

Recommendations

This report is spilt into the following areas – Policy and strategy and LEP Business Performance Board Directors are asked to note the content of this report.

Area One - Policy & Strategy

Defence Review - Previously announced by the Government but 91 MOD Sites will be sold mainly in England, and £4 billion to be spent refurbishing bases. The Prince William of Gloucester Barracks, near Grantham will be sold, and strengthening existing RAF bases in Lincolnshire.

Science & Innovation Audits (SIA). The Rt Hon Greg Clark MP announced the publication of the Wave 1 of the UK's Science and Innovation Audits at the Innovate UK conference on the 3rd of November. A summary of the findings has been published <https://www.gov.uk/government/publications/science-and-innovation-audits-first-wave-reports>. Science and innovation audits help regions to map their research and innovation strengths and identify areas of potential global competitive advantage. Greater Lincolnshire was part of the Midlands Engine Audit. The report presents the results which includes broad-ranging analysis of the Midlands Engine's capabilities, the challenges, and the substantial opportunities for future economic growth. A consortium was formed to focus on our strengths:

- **Next Generation Transport:** covering aerospace/space, automotive, motorsport and rail sectors, with a focus on high performance system simulation/modelling; advanced digital design/physical validation; advanced materials/processes; and digital manufacturing, supply chain and service management
- **Medical Technologies and Pharmaceuticals:** covering medical devices, diagnostics (including in vitro diagnostics and diagnostic imaging), software as a medical device, and pharmaceuticals
- **Future Food Processing:** covering the areas of 'food processing efficiency', 'delivering a zero waste food chain'; and 'food product innovation' in the food and drink sector
- **Energy and Low Carbon:** covering geo-energy, thermal energy systems, nuclear, energy storage and smart integrated energy systems.

Three enabling competences:

- **Advanced Manufacturing and Engineering:** covering the region's pervasive leading-edge technical knowledge, and practical know-how, in designing, validating, producing, and servicing new products and industrial processes, across a diverse and increasingly integrated range of sectors and markets.
- **Digital Technologies and Data:** covering the strengths in the region's academic, research and industrial base in exploiting and understanding data and information, including satellite-enabled data, and the use of digital technologies in product, process and service development and research commercialisation.
- **Systems Integration:** covering the strengths in the region's academic, research and industrial base on how increasingly complex systems – from energy and transport systems, through to manufacturing and service delivery – can be better designed, managed and operated.

Monitoring of the local economy from the impact of BREXIT

The LEP is continuing to develop a network of partners to help collect local intelligence on the 'mood' of business as Brexit issues continue to emerge and the Government's plans start to clarify. We are keen to develop a thorough understanding of the positive and negative impacts of Brexit, and how businesses are responding to this. Whilst we are yet to have confirmation from all partners invited to participate in this exercise, the response has been reasonable and we have started to collect some valuable intelligence.

Arrangements are being confirmed with the University of Lincoln to provide a BREXIT monitor report quarterly. It is like that the first of these reports will be available in January 2017.

Midlands Engine Investment Fund – Nominations sought

It is likely that the Midlands Engine Investment Fund will be launched during February. The fund, a joint agreement between the British Business Bank and the LEPs in the East & South East and West Midlands, is expected to bring together legacy funding from existing programmes, new funding from the British Business Bank and new European funding.

Pat Doody has attended the Strategic Operations Board on behalf of GL. In addition, LEP's will be asked to nominate a representative to sit on the Regional Board, and the appointments committee will be asked to consider this once more detail emerges. More information can be found at <http://british-business-bank.co.uk/ourpartners/midlands-engine-investment-fund>.

