

Greater Lincolnshire Investment Board

Monday, 15th December 2014

9.30am to 11.30am in Committee Room 2,

County Offices, Newland

		ACTION
1.	<p>Present:</p> <p>Board Members: Ursula Lidbetter (Chair) Cllr Colin Davie Cllr Ray Oxby Mark Tinsley Chris Baron</p> <p>Board Support: Rachel Lister – Thomas Lister Lindsay Hill Pritchard - Lincolnshire County Council Ruth Carver, Halina Davies, Jon Burgess – GLLEP Secretariat</p>	
2.	<p>Welcome, apologies and Declarations of interest</p> <p>The Chair welcomed everyone to the meeting. Apologies were received from Pete Holmes (BIS).</p> <p>The following declarations of interest were recorded:</p> <ul style="list-style-type: none"> • UL declared an interest in the Boole Technology Centre and Lincoln Transport Hub under Growth Deal 1, as both schemes are receiving match funding through Lincolnshire Co-op. • CD declared an interest in the Unlocking Rural Housing Programme as one of the sites identified as within the electoral ward he represents. It was noted however that no decision was being made on this project at the meeting. • MT declared an interest in the Riseholme campus as a representative of the agri-food industry. Members agreed that the interest did not specifically relate to the project being discussed. 	None
3.	<p>Minutes of the previous meeting and Matters arising</p> <p>Minutes of 24th September 2014 meeting agreed as a true record.</p> <p>As the previous meeting was not quorate, Board Members endorsed the provisional recommendations from the 24th September to formally approve:</p> <ul style="list-style-type: none"> • A conditional loan offer of £3,500,000 to Chestnut Homes towards the delivery of the Boston Quadrant scheme – subject to the recommendations identified in the Thomas Lister report and further due diligence work and contracting with Lincolnshire County Council as Accountable Body; 	

	<ul style="list-style-type: none"> • A conditional loan offer of £1,500,000 to the Lincolnshire Bomber Command Memorial Trust towards the delivery in the Internal Bomber Command Centre scheme – subject to the recommendations identified in the Thomas Lister report and further due diligence work and contracting with Lincolnshire County Council as Accountable body; • A financial contribution of £10,000 per annum (for an initial 3 years) towards the service improvement along the Nottingham to Lincoln train line. 	
4.	<p>Growth Deal 1 Implementation and Monitoring – Presented by RC</p> <p>Board Members received an update on the suite of documents that are required by Government to ensure robust governance of the Growth Deal 1 award. It was noted that all Central Government are looking towards a final sign off of all documents in January.</p> <p>Once approved, the published documents will publish regular updates on funded activity and set out the roles, expectations of all lead partners – including the LEP, Accountable Body and project sponsors/applicants.</p> <p>Members noted the update and were satisfied that good governance arrangements were being implemented.</p>	
5.	<p>Due Diligence Report – presented by RL</p> <p>i) Grantham Southern Relief Road It was noted that Growth Deal funding would not be used to contribute towards the part of the Relief Road which provides access to the King 31 site, as this would be ineligible under State Aid. Detailed design will continue in January to March next year. Design fees incurred in January to March 2015 (c£2million) to form part of first claim in 2015/16.</p> <p>Negotiated revisions to the design indicate that CPO will no longer be required to finalise the scheme design. Judicial Review challenge is now considered to be low risk as two previous legal challenges have been overturned.</p> <p>Project considered to be well advanced and ready for early delivery in 2015/2016.</p> <p>Board Members supported the recommendations presented and the offer of a funding contract for the Grantham Southern Relief Road scheme.</p> <p>ii) Boston Quadrant Following advice from Eversheds, it was confirmed that the Growth Deal award will be focussed solely on general public benefit works assigned to the distributor road only (i.e. no funding for spur roads or other infrastructure into the development sites).</p> <p>AECOM have undertaken further work on the financial allocations and confirmed eligible costs to cover a proportion of professional fees, design works, land acquisition and flood alleviation on the distributor road.</p> <p>Most complicated condition to resolve remains the agreement of the inter creditor deed. Concerns over the reputational risk for the LEP were noted, in the event that approved projects fail to deliver.</p> <p>It was agreed that robust performance monitoring arrangements would be implemented for all schemes, based on established EU and LCC funding templates. Grant agreements will also place specific obligations on applicants including time</p>	

constraints, step-in rights and payment on defrayed expenditure only.

Board Members supported the recommendations presented and the offer of a funding contract for the Boston Quadrant scheme.

iii) Boole Technology Centre (UL left the room for discussion)

It was noted that the State Aid advice and cost appraisal work do not present any major risks to delivery or eligibility of Growth Deal funding. Project is ready to go, subject to completion of site investigation and confirmation of procurement route.

