



LEP INVESTMENT BOARD

21st September 2018

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

Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
13:30	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> Approval of Minutes 25th May 2018 	Chair	All Members and Published Paper 1 attached
13:35	Greater Lincolnshire Growth Fund Project <ul style="list-style-type: none"> SDG Access Ltd Report for Decision Due Diligence Report 	Michelle Davis (Greenborough Ltd)	<u>Commercial in Confidence - not for Publication</u> Paper 2 attached Paper 2.1 attached
13:55	Greater Lincolnshire Growth Fund Project <ul style="list-style-type: none"> Wolds Manufacturing Report for Decision Due Diligence Report 	Michelle Davis (Greenborough Ltd)	<u>Commercial in Confidence - not for Publication</u> Paper 3 attached Paper 3.1 attached
14:15	Central Lincolnshire Food Enterprise Zone <ul style="list-style-type: none"> Report for Decision Due Diligence Report 	Halina Davies, LEP	All Members Paper 4 attached Paper 4.1 attached
14:35	Growth Deal Programme <ul style="list-style-type: none"> Growth Deal Update Report Growth Deal Dashboard Summary 	Halina Davies, LEP	All Members Paper 5 attached Paper 5.1 attached
14:45	Update on progress with the Greater Lincolnshire Feasibility Fund <ul style="list-style-type: none"> Report for Information 	Cathy Jones, LEP	All Members Paper 6 attached Paper 6.1 attached
15:00	AOB and close of meeting		

Attendees: Ursula Lidbetter, Cllr Colin Davie, Cllr Peter Wheatley, Cllr Rob Waltham, Chris Baron, Pat Doody, Richard Wills
Pete Moore Section 151 Officer - Accountable Body)

Apologies: None

Observers: Pete Holmes (BEIS), Vicky Wheelwright (BEIS)

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

Parking Arrangements - Location Map attached

LEP DIRECTORS BOARD

24th August 2018

Lincolnshire County Council, Lancaster
House, 36 Orchard Street, Lincoln,
LN1 1XX

Draft Minutes

Draft Minutes

<p><u>Present:</u></p> <p><u>Board Directors:</u> Ursula Lidbetter (Chair) (Lincs Co-op), Cllr Peter Wheatley (NELC), Cllr Rob Waltham (NLC), Chris Baron (Butlins), Richard Wills (LCC), Cllr Colin Davie (LCC), Pete Moore (Section 151 Officer)</p> <p><u>LEP Executive:</u> Halina Davies, Lindsay Hill-Pritchard, Louise Greensmith (Note Taker)</p> <p><u>Observers:</u> Pete Holmes (BEIS)</p> <p><u>Apologies:</u> Ruth Carver, Pat Doody (Nat West)</p>	
<p><u>Welcome by the Chair</u></p> <p><u>Apologies and Declarations of Interest</u></p> <p>Formal apologies were received from the following: Board Director - Pat Doody (Nat West) LEP Executive - Ruth Carver (LCC)</p> <p>Declarations of Interest: Full declarations of interest can be found at https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/</p> <p>The board were reminded that declarations of interest are required as part of LEP governance and must be submitted at least annually, and if anything changes to the LEP office at the earliest convenience.</p> <p>UL declared a potential interest on Grantham Technology and Innovation Centre (Paper 2) due to land ownership within proximity of the area concerned, but it was agreed by the Board that this was not regarded as a conflict and would not affect any decision made in relation to the scheme.</p> <p>RW declared an interest on Scunthorpe Town Centre (Paper 4).</p>	
<p><u>Minutes and Matters Arising</u></p> <p>The minutes of the 25th May 2018 were discussed. PM commented that on page 3 the figure of £2,271m should actually be £2.271m. It was then accepted that these were a true record and can be published on the website.</p> <p>The Board were also asked to note the electronic approvals dated 7th August 2018 and the minutes of the LEP Directors Board from 20th July 2018.</p>	
<p><u>Paper 2 - Grantham Technology and Innovation Centre</u></p> <p>Board Directors were asked to consider the due diligence appraisal for the Grantham Technology and Innovation Centre and to approve progression to contracting stage.</p> <p>The Board asked for confirmation on the total cost breakdown of this scheme. It was confirmed that the project has a total cost of £6m and the £2m SLGF grant will contribute to the fitting out and flooring on one floor. The rest will</p>	

<p>count as match funding towards the project. It was discussed how the scheme will offer a wide range of functions in the form of educational courses as well as being used as a hub centre. University staff will be based there and businesses would be able to use the office spaces available in the wider complex, so there would be opportunity for interaction between businesses, staff and students.</p> <p>The Board were concerned about the wording on one of the conditions to be included in the grant funding agreement and asked for this to be re-phrased prior to contracting. This is detailed below. It was also pointed out that the figure for the outcome of number of learners was slightly out in the report for decision for this paper.</p> <p>Conditions to be included within the GLLEP funding agreement were agreed as follows:</p> <ul style="list-style-type: none"> • Written confirmation of match funding being provided by the Council. • Written confirmation to GL LEP that any additional costs are underwritten by the applicant. • SKDC retaining and operating the business incubator/co-working space. • Procurement of an internal fit out contractor to be in line with public sector procurement guidelines. • An updated programme for delivery and drawdown of funds is to be provided once a contractor is appointed. • Any users of the centre other than University of Lincoln to be charged market rates for their use. • Written confirmation that procurement of GF Tomlinsons was in line with and met public procurement requirements. • Provision of the construction contract with GF Tomlinsons. • Updated programme for delivery and drawdown of funds to be provided once internal fit-out contractor is appointed. • Provision of full specification and tendered rates when available. • That within the first year of project completion, a written statement is provided stating exactly what the new qualification offers are, and what new activity is taking place. • University of Lincoln only undertaking educational activities, rather than commercial activities, at the University Centre. <p><u>This last condition needs re-phrasing prior to contracting for greater clarity.</u></p> <p><u>Cllr Wheatley, Cllr Waltham, Linsay Hill-Pritchard and Richard Wills left the meeting (before a decision was made), however the meeting remained quorate.</u></p> <p>The Investment Board approved the £2,000,000 of Single Local Growth Fund towards the delivery of this project provided the recommended conditions are included in the funding agreement.</p>	
<p><u>Paper 3 - Gainsborough Growth project</u></p> <p>Board Directors were asked to consider the due diligence appraisal for the Gainsborough Growth Project and to approve progression to contracting stage.</p> <p>It was discussed how the project is centred on encouraging new investors and homes to the Gainsborough area. The project includes retrospective costs for</p>	

<p>land acquisition on which the Board requested further information.</p> <p>HD confirmed that a lot of work had been done regarding State Aid compliance and that LCC's Legal Team had also been consulted with regard to the LOTs scheme. A condition for this project is for the applicant to review their State Aid position as the project progressed to delivery stage. The Board felt that the Accountable Body should also have a role in this.</p> <p>It was noted that the development agreement is not yet signed and until it is in place, the scheme will not be formally marketed. The Board questioned to what extent the developer partner for delivery of the wider regeneration scheme had already engaged potential investors, given the complexity of the target market. They also requested greater clarity on the relationship of the former LIDL site to the wider project and the revenue stream likely to be generated from non-food retail businesses looking to base themselves on the site. The Board questioned if the SLGF grant relating to the site acquisition could potentially be attributed to other elements of the overall scheme.</p> <p>The Investment Board deferred this project to be discussed again at a future meeting. The Board asked for the following information to be provided relating to regeneration area C:</p> <ul style="list-style-type: none"> • A clearer drawing/plan describing all the plots concerned and how they interrelate; • Timescales for delivery; • Update on the developer partner contract - including progress on negotiations to deliver the masterplan; • Clarity on the revenue stream generation from the former LIDL site; 	
<p><u>Paper 4 - Scunthorpe Town Centre</u></p> <p>Board Directors were asked to consider the due diligence appraisal for the Scunthorpe Town Centre Project and to approve progression to contracting stage.</p> <p>It was confirmed that Phase 1 of this project was approved at the last Investment Board and that this was due to be contracted separately. However, as the scheme has now progressed significantly, Phases 1 and 2 will be contracted together.</p> <p>Having an awareness of previous issues regarding deliverability of road infrastructure, the Board asked if this scheme was liable to experience any delays, for example, meeting requirements from Highways England. The Board was assured that this project is in a good position, planning permission was approved in June 2017 and there is an expected start for early 2019. HD agreed to email members to confirm the start date for the infrastructure works following the meeting.</p> <p>It was noted that some elements of the scheme had already been taken forward by the applicant at risk and that some of the grant would therefore be retrospective. This is permitted under the auspices of the programme.</p> <p>Conditions to be included within the GLLEP funding agreement were agreed as</p>	

follows:

Phase 1

- That SLGF only be used to fund the costs of acquiring the KM Cross site up to market value of £282,500, plus legal fees for acquisition of 1% resulting in a total funding requirement of £285,325.
- The overall costs for delivering the Phase 1 project are demonstrated upon the provision of a costed specification and supporting plans, or the provision of the report on tenders and lowest tender received. This information is required to demonstrate that the scheme is deliverable in accordance with the funding that has been secured to date.
- A full programme for the acquisition, detailed design, procurement and construction of the scheme to be provided.
- A programme for the drawdown of SLGF to be provided.

Phase 2

- A completion statement confirming the amount of extra expenditure on the acquisition of the former BHS building to be provided.
- Confirmation that planning permission for site for highways works has been secured.
- A copy of the report on tenders and lowest tender for the highways infrastructure and high street public realm works are provided.
- A copy of the report on tender and lowest tender for the extension of Church Square House Extension and verification that the full amount of SLGF is required in the event of a lower than anticipated tender being returned. In the event that costs are higher, confirmation from NLC that they will underwrite any increase in costs and the project will remain deliverable.
- Should the former BHS building be subject to freehold disposal, clawback is triggered in the event that the sale price exceeds the market value of the building as defined within this Due Diligence report. In the event the NLC have undertaken improvement works to the building, the cost of any such works may be deducted from the disposal value prior to assessing the extent of clawback triggered (if any).
- NLC to confirm that issues relating to cost omissions in Sites 1 and 9 and the safety audit for Site 6 have been addressed and resolved and any impact of cost and deliverability of the scheme to be reported to GL LEP.
- A full programme for the acquisition, detailed design, procurement and construction of the scheme to be provided.
- A programme and quarterly forecast for the drawdown of SLGF to be provided.

