



LEP INVESTMENT BOARD

24th August 2018

Lancaster Boardroom, Lancaster House, 36
Orchard Street, Lincoln, LN1 1XX

Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
10:00	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> Approval of Minutes 25th May 2018 Noting of project decisions - Board Minutes 20th July 2018 Noting of Electronic Approval decisions 7th August 2018 	Chair	All Members Papers 1 and 1.1 attached
10:15	Grantham Technology and Innovation Centre <ul style="list-style-type: none"> Report for Decision Due Diligence Report 	Halina Davies, LEP	All Members Paper 2 attached Paper 2.1 attached
10:35	Gainsborough Growth Project Phase 1 <ul style="list-style-type: none"> Report for Decision Due Diligence Report 	Halina Davies, LEP	All Members Paper 3 attached Paper 3.1 attached
10:55	Scunthorpe Town Centre <ul style="list-style-type: none"> Report for Decision Due Diligence Report 	Halina Davies, LEP	All Members Paper 4 attached Paper 4.1 attached
11:15	AOB and close of meeting		

Attendees:

Ursula Lidbetter (Chair & Lincs Co-op), Cllr Peter Wheatley (NELC), Cllr Rob Waltham (NLC), Chris Baron (Butlins, Skegness), Pat Doody (Nat West), Cllr Colin Davie (LCC), Richard Wills (LCC)

Apologies: Ruth Carver

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

Officers: Halina Davies, Pete Moore Section 151 Officer - Accountable Body), Lindsay Hill Pritchard (Accountable Body), Louise Greensmith (Note Taker)

Parking Arrangements

Location Map attached

24th August 2018 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict
Cllr Rob Waltham	Scunthorpe Town Centre	NLC Applicant for the project



LEP INVESTMENT BOARD

25th May 2018

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

Draft Minutes

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

<p>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.</p> <p>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.</p> <p>Additional programme risks were then highlighted to the Board:</p> <p>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.</p> <p>Bishop Burton (Amber/Green rating) - The project is physically complete, but the Accountable Body is still capturing some residual match funding into the scheme.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
<p><u>Paper 2 Greater Lincolnshire Growth Fund - Russell Copley & Michelle Davis)</u> Confidential Item</p> <p>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.</p> <p>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.</p> <p>The Board agreed to approve a £500,000 grant towards the project, subject to contract</p>	

conditions	
<u>Cllr Wheatley and Chris Duffill , NELC left the room for Paper 4.</u>	
<p><u>Paper 4 - Europarc</u></p> <p>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> <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> <p>There is also an expectation that certain conditions are met prior to the signing of a funding agreement, these being:</p> <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. <p>Conditions to be included within the Greater Lincolnshire LEP funding agreement were agreed as follows:</p> <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. <p>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.</p>	
<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.

<p>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.</p> <p>The Investment Board approved the £2.8m of Single Local Growth Fund towards delivery of the Boston EMAT Centre, subject to the conditions discussed.</p>	
<p><u>Cllr Waltham, NLC left the meeting</u></p>	
<p><u>Paper 5 - Scunthorpe Town Centre</u></p> <p>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.</p> <p>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.</p> <p>Collectively, the public sector match funding contributing to this phase of development is £23,360,050.</p> <p>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.</p> <p>The Investment Board approved the £285,325 of Single Local Growth Fund towards Phase 1, subject to the conditions discussed.</p>	
<p><u>Paper 6 - Northern Junction Roundabout</u></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	

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.

DRAFT

LEP DIRECTORS BOARD

20th July 2018

Bishop Grosseteste University, Longdales
Road, Lincoln

Draft Minutes

Draft Minutes

Present:

Board Directors: Ursula Lidbetter (Chair) (Lincs Co-op), David Dexter (FSB) , Cllr Colin Davie (LCC), Cllr Craig Leyland (ELDC), Cllr Peter Wheatley (NELC), Cllr Rob Waltham (NLC), Cllr Ric Metcalfe (CLC), Chris Baron (Butlin's), Pat Doody (Nat West); Dean Fathers (Health),

LEP Executive: Ruth Carver, Liz Shutt (LEP and UoL), Sue Groves (Note Taker)

Observers: Pete Holmes (CLOG BEIS), Ange Blake (NELC), Pete Moore (S151 LCC),

Apologies: Herman Kok (Lindum), Steve Middlebrough (Siemens), Prof Mary Stuart (UoL) Richard Wills (LCC), Graham Pendlebury Observer (DfT)

Guests: Louise Kempton (Newcastle University)

Welcome by the Chair

Apologies and Declarations of Interest

Formal apologies were received from the following Directors:

Herman Kok (Lindum), Steve Middlebrough (Siemens), Prof Mary Stuart (UoL) Richard Wills (LCC), Graham Pendlebury Observer (DfT)

Directors Declarations of Interest:

Cllr Rob Waltham (NLC) Paper 2

Cllr Colin Davie (LCC) Paper 7

Full declarations of interest can be found at

<https://www.greaterlincolnshirelep.co.uk/documents/declarations-of-interest-register-nov-2016/>

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.

