



LEP INVESTMENT BOARD

25th May 2018

Boston Borough Council, Municipal
Buildings, West Street, Boston, PE21 8QR
Draft Minutes

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Present:

Board Directors: Ursula Lidbetter (Chair) (Lincs Co-op), Cllr Peter Wheatley (NELC), Cllr Rob Waltham (NLC), Chris Baron (Butlins), Pat Doody (Nat West); Richard Wills (LCC)
LEP Executive: Ruth Carver, Halina Davies, Sue Groves (Note Taker)
Observers: Pete Holmes (BEIS), Chris Duffill (NELC)
Apologies: Cllr Colin Davie (LCC), Pete Moore (LCC Section 151 Officer)
Guests: Russell Copley, Michelle Davis (Greenborough Management Ltd)

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following Directors:
Cllr Colin Davie (LCC) and Pete Moore (Section 151 Officer)

Declarations of Interest:

Full declarations of interest can be found at

https://www.greaterlincolnshirelep.co.uk/assets/documents/LEP_Rols_LIVE_list_March_2018_.pdf

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.

- UL declared an interest in Vale Road Industrial Estate, Spilsby (Paper 2); however, the project site was confirmed as not being adjacent to the Project under consideration
- PD declared an interest in the EMAT Centre, Boston College, as the College banks with RBS (Paper 9)
- Cllr Rob Waltham declared an interest in Paper 5, Scunthorpe Town Centre, and Paper 6 Northern Junction Roundabout
- Cllr Wheatley declared an interest in Paper 4, Europarc Food Enterprise Zone.

Minutes and Matters Arising

The minutes of the 8th March 2018 were accepted as a true record and can be published on the website. Any matters arising are included on this Board's agenda.

Paper 3 Growth Deal Programme - Update Report

Following a positive Annual Conversation and full achievement of Growth deal targets for 2017/18, GLLEP received a grant determination notice and supporting letter from the Ministry of Housing, Communities and Local Government on the 11th April 2018. Subsequently, a payment of £8,733,858 was released to the LEP in late April, to enable funding of Growth Deal project activity in 2018/19.

An update report on Skegness Gateway Park (previous Skegness Countryside Business Park) was presented to the Board. The scheme is currently deemed as high risk in terms of milestones to the programme. This project comprises a mixed use commercial and leisure development over an area of over 37 hectares. The site is owned by Croftmarsh Ltd and comprises a Greenfield site

within the Skegness Western Growth Corridor and negotiations are ongoing. A scheme proposal for SLGF was approved in January 2018 for £4m of which £1.279m can now be contracted between LCC and GLLEP, with £2.271m remaining provisional subject to due diligence.

Ongoing legal negotiations have delayed the project delivery of Phase 1, but recent discussions between LCC and Croftmarsh Ltd have been positive and an informal agreement to proceed being reached on Phases 1 and 2.

Additional programme risks were then highlighted to the Board:

Grantham Southern Relief Road (Amber/Red rating) - this has achieved its latest milestones and claims have been submitted with full evidence of expenditure. There remains the possibility of a Public Inquiry, and more will be known within the next month or so following a recent objection by Network Rail.

Bishop Burton (Amber/Green rating) - The project is physically complete, but the Accountable Body is still capturing some residual match funding into the scheme.

Lincolnshire Lakes (Amber/Red rating) - Contract is in place and progress has been made with an initial claim processed; currently waiting for Homes England to release funds to the landowner to enable housing development to begin (strategic meeting to be held on 4th June 2018). There is still an advance payment to this project and depending on revised spend profiles, we may consider requesting this to be paid back.

Holbeach Peppermint Junction (Amber rating) - Though the project is complete on site, a formal claim was not submitted in a timely way by the project. GLLEP is clarifying final costs with the applicant.

Normanby Enterprise Park Site 7 (Amber/Red rating) - The project variation to the road frontage is still pending following many requests from the Accountable Body and therefore the project has been highlighted as a much higher risk of progression. GLLEP has been notified of a new lead for this scheme with regard to all outstanding matters. Hopefully, all issues can be resolved soon, enabling the project to proceed.