The Investment Board approved the £285,325 towards Phase 1 and £3,564,675 towards Phase 2 of Single Local Growth Fund towards the delivery of this project provided the recommended conditions are included in the funding agreement.

Any Other Business

No other business was raised by the Board.

Investment Board

21 September 2018

Paper 4 - Hemswell Food Enterprise Zone

1. PAPER FOR DECISION

- 1.1 Board Directors are asked to consider the due diligence appraisal for the Hemswell Food Enterprise Zone (FEZ) in Central Lincolnshire and to approve progression to contracting stage.

2. BACKGROUND

- 2.1 Greater Lincolnshire LEP has an overall growth deal allocation of £6.8m towards the wider FEZ Programme of which the Hemswell FEZ has provisionally secured £2m.
- 2.2 The South Lincolnshire (Holbeach) and Europarc (Grimsby) FEZs have now been through due diligence and approved, hence this is remaining FEZ site in our area to be considered within the programme.
- 2.3 Situated along the A15 growth corridor this 30 hectare site comprises of arable fields at the location of a former RAF base and is subject to a Local Development Order (LDO). The Central Lincolnshire Food Enterprise Zone (FEZ) will establish a focal point for business development and support to grow the regional food and farming supply chain. Indeed leading agri- food supply chain businesses Woldgrain Storage, ParkAcre and Clean Tech UK are already located at Hemswell.
- 2.4 As highlighted in the due diligence report the location generally suffers from low values and commercial returns, meaning that development costs cannot be met from values generated and therefore requires public sector investment in order to facilitate new development. The proposed infrastructure solution has been designed such that it can be extended to future phases at a later date, or as required to meet market demand for serviced employment space.

3. THE PROJECT

- 3.1 The Hemswell Cliff Business Park will provide flexible and cost effective premises to meet the demand of expanding local agri-food businesses and inward investors. The first phase of this development on which this application is focused, will see the creation of some 28 acres of new employment land within a 12 month construction period. This will lead to the development of 36,600 sq m of new business workspace serving the agri-food sector and represents 52% of the total floor space to be created on the Hemswell Cliff FEZ site. The development will focus on high GVA jobs in food processing, wholesaling and marketing and will thus contribute to the Greater

- 3.2 Hemswell Food Enterprise Ltd (HFEL) is the SPV that will oversee the development of the FEZ site. The SPV will be a private sector arrangement between the land owner and GVO Capital. GVO Capital will become a shareholder/joint owner of the SPV, along with the landowner and have agreed in writing to contribute £970,000 to match the funds and land value contributed by the landowner. Revenue derived from the sale or lease of plots/workspace will then be shared on the basis of the equity split. The arrangement is conditional upon LEP funding to complete the funding package.
- 3.3 West Lindsey District Council (WLDC) will act as the accountable body for the Project and will enter into a separate Grant Funding Agreement with Hemswell Food Enterprise Ltd (HFEL), the SPV which has been established to oversee the delivery. WLDC will stipulate to HFEL appropriate transferable responsibilities as set out in the terms and conditions of the GLLEP Grant Funding.
- 3.4 Once the Phase 1 land is serviced, including the utility and road infrastructure required, provision of a site access and on-site infrastructure, the development plots will be offered to the market for disposal to developers and occupiers associated with the food sector. A flexible range of development plots will be provided with the ability to accommodate up to 36,600 sq. m. of employment space under use classes B1, B2 and B8. Phase 1 will be delivered across four phases, with works anticipated to commence in July 2019 and complete in July 2022.
- 3.5 As detailed within the due diligence report the works in Phase 1 supported by SLGF will include:
- Main access
 - An upgraded Spine Road to serviced plots
 - An infrastructure corridor
 - Reinforcement and upgrade of the water supply and drainage system
 - Smart grid solution, Hemswell Cliff power supply
- 3.6 Additional landowners befitting from the site infrastructure works will not have the capability to connect into this infrastructure until an appropriate contribution has been secured from them to ensure state aid compliance.
- 3.7 The contract with the appointed contractor will be subject to finalisation following approval from the Highways Authority anticipated around June 2019 to incorporate any changes that may be required as part of the highways approval. It is envisaged therefore that the main works infrastructure would commence on site in September 2019 and be completed by April 2020.

4. DEMAND

- 4.1 As with any such sites there is a risk that land may not be immediately developed or generate immediate demand; however HFEL are proactively seeking to identify development partner opportunities that will support the construction of the individual plots. WLDC are also aware of emerging interest in this site from firms with links to existing operators on site and are pursuing these enquiries with HFEL as part of early promotion of the FEZ. WLDC have advised that at present demand equates to potential take up of around 2 hectares of land on the site. Bishop Burton College have also expressed interest for potential incubator space and there is interest from a supply chain company for 8,000 sq.m of land.
- 4.2 Promotion of the site remains constrained until delivery of the serviced land has been legally and contractually committed.

5. FUNDING

- 5.1 WLDC are seeking £2,000,000 from GL LEP including £10,000 (0.5%) towards due diligence, legal and project management fees.
- 5.2 Match funding has been secured from the SPV at £1,415,000 of which £41,870 has already been expended in identifying an energy solution for the site. Match funding at this level represents the uplift in land value that HFEL will receive through the public sector investment in the infrastructure and utility cost. A further £50,840 is being provided by WLDC towards the utility costs.

6. OUTPUTS AND OUTCOMES

- 6.1 The due diligence appraisal demonstrates the scheme as being excellent value for money.

Output Profile							
	2016/17	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)	£119,827	£4,787	£269,367	£1,656,797			£2,050,840
Private Sector Investment Leveraged (£)		£41,870	£192,870	£1,181,156			£1,415,000
Number of new Jobs Created (gross)					15	385	400
Number of Jobs Safeguarded (gross)							
Local Strategic Outputs							
Commercial floorspace refurbished/constructed and occupied (sqm)					8,000	28,600	36,600
Number of businesses assisted to improve performance							
Number of learners supported							
Number of new businesses created							
GVA Uplift					£0.5 m	£30.5 m	£31 m

Others (please list)							
Development of commercial space enabled by the infrastructure development, based on £1,000 per square metre. Funded by commercial finance.					£0.6m	£36m	£36.6m

7. MILESTONES

7.1 There are a number of key milestones in relation to the project and these are as follows:

- Demand study to be produced - 31st January 2019
- Detailed design of infrastructure works to be commissioned - 1st December 2018
- Approval of the works by Highways England to be obtained - 30th June 2019
- Contracts prepared and procurement of a contractor to commence - 30th May 2019
- Contracts to be awarded - 31st July 2019
- Works commence on site - 1st September 2019
- Main works to complete - April 2020
- All infrastructure works to complete - February 2021

8. CONDITIONS

8.1 There are a number of aspects of the project whereby updated information will need to be provided and incorporated into the funding agreement. This information is required to ensure that delivery is in accordance with the due diligence report and that any variations are thus approved by GL LEP:

- A demand study to be commissioned by WLDC and provided to demonstrate sufficient demand for the Phase 1 land prior to any drawdown of funding.
- In the event that costs increase, confirmation to be provided by WLDC funding has been secured to meet the balance of scheme costs as required.
- Once a contractor has been appointed to undertake the works, a programme for delivery as agreed within the contract to be provided.
- A copy of the Report on Tenders and contract sum to be provided to GL LEP.
- WLDC to provide information to GL LEP as required for future monitoring and performance including completion of the works as proposed, marketing and disposal of the serviced land and outputs as they are delivered.

- A quarterly profile of expenditure to be provided to GL LEP prior to draw down of any grant funding.
- WLDC to provide a copy of the agreement entered into with HEFL to ensure that appropriate clawback arrangements are in place in accordance with GL LEP's own provisions.
- WLDC to confirm that landowners of land beyond Phase 1 will not be permitted to benefit from or connect into infrastructure provided by this funding until measures have been put in place to ensure contributions are made commensurate with any uplift in land value received.

9. RECOMMENDATION

- 9.1 That the Investment Board formally approves to contracting stage £2,000,000 of Single Local Growth Fund towards the Hemswell FEZ subject to the above conditions.



Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

In Respect of

Single Local Growth Fund

For

Hemswell Cliff Food Enterprise Zone

Lincolnshire

8th September 2018

Paper 4.1

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APPENDICES

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

The Project

- 1.1 The Food Enterprise Zone (FEZ) also known as Hemswell Cliff, is proposed to be delivered by West Lindsey District Council (WLDC), working in partnership with Hemswell Food Enterprise Limited (HFEL), a special purpose vehicle (SPV) set up, for delivery of a first phase of development on the FEZ
- 1.2 The detailed Business Case submitted to the Greater Lincolnshire Local Enterprise Partnership (GL LEP) is for Single Local Growth Fund (SLGF) to provide utility new and enhanced infrastructure in order to enable employment development to be undertaken on the Phase 1 land extending across 11.33 hectares (28 acres).
- 1.3 The subject site extends to approximately 30 hectares gross, comprising arable fields at the location of a former RAF base. The site is subject to a Local Development Order (LDO) within the area of former runways and adjacent to the former hangers which have been converted into business accommodation.
- 1.4 The purpose of the LDO is to grant outline planning permission for sites falling within the Agri-food sector and use classes B1, B2 and B8. The LDO was granted to encourage the development and establishment of the FEZ as one of three such strategic sites in Lincolnshire.
- 1.5 The sites configuration adjacent to the western boundary of the existing business park, provides the opportunity to utilise the existing access road, providing that the appropriate upgrade works are undertaken. These works will increase cost efficiency and space efficiency of the development and comprise a natural extension to the existing estate.
- 1.6 The Hemswell Cliff site is also notably in poor condition, being a former MoD base and needs investment to prepare it for development. Furthermore, the local community in Hemswell Cliff has high levels of deprivation and requires new employment opportunities to help address socio-economic issues. The location generally suffers from low values and commercial returns, meaning that development costs cannot be met from values generated and therefore requires public sector investment in order to facilitate new development.
- 1.7 The Phase 1 land is in the ownership of Mr Duguid who is a party to the SPV with GVO capital. The intention of the SPV is to sell serviced plots, and undertake development of commercial units for sale and to lease. Mr Duguid has transferred ownership of the land to the SPV. Once the Phase 1 land is serviced, which includes the utility and road infrastructure required, along with provision of a site access and on-site infrastructure, the development plots will be offered to the market for disposal to developers and occupiers associated with the food sector. The SPV may choose to develop out some plots directly whilst there will be ability for land sales as noted above. Phase 1 will be delivered across four phases, with works anticipated to commence in July 2019 and complete in July 2022.
- 1.8 Each of the parties to the SPV will have a 50/50 share in the company, although this is subject to final terms being agreed and the SPV formally being in place. Net revenue generated by the project will be shared between the parties in accordance

with the equity investment made by each party. These terms are fairly standard on SPV's for development projects. WLDC have confirmed that full details of the SPV will be provided as soon as terms have been agreed between the parties.