The Chair welcomed Pete Moore, LCC S151 to the meeting, and reported on a meeting with Graham Pendlebury, a Director at DFT, who is our new Senior Government Sponsor.

Minutes and Matters Arising

The minutes of the 25th May 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 1: Matters Arising

- Meeting with Claire Perry, MP still to be arranged in early September.
- LEP Review is part of the Directors Report
- LIS - Three successful LIS roundtables held to date in Spalding, Boston and Lincoln. Louth scheduled for 24th July 2018, and working on northern Lincolnshire MP roundtable during summer recess.

CLoG

Cathy Jones

<ul style="list-style-type: none"> • Paper 1.1: Review of Actions - the action list will be updated as and when actions are completed. • Paper 1.2: Forward Plan -September agenda LEP Review, Brexit Monitoring, UKSPF and future funding for Greater Lincolnshire, Housing and Infrastructure, Midlands Engine to be on September Board agenda, move the Skills, Energy Strategy, BREXIT Action Plan to the November Board agenda. 	LEP Team
<p><u>Simon Green NLC left the room</u></p>	
<p><u>Paper 2: Discharge of Condition - Report on the Northern Junction Roundabout Scheme and the Southern Junction Proposal, M1181 at Scunthorpe</u></p> <p>Following consideration of the Officer Report published on 13 July 2018 with Appendices and the letter from Pinder Reaux dated 19 July 2018, the Board made a decision as to whether or not to proceed with the contracting stage with North Lincolnshire Council ("NLC") in relation to the Northern Junction scheme now taking into account all information currently known or to await the outcome of the judicial review challenge before deciding whether or not to enter into the contracting stage with NLC.</p> <p>Action - That the Greater Lincolnshire LEP should proceed with the contracting stage with NLC now.</p> <p>The decision was made for the reasons set out in the Officers Report. These include but are not limited to the importance of the Northern Junction scheme proceeding and in particular that:-</p> <ol style="list-style-type: none"> The Northern Junction scheme is pivotal in providing the infrastructure to access the Lincolnshire Lakes Development; The Northern Junction will also provide access to the Strategic Mixed Use Area which has an existing planning permission to host a commercial park; The Northern Junction scheme is crucial in order to unlock the Lincolnshire Lakes Development; The Northern Junction scheme will also serve to alleviate congestion issues around Berkeley Circle roundabout in Scunthorpe. That it is unclear as to how the Northern Junction scheme can proceed without funding from the GL LEP. There is a clear and overwhelming need to proceed with the Northern Junction scheme given the importance of the Northern Junction and the deliverability of the scheme may be placed at risk if the scheme does not proceed now. <p>Conditions to be included within the contractual agreement with GL LEP will be as follows:</p> <ul style="list-style-type: none"> • That NLC provide written confirmation that they will be responsible for meeting any increased costs and overruns that may arise; • A revised programme for the delivery of the project and quarterly forecast for the drawdown of the SLGF to be provided; • NLC shall ensure that outputs are delivered by 2021 and the contract shall contain clawback provisions if a proportion of the outputs are not achieved within that timescale; • GL LEP is provided with written confirmation of sign off of the scheme by Highways England before any funding can be released to the project. 	

- The contractual agreement will also include a clause relating to shared risk between NLC and GL LEP should clawback need to be instigated following the court decision, prior to the scheme having physically begun on site.

Simon Green returned to the meeting and Cllr Rob Waltham from NLC joined the meeting

Paper 3: Director's Report

RC presented this item. The Chair gave an overview of engagements since the last meeting, including nationally the Food and Drink Sector Council, the Retail Council, PM Councils and LEP Chairs and CX sessions. Graham Pendlebury, our new Government Sponsor visited Lincoln on the 12th July and toured the City of Lincoln, including the University and the Transport Hub. In the future, he intends to visit the ports in the North and South Lincolnshire and the executive team will work local partners to develop an itinerary.

Regionally, RC represented the LEP at the Midlands Connect, Routes to Growth report, and through various work streams on the work of the Midlands Engine.

The strengthening LEP Review is expected to be published on 23rd July 2018. It will also clarify Governance (Mary Ney Review), Geography (Overlaps) and composition of Board. Work will be required over the summer months and a response to the Review will be needed by September. It was agreed that a working group will be formed, led by the Chair over the summer, with Cllr Metcalfe, Cllr Waltham, Pat Doody and Pete Moore. PH also stated he would be available for supporting this group.

An update on Midlands Engine, Midlands Connect and the East Midlands Strategic Alliance was given.

