

**Paper 0 Greater Lincolnshire Investment Board Agenda**

Friday, 29th September 2017 at 1.30pm

Venue: Committee Room, North Kesteven District Council Offices, Kesteven Street,  
Sleaford, Lincs, NG34 7EF

Item No	Item and Brief Description	Lead	Additional Information
1	<b>Welcome and Introductions</b> <ul style="list-style-type: none"> <li>• Apologies for Absence</li> <li>• Declarations of Interest</li> <li>• Matters arising</li> </ul>	Chair - Ursula Lidbetter  Ruth Carver	
2	<b>Draft Minutes: 20<sup>th</sup> July 2017</b>	Chair	Paper 1.0 – for approval and publication
3	<b>Growth Deal Update Report from the Accountable Body</b> <ul style="list-style-type: none"> <li>• Programme level update, summary of key risks/issues</li> </ul>	Linsay Hill-Pritchard	Paper 2.0 and Paper 2.1 – for information and endorsement
4	<b>Greater Lincolnshire LEP Assurance Framework</b> <ul style="list-style-type: none"> <li>• Why awareness of the Framework is important</li> </ul>	Ruth Carver	Paper 3.0 for presentation and discussion
5	<b>Allocation of recouped growth deal funding</b> <ul style="list-style-type: none"> <li>• Recommendations for reallocation</li> </ul>	Ruth Carver	<u>CONFIDENTIAL</u> Paper 4.0 – for decision Appendix 2 and Appendix 3
6	<b>Northern Junction Roundabout</b> <ul style="list-style-type: none"> <li>• Revised due diligence recommendations</li> </ul>	Ruth Carver	<u>CONFIDENTIAL</u> Paper 5.0 and Paper 5.1 for decision Appendix 4
7	<b>Any Other Business</b>		

**Attendees**

Confirmed LEP Directors: Ursula Lidbetter, Cllr Peter Wheatley, Cllr Colin Davie, Cllr Rob Waltham, Richard Wills; Mark Tinsley

Accountable Body: Linsay Hill-Pritchard

LEP Officers: Ruth Carver

Observers: Pete Holmes

**Apologies**

Chris Baron, Herman Kok, Halina Davies

**Greater Lincolnshire LEP Investment Board Draft Minutes**

**Thursday, 20<sup>th</sup> July 2017**

<p><b>In attendance</b>  <b>Board Directors:</b> Ursula Lidbetter (Chair), Cllr Colin Davie, Cllr Rob Waltham, Cllr Ray Oxby, Chris Baron, Mark Tinsley, Richard Wills  <b>Officers:</b> Ruth Carver, Halina Davies, Cathy Jones  <b>Accountable Body:</b> Lindsay Hill-Pritchard  <b>Observers:</b> Pete Holmes, Chris Duffill  LCC, Andy Gutherson – item 4  <b>Apologies:</b> Herman Kok</p>	
<b>1</b>	<p><b>Welcome and Introductions</b>  The meeting was quorate, and the Board noted the following Declarations of Interest:</p> <ul style="list-style-type: none"> <li>• Cllr Colin Davie and Richard Wills: Grantham Southern Relief Road and Sutterton Roundabout</li> <li>• FEZ Programme: Cllr Colin Davie; Richard Wills, Chris Duffill and Cllr Ray Oxby</li> <li>• Ursula Lidbetter: Lincoln Science Park, Lincoln Transport Hub</li> </ul>
<b>2</b>	<p><b>The Draft Minutes of 23<sup>rd</sup> March 2017</b> were approved and could be published. There were no matters arising from the minutes which were not covered elsewhere on the agenda.</p>
<b>3</b>	<p><b>Growth Deal Update Report</b>  HD summarised the latest position on the Growth Deal programme, noting a mistake in the first paragraph: the reference to two projects being reviewed should refer to Grantham Technology Innovation Centre and not NEP7.</p> <p>Halina highlighted the likely underspend against the target forecast of £15.7m this financial year. The usual approach of requesting further LCC offset as a solution would not be a preferred option this time, and the LEP has advised BEIS that the target is unachievable based on current project forecasts. The Board were asked to advise on the best way to relay the lower forecast amount to government and to endorse the proposed approach for reporting on projects undergoing significant change. The Board noted that:</p> <ul style="list-style-type: none"> <li>• Numerous delays result from national agencies and utilities</li> <li>• Slippage on major schemes would be better managed at government level</li> <li>• It is wise to be open early with government about anticipated slippage</li> <li>• The need to be as robust as possible about future years</li> <li>• The LEP executive look beyond the accountable body to reconcile offset</li> </ul> <p>The process for reporting on projects undergoing significant change was approved.</p>
<b>4</b>	<p><b>Grantham Southern Relief Road (GSRR) Update Report</b></p> <p>Cllr Davie left the room for this item, and the meeting.</p> <p>Andy Gutherson, LCC presented this paper on GSRR for review and comment by the Board. Due to the scale and the complexity of the scheme, there have been significant progress delays. Andy tabled a revised funding profile for the scheme indicating that a delivery programme of up to 3 years</p>