- 1.9 The remaining 14.67 hectares (36.25 acres) of the FEZ, is currently in mixed private ownership and discussions have been undertaken by WLDC to bring forward further development land once Phase 1 becomes established.
- 1.10 Funding from GL LEP of £2,000,000 is being sought in order to contribute towards the costs of providing the access and spine road, associated on-site infrastructure and utility provision initially estimated to be in the region of £3,465,840. GLLEP admin, appraisal and legal costs of £10,000 also need to be covered by the grant allocation.
- 1.11 Once the infrastructure and utilities have been provided to the Phase 1 land, this element of the FEZ will provide a flexible range of development plots with the ability to accommodate up to 36,600 sq. m. (393,960 sq. ft.) of employment space.
- 1.12 The completed land will be offered to the market for businesses within the Agri-food sector, more specifically under use classes B1, B2 and B8.

Planning

- 1.13 The development of an agri-food cluster on the FEZ is a strategic objective for Lincolnshire in order to support the retention and expansion of the food industry in Greater Lincolnshire.
- 1.14 In terms of planning, WLDC have an LDO in place for the site. The LDO will provide a simplified planning regime to fast-track the planning process for developers/occupiers in securing permission for the redevelopment of plots on the site. The LDO grants outline planning permission for development falling within the Agri-food sector and approved use classes.
- 1.15 Outline planning permission is in place for the infrastructure works and now requires only Highways approval which is envisaged by June 2019

Proposed Works

- 1.16 The key infrastructure works to open up the Phase 1 land that will be delivered by a HEFL and WLDC utilising SLGF include the following:
 - Main access – the FEZ site will be served by an enhanced access to the A631. This is proposed to be in the form of an upgraded priority junction at the location of the Eastern site access point, comprising of carriageway widening and a new right-turn lane.
 - An upgraded Spine Road to serviced plots – this currently comprises an existing road which serves business units at the former airfield, and through a process of upgrading and reconstruction to achieve required standards, will be able to accommodate the proposed development. A new section of Spine Road is also proposed to provide access to the plots within the southern part of the LDO area. This new section of Spine Road will enhance accessibility to

development plots, enable the provision of utilities and enhance the appearance of the development.

- Infrastructure corridor – this will be maintained through the development to allow installation of services and utilities that are required to service all plots. The key aspect of this is that it lies immediately adjacent to the existing and proposed Spine Road, from where it will be accessible to all plots and will provide a continuous route from the southern part of the site to the north-east part, where it is currently proposed to create new attenuation ponds.
- Reinforcement and upgrade of the water supply and drainage system – incorporating the development of a waste water drainage strategy (in conjunction with Anglian water) and phasing of development in accordance with the provision of a mains drainage infrastructure strategy.
- Smart grid solution, Hemswell Cliff power supply – in addition to a modified supply from Northern PowerGrid, which has secured outputs from the anaerobic digester plant (Hemswell biogas) along with a revised national power grid connection. The power supply has largely been addressed by the HFEL with an investment of £41,870 into off-grid local solutions and will form part of the energy solution for this scheme. Specifically, measures are:
 - Allowances for the use of power available from the existing AD plant and the potential use of battery packs to buffer the difference between the available generation and a requirement on the site. This will ensure a cost-effective alternative in combined sourcing of power for the site as a whole. This is subject to detailed design.
 - The potential for solar arrays on the roof spaces available on all the new buildings erected will be assessed, meaning that buildings will be required to be designed to allow for solar power and will thus be carefully considered from the initial design perspective.

- 1.17 The electricity supply is intended to provide a resilient capability to the FEZ, to one of the major occupiers, CleanTech, and to potentially other partners adjacent to the facility.
- 1.18 The proposed infrastructure solution has also been designed such that it can be extended to future phases at a later date, or as required to meet market demand for serviced employment space.
- 1.19 It is noted that quotations have been obtained from the various utility providers based upon the current stage of design undertaken for the site.
- 1.20 As the scheme is yet to complete the detailed design stage, it is noted that all costs could change significantly from current estimates for the first phase.
- 1.21 WLDC have confirmed that cost estimates have been estimated by Gleeds based on a limited level of intelligence available for the site. The cost estimates also make provision for optimism bias and contingency at the appropriate level to mitigate against risks of cost increasing beyond current estimates. The costs as provided

within the application should, therefore, be relatively robust, with sufficient financial cushion to address any increases.

- 1.22 WLDC have confirmed, however; that in the event of costs increasing beyond budgetary provision, that the SPV will be responsible for underwriting costs accordingly. It is therefore recommended as a condition of SLGF that written confirmation is received from WLDC in this regard.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 SLGF sought from GL LEP at £2,000,000 including £10,000 (0.5%) towards due diligence, legal and project management fees.
- 2.2 Match funding has been secured from the SPV at £1,415,000 of which £41,870 has already been expended in identifying an energy solution for the site. Match funding at this level represents the uplift in land value that HFEL will receive through the public sector investment in the infrastructure and utility cost. A further £50,840 is being provided by WLDC towards the utility costs.
- 2.3 Further explanation in this regard is contained within section 8 State Aid.

3.0 KEY ISSUES

- 3.1 Key issues in relation to the scheme proposals were identified as follows:

- i) State Aid

Whilst comprehensive supporting information and explanation of how State Aid issues have been addressed within the Phase 1 FEZ development, it is understood that the delivery strategy solution for both the road provision and enhancement and utilities does benefit land beyond the Phase 1 FEZ Scheme.

WLDC have confirmed that this is indeed the case; however following full engagement and consultation with all of the landowners adjoining the Phase 1 FEZ site, this did not manifest in any willingness at this stage in enabling infrastructure costs. Primarily the reasons for this are the uncertainty of speed at which development would take place and that market demand would respond such that any investment would be made would be recoverable in the medium to long-term.

A recommendation of this Due Diligence will, therefore, be that the additional landowners befitting from these works will not have the capability to connect into this infrastructure until appropriate contribution has been secured from them.

- ii) Planning Permission for the road configuration and new sections of Spine Road

WLDC have confirmed that the LDO grants outline Planning Permission for the new road and infrastructure and it is now only subject to Highways approval.

- iii) Delivery of built space

The query was raised as to whether there are any obligations to be placed on the HFEL to build out space on the newly serviced land, for example on a speculative basis. This was queried on the basis that investment could be made into the land and this could remain vacant after being serviced if terms (which do not meet owners aspirations) are not achieved.

The response from WLDC acknowledges that there is some risk that land may not be immediately developed or generate immediate demand; however, HFEL are proactively seeking to identify development partner opportunities that will support the construction of the individual plots. WLDC are also aware of emerging interest in this site from firms with links to existing operators on site and are pursuing these enquiries with HFEL as part of early promotion of the FEZ and in seeking to secure occupiers to the site.

WLDC have advised that at present demand equates to potential take up of around 2 hectares of land on the site. Bishop Burton College have also expressed interest for potential incubator space and interest from a supply chain company for land for a new 8,000 sq.m facility.

The promotion of the land, however, is constrained until the works to deliver the serviced land has been legally and contractually committed.

In order to address the risk that there may be insufficient demand for the overall site, WLDC are required to commission a demand study for the 11.33 hectare FEZ site, which will required to be provided prior to drawdown of funding for the scheme.

iv) Clawback provisions

It is noted that there may be the ability for HFEL to secure capital receipts/profits that are in excess of those currently anticipated and in excess of standard industry values and rates. In such circumstances and given the significant investment of public funds into the infrastructure cost to bring forward this land, the public sector have the ability to share in any additional returns generated.

In this regard, WLDC have confirmed that clawback arrangements will be imported into the grant agreement with HFEL, to match those provisions contained within the funding agreement between GL LEP and WLDC.

- 3.2 Therefore the overall key issues with this scheme are considered to be relatively low, with the main issue which will need monitoring and addressing at the appropriate time, is securing contributions from land owners from the wider site benefitting from the subject scheme.

4.0 STRATEGIC FIT

- 4.1 The project has a strong strategic fit, which is summarised as follows;

- i) *The Greater Lincolnshire Local Enterprise Partnership Agri-Food Sector Plan 2014-2020 (refreshed in 2017)*

Recognises the benefits that are created by having the UK's largest and most progressive food sectors and associated supply chain.

The plan concluded that there is a need for investment in existing clusters, with a focus on delivering higher productivity through greater investment in innovation, research and skills development.

This project clearly supports this objective.

ii) *The Strategic Economic Plan 2014-2030*

This project supports Objective 1 which is to drive the growth of the areas defining and strongest sectors which offer the most competitive advantage. The Agri-Food Sector is identified as one of these sectors.

The project also supports Objective 3, which is to drive growth by pursuing expansion into new markets, undertaking infrastructure improvements to facilitate development and enhance skills of individuals and business owners.

Objective 5 is supported in terms of creating balanced housing and economic growth, by promoting the area's capacity to deliver high-quality growth.

iii) *The Central Lincolnshire Local Plan April 2017*

The Local Plan identifies the need to promote diversification, biodiversity and growth within the Agri-food and wider agricultural industry, critical for both sustainable economic and housing growth.

iv) *West Lindsey's Economic Growth Strategy*

It is confirmed that this project contributes to one of the strategies key priorities, which is supporting a diverse and productive Agri-food industry, renowned nationally for its innovation.

v) *Department for Environment, Food and Rural Affairs (DEFRA)*

Strategic objectives for the UK include creating a world leading food and farming industry, creating a cleaner, healthier environment and a thriving rural economy.

vi) *Midlands Engine Strategy*

Hemswell Cliff FEZ was recognised as a strategic logistics growth site through the production of the Midlands Connect Strategy, which is a transport document developed in support of the Midlands Engine Strategy. The purpose of this document was to set up the vision on how we improve transport infrastructure that will drive the long-term economic success of the region by better connecting economic hubs and strategic corridors to each other and to national and international gateways. The subject scheme responds to these priorities by supporting the development of a state of the art food processing and logistics facility to help the industry grow and unlock growth potential along the A46/A15 corridor.

