	TBC	Agri-tech Growth Fund and R&D Prototyping Fund aimed at SMEs in the argi-tech sector. It would create jobs and private sector leverage if supported, but amounts would depend on take up from the sector. There is high demand for a grant of this nature and on speaking to New Anglia LEP recently there is potential to link into an existing programme managed by Greater Cambridgeshire Greater Peterborough LEP, however this needs to be explored further. The programme would provide a significant boost to the food production, agriculture industry and research cluster by investing in new market and supply chain development, essential skills development and the development, application and commercialisation of R&D. Programme could offer two kinds of investment: Agri-Tech Growth Fund providing grants between £10,000 and £150,000; and R&D and Prototyping Fund to provide grants between £10,000 and £50,000. Applications would be considered from farmers, food manufacturers and retailers. This includes sectors such as food processing and wholesaling as well as related industries such as process engineering. The programme would also be aimed at businesses that are involved in technologies which have the potential of application to the food industry as the programme aspires to support innovation and its application to the food industry.
Centre for Rural Health	Full Business Case	Business & Innovation/Skills	5.28	2.6	2.68	<p>The Centre will create 695m2 of learning floorspace, support 230 new learners and assist 55 businesses to improve their performance and focusses on driving growth and productivity throughout the health &amp; care sector, injecting higher level skills and innovation for the benefit of the entire supply chain. It directly impacts on one of the LEP's key sectors of Heath and Care and the emerging LIS themes specifically looking at new solutions supporting people to live well for longer in dispersed areas and maximising the links between our knowledge base and industry.</p> <p>The project is specifically requesting SLGF towards the capital costs(2.6m) to include professional fees, fit-out, furniture, signage, ICT and non-recoverable VAT. The university has secured revenue funding to deliver the functions of the centre. The fallow floor project will be procured by means of a variation to the BAM Construction contract which would be compliant with Regulation 72(b) of the Public Contracts Regulations. A price for the fallow floor works will be negotiated with BAM Construction and, subject to agreement and funding, would be formalised as a contract variation. It would not be feasible for any other contractor to carry out the fallow floor works. Of the £2.6 million 450K is funding specialist equipment.</p> <p>The project could be managed by way of a contract variation on the medical school project. This would impact on the intervention rate but add additional outputs to the scheme. We could also capture the secured revenue match funding for the delivery of the centre as Match funding levered.</p>
LSIP Phase II	Full Business Case	Business & Innovation	6.9	3.5	3.4	<p>Received feasibility Funding from LEP to progress idea:-</p> <p>The project will develop infrastructure to enable the commercial development of 6 acres of brownfield land and 12,000m2 of new R&amp;D focussed facilities able to house more than 700 high-skilled employees. At the core of this campus will be an industrial research institute focussed on intelligence, surveillance, reconnaissance, digital communications and cyber technologies.</p> <p>The project is closely aligned with the GLEP Strategic Economic Plan and Manufacturing Sector Plan to enhance capacity in a priority sectors. It enhances opportunities for innovation by creating the business environment, high level skills and new jobs to strengthen local supply chains and act as a magnet for inward investment. It is aligned with the emerging Local Industrial Strategy, particularly the cross cutting skills and digitalisation themes.</p> <p>Two projects: (1) enabling works on Phase II to realise full viable exploitation of the site (2) provision of an R&amp;D anchor development on the Phase II site, the Defence Technologies ISTAR Research Institute.</p> <p>The applicant has provided varying work packages to progress the site however in order to achieve the required outputs all work packages would need to be funded.</p>
Lagoon and Main Infrastructure	Full Business Case	Water Management	1.5	1	0.5	A H Worth want to install a lagoon-based water purifying system, that uses no chemicals, to recycle water from the factories operating from their site in Holbeach Hurn. This project is based on two settlement lagoons. Due to the retention time of the water in the lagoon and automated circulation, we would be able to create oxygenated water that can be recycled and used back into the factories. The project is to design and build a sustainable wastewater treatment plant occupying a site on Worth Farm's land in Holbeach. Wastewater is to be taken from the vegetable processing companies operating on A H Worth premises and passed through the water treatment process to recycle clean water for factory use. This lagoon-based treatment plant will also produce an effluent that can be reused as irrigation supply for the local farmland, thus turning a waste product into a nutrient rich resource.
AB Potato Grading and Cold Stores	Full Business Case	Agri-Food	12.6	5	7.6	<p>Albert Bartlett's £12.5m project is to build a state-of-the-art cold store and fully automated packing factory on their site in Boston. It will be implemented over 18 months in two phases. It will allow AB Bartleet to scale up operations, safeguard 200 staff, create a further 66 permanent semi and skilled jobs and an additional 8 seasonal jobs, and benefit local businesses in the rural Lincolnshire economy. The aim of the project is to build a state-of-the-art 10731m2 cold store facility in phase 1, which will enable potato storage from harvest (typically mid-August to late November) right through to the end of July in the following year.</p> <p>Phase 2 of the project is to design and build a purpose built industry leading high volume bespoke packing facility which will allow them to double the capacity of the site. It will be designed up to a maximum of 3185 tonnes to allow for the 2021 volume average of 2364 tonnes and handle peaks and troughs.</p> <p>A funding package will be available from their banking partner, HSBC, which will be in the form of a term loan, asset finance and RCF facilities. Funds will also be made available from the rest of the Albert Bartlett group at a level which is appropriate given the level of commercial risk the board is prepared to accept to support this investment. The balance sheet of the group will be leveraged in order to secure the bank funding and the group will be called upon to cover capital spend and start up losses in the early periods of trading.</p>
Linking Cycle Routes - Hobson Way Immingham	Full Business Case	Infrastructure	0.43	0.35	0.08	This project will introduce a new 0.7km segregated pedestrian and cycle route between the South Humber Bank link road (currently under construction) and South Marsh Lane (with links to the SHIP site at Stallingborough).The scheme will offer residents access/connectivity to employment within the SHIP enterprise zones and in the wider South Humber Bank area offering sustainable transport options to access new and existing development sites along the route and will specifically help grow opportunities in the ports and logistics sector.
Brigg Link Road	Full Business Case	Infrastructure	3	1.6	1.4	<p>The primary aim of the Brigg Link Road is to gain access to the five housing allocations in Brigg to the north and west of the town (Approximately 800 dwellings across sites BRIH-1, BRIH-2, BRIH-3, BRIH-4 and BRIH-5). A Link Road from Wrawby Road, across Grammar School Road to Atherton Way through the land allocations is required as an integral part of the development. Furthermore it will provide an alternative east – west route through Brigg allowing for reduced and improved traffic flows in the town centre.</p> <p>LEP funding is sought to specifically deliver the following Phases (1-2) of the Link Road Programme -Phase 1: Link road from Atherton Way to Grammar School road. This road will enable 170 dwellings to be delivered on housing allocations BRIH-1 and BRIH-5. Phase 2: Construction of mini-roundabout linking the new road delivered in phase 1 to Grammar School Road. The junction will provide direct access to BRIH-2 and additional access to BRIH-2. This junction will enable an additional 200 dwellings to be delivered.</p> <p>Still unclear on the delivery milestones - funding profiles suggest completion by March 21 but also says Phase 1-3 2022/23. Also construction starting in Late 20???? if Sept then would only allow 6month build.</p>
TOTAL			82.41	21.4	63.01	