	<p>for Phase 3 may take SLGF spend 1 year beyond the end of the Growth Deal programme.</p> <p>LCC sought the views of the Board on how to better respond to issues relating to external agency driven delays/impacts, and sought assurance that the Board remains supportive. The Board had a detailed discussion of the challenges, constraints and opportunities and their implications for the scheme's delivery and timetable. They considered a range of options. They agreed their continued support for this highly strategic link to the A1 and relief road for Grantham, but requested rigorous 6 monthly monitoring to the Investment board (July and December).</p> <p>The Board further agreed to support LCC in ministerial lobbying in relation to the role of external bodies such as Highways England and Network Rail.</p> <p><b>Decision:</b></p> <ul style="list-style-type: none"> <li>• 6 monthly monitoring reports to be considered at the Investment board, on milestones and resources</li> <li>• Support in influencing national agencies</li> </ul>
5	<p><b>Sutterton Roundabout Due Diligence Report</b></p> <p>HD provided an overview of the scheme and highlighted the findings from the due diligence appraisal. The project proceeded on site at risk as of last autumn, hence is substantially complete but is still subject to due diligence and formal contracting. Mark Tinsley questioned the impact and value for money of the scheme, and after a detailed discussion, it was agreed to apply conditions to the contract.</p> <p><b>Decision:</b> The Board approved grant funding of £905,834 and agreed to progress the project to formal contracting stage, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• Provision of a full evaluation of the scheme</li> <li>• Provision of lessons learnt to be applied for future decision making</li> <li>• Evidence of expenditure and payments made during the construction process</li> <li>• Copies of all certification confirming that practical completion has been reached</li> <li>• Statement of total expenditure in relation to the scheme, to verify the amount of SLGF remains in accordance with the application made.</li> </ul> <p>Mark Tinsley abstained from the decision.</p>
6	<p><b>FEZ Programme</b></p> <ul style="list-style-type: none"> <li>• Recommendations for apportionment of GD3 allocation</li> <li>• Programme Overview</li> </ul> <p>HD explained the reasons for this allocations process and summarised how the proposals have changed since the original submissions 1 year ago. She gave a brief summary of the scoring process related to the GD3 FEZ programme and explained that the allocations proposed in the paper are indicative and still subject to due diligence.</p> <p>Members of the Board approved the recommended allocations but requested that the due diligence process should assess what the impact of a reduced allocation would be on viability and deliverability.</p> <p><b>Decision:</b>  Indicative allocation subject to due diligence to the following projects:  £3m to South Lincolnshire FEZ  £2m to Central Lincolnshire FEZ  £1.5m to Europarc FEZ</p>