- 4.2 The delivery of the Hemswell Cliff FEZ will support these ambitions.

5.0 MARKET ASSESSMENT

- 5.1 Hemswell Cliff has long been recognised by WLDC as having the potential for employment growth in order to facilitate regeneration of the local settlement and relatively deprived area, as well as meeting land supply requirements within the Central Lincolnshire Local Plan. The FEZ will build upon the success of established larger Agri-business firms already located on the site, including Park Acre, Woldgrain, Gleadell and CleanTech to name but a few.
- 5.2 Many of these companies have achieved rapid growth during the last decade and are continuing to grow, seeking new and more modern premises, as are a number of companies within the associated supply chain.
- 5.3 Park Acre, for example, is a R&D led vitamin and mineral supplement manufacturer for the food industry, founded in 2004. The company now has over 200 employees and has grown on average 35% per annum since 2014.
- 5.4 Building upon the potential of Hemswell Cliff and the refreshed Greater Lincolnshire Agri-food Sector plan in 2017, the LDO was adopted in June 2017 for the food enterprise zone. The LDO is valid for a period of 10 years and effectively grants planning permission for buildings and associated use of land within classes B1, B2 and B8, only where those uses fall within or are immediately related to the Agri-food sector.
- 5.5 The floor area within the LDO is limited to 70,000 sq. m. gross internal area with class B1a offices not exceeding 5,000 sq. m. GIA unless these are ancillary to B1, B2 and B8 uses.
- 5.6 The purpose of the LDO is to simplify the planning process for companies considering locating at the site, providing flexibility to the development and enhancing the attractiveness of the site to occupiers and investors alike.
- 5.7 Critically, the Hemswell Cliff FEZ will form part of the wider Central Lincolnshire Food Enterprise Zone as one of three FEZ's, establishing a triangular hub serving the clear Agri-food clusters being arable crops and food processing along with associated fish processing and fresh produce. The A15 growth corridor links all three FEZ areas together and is important strategically for facilitating the growth of the food chain across the LEP area.
- 5.8 In terms of the ability to secure new occupiers to the Hemswell FEZ, initial promotion of the project has been undertaken to existing occupiers of the Hemswell Cliff site with known expansion requirement and some of their associated supply chain industries. WLDC and Team Lincolnshire are also aware of a number of direct enquiries and emerging interest in the site from firms, following the establishment of the LDO, which will be promoted as soon as funding for the initial infrastructure works necessary to create the FEZ site has been committed.

- 5.9 As referred earlier, WLDC are to commission a demand study to demonstrate that there is demand in the market for the FEZ site (or otherwise) prior to drawdown of funding.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A Development Appraisal has not been prepared for this site, on the basis that funding is being sought to contribute towards the costs of infrastructure and utilities provision on land in the ownership of HFEL.
- 6.2 A copy of the cost estimate prepared by Gleeds dated 20th June 2017, has been provided and has been assessed by WYG for the purposes of the due diligence assessment.
- 6.3 Whilst the information provided by Gleeds is considered by WYG to be generally comprehensive at this time, it is noted that the costs are high-level estimates only, prepared without the benefit of detailed design drawings, structural engineers specifications, site investigations or utility quotations.
- 6.4 As the report was produced in 2017, there is the potential that costs may be subject to change, given the passage of time and pending the detailed design process and utility quotations provided at the appropriate time.
- 6.5 It is therefore recommended that once the scheme has progressed through the detailed design stage and the works have been subject to a competitive tender exercise, a copy of the report on tenders and receipt of lowest tender is provided in order to evidence scheme costs.
- 6.6 It is also recommended that in the event that costs are higher than anticipated, that there is a commitment from either WLDC and/ or HEFL to meet any additional costs if these arise.
- 6.7 The other aspect of appraisal that has been undertaken relates to State Aid and the need to demonstrate that as third-party land owners are benefitting from public infrastructure, that HFEL are investing funds equal to the benefit that is received following an uplift in land value attributable to the works funded by the public sector.
- 6.8 The value of the land, both in its existing condition with the benefit of LDO status and as serviced plots once the infrastructure works have been completed are supported by a Red Book valuation, provided by Bruton Knowles in April 2018.
- 6.9 A summary of the values and calculation of uplift is shown in the table below:

Basis	Area (ha)	Area (acres)	Value (per acre)	Value (total)	Uplift
with LDO (current status)	11.47	28.3	£25,000	£707,500	
serviced plots	11.47	28.3	£75,000	£2,122,500	£1,415,000

- 6.10 In accordance with the valuation information provided, the uplift in land value attributable to the infrastructure works is £1,415,000. This means that HFEL are

required to commit at least £1,415,000 towards the site preparation and infrastructure works subject to the SLGF being sort for this project.

- 6.11 It is also noted that this contribution may vary, in the event that HFEL received higher than anticipated land receipts and/ or developers profit in implementing the scheme, upon which clawback should be triggered.
- 6.12 Clearly, both the cost and valuation issues will, therefore, need to be confirmed to GL LEP prior to works commencing on site and SLGF being drawn down and through monitoring arrangements placed on WLDC in relation to future clawback arrangements.

7.0 DELIVERABILITY AND PROGRAMME

- 7.1 The infrastructure works are intended to complete the detailed design process by March 2019, with full technical approval secured from the Highways Authority by June 2019.
- 7.2 Once the detailed design is completed but pending approval, the works will be subject to a tender exercise to appoint a contractor around July 2019.
- 7.3 The contract with the appointed contractor will be subject to finalisation following approval from the Highways Authority anticipated around June 2019 to incorporate any changes that may be required as part of the highways approval.
- 7.4 On this basis, the main works infrastructure would commence on site in September 2019 and be completed by April 2020.
- 7.5 It is confirmed that the above programme is around two months later than the programme prepared by WLDC as this was considered to be slightly optimistic given the current status with the project and that GL LEP funding is yet to be approved.
- 7.6 It is proposed that the subsequent phases of infrastructure to open up the Phase 1 FEZ in its entirety will be spread across a subsequent two years, enabling the works to be completed in their entirety in February 2021.
- 7.7 Milestones to be incorporated within the development agreement are:
- Demand study to be produced – 31st January 2019
 - Detailed design of infrastructure works to be commissioned – 1st December 2018
 - Approval of the works by Highways England to be obtained – 30th June 2019
 - Contracts prepared and procurement of a contractor to commence - 30th May 2019
 - Contracts to be awarded - 31st July 2019
 - Works commence on site – 1st September 2019
 - Main works to complete - April 2020
 - All infrastructure works to complete - February 2021
- 7.8 It is recommended however that if there are any variations to the above programme, that GL LEP are notified accordingly. Also at the time when the main contractor has

been appointed and a construction programme has been agreed, that a copy of this is provided to GL LEP for future monitoring purposes.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 WLDC have obtained State Aid advice from DWF law in respect of the ability to provide SLGF to HFEL for the purpose of implementing the infrastructure and utility works as proposed within the funding application.
- 8.2 The State Aid advice provided states that the Council has the power to enter into a grant funding agreement and award grant funding to HFEL, pursuant to section 1 of the Localism Act 2011, which allows the Council to do anything that individuals may do.
- 8.3 A number of options have been considered to ensure that the grant funding agreement is a State Aid compliant mechanism for this scheme and the most appropriate basis for investment has been identified as the German Land Development Scheme, which is a European Commission precedent decision of 2014.
- 8.4 It was confirmed within this decision that it is the fundamental role of the state (and therefore not State Aid at all) to fund the abnormal costs of site preparation in order to bring forward land for economic development, provided that such land is charged at market value in arm's length transactions to eventual purchasers. Whilst this decision was primarily aimed at state-owned land, it did note that in some instances a similar outcome could be achieved in respect of funding abnormal site preparation costs of privately owned land, providing that when doing so, the private land owners would account back to the state any uplift in value resulting from the works being funded by public funds.
- 8.5 The valuation of the site before and after the infrastructure works is the key to understanding how much funding can be qualified as no aid in this scenario.
- 8.6 It is confirmed that this due diligence assessment, therefore, considers that the provision of the landowners contribution has therefore been qualified through the provision of a Red Book valuation of before and after values of the site and using the uplift sum of £1,415,000 as the minimum match funding to be invested by HFEL.
- 8.7 A formal letter has been produced by DWF law to confirm the applicability of the State Aid model to this project. It is confirmed therefore that Thomas Lister have no other queries in relation to State Aid matters, subject to GL LEP and their accountable body also being satisfied with the same.

9.0 PROCUREMENT

- 9.1 WLDC will require that HFEL follow a full OJEU compliant tender process for the works to be undertaken, subject to the SLGF funding.
- 9.2 The Executive Director of Economic and Commercial Growth will oversee the OJEU process along with support from team members experienced in a new procurement, contracting, project management, town planning and economic

development, along with HFEL to ensure that the OJEU process is properly followed.

10.0 OUTPUTS AND VALUE FOR MONEY

- 10.1 The outputs estimated to be delivered by the investment into the Phase 1 scheme are detailed in the table below;

6. Forecast Outputs							
6.1 Output Profile							
	2016/17	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)	£119,827	£4,787	£269,367	£1,656,797			£2,050,840
Private Sector Investment Leveraged (£)		£41,870	£192,870	£1,181,156			£1,415,000
Number of new Jobs Created (gross)					15	385	400
Number of Jobs Safeguarded (gross)							
Local Strategic Outputs							
Commercial floorspace refurbished/constructed and occupied (sqm)					8,000	28,600	36,600
Number of businesses assisted to improve performance							
Number of learners supported							
Number of new businesses created							
GVA Uplift					£0.5 m	£30.5 m	£31 m
Others (please list)							
Development of commercial space enabled by the infrastructure development, based on £1,000 per square metre. Funded by commercial finance.					£0.6m	£36m	£36.6m

- 10.2 The outputs have been accepted in accordance with WLDC application, with the exception of a number of new jobs created and GVA generated commercial floorspace to be constructed.