Paper 2 Greater Lincolnshire Growth Fund - Russell Copley & Michelle Davis)
Confidential Item

The Board Directors were asked to consider the due diligence appraisal for the Tong Engineering Project under the auspices of the Greater Lincolnshire Growth Fund and to approve progression to contracting stage.

Tong Engineering is world leader in the manufacture of potato and vegetable handling machinery, with a current turnover of circa £14m. Tong have been located in Spilsby for over 85 years and are now in their fourth generation. The business operates in 3 main sectors; farm, packhouse and recycling, offering a full post-harvest solution. Tong currently employ 145 staff who work across two sites, the existing Spilsby site and a rented site in Wainfleet. Running from the two sites allows the business to complete multiple projects at the same time. However, it does lead to major production issues.

The Board agreed to approve a £500,000 grant towards the project, subject to contract

conditions	
<u>Cllr Wheatley and Chris Duffill , NELC left the room for Paper 4.</u>	
<u>Paper 4 - Europarc</u>	
Investment Board Directors were asked to consider the due diligence appraisal for the Europarc Food Enterprise Zone at Grimsby and to approve progression to contracting stage.	
<p>The Board was concerned about the justification of a fixed rent on the site over the entire 15-year period. The expectation remains that rental reviews should be undertaken every 5 years and whilst they understand that there has been little or no rental growth on units in the area for many years, the Board were of the view that demand for the site, now it is designated formally as a FEZ will continue to grow in momentum. The Board asked why the discounted cash flow approach had been taken and not a speculative programme approach to calculating the requirement for gap funding. Whilst it was confirmed in the meeting that either approach can normally be taken for a scheme of this nature, the Board questioned the high percentage of grant support enabled by the chosen route. It was explained clearly during the appraisal that the State Aid argument under Article 56 of GBER allowed only for a DCF approach on this occasion, to demonstrate that the amount of grant sought does not exceed net income to the developer. It was acknowledged that though the Discount Rate applied seemed high, a standard rate would not reflect the greater degree of risk associated with industrial investment in Grimsby.</p>	
There is also an expectation that certain conditions are met prior to the signing of a funding agreement, these being:	
<ul style="list-style-type: none"> • A timeframe be provided for the production of detailed design, tendering and construction of the proposed units, subject to a longstop date of 30th September 2018. • A Red Book valuation for the land value as existing and to support the value contained within the appraisal. 	
Conditions to be included within the Greater Lincolnshire LEP funding agreement were agreed as follows:	
<ul style="list-style-type: none"> • A Red Book valuation of the completed development (all costs, percentage fees, voids and rent-free periods to be justified therein) to be provided as soon as the scheme has completed the detailed design process and secured reserved matters planning consent. • Evidence of the tendering and placing of the management contract to justify and evidence 5% property management fees. • The provision of the report on tenders and lowest tender received for the scheme. • Evidence of the developer's source of funding for the project (the Board noted that funding will be from reserves, but evidence still to be provided). • A copy of the leases granted, in order to evidence rental levels and terms proposed with details of rent review provisions and triggers for rent review, to ensure that the units are let in accordance with market terms and to provide the basis for future assessment of clawback. 	
The Board agreed that the Chair could approve this scheme once the pre-contract conditions have been met and confirmation of rental reviews has been confirmed by the applicant.	
<u>Cllr Wheatley and Chris Duffill NELC returned to the room</u>	

Paper 7 - Greater Lincolnshire LEP Pipeline Projects

Board Directors were asked to review the current pipeline schemes across Greater Lincolnshire and to endorse an approach for identifying additional sector priority driven schemes in the short term.

It was agreed that the GLLEP will keep updating a rolling pipeline with projects being categorised and prioritised over the next few months as per the Action Plan provided. Engagement of Key Strategic Action Groups/Sector Boards will be important to ensure that business views are captured in relation to priority schemes. The Government has encouraged GLLEP to develop a list so that should further growth funding become available, be it new funding or reallocation of existing grant, there would be clarity over where support should be directed.

Paper 8 Digital Skills Centre, New College Stamford

Due diligence appraisal for this project was considered by the Board for the Growth Deal support under the Skills Capital Investment Fund Programme.