<p>7</p>	<p><b>Replacement STEM scheme proposal for Grantham</b></p> <p>HD gave an overview of the proposed commissioned project and explained why officers recommend that it should be approved as a replacement scheme for the Grantham College STEM project.</p> <p>The Board were asked to approve <u>in principle</u> to transfer £2m of the £2.3m growth deal allocation to the scheme, pending results of future due diligence appraisal and a further investment Board decision based on emerging recommendations.</p> <p>The Board are also asked to agree that the £0.3m remaining be allocated to the Skills Capital Investment Fund.</p> <p>The Board welcomed the proposal to bring HE and FE together in this scheme, but were concerned to ensure that appropriate guarantees could be incorporated to protect future use.</p> <p><b>Decision:</b></p> <p>The recommendations were approved.</p>
<p>8</p>	<p><b>Invest &amp; Grow Progress Report</b></p> <p>CJ summarised progress on the Invest &amp; Grow programme for Board members to note.</p> <p>In relation to the loan to the International Bomber Command Memorial Trust, £57,001.42 interest is due on this loan to date. As the project is still raising a further £2 million for the completion of the visitor centre, we have not yet issued an invoice for the interest due to date. A further payment of £16,054.88 will be due in November 2017. Interest accrued on the loan will continue to be payable every six months thereafter until the loan and all outstanding interest has been repaid in full.</p> <p>Individual guarantees are in place in relation to the £800,000 loaned to the Trust. The Board noted that there are no guarantors for the unpaid interest, and expressed concern that interest accruing could increase the risk that the sums guaranteed may have to be repaid.</p> <p>The Board agreed to delay seeking interest payments for a further six months (to January 2018) to allow sufficient time for the Trust to complete the remainder of their fundraising for the project. However, the Board agreed to ask the Trust to formally advise their Guarantors of this situation.</p> <p><b>Decision:</b></p> <p>LEP Executive to write to the IBCMT to outline the decision to defer invoicing for the interest until January 2018, and ask that this be communicated to the Guarantors.</p>
<p>9</p>	<p><b>Any Other Business</b></p> <p>There were no items of other business.</p>



**Recommendation: A Paper for Information**

This paper is to update Board Directors on progress with the current Growth Deal Programme for Greater Lincolnshire.

**Growth Deal Project Highlights**

With several projects now underway Officers would like to provide the Board with highlight reports on schemes/programmes performing well and nearing or having reached completion. The first of these is 'Go Skegness' and Appendix A provides a brief overview of what the scheme has already delivered and a summary of the impact already achieved as a result.

**Growth Deal Progress**

Following discussions with and quarterly submissions from project lead partners, it remains clear, as highlighted to Board in April that the government's 2017/18 growth deal expenditure target of £15.7m will not be fully achieved. Three projects are currently deemed as high risk in terms of milestones to the programme. One of these projects, Northern Junction Roundabout, is being presented to the Board today for review; and the other two Skegness Countryside Business Park and Grantham Southern Relief Road will report on progress again at the 24 November Investment Board as agreed with the applicants in July.

Letters from the accountable body regarding formal variations to contract on expenditure and output forecasts were issued to all grant recipients with funding agreements in place and responses to these have now been received, incorporated into the forecasts and formally confirmed.

The programme is currently forecasting £9.97m in expenditure for this financial year, which leaves a gap of £5.7m for the LEP to consider as part of its freedoms and flexibilities.