- 10.3 The reason for this is that it is not considered to be realistic that all of the jobs ultimately established on the Phase 1 FEZ will be new, given that WLDC have confirmed that some companies may relocate to the park from elsewhere within the district given that they have expansion requirements. A similar scenario applies to some of the enquiries received from the associated supply chain. Therefore, deductions for potential leakage and displacement have therefore been applied to the job numbers as forecast.

- 10.4 In terms of the commercial floor space to be constructed, the application states that the Phase 1 FEZ can accommodate around 36,600 sq. m. of floorspace with the wider land subject to the LDO has the ability to accommodate 70,000 sq. m. of floorspace.
- 10.5 Therefore for the purpose of this due diligence, we have incorporated the floor space of 36,600 sq. m. as a direct outputs flowing from the SLGF investment, with the balance of 33,400 sq. m. being an indirect output, deliverable following further potential investment in infrastructure provision on the site.
- 10.6 GVA generated has therefore been adjusted to reflect the reduction in the number of appraisal jobs.
- 10.7 In view of the adjustments made to the number of jobs created, the GVA uplift has also been adjusted in this regard and is detailed within the value for money section below.
- 10.8 The value for money of the respective outputs is therefore as follows;
- Private Sector Investment - private sector investment leverage into Phase 1 of this scheme is potentially in £1,415,000 and equates to an investment ratio of 1:1.45, which is below standard value for money benchmarks of 1:2. The reason for this is due to the costs of providing high upfront infrastructure and utility costs.
 - Number of New Jobs Created - new jobs created at 400 (including provision for leakage and displacement) equates to a cost per job of £502. Which is excellent value for money based upon 36,600 sq. m. of floor space in Phase 1.
 - Commercial Floorspace - constructed at 36,000 sq. m. equates to a cost per sq. m. of £5.50 sq. m., which is excellent value for money.
 - GVA Uplift – is initially appraised at £31 million assuming food chain/ agricultural use in accordance with DEFRA guidance 2017. This represents excellent value for money.
 - Other – development of commercial floor space enabled by the infrastructure development at £1,000 per sq. m. is £36.6 million, representing the floor space to be accommodated on the Phase 1 scheme only. This also represents excellent value for money.

- 10.4 Overall therefore, the package of outputs delivered by the scheme is considered to provide excellent value for money. It is noted however that the above outputs may need to be reviewed in the event that costs increase and thus other parties investment also increases in order to ensure delivery of the project.

11.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

- 11.1 The Due Diligence Assessment has identified that there are a number of aspects of the project whereby updated information will need to be provided and incorporated

into the Agreement. This information is required to ensure that delivery is in accordance with this due diligence report and that any variations are thus approved by GL LEP. The conditions to be incorporated are as follows;

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

12.0 CONCLUSIONS

- 12.1 The Hemswell Cliff FEZ has been identified as critical to the establishment, diversification and growth to the food sector and wider economy within West Lindsey and a critical component of the FEZ food supply chain within the Greater Lincolnshire region.
- 12.2 Hemswell Cliff has been identified as an appropriate site given the establishment of Agri-food businesses within the locality and the opportunity to capitalise both upon this presence, expansion requirements and potentially demand from associated food chain industry for new land and premises, which cannot currently be provided elsewhere within the district.
- 12.3 The FEZ supports a number of local and regional strategies and bringing forward Phase 1 on the Hemswell Cliff site will also assist in providing an expanded economic base to help assist with the regeneration of a relatively deprived area and also to sustain significant housing growth proposed within the locality.

- 12.4 It is noted that the cost information is at an early stage based upon initial designs and limited intelligence relating to the site. Subject to the scheme advancing through the detailed design process and securing highways approval, the works could be in a position to commence on site following a procurement process around July 2019.

13.0 RECOMMENDATIONS

- 13.1 It is hereby recommended that £2,000,000 of GL LEP SLGF be approved for this project, subject to the conditions and terms for the Funding Agreement as identified within Section 11 of this report being fulfilled.



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10th September 2018

Date:

Rachel Lister BSc (Hons) MRICS
Thomas Lister Limited
11 The Courtyard
Buntsford Gate
Bromsgrove
B60 3DJ

Investment Board

Paper 5 - Growth Deal Update Report

1. PAPER FOR INFORMATION

- 1.1 This paper is to update Board Directors on progress with the current Growth Deal Programme and other programme funds for Greater Lincolnshire.

2. GROWTH DEAL PROGRAMME UPDATE

PROGRAMME DELIVERY

- 2.1 The summary Dashboard for Q1 of 2018/19 provided as part of the DCLG reporting mechanism is enclosed as Paper 5.1. The Accountable Body is awaiting confirmation from BEIS that reprofiling of some projects following contractual variations will be permitted and the deadline for submitting the signed off Q1 Dashboard to Government is not until October 2018.
- 2.2 Once endorsed by Investment Board the Q1 dashboard will need to be signed off by the Section 151 Officer and will be sent to central government by the required deadline of 31st October 2018.
- 2.3 The Growth Deal target spend for 18/19 is £8,733,858. Projected programme spend has altered slightly following Q1 forecasts and is expected at this time to be 19,102,416 and not the £19,143,991 previously forecast in May 2018.
- 3.4 The table below provides an overview of the whole programme:-

	ACTUAL	FORECAST			Total ALL Years
	TO Mar 2018	2018/19	2019/20	2020/21	
	TOTAL	TOTAL	TOTAL	TOTAL	
SLGF Allocation	89,951,122	8,733,858	6,809,606	18,153,052	£123,647,638
Project spend	71,685,865	17,252,690	19,102,416	15,606,667	£123,647,638
Offset used	-298,990	-8,518,832	-9,746,426		-£18,564,249
Offset gained	18,564,249	-	-	-	£18,564,249
GAP	-	-	2,546,384	-2,546,385	-

Investment Board

Paper 5 - Growth Deal Update Report

2.5 We currently hold growth deal contracts to the total spend value of £258million with an agreed grant contribution of £91.8million single local growth fund therefore leveraging in a further £166.2million of investment.

2.6 Four GL LEP funding agreement contracts are still being negotiated/finalised with applicants and these relate to:

- Agri-food Centre of Excellence
- Skegness Gateway Scheme
- Europarc FEZ
- Northern Junction Roundabout

GL LEP funding agreements for Scunthorpe Town Centre and the University Technology and Innovation Centre Grantham are currently being drafted.

3. DETAILED PROGRAMME REVIEW

3.1 A detailed report on the position of all Growth Deal projects will be provided at the 30th November Investment Board as part of a programme delivery review. It will include progress to date, key risks/issues and proposed mitigations.

4. RECOMMENDATION

4.1 That the Board notes the current programme position, notes forecasts for 2018/19, and provides thoughts on next steps for the projects deemed as high risk to programme delivery.

Growth Deal Dashboard

LEP Name Greater Lincolnshire LEP

This Quarter: Q1_1819



Deliverables Progress									
Housing	This Quarter		15-17	Financial Year					Total
				17-18	18-19	19-20	20-21	21-25	
Houses Completed	0		0	384	0	0	0	-	384
Forecast for year	566		-	455	566	896	675	5,023	7,615
Progress towards forecast	0%		-	84%	0%	0%	0%	-	5%
Jobs	This Quarter		15-17	Financial Year					Total
				17-18	18-19	19-20	20-21	21-25	
				0	218	1	0	0	219
				0	0	0	0	-	0
				0	218	1	0	0	219
Jobs Created	1		0	218	1	0	0	-	219
Apprenticeships Created*	0		0	0	0	0	0	-	0
Jobs including Apprenticeships	1		0	218	1	0	0	-	219
Forecast for year	526		-	302	526	1,427	2,627	7,969	12,851
Progress towards forecast	0%		-	72%	0%	0%	0%	0%	2%
* Apprenticeships included within jobs totals prior to 2017									
Skills	This Quarter		15-17	Financial Year					Total
				17-18	18-19	19-20	20-21	21-25	
				0	0	0	0	-	0
Area of new or improved floorspace (m2)	0		0	0	0	0	0	-	0
Forecast for year	0		-	0	0	0	0	6,025	6,025
Progress towards forecast	-		-	-	-	-	-	-	0%
Number of New Learners Assisted	This Quarter		15-17	Financial Year					Total
				17-18	18-19	19-20	20-21	21-25	
				0	378	0	0	-	378
Forecast for year	350		-	700	350	350	437	3,550	5,387
Progress towards forecast	0%		-	54%	0%	0%	0%	-	7%
Transport	This Quarter		15-17	Financial Year					Total
				17-18	18-19	19-20	20-21	21-25	
				0.0	0.0	0.0	0.0	-	0.0
Length of Road Resurfaced	0.0		0.0	0.0	0.0	0.0	0.0	-	0.0
Length of Newly Built Road	0.0		0.0	0.0	0.0	0.0	0.0	-	0.0
Length New Cycle Ways	0.0		0.0	0.0	0.0	0.0	0.0	-	0.0

Project Name	Project RAG Ratings		Project Name	Previous Quarter Q4_1718	This Quarter Q1_1819
	Previous Quarter Q4_1718	This Quarter Q1_1819			
Grantham Southern Relief Road	AR	AR	-	-	-
Boston Quadrant Infrastructure Programme	A	A	-	-	-
Boole Technology Centre	G	G	-	-	-
Unlocking Rural Housing	AG	G	-	-	-
Bishop Burton College Lincolnshire Showground	AG	A	-	-	-
Tentercroft Street Growth Corridor Phases 1 and 2	G	G	-	-	-
Lincoln Transport Hub	G	G	-	-	-
Skegness Countryside Business Park	R	N/A	-	-	-
Go Skegness Sustainable Transport	G	G	-	-	-
Access to Employment Zones	G	G	-	-	-
Normanby Enterprise Park	AR	AR	-	-	-
Northern Roundabout Junction	N/A	N/A	-	-	-
South Humber Infrastructure Investment Programme	A	AR	-	-	-
Lincolnshire Lakes Lake 1	AR	AR	-	-	-
Agri-Food Centre of Excellence	N/A	N/A	-	-	-
Holbeach Peppermint Junction	A	AG	-	-	-
Scunthorpe Town Centre	N/A	N/A	-	-	-
A46-A15	N/A	N/A	-	-	-
Sleaford Growth Project	N/A	N/A	-	-	-
Sutton Roundabout	G	G	-	-	-
Grantham Technology and innovation Centre	N/A	N/A	-	-	-
Gainsborough Growth	N/A	N/A	-	-	-
Skills Capital Investment Fund	G	G	-	-	-
GL Centre of Medical Science	N/A	N/A	-	-	-