## PAPER 4

### MADE IN GAINSBOROUGH PHASE 2

<b>Publication</b>	<b>Public Paper (published)</b>					
<b>Meeting date:</b>	<b>17 December 2019</b>					
<b>Agenda Item:</b>	<b>4</b>					
<b>Item Subject:</b>	<b>Made in Gainsborough, Lincoln College – Approval from Invest &amp; Grow Interest</b>					
<b>Author:</b>	<b>Halina Davies</b>					
<b>For:</b>	<b>Discussion</b>	<b>Yes</b>	<b>Decision</b>	<b>Yes</b>	<b>Information</b>	

#### 1. SUMMARY

- 1.1 This paper seeks Investment Board formal approval of a £14,492 allocation from the GL LEP Invest & Grow Programme interest received towards the Made in Gainsborough Phase 2 scheme at Lincoln College, Gainsborough.

#### 2. BACKGROUND

- 2.1 On the 8<sup>th</sup> August 2018 GL LEP contributed £12,913 to the Made in Gainsborough Phase 1 project and agreed a provisional allocation of £14,492 towards Phase 2 pending demonstration of success of the Phase 1 scheme.
- 2.2 The Made-in-Gainsborough project was first proposed in January 2018 with the objective of making Gainsborough College a centre of excellence for engineering apprenticeships in collaboration with local employers and other stakeholders.
- 2.3 The original Phase 1 project budget was made up of £80k from Lincoln College, £75k from Gainsborough Development Trust and £12,913 from the LEP.

#### 3. THE PROJECT - PROGRESS TO DATE

- 3.1 The project consists of two phases as follows:

- Phase 1 (budgeted at time of proposal)
  - Stage 1: Convert vocational centre into workshop space.
  - Stage 2: Convert further space into a welding workshop.
- Phase 2 (Not budgeted at time of proposal)
  - Provision of a small-scale milling and turning capability.