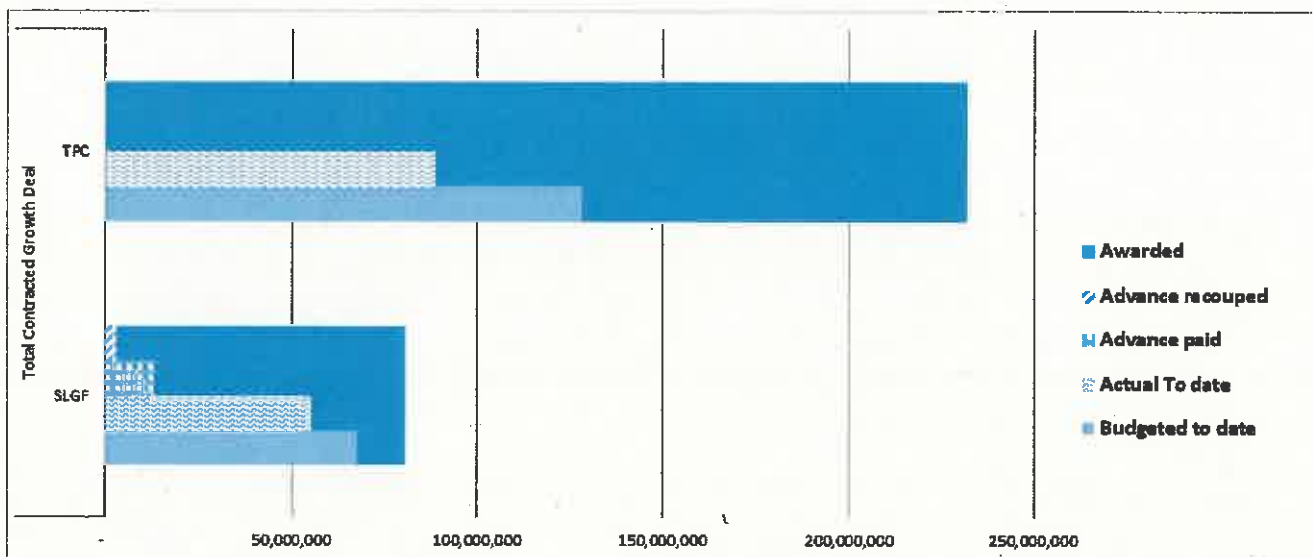
**Managing Slippage**

As we move towards the end of the programme, there are limited options to bring forward to increase growth deal expenditure in 2017/18, however there are options that can be explored to help prevent an underspend situation. These are:

- Seeking to pay the amount of the skills capital pot as an advance "programme"
- Seeking to advance pay for local authority capital projects for them to then release secured capital budget to projects
- Collaboration with LEP areas that are overspending against target

These measures could all be introduced under our freedoms and flexibilities. Forecasts for 2018/19 exceed agreed government targets; hence the LEP could begin to significantly rebalance existing offset figures. Board Directors are asked to support this approach, with LEP officers reporting back.

## Growth Deal Dashboard



The above table shows that on a total project cost level projects are 32% under contractual spend targets. Whilst these original targets have now been reviewed with grant recipients, and the recent reprofiling exercise once actioned on the system will show project profiles as being aligned, it is important for the Board to understand to what extent the programme has adjusted over time.

With regards to SLGF release we are under target by 19%. Although you would expect to see a similar level in % variance, the reason it is different is the fact that we have utilised freedoms and flexibilities around paying projects higher intervention rates and have also released advance payments. Having given out £13.5million in advance payments, we have recouped 20% to date through claim submissions.

Officers continue to monitor project progress with regular site visits, quarterly progress reports and one to one liaison as necessary; this ensures that the LEP is aware of any issues and concerns at an early stage and has clarity on what is being done by grant recipients to mitigate them.

### Recommendation

That the Board notes the current programme position, and endorses the proposed approach for managing slippage in 2017/18.



Go Skegness is a wide-ranging project that is seeking to benefit both visitors and residents by creating a more efficient highways and public transport network, in addition to encouraging healthy lifestyles through walking and cycling. It will support the local visitor economy, encourage new businesses, create jobs through the construction phase and attract visitors in the long term. The project has provided to date:

**A52 Roman Bank:**

- 640 metres of brand new bus lane which in total creates 1,232 of continuous dedicated bus lane linking Butlin's with Winthorpe
- 3200 metres of improved footways/cycleways to both on and off road sections along an existing route, with tactile drop crossing points at all access points along the route
- 200 metres of new fencing along footway/cycleway
- 18 new lighting columns and 20 new illuminated bollards along footway/cycleway
- 7 bus stop locations upgraded along the A52 to provide accessible boarding platforms and 2 new bus shelters
- 5 pedestrian crossings upgraded to toucan crossings to enable cyclists to cross safely