Growth Deal Performance	Area lead comments
AG	

Financial Progress							
LGF Award	2015-16 £26,400,000	2016-17 £39,863,787	17-18 £12,687,335	18-19 £8,733,858	19-20 £6,809,606	20-21 £18,153,052	Total £112,647,638
LGF Outturn	This Quarter	15-17		Financial Year			Total
Actual	£ 210,949	£ 46,524,178	£ 14,181,938	£ 210,949	£ -	£ -	£ 60,917,065
Forecast for year	£ 18,914,836	£ 46,524,178	£ 8,252,961	£ 18,914,836	£ 18,756,360	£ 20,199,303	£ 112,647,638
Progress towards forecast	1%		172%	1%	0%	0%	54%
LGF Expenditure	This Quarter	15-17		Financial Year			Total
Actual	£ 1,060,091	£ 36,605,631	£ 8,304,579	£ 1,060,091	£ -	£ -	£ 45,970,301
Forecast for year	£ 23,796,048	£ 34,980,339	£ 15,315,589	£ 23,796,048	£ 18,356,359	£ 20,199,303	£ 112,647,638
Progress towards forecast	4%		54%	4%	0%	0%	41%
Non-LGF Expenditure	This Quarter	15-17		Financial Year			Total
Actual	£ 4,458,496	£ 45,471,567	£ 36,474,796	£ 4,458,496	£ -	£ -	£ 86,404,859
Forecast for year	£ 65,891,508	£ 45,471,567	£ 48,623,854	£ 65,891,508	£ 39,885,489	£ 47,523,296	£ 247,395,714
Progress towards forecast	7%		75%	7%	0%	0%	35%
Total LGF + non-LGF Expenditure	This Quarter	15-17		Financial Year			Total
Actual	£ 5,518,587	£ 82,077,198	£ 44,779,375	£ 5,518,587	£ -	£ -	£ 132,375,160
Forecast for year	£ 89,687,556	£ 82,077,198	£ 63,939,443	£ 89,687,556	£ 58,241,848	£ 67,722,599	£ 361,668,644
Progress towards forecast	6%		+70%	+6%	+0%	+0%	37%

Contractual Commitments (manual entry)							
Forecast	15-17	17-18	18-19	19-20	20-21	Total	
Actual	£ 34,980,339	£ 15,315,589	£ 23,796,048	£ 18,356,359	£ 20,199,303	£ 112,647,638	
Variance	+5%	-100%	-100%	-100%	-100%	-68%	

Commentary
As with previous years, Q1 submissions focus on financials. LGF Outturn appears low but when compared with 17/18 you can see the implementation of freedom and flexibilities. An exercise is underway by the AB team to look at cumulative variances on both outputs and spend to fully understand the wider programme profiling and this will be reported to the Investment Board in November 2018. We have identified project slippage and this has impacted on the delivery of outputs. In particular job and housing reporting. Although no project has been deemed high risk in this reporting period it is clear that 5 of the projects remain a higher risk. Overall the GL programme risk status is Amber / Green and we feel this is a fair reflection at this time.

Section 151 Officer Approved
Name PETE MOORE

Growth Deal Dashboard

Advanced Engineering R and D Centre
Food Enterprise Zones
SLGF Balance
-
-
-

N/A
G
N/A
-
-
-

N/A
G
N/A
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Signature



Date 13th September 2018

Paper 6

Greater Lincolnshire Feasibility Challenge Fund

1 Purpose of this paper

- 1.1 In July 2018, GLLEP's Finance and Audit Committee recommended that a review of the Feasibility Challenge Fund be undertaken by Investment Board to enable the remaining funds to be used for a feasibility fund for development of the future project pipeline.

The purpose of this paper is to make recommendations about how this can be achieved, set in the context of delivery of Greater Lincolnshire LEP's Feasibility Challenge Fund to date.

2 Background

- 2.1. Two rounds of Feasibility Challenge Fund bidding were operated, with Investment Board receiving recommendations and making decisions regarding the following grants in Round 1 (2016) and Round 2 (early 2017):

Project Title	Applicant	Grant Requested	Grant Awarded 24/3/17	Actual claimed	Underspent
Beevor Street, Lincoln (Lincoln Science and Innovation Park)	LSIP Ltd	£50,000	£50,000	26,656.31	23,343.69
A15 (Riseholme Roundabout (A15/A46 Junction) and Junction 4 (A15/M180 Junction)	North Lincolnshire Council	£20,000	£20,000		
Grimsby Western Access Route - Strategic Link Road	North East Lincolnshire Council	£25,000	£25,000	21,600.00	3,400.00
Utility Feasibility Options Appraisal Planning	Lincolnshire County Council	£50,000	£37,500	37,500.00	0.00
Grantham Enterprise Village	Haywood Estates (UK) LLP	£50,000	£50,000	25,616.00	24,384.00
Holbeach Food Enterprise Zone	South Holland District Council	£34,000	£34,000		
Verge Biomass	Lincolnshire County Council	£50,000	£50,000	£50,000	0.00
Advance Food Factory Scheme, Europarc, Grimsby	North East Lincolnshire Council	£50,000	£50,000		
Cleethorpes Station Quarter	North East Lincolnshire Council	£35,000	£35,000		
British Steel Scunthorpe Development Feasibility	North Lincolnshire Council	£20,000	£20,000	1,970.00	18,030.00
Feasibility Project for an Online Course for Self-Employment	Lincoln International Business School, University of Lincoln	£10,000	£5,000	1,699.60	3,300.40
Total			£376,500	165,041.91	72,458.09

- 2.2 Grant worth £376,500 was awarded to 11 projects. As can be seen:

Total awarded	£376,500
Claimed to date	£165,042
Underspend	£72,458
Project (& claim) in progress	£69,000
Not yet contracted	£70,000

2.3 Claims and Underspend

£165, 042 has been claimed to date by 7 projects which are complete but have underspent by £72,458. A variety of reasons have been reported for the underspend, including: feasibility studies having been procured at lower cost than anticipated; or being unable to provide evidence of expenditure particularly where work has been undertaken in-house. In some cases submission of applications was driven by the effective dates of the "bidding window" rather than by the project timetable, meaning that applications were submitted before the feasibility study requirements were fully understood or before quotes had been obtained.

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2.4 Projects still in progress

2 projects are contracted but are still in progress: Cleethorpes Station Quarter project (recently contracted after securing match funding) and Holbeach Food Enterprise Zone (project complete, claim submitted but with some queries which need to be resolved before payment).

2.5 Uncontracted projects

The remaining 2 projects worth £70,000 have not yet progressed to the contracting stage.

- A15 Wider Economic Benefits Study (£20,000) - a project steering group has been established. However, Midlands Connect has also commissioned an A46 study which has a number of overlaps. The A15 Wider Economic Benefits steering group has agreed to delay commissioning the former study pending progress on the latter. The intention is to look at what further, more detailed work may be necessary for the A15, once the A46 work has progressed far enough. This seems sensible and the applicant has maintained good communication with GLLEP. Given the strategic importance of this work, LEP officers recommend keeping the offer of grant open in the meantime.
- Advance Food Factory Scheme, Europarc, Grimsby: we have been trying to confirm the status of this project for many months. NEL confirmed earlier this year that as the Europarc FEZ project is now progressing towards full approval of a £1.8m grant, the need for the £50,000 feasibility grant may have passed. NEL subsequently indicated that they may wish to explore a potential change in use for this grant. We have requested further details of the alternative proposals but have not received any. It is recommended, therefore, that this grant offer is withdrawn.

3 Learning Points

- 3.1 A rolling programme (i.e. keep the application window open and removing closing dates) would mean that applications could be submitted at the right stage in their development.

Requiring all bids to be supported by actual quotes would improve costings and reduce underspend (this was previously not required until the claims stage).

4 Future Use of the Fund

- 4.1 In July, GLLEP's Finance and Audit Committee received a Feasibility Fund Project Summary Report (updated here and attached as Appendix 1) and considered the status of the fund in relation to a **Review of Reserves Policy** and the **Year End Report From Accountable Body**. They agreed recommendations to use the existing Feasibility Fund underspend to create a new feasibility fund for commissioning projects. They also recommended that a further £36,579 originally from a Local Transport funding allocation (for transport feasibility work) should be added to this new feasibility fund; and that a review be undertaken at Investment Board with a view to the remaining funds being used for a feasibility fund for development of the future project pipeline, rather than going to an open call.

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4.2 The total size of the fund would therefore be £159,037 plus any balance of the £69,000 worth of grants currently in progress which may ultimately be underspent:

Existing underspend	£72,458
Withdrawn grant subject to Board approval	£50,000
Reallocated Local Transport Study	£36,579
Total	£159,037

4.3 The following criteria are recommended for the fund's operation:

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

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

Other than these changes, it is proposed that the fund will incorporate those aspects of the previous Rounds which have worked well (with minor changes shown in *italics*). These are:

- The fund is open to public, private and voluntary sector applicants
- The maximum amount of funding available to applicants for individual projects is £50,000
- All applicants seeking funding must demonstrate that at least 50% of total feasibility costs are either secured or expended to date as match funding
- The funding **will not be available** to undertake feasibility where projects are at a very early stage of the development/concept stage. Projects must be advanced to a stage where there is certainty and prospects for delivery. This is required to mitigate the risks that the LEP pay for feasibility reports and then ultimately the project does not proceed
- Pilot schemes would be considered only where they significantly contribute towards achieving SEP priorities and where there is an identified gap in existing provision
- Applicants seeking funding must be able to demonstrate previous investment made in the project in terms of overall development and progress made to date
- Applicants must be able to demonstrate that LEP funding sought is the last resort and all other means to secure funding to meet the costs of the required feasibility have been exhausted
- In order to ensure value for money and to justify the amounts requested, the GLLEP will expect applicants to secure 3 quotes for the feasibility work for which the resources are required *before submitting an application*, including at least one quote from a company/contractor/consultancy based within the GLLEP area where possible. *These will need to be attached as evidence to support an application.*

Guidance determining eligible costs would remain unchanged from Round 2.