Phase 1 Stage 1 is now complete. Phase 1 Stage 2 and Phase 2 have not been started.

- 3.2 The key deliverables of Phase 1 Stage 1 were the conversion of a storage room, office and 2 classrooms in the vocational centre into workshop space. This included re-working internal walls, new steels, new electrical supply, compressed air supply, lighting, benches, equipment and learning materials.

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### MADE IN GAINSBOROUGH PHASE 2

- 3.3 At the start of 2019/20 the Made in Gainsborough programme had recruited 27 apprentices and 3 study programme learners. This met the recruitment targets that had been set at the outset of the project.
- 3.4 Unfortunately despite this success Phase 1 Stage 1 suffered a cost over-run and used up the entire original budget which had originally been intended to deliver Phase 1 Stages 1 and 2.
- 3.4 The reasons for the cost over-run were as follows.
- The costs of the main building contractor increased above the initial estimate including costs relating to unforeseen complexities in the electrical supply and additional planning services.
  - After the project had started a decision was taken to retain Motor Vehicle in Gainsborough. This meant a different area of the college was converted which significantly increased the project costs. However, this decision enabled 10 industry-ready motor vehicle learners in 2018/19 with a further 13 in learning in 2019/20. 23 qualified motor vehicle learners would have been lost to the local economy had the decision to retain Motor Vehicle not been taken.
  - The in-bound electricity supply to Gainsborough College was found to be insufficient for welding and had to be upgraded which incurred further additional cost.

#### 4. FUNDING

- 4.1 Significant effort has been invested recently in obtaining more accurate costs for the remainder of the project deliverables. This has included seeking advice from the employers and engaging an external firm (Thornton Firkin) who have considerable expertise, which includes the 2013 project which delivered similar welding bays on the Lincoln campus.
- 4.2 The costs for the remaining project works are as follows:

Item	Cost
Welding Bays	£94,470.00
Fabrication	£9,600.00
Milling and Turning	£45,000.00
TOTAL	£149,070.00

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### MADE IN GAINSBOROUGH PHASE 2

- 4.3 The proposal is for Lincoln College to contribute 50% towards the project costs in order to complete Phase 1 and initiate Phase 2 with a further contribution of £60,043.00 gap funding from West Lindsey District Council (WLDC) towards delivery. A shortfall of £14,492.00 is being requested from the GLLEP to assist with the Phase 2 delivery as funding of last resort.

Funding Source	Amount
Lincoln College Funding @ 50%	£74,535.00
WLDC Gap Funding - Phase 1 & 2	£60,043.00
GLLEP - Funder of last resort - Phase 2 only	£14,492.00
TOTAL	£149,070.00

- 4.4 LEP funding will only be used for Phase 2 related items, specifically the milling and turning capability. This will enable a milling and turning capability that is a better match to the range of equipment in the Lincoln workshops, which will enhance the learner experience and improve learner outcomes by giving the learners direct access to the equipment on site at Gainsborough College.
- 4.5 The £14.4k of LEP funding is being pursued but has not been assumed and would be used specifically for the phase 2 milling and turning deliverables.

## 5. OUTPUTS

- 5.1 The required £149k of core project funding will enable:
- Delivery of a welding workshop.
  - Delivery of a fabrication capability.
  - Delivery of a small-scale milling and turning capability.

## 6. OTHER OPTIONS CONSIDERED

- 6.1 The alternative to funding the remainder of the project is to halt further investment and to reduce the scope of the vision for the Made-in-Gainsborough initiative. In this case welding would be permanently delivered in Lincoln and further investment in the Made in Gainsborough infrastructure at Gainsborough could not proceed.
- 6.2 This could result in non-viability of the Made-in-Gainsborough initiative as we are told that the partner employers have expressed:

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### **MADE IN GAINSBOROUGH PHASE 2**

- a) Their views on the criticality of a local welding capability to the Made-in-Gainsborough vision.
- b) Their dissatisfaction with the long term or permanent transporting of apprentices to Lincoln for the welding components.
- c) That they are prepared to withdraw their learners from Gainsborough College if the local welding capability cannot be delivered in line with their expectations.

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

7.1 To be provided during the meeting.

## **8. RECOMMENDATION**

- 8.1 It is recommended that the Investment Board formally approves £14,492 from the GL LEP Invest and Grow Programme interest received towards the Made in Gainsborough Phase 2 scheme as provisionally indicated in August 2018, subject to WLDC and Lincoln College confirming in writing that the scheme has fully secured the match funding required.