Changes in LEP Chairs in the East Midlands, Kevin Harris takes over from Nick Pulley as LEP Chair at LLEP, and Elizabeth Fagan, at D2N2. The East Midlands Chairs are setting up regular meetings.

Decision:

- Board noted the LEP directors report on performance, and specifically the progress with Growth Deal
- Board approved Scott Fleming is appointed to the ESIF Committee to replace Jayne Mitchell.
- Board approved the recommendation that Nick Sandford (Woodland Trust), Professor Nigel Curry (Community Lincs) and Linda Grant (Generating Opportunity CIC) become members of GL Co Ltd.

LEP Team

LEP Team

LEP Team

Paper 4 - Financial Year End

Board members were informed that the Finance and Audit Committee had scrutinised the LEP finances up to 31st March 2018.

Decision:

- The LEP Board agreed to the renewal of the Cash Balance and Reserve Policy as recommended by the Finance & Audit Committee.
- The LEP Board agreed that, in line with Cash Balances and Interest Policy, the interest generated from the Invest and Grow Fund is retained with the fund and that costs are paid to LCC for the Accountable Body service, with the remainder being placed on the Core Reserve.
- The LEP Board agreed that interest repaid from existing Invest and Grow

<p>loans are retained with the Cash Balance 2.</p> <ul style="list-style-type: none"> ➤ The LEP Board discussed the recommendations of the LEP Finance & Audit Committee on the utilisation of the uncommitted reserves as indicated and agreed to the proposal, namely £15,000 towards the Housing and Growth Deal evidence base, and the funding of the Skills and Employment Manager within the LEP Team ➤ 	<p>LEP Team to action</p>
<p><u>Paper 6 - Brexit Impact</u></p> <p>The impact of BREXIT on Greater Lincolnshire had been presented to the Board at the last Board meeting, where it was suggested that an Action Plan would be developed and agreed at the November Board. The paper under consideration outlined the approach that would be taken with work stream activity over the summer and autumn in place making, skills, business support and innovation. A quarterly intelligence report on the impact and opportunities is being produced with the first quarter in September. Businesses are being monitored in order to see what they believe the impact will be.</p> <p>The challenges stem around and each of the areas should assess:</p> <ol style="list-style-type: none"> a) Work already being undertaken locally, but may need to be tweaked; b) The challenge is UK wide and one that is not within the gift of LEPs or local partners to resolve; c) There is a specific local challenge or opportunity distinctive to Lincolnshire and the Action Plan should include resources and impact. <p>The proposed Action Plan will include the following:</p> <ul style="list-style-type: none"> • Support local businesses to become "Brexit ready". • Develop local skills in line with demand within the skills base and potential decline in some areas of workforce. • Ensure Greater Lincolnshire is seen to be open for business by strengthening local strategy on place marketing and investment. • Strengthen key sectors by encouraging innovation, collaborating with other regions and the continued implementation and development of sector plans. • Integrate the findings into Strategy. 	
<p><u>Local Industrial Strategy - Presentation</u></p> <p>A presentation was given by Louise Kempton of Newcastle University, who has been employed to gather together the first phase of the LIS work. The work develops a framework to understand key areas that build on existing competencies and emerging technologies in the context of local challenges and opportunities.</p> <p>The work therefore</p> <ul style="list-style-type: none"> • Review existing data on Lincolnshire's economy • Synthesise findings into framework • Consultation with key stakeholders, including academia and public • Review, revise and finalise model • And will produce report <p>The findings were discussed in detail, and it was agreed that</p>	

<ul style="list-style-type: none"> • That the LEP Team should review the remits of the existing boards to develop further the areas of focus for the LIS • Where there are gaps new groups to be developed, Dean Fathers should chair a Health Economy Board on behalf of Greater Lincolnshire • Greater Lincolnshire should publish its research phase, and move to the next stage of producing a LIS, and develop the six areas of focus, and identify Government departments and policies to work with 	
<u>Cllr Colin Davie, LCC, declared an interest in Paper 7 and left the room</u>	
<u>Paper 7 - Investment Promotion</u> The Board Directors noted the continued development of Team Lincolnshire and the success of the investment from Foreign Owned Companies during 2017/2018 and were happy to approve a contribution of £15,000 towards LCC attending MIPIM 2019.	
<u>Any Other Business</u> None.	
<u>Meeting closed at 12.30pm</u>	

Investment Board

24 August 2018

Paper 2 - University Technology and Innovation Centre Grantham

1. PAPER FOR DECISION

- 1.1 Board Directors are asked to consider the due diligence appraisal for the Grantham Technology and Innovation Centre Project and to approve progression to contracting stage.