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5 Recommendations

5.1 Investment Board is recommended to:

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

Paper 6.1

Feasibility Fund Project Summary Report

Contracted Projects

Name	Summary and update	Delivery of project including details of any underspend
Grantham Enterprise Village	<p>Recipient - Haywood Estates (UK) LLP Date of Grant Funding Agreement - 28th July 2016 Net eligible costs - £122,500 Grant - maximum of 41% of grant eligible costs (£50,000)</p> <p>The Feasibility Grant helped towards completion of Feasibility Studies (site appraisal and assessment, creation of site development plan and project drawing) regarding the development of an Enterprise Village in Grantham.</p> <p>This project is now complete. The total net eligible costs claimed was £62,478 and grant was paid at a value £25,616. This is a TPC underspend of £60,022 and grant underspend of £24,384.</p> <p>The progress report submitted with the final claim detailed the main technical documents for this project and a link was provided to a document store where these could be accessed and reviewed; these documents</p>	<p>The progress report highlighted the difficulties faced obtaining clarity on the provision of services for this development and what actions were taken and the impact the issues had in taking the site forward.</p> <p>A full version of this report is on file but in summary the most significant issue from moving forward was the shortfall of any available electrical capacity within an economic distance of the site. At the outset of the project the applicant states that they were led to believe that the services provision would be provided in conjunction with the larger development for the Outlet Village being promoted by Buckminster Estates on the adjacent site. As part of the process to agree transaction arrangements and final figures with LCC this item was parked and realistic estimates included in discussions.</p> <p>Since June 2016, the applicant has been pressing for an update of this issue and in September 2017 was informed that there was a significant supply issue which would impact on the whole of the south Grantham development area. In an attempt to mitigate this, the applicant made an application for the Green Land direct to Western Power Distribution. Unfortunately the distance to the nearest point where capacity is available is approximately 2km away. The result was a quote to the cost of £820k for this connection which</p>

	<p>were too large to include electronically. The link was time limited but can be given again at any time should we require access.</p> <p>A final progress report is due by 02/07/19.</p>	<p>excluded potential additional costs for crossing the railway line and the related easements with Network Rail. This was much higher than a pre-estimate of £225k for the site.</p> <p>Since then, the applicant has been working with LCC, SKDC and the other Stakeholders to try to find a cost effective and timely solution. Regular Stakeholder meetings are held and the last one, at the beginning of June, confirmed that the cost and timescales are still likely to be out with the commercial viability of the site. The applicant confirmed that despite this they have continued support for the initiative and would hope that some alternative options can be worked out</p> <p>In conclusion, the report states that at this time the site development is not viable due to the reasons stated above. Accordingly the input was reduced and therefore the amounts claimed under this scheme were reduced below the initial expectations hence the project underspent.</p> <p>These issues will be picked up and updated as part of the next progress report due on 02/07/19</p>
Grimsby Western Access Route - Strategic Road Link (SRL)	<p>Recipient - North East Lincolnshire Council Date of Grant Funding Agreement - 2nd August 2016 Net eligible costs - £50,000 Grant - maximum of 50% of grant eligible costs (£25,000)</p> <p>The Grimsby Western Access Route (GWAR) is a strategic project which is included in NELCs Local Plan and LTP / Highways Strategy.</p>	<p>Prior to the bid to GLLEP, NELC had procured a qualified and experienced consultant (WSP) to undertake an initial feasibility study. This was intended to gauge fundamental aspects of a link road, including alignment, traffic flows and value for money. The initial feasibility study showed that there may be a good case to deliver the link, and further work would be required in order to reduce project risks.</p> <p>Between the above feasibility work and the GLLEP bid, NELC entered negotiations with the Grimsby West team. The GWAR</p>

	<p>Providing a link road between the A46 and A1136 is key to unlocking a housing site known as ‘Grimsby West’, which is also allocated within NELC’s Local Plan. Grimsby West is estimated to be capable of delivering up to 3,500 dwellings. The link road will also improve access to the South Humber Bank employment areas and provide an important strategic link road to relieve transport corridors which are already subject to peak hour congestion.</p> <p>The Feasibility Grant helped accelerate the completion of the detailed design work required to enable construction of this Strategic Link Road.</p> <p>This project is now complete and a copy of the Project Summary Report has been received from ADC Infrastructure. This is 517 pages and is on our internal system should this be required. The total net eligible costs claimed was £43,200 and grant was paid at a value £21,600. This is a TPC underspend of £6,800 and grant underspend of £3,400.</p> <p>A final progress report is due by 01/06/19.</p>	<p>would be built within the Grimsby West development land ownership boundary. Negotiations have subsequently influenced the alignment, form and function of the link road. Initial indications were that the Grimsby West developer would contribute substantially to the total GVAR cost.</p> <p>The outcomes drawn from this feasibility report indicate that the link road is deliverable for approximately £21m, including a reasonable level of contingency (20%) and design work. However, it is also identified that this does not include a number of other cost requirements including project management, planning application documentation and fees and inflation. Inclusion of these items pushes the proposed scheme cost up to almost £23m.</p> <p>A number of conclusions can be drawn at this stage:</p> <ul style="list-style-type: none"> • A link road between the A1146 and A46 is required as part of the Local Plan. • This link road is directly tied to the delivery of a 3,500 dwelling development. • Provision of the link road is likely to generate a good cost-benefit ratio. • The land owner / master developer is keen to see a link road delivered, and would be in a position to dedicate land for the project. • An iteration of the scheme is deliverable for approx. £23m. <p>A number of variable factors need to be considered moving forward. These include:</p>
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		<ul style="list-style-type: none"> • The number of lanes required in the road is subject to further assessment. • The alignment of the road may need to be adjusted to improve the benefit-cost ratio, and therefore attract funding from external providers. • Further negotiations with the Grimsby West developer team may further influence the design. • The cost of the scheme may fluctuate in line with design amendments.
Holbeach Food Enterprise Zone	<p>Recipient - South Holland District Council Date of Grant Funding Agreement - 3rd August 2016 Net eligible costs - £89,000 Grant - maximum of 38% of grant eligible costs (£34,000)</p> <p>The proposition is for the delivery of a Food Enterprise Zone (FEZ) on allocated employment land at the junction of the A17/A151, known locally as Peppermint Junction. The land in question is one of 3 Food Enterprise Zones confirmed in the GLLEP area.</p> <p>The Feasibility Grant will:</p> <ul style="list-style-type: none"> • Assess proximity and capacity of existing utilities • Ascertain what additional capacity will be needed • Assess likely demand for space on the 	<p>Clearly these feasibility studies were a success because the South Lincolnshire FEZ project has now been contracted, through the GLLEP, to receive SLGF funding. We can comment more on this section once the issues in the claim are resolved.</p>

	<p>FEZ to support the growth of the agri-food sector in South Holland and across the wider region, focusing on technology led companies</p> <ul style="list-style-type: none"> • Develop and investment plan for the FEZ <p>A claim has been received which has outstanding issues and so no grant has been paid. We have been in touch with SHDC who confirm that they have had some internal staff changes but that these issues are now currently in hand and will be addressed shortly.</p>	
<p>Beevor Street, Lincoln (Lincoln Science and Innovation Park)</p>	<p>Recipient - Lincoln Science and Innovation Park (LSIP) Ltd Date of Grant Funding Agreement - 6th October 2016 Net eligible costs - £100,000 Grant - maximum of 50% of grant eligible costs (£50,000)</p> <p>The Feasibility Grant helped fund the completion of a Site Survey, Flood Risk Assessment, Hydrological Modelling and Infrastructure Design associated with a planning application for the expansion of the Lincoln Science and Innovation Park (LSIP) onto its second Phase. This 6.5 acre brownfield site sits at the core of a wider 22 acre regeneration site to the north of Beevor</p>	<p>As per the contact, the project has submitted two progress reports, one with the final claim and the other 1 year later, which was received on 21/08/18.</p> <p>The underspend for this project was largely due to two reasons:</p> <ul style="list-style-type: none"> • The total area to be surveyed was dependant on co-operation from a number of different land owners. The application focussed on 6.5 acres within a 22 acre site and there was uncertainty regarding how much additional work would be needed across the full 22 acres. Ultimately, work across the wider scheme was limited partly because LSIP was able to obtain recent and valid surveys of sections of the sites and duplication of these surveys seemed a poor way to use both public and private funds. The stipulations of statutory consultees also proved to be far more

	<p>Street and bordering LSIP Phase 1.</p> <p>Development of Phase 2 was dependent on establishing an effective strategy for the entirety of the regeneration area north of Beevor Street. This is due to the complexity of the historic and current industrial usage of the site and the need to deliver an infrastructure strategy that suits both LSIP and the neighbouring Western Growth Corridor</p> <p>This project is now complete and copies of all reports, including the flood risk assessment and hydrological survey, have been received. The total net eligible costs claimed were £53,312.62 and grant was paid at a value £26,656.31. This is a TPC underspend of £46,687.38 and grant underspend of £23,343.69.</p>	<p>limited in scope than original thought.</p> <ul style="list-style-type: none"> Costs for the surveys came in significantly lower than anticipated. <p>Outcomes from this project include:</p> <ul style="list-style-type: none"> Planning application approved on 13/09/2017 providing consent for 11,676m2 of new B1 and B2 premises. An enabling plan for development of Phase 2 has been developed. A financial model showing a viable development across 8-10 years has been developed which suggest that once fully operational, the site can be profitable. Following submission of the final progress report, the main focus since the previous report has been on developing a financial model in order to identify the most cost effective way of phasing the project to balance risk and cash flow.
Utility Feasibility Option Appraisal	<p>Recipient - Lincolnshire County Council Date of Grant Funding Agreement - 6th October 2016 Net eligible costs - £75,000 Grant - maximum of 50% of grant eligible costs (£37,500)</p> <p>The Feasibility Grant part funded production of a revised Utilities Plan which will examine the provision and constraints on the supply of electricity, water and gas infrastructure to</p>	<p>In terms of project delivery and spend, this project has succeeded on both. The spend was as per the contract and a detailed report from Atkins has been provided with a summary, conclusion and suggested ways forward.</p> <p>It is summarised that Greater Lincolnshire has to find a solution to its long term utilities in order to fulfil its potential for the UK and locally. This will involve working on a number of areas, innovative local solutions significant investments in the utility infrastructure and regulatory framework changes. The report identified a number conclusions:</p>