LEP Network – Leading the Way Research

The LEP network has published research concluding that England's 38 Local Enterprise Partnerships (LEPs) "are a good solution for local growth in the current English economic and political situation", and reveals how they are delivering a unique approach to effective economic growth by forging new cross boundary and cross-sector partnerships, and bringing a winning 'LEP approach' to business engagement, devolution and industrial strategy. The research, '[Leading the Way](#)', examined three major areas of LEP activity: business engagement, devolution, and industrial strategy. It assessed the extent to which LEPs have a unique impact in their local economies in these areas, and the value they bring to the table at a time when their core mission of economic growth and increased productivity is central to government policy.

The main findings show that:

- LEPs are forging new cross boundary partnerships and multi sector approaches to economic growth in England which are delivering at pace.
- LEPs "reflect considerable progress compared to previous local economic development bodies".
- They have developed individual approaches that reflect differences in their place, population, economics and business, but all share the common purpose of improving growth and productivity in their local economies. "That LEPs should choose to pursue this goal in different ways across different areas with different challenges is a considerable strength."
- Their unique attributes, being business led and reflecting the economic geography of England with the ability to develop their own approach that meets local requirements, "is a significant improvement on past solutions to the question of how to provide a business and strategic focus to local decisions". This enables LEPs to "look past local administrative boundaries and focus on the key drivers of growth across a place."
- LEPs are able - as strategic bodies focussed on economic development – to hold a mirror up to other organisations that have an influence on economic development in their places and provide a constructive challenge when things are not working as they should.
- LEPs "represent the achievement of a number of approaches which are highly consistent with Government aims". They leverage extensive private sector buy in; concentrate on genuine economic geography and places rather than administrative boundaries; and all with minimal budget overheads and bureaucracy.

- LEPs are “a good solution for local growth in the current English economic and political situation.”

In terms of **business engagement**, the report shows that:

- The ability of LEPs to work directly with local businesses and engage them on both strategy and specific issues “is one of the most important things that LEPs offer”.
- LEPs work across the local business base to engage them in decision-making and developing solutions with “innovative and creative examples”.
- LEPs show evidence of developing strategy outside the Local Growth Fund process in a way “which opens the conversation up to businesses and other key stakeholders.”
- They are “important advocates” for their business base; they speak directly to Government and are locally responsive to business issues in their area as they arise.
- They have the unique ability to “leverage in valuable private sector knowledge and experience”, and are able to employ these perspectives in deciding how funding is most effectively allocated.

The report also examined the work of LEPs in relation to **industrial strategy**, and concludes that:

- LEPs have “a central role in developing and delivering industrial strategy”
- They are already delivering localised approaches to industrial strategy thinking and action “which should not be ignored as the Government develops its thinking for the future.”
- LEPs are forging new and innovative cross LEP and multi sector partnerships to achieve their goals.
- LEPs are leading new ways of thinking to overcome local challenges, in some places “they are leading new thinking about housing from an economic perspective, and moving into housing delivery themselves in order to support broader economic growth”.

Industrial Strategy

A copy of the submission drafted by LS of the LEP has been sent to BEIS, and it is included in the additional papers pack. This is intended to be a summary of our current industry sectors, and we await a green paper on the industrial strategy from government.

LEP Strategy Session

The lep strategy session is scheduled for 5th December, and board directors and officers have been invited, the strategy session will cover place marketing, midlands engine, and industrial strategy.

Growth Deal Three: Indicative allocations have been received from Government. Two ranges of funding have been given for a devo deal and non devo deal. Ranges have been provided as there are a number of factors still to be agreed, including the amount of funding on offer. The public announcement of allocations is likely to happen after the Autumn Statement, it is not clear exactly when it will be. A verbal update will

Growth Deal Assurance Framework: Government has published the revised National Assurance Framework guidance and asked LEPs to update theirs by February 2017. This has been incorporated as a condition of funding future Growth Deals in the grant offer letters. Our current assurance framework already addresses a good number of the changes and new elements required. Work has commenced on ensuring our Assurance Framework fully complies.

Growth Deal annual conversation: During December BEIS will lead formal conversation with all LEPs to review progress on Growth Deal delivery over the previous year and to confirm LEP's ambitions for the following year. Our is scheduled for 5th December.