**Gibraltar Point:**

- Improvements to width and surfacing of 800 metres of segregated footway/cycleway
- Improvements to width and surfacing of 1000m of off road footway/cycleway
- 400 metres of new fencing along off road footway/cycleway



**Lumley Road:**



- Improvements to facilities at 3 key town centre locations including a new bus shelter and extension to boarding platforms to aid passengers when boarding and alighting the bus and to improve traffic flows



**Roman Bank opposite Fantasy Island, Ingoldmells**

- Extension of the bus stop layby to allow access for two buses which alleviates congestion at the nearby junction
- Improved accessibility for passengers when boarding and alighting the bus

**Phase 2 continues to progress well with:**

- Construction along the A52 of a new footway/cycleway to connect Butlin's and Winthorpe to the seafront starting in September.
- Works in the vicinity of Beacon Medical Practice, Ingoldmells during November 2017 to provide 2 new accessible bus stops, improvements to the footways and crossing points.
- Relocation of the Roman Bank Northbound bus stop, realigning the kerbs, widen the crossing points and increase the junction capacity at Sea Lane / Roman Bank with a planned start of early October 2017.



**Recommendation: A Paper for information**

Board Directors are asked to note the proposed actions identified within this paper.

**Background Information**

In April 2015 Greater Lincolnshire LEP produced its first Assurance Framework. There were no formal national government guidelines at the time, hence the document was focussed on existing governance, LEP activity and decision making at the time. The document was produced in conjunction with two others, the Greater Lincolnshire LEP Implementation Plan and the Greater Lincolnshire LEP Monitoring and Evaluation Plan.

In autumn 2016 the Government circulated its expectations in terms of what each LEP Assurance Framework should include as a minimum and our Framework was updated and expanded accordingly in advance of the LEP/BEIS Annual Conversion.

An audit process confirmed in early 2017 that our Assurance Framework was compliant in terms of national requirements and it was officially signed off by the Accountable Body's Section 151 Officer in February 2017.

**How the Assurance Framework relates to our LEP Roles and Responsibilities**



The Assurance Framework is a public facing document on the Greater Lincolnshire LEP website advising on our roles and responsibilities; but crucially it is also our handbook in terms of what we do and how we do it.

Whilst the Assurance Framework appears to be a lengthy document, it is broken down into clear sections and provides

useful links to supporting documentation and information. Everything we do as a LEP and the decisions that we make all need to comply with our Assurance Framework. We are committed to rules in relation to transparency, processes, partnerships, governance and contract management, and should ensure at all times that we are not doing anything that might contravene the Framework we have signed up to.

We also need to keep the Framework up to date, checking existing policies for relevance, understanding funding programmes and how they are managed, and questioning to what extent we are being transparent in all that we do. The way we communicate publically and internally, making certain that there are no conflicts of interest is imperative, and the Framework provides us with clear guidance on how this should be approached. Regular reference to the Framework is therefore essential, so that we are aware of any significant changes and as such any implications for the way in which we operate as a LEP or individually.

#### Actions for the LEP Investment Board

As LEP employees and representatives there are number of actions we all as need to consider every quarter when it comes to the Assurance Framework:

- Be aware of when the Assurance Framework was last updated.
- Check that expectations in relation to governance remain the same and that if not, revised requirements are noted.
- Read and understand the rules in relation to conflicts of interest and transparency, adhering as required.
- Are our partnerships the same or have they altered/expanded? Should we be adding groups that have not been highlighted or deleting those that no longer exist?
- Are policies up to date? Which ones apply to the work I carry out on behalf of the LEP? Have I read through them and do I understand the implications?

It is important to remember we have a shared responsibility to keep the Assurance Framework up to date, be aware of its contents, and to follow relevant processes accordingly.