	<p>strategic development sites in Greater Lincolnshire. The study also produced costed recommendations for addressing constraints in supply which hamper growth in Greater Lincolnshire.</p> <p>This project is now complete and a copy of the report from Atkins has been received. This can be available to review at any time. The total net eligible costs claimed were £75,000 and grant was paid at a value £37,500. This is as per the contract.</p> <p>A final progress report is due by 13/03/19.</p>	<ul style="list-style-type: none"> • Building visibility to stakeholders of the importance of utility infrastructure provision. • Vitalising energy supply and systems. • Simplifying the utility infrastructure offer. • Energising our sector and business groups. <p>Please see link below which will take you to the GLLEP summary report: https://www.greaterlincolnshirelep.co.uk/documents/better-utilities-study/</p>
Feasibility Project for an Online Course for Self-Employment	<p>Recipient - University of Lincoln Date of Grant Funding Agreement - 13th March 2017 Net eligible costs - £30,000 Grant - maximum of 33.3 % of grant eligible costs (£10,000)</p> <p><i>*To note only £5,000 was available from the Feasibility Fund pot but Lincolnshire County Council agreed to match fund this project with a further £5,000. It was agreed with the recipient to put in place a single claims process for both LCC's and GLLEP's contributions.*</i></p> <p>The Feasibility Grant helped towards the delivery of Phase 3 of a pilot on-line, distance</p>	<p>A detailed progress report was received from the applicant with the claim submission which concluded that there were two reasons for the underspend:</p> <ul style="list-style-type: none"> • The cost of the events was less than expected due to lack of interest. • The cost of assessment was less due to not reaching the ideal number of learners and only a small group of them submitting anything for assessment. They had budgeted for 100 assessments and only received 11. <p>The applicant confirmed that they thought the project can be deemed a success in terms of understanding better the need is not for an entirely distance learning programme. However, had the learners paid for the course themselves, participation may have increased. They say that based on anecdotal evidence they would recommend that this programme is offered as an online learning tool which business owners can</p>

	<p>learning course for small businesses. Phases 1 and 2 were delivered by The University of Lincoln (UoL) and The Federation of Small Businesses (FSB). The purpose of Phase 3 was to focus on the themes determined in Phases 1 and 2.</p> <p>The project was to support the learning needs of sole traders and owner/managers who are members of the FSB. The aim was to pilot the programme as an online learning programme with additional face to face workshops in Greater Lincolnshire amongst FSB members. The course consisted of 3 phases, each with video and online content. Learners submitted a portfolio for assessment at the end of each phase. The aim of this project to gauge interest in this course idea through the pilot, for a national scheme.</p> <p>This project is now complete. No actual reports were required from MBS Limited (the university's academic expert who developed and delivered this project) and all documentation remains on the IP of the University. The work was monitored by the key deliverables, which was 6 modules in phase 1, 6 modules for phase 2 and 4 modules for phase 3.</p> <p>The total net eligible costs claimed was £5,103.90 and grant was paid at a value</p>	<p>refer to when needed.</p> <p>The FSB is now reviewing their strategy around this area and the university are awaiting their decision for next steps. Should the FSB decide not to continue on this path, they say they would be very happy to talk to the GLLEP on how they could partner on offering this service to businesses in the region. This will be picked up on as part of the next progress report due on 26/03/19.</p>
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	<p>£1,699.60. This is a TPC underspend of £24,896.10 and grant underspend of £8,300.40 and £5,000 on LCC match.</p> <p>A final progress report is due by 26/03/19.</p>	
British Steel Scunthorpe Development Feasibility Study and Masterplan	<p>Recipient - North Lincolnshire Council Date of Grant Funding Agreement - 8th May 2017 Net eligible costs - £100,000 Grant - maximum of 20% of grant eligible costs (£20,000)</p> <p>The project enabled a feasibility and masterplan into research on energy generation, energy efficiency and renewables on the Scunthorpe British Steel site to be undertaken. The study was required to help this key business in the priority sector of engineering and manufacturing cut running costs and increase productivity in an increasingly competitive market.</p> <p>The study looked at the potential for the 2,000 acre Scunthorpe British Steel site to diversify and support a range of other developments and land uses on its unutilised areas of the estate. The masterplan was to identify any necessary enabling infrastructure to support the development of the site. It also looked at ways to reduce energy costs by developing new energy generation</p>	<p>NLC confirmed that the reason for the underspend on this project was that all tenders received came in substantially under the £100,000 original estimated cost. Ricardo Energy came in at the lowest cost and was therefore given the contract.</p> <p>Outcomes from this project include:</p> <ul style="list-style-type: none"> • Indication that the development of an Energy from Waste (EfW) scheme on the British Steel Scunthorpe site is technically viable and has the potential to deliver benefits to both British Steel and North Lincolnshire Council. • However, both the Council and British Steel have stated that they would not seek to operate an EfW scheme themselves so would seek to engage a third party developer/operator to build and run the scheme. <p>Since the feasibility study was published, NLC has engaged Biffa to get their views as a local waste management company of the size that might be interested in the project. Biffa have indicated their interest in becoming a strategic partner, especially as they have the waste that is required to fill the capacity of any size of EfW. However Biffa have stated the following need to be agreed before they move towards implementation:</p>

	<p>opportunities as well as reducing utility costs.</p> <p>This project is now complete and a copy of the Feasibility Report entitled from Ricardo Energy & Environment has been received. The total net eligible costs claimed was £9,850 and grant was paid at a value £1,970. This is a TPC underspend of £90,150 and grant underspend of £18,030.</p> <p>A final progress report is due by 26/03/19.</p>	<ul style="list-style-type: none"> • Biffa feel a larger sized EfW will make the project more attractive to a major waste company and produce more power for British Steel and heat when the proposed Combined Heat and Power (CHP) is active. • The landholding should allow an adjacent facility to be built later to take the heat from the CHP.
Verge Biomass Harvesting for energy generation	<p>Recipient - Lincolnshire County Council Date of Grant Funding Agreement - 8th March 2017 Net eligible costs - £100,000 Grant - maximum of 50% of grant eligible costs (£50,000)</p> <p>The Feasibility Grant helped design, build and test a bespoke cutting and harvesting machine capable of working on road verges and other linear landscapes elements. The trial will also develop an understanding of the viability of cutting, collecting and using verge cuttings within Anaerobic Digestion (AD).</p> <p>This project is now complete and a detailed project report has been provided. The total net eligible costs claimed were £100,000 and grant was paid at a value £50,000. This is as per the contract.</p>	<p>In terms of project delivery and spend, this project has succeeded on both. The spend was as per the contract and a detailed report from the applicant has been provided.</p> <p>The trial started on 23rd April 2018 and will run until the end of September 2018. It will replicate the current cutting regime (1.1m cut twice per cutting session). In addition Lincolnshire verge harvesting Ltd are planning on cutting deeper into the verges in certain areas (of high vegetation growth). This will make the verges look neater, but also means the verges will be more economical to harvest.</p> <p>The trial areas are located around 3 local AD plants and cover areas to the North and South of Horncastle and south of Coningsby. Each area covers approximately a 10km radius. One plant is located in the Wolds, another south of Horncastle and a third to the north of Boston. The machine will be shared by the 3 plant owners who will each get 2 weeks to complete the first cut. A second cut will also be completed later in the cutting session.</p>

	<p>A final progress report is due by 24/04/19.</p>	<p>For the purposes of this trial the AD operators (Lincolnshire verge harvesting Ltd) will be operating their plants under an Environment Agency enforcement position. The enforcement position will only cover works up until the end of September 2018. The ambition across the project team is to extend the trial into next year. In order to do this a permit variation for each plant would be necessary and discussion is already underway with the Environment Agency to secure these.</p> <p>The project team are keen to extend the trial into 2019 and, subject to a review of the 2018 trial, this is a strong possibility. The council's current cutting contract ends in 2020 and during next year the council will start to review that contract. The opportunity will then exist to redefine the contract to include removal of verge cuttings.</p>
Cleethorpes North/Station Quarter	<p>Recipient - North East Lincolnshire Council Date of Grant Funding Agreement - 1st August 2018 Net eligible costs - £70,000 Grant - maximum of 50% of grant eligible costs (£35,000)</p> <p><i>*To note this includes costs incurred and defrayed on or after 8th March 2018*</i></p> <p>The Feasibility Grant will produce feasibility, engineering, cost planning and implementation advice for Cleethorpes North/Station Quarter. This will support the development of the Station Quarter project</p>	<p>Nothing to report at present as this project has only just been contracted.</p>

	that will deliver 200 apartments and 3,200 sq.m of retail and leisure floorspace, set within a new public realm that will transform the arrival experience by road and rail. It will create a landmark scheme building upon the recent investment in Cleethorpes Pier and other public/private investment in the resort.	
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Non-contracted Projects

Name	Update
A15 (Riseholme Roundabout (A15/A46 Junction) and Junction 4 (A15/M180 Junction))	A project steering group has been established. However, Midlands Connect has also commissioned an A46 study which has a number of overlaps. The A15 Wider Economic Benefits steering group has agreed to delay commissioning the former study pending progress on the latter. The intention is to look at what further, more detailed work may be necessary for the A15, once the A46 work has progressed far enough. This seems sensible and the applicant has maintained good communication with the GLLEP. Given the strategic importance of this work, LEP officers recommend keeping the offer of grant open in

	the meantime.
Advance Food Factory Scheme, Europarc, Grimsby	NEL have confirmed that as the Europarc FEZ project is now progressing towards full approval of a £1.8m grant, the need for the £50,000 feasibility grant has passed. NEL wished to explore a potential change in use for this grant. Further details have been requested but not received. The applicant's communication with GLLEP in relation to this grant offer has been very limited so in the absence of further detail it is recommended that this grant offer is withdrawn.