Daily Mail enquiry

GLLEP along with all other LEPs, have been responding to a detailed information request from the Daily Mail concerning board member interests. As board members are aware, our conflicts of interest policy is

rigorously enforced by the LEP executive. This means that declarations of interest are minuted at the start of each board meeting, and board members with an interest in a particular decision are forbidden from playing any part in the decision or discussion.

In addition a register of board members interests is published on the LEP website.

Government Announcements

Midlands Engine -The Midlands Engine Supervisory Board met on 13th October where the group acknowledged the increase in visibility of the Midlands Engine within Government. Positive steps are now being taken to develop a clear vision and action plan for the Engine for the next three years.

Sir John Peace –our recent Business Live speaker and Chair of the Midlands Engine- alongside key business leaders from the region have commenced the Trade Mission to China. This will support the Midlands to build on existing trade links with the world's second largest economy.

Strategic planning priorities have been submitted to Government in advance of the Autumn Statement setting out the 'asks' that we will press for through the next phase.

A group of local business and public sector representatives also met with Sir John Peace ahead of Business Live to discuss the priorities for the area and ensuring that the Greater Lincolnshire is fully connected into the emerging ME priorities. Other developments in the last few weeks have included the launch of the Midlands Enterprise Universities on 4th October.

Midlands Connect - Final amendments are being made to the Emerging Strategy for publication ahead of the Autumn Statement on 23rd November. The Strategic Outline Business Case for Smart Connectivity has been completed and the Implementation Plan has been submitted to the DfT.

A meeting also took place with representatives from the ME team and LEP Board. Whilst some important progress has been made, it remains important to ensure that a Greater Lincolnshire wide contribution to connectivity is required to drive improvements.

Local Transport Majors Funding - Verbal update on the bid submitted for development funding within the nationally competitive Local Transport Majors for the Lincoln Southern Bypass. (Announcement at the Autumn Statement)

LEP Business Performance

For update missing sections - Ruth..

Actions against the SEP	
LEP Activity, Business Engagement and Media	Green
Growth Deal Performance	Amber
Growing Places Fund	Green
Feasibility Funding	Green
ESIF	Green
Skills	Green
Business Lincolnshire Growth Hub	Green

Actions against the SEP - Green

LEP Board Lead – Ursula Lidbetter

LEP Exec Lead – Ruth Carver

Innovation Council

The Innovation Council has recently held its fourth successful meeting focusing on digital technology within the Agri-food sector with an emphasis on digital food tagging, the uses of consumer data, and how other sectors can support Agri-food. It was also agreed that the Council will act as the steering group for the recently approved ESIF funded programme (Innovation Programme for Greater Lincolnshire) delivered by

the University of Lincoln. This will provide an opportunity for the group to input into the direction of the programme providing greater opportunity for LEP businesses.

Tony Burnell, CEO, Metis Aerospace has recently been appointed to the group providing knowledge and experience from the aviation sector as well as a keen interest in research and development. A new micro site will be launched shortly as the second phase to the new LEP website.

Hotel Demand Study

Tenders are back for the Hotel Demand Study for Greater Lincolnshire and a contractor is being appointed with a review to a draft report being available by the end of March 2017.

Utilities Study

A contractor has been appointed and work has started.

Place Marketing

A short term project manager has been appointed, alongside a contractor. The public and private sector tasks and finish group are engaging in working with the contractor to develop a story for Greater Lincolnshire, a branding hierarchy and a web based toolkit.

LEP Business Engagement and Media - Green

LEP Board Lead – tbc

LEP Exec Lead – Kate Storey

The Big Debate Series continues with the Big Food debate taking place on 25th November at the Grimsby Institute with lead MP Melanie Onn and Martin Vickers.

The Chair is due to speak at the Duncan and Toplis IOD Directors Briefing at Belton Woods, also 25th November.