Board Members supported the recommendations presented and the offer of a funding contract for the Boole Technology Centre scheme.

iv) Riseholme Campus (UL re-joined the meeting)

It was noted that the State Aid advice supports the allocation of funding for educational use, but not for any commercial, economic or regeneration purposes. The funding contract will therefore specify skills and education outcomes as the reason for investment. Recommendations to include assurances that any works associated with student accommodation will not be included under the Growth Deal award.

It was acknowledged that the project is lacking some detail, as project has followed typical Skills Funding Agency approach (i.e. tender required to confirm costs). As such more detailed design specification and cost information is required to assess eligible items and valuation of completed scheme.

Board Members supported the offer of a conditional contract for the Riseholme Campus scheme, subject to further information being provided to the February 2015 meeting on project design, costs, valuation, procurement route, lease agreements and future masterplan/vision for the site.

v) Unlocking Rural Housing Programme

It was noted that cost appraisals have been completed for all schemes, but that detail is missing on some of the individual projects.

Programme is currently claiming shortfall in funding to bring some schemes forward, not a deficit in costs versus value. Net Present Value calculations over a 30 year period assume no increase in income. As such, the basis for seeking funding is not State Aid compliant in its current form.

It was agreed that the LEP had asked for the scheme to come forward initially and that Board Members remained supportive of the need to bring forward new housing to support economic growth.

Programme not ready to progress to contracting stage. Officers requested to explore alternative, State Aid compliant delivery mechanisms to bring back to February 2015 meeting.

vi) Skegness Countryside Business Park

Project not sufficiently advanced to enable detailed cost appraisal. Heads of Terms for delivery arrangements between Lincolnshire County Council and Croft Marsh Ltd are also required to underpin investment and check State Aid compliance.

Project not ready to progress to contracting stage. Further detail to come back to February 2015 meeting with a view to considering a conditional offer letter at that meeting.

6.	<p>Growth Deal 1 Draft Contract Documentation – presented by RC</p> <p>It was noted that the draft contract presented has been prepared by Legal Services Lincolnshire and approved by the Accountable Body. The Agreement has been based on EU templates to ensure robust performance monitoring.</p> <p>Board Members to receive a working draft of the contract for Grantham Southern Relief Road for information, once this is available.</p>	
7.	<p>Growth Deal 2 Prioritisation – presented by RC</p> <p>It was noted that the list of projects submitted under Growth Deal 2 will be subject to further analysis by BIS officials over the next few weeks, with a view to formal confirmation of approved schemes by early February 2015. The Autumn Statement confirmed that the bulk of the extra £1bn allocated to Growth Deals will come forward in 2019/20 and 2020/21.</p> <p>Officers to undertake further discussion and negotiation with project sponsors and BIS on the funding profiles for prioritised schemes.</p>	JB
8.	<p>Invest & Grow Update – presented by JB</p> <p>Members noted the report.</p> <p>RL provided further explanation on the interest rates that are recommended for each scheme, which follow an approved European Commission matrix based on credit worthiness and financial standing of the applicant alongside collateralisation offered against the loan, plus the EC base rate of interest.</p> <p>It was confirmed that the EU base rate is amended to the rate which applies at the time of the formal contract (not the date of Board approval) to ensure State Aid compliance.</p>	
9.	<p>Commercial Feasibility Fund – presented by JB</p> <p>Members agreed that there was sufficient evidence to support the creation of a new feasibility fund. It was confirmed that approved loans would be repaid on schemes which progressed to delivery stage.</p> <p>The Board subsequently approved the allocation of £300,000 through the Growing Places Fund to create a new loan funding pot towards feasibility costs on capital schemes that will accelerate growth and investment in Greater Lincolnshire.</p>	
10.	<p>ESIF Committee Minutes – presented by RC</p> <p>Board Members noted the minutes from the inaugural ESIF Committee, which will continue to meet in shadow format until the Operational Programmes are agreed.</p> <p>Some vacancies on the committee are still to be filled, including representation under equalities, trade unions and the private sector.</p> <p>It was noted that the Investment Board will maintain an overview of the ESIF programme, and that Herman Kok has volunteered as an interim LEP representative onto the ESIF committee,</p>	

11.	Any Other Business <ul style="list-style-type: none">• CB requested a summary sheet on all available funding streams;• JB to map out projects submitted under Growth Deal 2 against possible funding opportunities to consider what funds could deliver which strands of activity;• CD requested that copies of the Local Transport Plan for Lincolnshire and Humber areas are circulated to ensure that Members understand the transport aspirations for the next ten years.	
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Meeting closed at 11.30am