The Digital Skills Centre in Stamford is one of the four projects awarded an allocation within the programme involving the refurbishment and upgrade of the college's existing Technology Suite. Led by New Stamford College, the key objective of the scheme is to invest in the computing and networking infrastructure facilities so that the college can deliver the latest digital qualifications, specifically targeting the healthcare sector at Level 4 and above.

The project will:

- Develop the college's computing provision in response to changing need locally, regionally and nationally.
- Enable curriculum innovation to support business needs in emerging technologies, automated production, agri-tech and renewables.
- Increase the number of learners accessing high quality education and training in key sectors, including apprenticeships and HNC/D's.
- Support South Kesteven District Council's plans for the creation of a Digital Skills Hub in Stamford by March 2019.

The Investment Board approved the £428,500 of Single Local Growth Fund towards the delivery of the Digital Skills Centre at Stamford via the Skills Capital Investment Fund provided the recommended conditions are included in the funding agreement.

Paper 9 - EMAT Centre, Boston College

The Boston EMAT Centre was awarded a provisional allocation in 2017 at a reduced level. The project was redesigned to enable progression under a reduced funding package and is specifically designed to:

- Stimulate and support innovation for businesses through a technology hub.
- Improve the skills and talent of the current and future workforce across levels 1-5.
- Support business growth through access to resources and advice.
- Support key strategic sectors.

There is also a desire to run level 3 food engineering courses to benefit local companies and discussions around collaboration are currently taking place with the University of Lincoln.

The land required for the scheme is within Boston College's ownership and though planning permissions is yet to be secured, pre-application discussions with the high planning authority have been extremely positive, thus minimising risk.

The development of the EMAT Centre and the extension of the existing workshop will lead to a number of outputs in line with the Strategic Economic Plan and Local Strategic Outputs.

The Investment Board approved the £2.8m of Single Local Growth Fund towards delivery of the Boston EMAT Centre, subject to the conditions discussed.

Cllr Waltham, NLC left the meeting

Paper 5 - Scunthorpe Town Centre

In January 2015, a provisional allocation of £4m was awarded to the Scunthorpe Town Centre scheme as part of a wider Growth Deal 2 bid to Government. The overall project will consist of two phases to enable the regeneration of the Church Square area and will include strategic land acquisition, road infrastructure improvements and public realm investment.

The Phase 1 project will assist in the establishment of a business core, creating a civic, learning and business quarter within Church Square. The development will be anchored by new and enhanced facilities for Ongo and North Lincolnshire Council as their headquarter buildings.

Collectively, the public sector match funding contributing to this phase of development is £23,360,050.

The delivery of the new Council Headquarters is an essential part of the regeneration of Scunthorpe Town Centre as a place to do business and learn. The project will be managed by North Lincolnshire Council, utilising the construction framework and will be delivered through the Council's capital programme.

The Investment Board approved the £285,325 of Single Local Growth Fund towards Phase 1, subject to the conditions discussed.

Paper 6 - Northern Junction Roundabout

At the 29th September 2017 Investment Board, members approved a revised scheme approach to the Northern Junction Roundabout in Scunthorpe with North Lincolnshire Council as lead applicant, following consideration of two proposals for the £1.9m of growth deal funding concerned relating both the northern and southern junction.

It has been confirmed that in the intervening period prior to the Southern Junction being constructed, that the Northern Junction will be able to operate as a temporary terminating junction. Highways England is, however, currently finalising how and when the delivery of the Southern Junction will take place.

Planning permission for the Northern Junction works was secured in 2014 and we are advised by NLC that there are no other issues to address in terms of planning requirements to enable this scheme to be brought forward for delivery.

The competitive tender process is due to be completed by the beginning of June 2018 and the contract for the works is due to commence in July, with the scheme being completed by 31st March 2019.

The Judicial Review is currently with a judge and a decision will hopefully be made this week.

The Investment Board approved £1,900,000 of Single Local Growth Fund to contracting stage pending a court decision regarding a potential Judicial Review, which should be determined by the end of May.

Any Other Business

The Board was asked to consider future scheduling of the Investment Board. It was agreed that meetings will only be organised as and when there are specific project decisions required, rather than after every GLLEP Board meeting. The meetings after Board will still go ahead if projects are ready to be considered at that time, but otherwise more suitable dates will be arranged.

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