'Raising the Bar' was the theme of this year's **LEP Business Live** on 21st October and was the most successful to date attracting the highest number of delegates to date with over 300 business people attending our annual event which combined talks by business leaders with networking opportunities and a trade exhibition. Sir John Peace made a passionate case for the Midlands economy and placed the Midlands Engine in a global context focusing his speech on competing not with Yorkshire or the south-east but with Frankfurt, New York and Shanghai, whilst British high jumper Steve Smith drew on his experience as a sporting champion to explain how businesses can achieve success.

We also brought in a number of interactive attractions including a full-size combine harvester simulator demonstrated by Bishop Burton's Riseholme College Showground Campus, two FreshLinc produce trucks decorated with local landscapes as part of the Transported community arts project, the UKTI Export Hub truck and the Visit Lincoln tour bus.

Your new website has been launched www.greaterlincolnshirelep.co.uk.

Growth Deal Performance - Amber

LEP Board Lead – Ursula Lidbetter

LEP Exec Lead – Halina Davis

The growth deal performance is beyond target for year end spend, due to a number of factors, mainly slippage on the Grantham Southern Relief Road, delays are due to negotiations with Network Rail and Highways England, and additional spend allocated to the budget from the Lincoln Transport Hub. A detailed report will be considered by the Investment Board.

Growing Places Fund - Green

LEP Board Lead – Andy Orrey

LEP Exec Lead – Cathy Jones

The balance as at 1st April 2016 was £5,773,709. (This takes account of board decision to utilise a proportion of the Invest and Grow fund to create the Feasibility and Business Investment funds.)

Within the 6 month period:

- A further £747,270 has been released to Boston Quadrant leaving £2,502,730 to release. It is estimated the remainder of the loan will be released by March 17.
- A loan agreement to Stokes for £600,000 has been agreed
- Legal costs of £831 have been paid

The table below shows the list of loans within the programme, interest rates and estimated release and payback periods.

Project	Date of Agreement	Loan value	Loan Repayment	Interest rate	Interest received to date
Golf Road	Aug-13	£ 2,915,921	Within 1yr of agreement	2.49%	£ 64,140
International Bomber Command Memorial	May-15	£ 800,000	Within 5 years of signed agreement (May 2020).	3.76%	£ -
Boston Quadrant	Sep-15	£ 3,500,000	£2.5Million within the first 5 years and the remaining £1M within the following 2 years.	4.82%	£ -
The Lawn (Stokes Coffee)	Due Oct 16	£ 600,000	One instalment due on the 3rd anniversary of Practical Completion of the Works.	3.24%	£ -
		£ 7,815,921			£ 64,140

Feasibility Funding - Green

LEP Board Lead Andy Orrey

LEP Exec Lead Cathy Jones

A bidding round was opened early in 2016 and 30 bids were received, The Investment Board approved grants to the following 6 projects leaving a balance of £83,500 for future allocation as follows. A further round was launched at LEP Business Live with a further £160,000 being released and the call closing for bids at the end of November.

Project Title	Applicant	Grant Awarded	Total Feasibility Costs
Beever Street, Lincoln (Lincoln Science and Innovation Park)	LSIP Ltd	£50,000	£100,000
A15 (Riseholme Roundabout (A15/A46 Junction) and Junction 4 (A15/M180 Junction))	North Lincolnshire Council	£20,000	£40,000
Grimsby Western Access Route - Strategic Link Road	North East Lincolnshire Council	£25,000	£50,000

Utility Feasibility Options Appraisal Planning	Lincolnshire County Council	£37,500	£75,000
Grantham Enterprise Village	Haywood Estates (UK) LLP	£50,000	£145,000
Holbeach Food Enterprise Zone	South Holland District Council	£34,000	£89,000
Totals		£216,500	£499,000

Skills - Green

LEP Board Lead – Herman Kok

LEP Exec Lead – Clare Hughes

ESF Training Projects

The Skills Funding Agency is providing match funding for several programmes to provide training, or to make training more relevant and appropriate.

Delivery is expected to begin before Christmas for the following programmes:-

- Apprenticeship Growth Programme - supporting businesses through the process to recruit an Apprentice and supporting unemployed residents to apply for Apprenticeship vacancies;
- NEET Information, Advice and Guidance – preparing unemployed young people for local jobs by providing inspiration about local jobs and industry;
- Specialist Skills Advisor Network – helping business owners to articulate their skills needs and matching that with appropriate training;
- Industry Specialists Teaching & Knowledge Exchange Programme – supporting businesses to collaborate with local Colleges and Training Providers so that curriculums and knowledge within local training organisations is current;
- Skills Support to the Unemployed – training for residents who are unemployed
- Greater Lincolnshire Careers and Industry project - developing a local online resource of information about local industry/sectors, helping to change perceptions about skills needs.

All contracts will run until at least March 2018.

Area Review Update

Two for the five Area Review steering group meetings have now taken place. The third will take place on 28th November. Notes from each meeting will be published following approval at the meeting after

The main focus of the first meeting was to develop a common understanding of the Greater Lincolnshire area. The FE Commissioner provided broad information about the colleges' estate and their financial situation. Meeting two focused on Colleges and Sixth Form Colleges presenting ideas for how they might work together in different ways to make financial savings, which is the main focus of the Commissioner at present. Boston, Grantham and Stamford; Lincoln and Grimsby; the Sixth Form College; North Lindsey College with two possible options to explore and will be developed at the next meeting.

Clare Hughes and Heather Lee (Employment and Skills Board member) are due to meet with the Deputy FE Commissioner on 16th November to discuss how various options might meet the economic need of the area as outlined in the detailed evidence report that the LEP supplied.

Food Career Film

The Employment and Skills Board commissioned local company Epix Media to design and produce a short

film aimed at school pupils, to change perceptions of the higher level skills needs within the Food Sector. Working with sector lead, Mark Tinsley, and Food Board members, filming has been undertaken a number of local business premises. 5 short case studies films, and a 5 minutes film, will be available on You Tube once final editing has taken place. The 5 themes include Engineering; Technical services/quality assurance; Innovation, R & D; Marketing/Product Development; and Robotics.

ESIF - Green

LEP Board Lead – Pat Doody

See separate Paper 7.

LEP Executive Lead – Susannah Lewis

Greater Lincolnshire Growth Hub - Green

LEP Board Lead Prof Mary Stuart

LEP Executive Lead Samantha Harrison

The first 6 months of the Growth Hub from 1st April 2016 to 31st September 2016 can demonstrate the following performance statistics:-

Figures from April 2015 to end September 2016	Number
Growth Hub Adviser Engagements	769
Business Diagnostics	379
Growth Lincolnshire clients engaged 1 June onwards	152
Client satisfaction with Growth Hub Service	93%
Intermediary interactions	111
Businesslincolnshire.com unique users	66,402
National Helpline call centre referrals	165
Start up enquiries to Growth Hub	44
Masterclass event attendees	171
Sponsored event attendees	3689
Twitter followers	3426
New Jobs created (potential)	434

The Growth Hub's £4.4m Sustainable Business Growth Programme bid (now known as Growth Lincolnshire) has been approved and delivery has been backed dated to the 1 June 2016.

A Midlands Engine Investment Fund of over £250m is the identified solution for the Financial Instrument, bringing ERDF, EIB, BBB and Legacy funding into a single Fund of Funds structure. Underlying funds are being procured to provide equity, debt, small business loans and proof of concept and early stage funds.

Overview

This report summarises the papers discussed in detail at the Finance and Audit Committee held on 3rd November 2016. Some items require LEP Board sign off.

Financial Overview 2016-17

For Info

This report summarises the financial income and expenditure of the Greater Lincolnshire LEP from 1st April 2016 – 30th September 2016.

The LEP have received the following income for this financial year:-

- Operational Core Funding £250,000
- Additional Operational Fund £250,000
- Single Local Growth Fund (Project Grant) £47,863,787

(Core and additional funding is summarised in this paper. Other LEP funds are summarised against the performance monitoring in Paper 2.)

Operational Core Funding 16-17

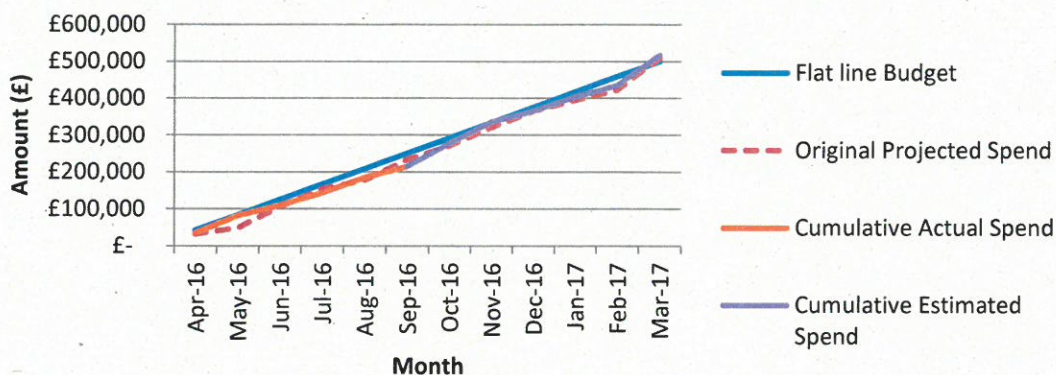
For Info

The LEP's core income and expenditure for the 6 months to September 2016 are shown below:

- **Total income received in period was £500,000.**
- **Actual expenditure outturn for April – September is £214,209**

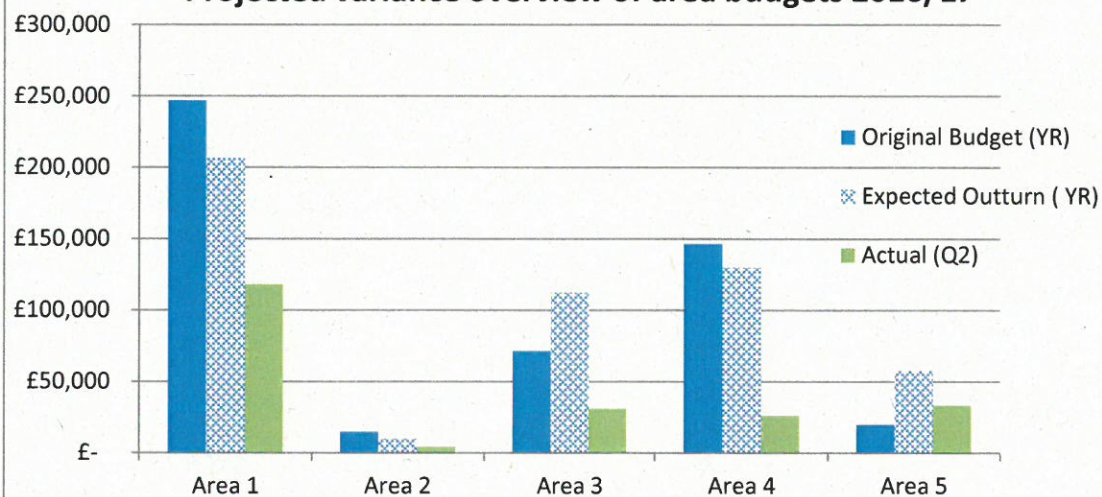
The table and graphs below show the breakdown of expenditure against the heading identified with the 2016-17 Business Plan, and the comparison of actual expenditure against projected budgets.

Greater Lincolnshire Spend Review 2016/17



		Original Budget (YR)	Expected Outturn (YR)	Actual (Q2)	Projection (Q3)	Projection (Q4)
Area 1	Executive Team	247,100	206,696	118,428	41,490	46,778
Area 2	Company Requirements	15,000	10,030	4,447	1,583	4,000
Area 3	Communications and Events	71,450	112,453	31,184	45,318	35,950
Area 4	Sector & Priorities Support	146,450	130,081	26,518	50,313	53,250
Area 5	Growth Deal/ Project delivery	20,000	57,768	33,631	11,511	12,625
		£ 500,000	£ 517,027	£ 214,209	£ 150,215	£ 152,603

Projected variance overview of area budgets 2016/17



The projected outturn is £17,027 over income for this financial year, this is due to the cost of administering the Growth Deal Projects £20,000 to £57,768 and an increase in comms and events activities such as the big debates, and launch of a new website. The LEP team expect that the budget will be on budget by the end of the financial year due to a revision of the forecasts, and communications activity in the last quarter of the year.

<p><u>2016-17 Key Quarter 1 & 2 achievements utilising core funds (summary version)</u></p> <ul style="list-style-type: none"> • Rebuild and launch of the new LEP website • Delivered Business Live 2016 • Published the SEP refresh • Submission and publication of Growth Deal 3 project pitch • Big Debate Series and launch events • Devolution support • Increased marketing presence • Published further sector plan brochures and plans • Place Marketing story • Additional staffing support 	
<p><u>2016-17 Variance analysis against core budget (summary version)</u></p> <p>Expenditure variances are due to a number of contributing factors with key ones primarily identified as:-</p> <p><u>Area 1 – Executive Team</u></p> <ul style="list-style-type: none"> • The secondment of the Investment Manager role (previously Jon Burgess) has not been filled as it was considered more flexible to utilise short and part time secondments to cover staffing/ resourcing issues in a changing environment. • Additional costs forecast due to maternity costs. <p><u>Area 2 – Company Requirements</u></p> <ul style="list-style-type: none"> • No significant variance <p><u>Area 3 – Communications and Events</u></p> <ul style="list-style-type: none"> • This area has seen considerable activity above and beyond expected levels resulting in an overall higher spend in this area. Points to note include; significant increased engagement with the business community further to (a) feedback from businesses (b) Brexit vote (c) Devolution Deal (d) Midlands Engine growth • Higher than expected design and marketing costs to support the increased events. • Accelerated production of sector plans and brochures – needed to support Greater Lincolnshire's role and voice in a variety of strategic agendas - including (a) Devolution (b) Midlands Engine (c) Growth Deal competitive bid. • Increased costs to ensure a strong Team Lincolnshire presence and underwrite any sponsorship gaps at MIPIM <p><u>Area 4 – Sector and Priorities Support</u></p> <ul style="list-style-type: none"> • Deliberate savings have been made where possible in this area following increased activity and spend in Area 3. • This primarily includes reducing the level of consultancy and seconded support to key cross cutting themes and strategic support roles, some of which have begun later in the year due to both (a) cost saving and (b) strategic unknowns due to devolution etc. <p><u>Area 5 – Growth Deal & Project delivery</u></p> <ul style="list-style-type: none"> • Increased activity on Growth Deal projects including the onset of Growth Deal 3 which 	For Info

required much project scrutiny to ensure that our bid to Government was robust and watertight. Following the announcement of GD3 a decision will be made on contractual due diligence services. This is an essential yet unpredictable cost component of delivering the Growth Deal programme to avoid funding clawback and reputational damage.	
<u>2016-17 Match Funding (Including voluntary board contributions)</u> Against the core funding there is also a requirement for the LEP to match fund £250,000 with a further £250,000 of match funding. In previous years we have over achieved with the level of match required and will continue to collate and record match resources – however a request is made to the LEP Board to complete the time capture sheets circulated in order to monitor and record this detail for audit purposes.	For Info
<u>Procurement</u> A number of contracts are due for review within this financial year and ongoing needs will be assessed going forward, following further development and known outcomes of some critical areas of activity.	For Info