2. BACKGROUND

- 2.1 The Grantham College STEM Building 20 project was allocated £2.3m growth deal in October 2014. The project aimed to create a new build housing the Business, Computing, Media and Technology curriculum underpinned by cross college support for developing enterprise and employability skills for local people.
- 2.2 Unfortunately the project was unable to proceed once tender prices were received, and an alternative project delivering STEM related activity in Grantham was subsequently developed by local partners, including Grantham College, for consideration by the GL LEP Investment Board as part of a clear sequential approach. Approval for a provisional allocation of £2m towards a Technology and Innovation Centre in Grantham was given on 20th July 2017.

3. THE PROJECT

- 3.1 The project will be managed by South Kesteven District Council (InvestSK) in partnership with the University of Lincoln and Grantham College.
- 3.2 The scheme aims to create a new local University Technology & Innovation Centre to serve the South Kesteven area to enable higher and degree level Apprenticeships, Diploma's and short courses to be delivered in a professional business environment and tailored to meet business needs.
- 3.3 The Centre will be a local contact point for businesses for professional networking and will provide space to them work and collaborate. It will be an open door to business support services and University contacts and facilitating opportunities for sharing ideas and knowledge transfer. The new Centre will address a higher education cold spot and change the face of provision in Grantham and across the whole of the District of South Kesteven.
- 3.4 The project will provide an anchor and access for South Lincolnshire higher levels skills development and a direct link to a University for local businesses. The building location will directly contribute to the

regeneration of Grantham Town Centre and the floor dedicated to the centre will be above a new cinema and retail complex, enabling excellent access and promotion of the new offer. It will offer micro incubation and business networking aimed at accelerating economic growth and productivity. The University Centre will collaborate closely with Grantham College and encourage wider partnership contribution and participation from both the private providers, employers as well as the public sector.

- 3.5 Alongside the generic management courses, the centre will promote the Engineering and Manufacturing higher apprenticeship standards. These new standards offer continued professional development for food industry professional, process automation engineers, food and drink advanced engineers, plant engineers and postgraduate engineers. Other higher level Apprenticeships or short courses may include Digital technologies, environmental health, health, care, potentially civil engineering, and building design to meet local employer needs.
- 3.6 The first cohort of students is expected to start in October 2019 and works on the wider building have already begun on site. Overall cost of the scheme is £6,000,000 with the SLGF contribution being sought at £2,000,000 (33%). There is 9,288 ft of available space on the first floor of the overall premises for the Centre, and securing an early rental income from the space is not critical to the viability of the scheme. The floor layout design allows for as much flexible and open use of shared space as possible. Some future proofing such as the investment in a higher grade ventilation system has been allocated, as well as higher standard of connectivity and lighting.



4. OUTPUTS AND OUTCOMES

Core Outputs	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Public Investment Leveraged (£)	500,000	3,000,000	500,000			4,000,000
Number of businesses assisted to improve performance			10	10	10	30
Number of learners supported			65	130	150	340
Number of enterprises receiving non-financial support			50	50	50	215
Number of new enterprises supported			20	30	30	80
Number of potential entrepreneurs assisted to be enterprise ready			10	10	10	30
New build training/learning floorspace sq m		928				
Number of new courses delivered in Grantham			2	4	4	10

- 4.1 The due diligence appraisal demonstrates the scheme as being very good value for money.

5. CONDITIONS

- 5.1 Approval of £2,000,000 towards the project is recommended from the Single Local Growth Fund subject to the following conditions being met:
- 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.

- University of Lincoln only undertaking educational activities, rather than commercial activities, at the University Centre.
- 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.
- That the University maintains an ongoing dialogue with local employers, perhaps in the form of an occasional University Centre focus group or via a business network, so that it is able to adapt its qualification offer/provision to meet their needs, and that GL LEP is provided with evidence that this is taking place.

6. RECOMMENDATION

- 6.1 That the Investment Board formally approves £2,000,000 of Single Local Growth Fund towards the University Technology and Innovation Centre Grantham subject to the above conditions, and that the scheme progresses to contracting stage.



Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

In Respect of

Single Local Growth Fund

For

**Grantham University Centre
St Peter's Hill
Grantham**

**16th August 2018
Paper 2.1**

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1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 The applicant, South Kesteven District Council (SKDC), is proposing the delivery of a new, 863m² (9,288ft²) local University Technology and Innovation Centre within Grantham Town Centre. The Centre will deliver higher and degree level apprenticeships, diplomas and short courses whilst also being a local contact point for businesses. Providing a space for local businesses to network, share ideas and knowledge, as well as, work in a professional business environment tailored to meet business needs.
- 1.2 Whilst the details of the operation of the Centre have not been confirmed at this stage; it is likely that the University of Lincoln will take a lease of the education space in order to deliver the courses that will focus on addressing the skills needed within the GL LEP's Key Priority Sectors; manufacturing, agri-food, visitor economy, low carbon and health and care, as well as, providing courses to meet the continuing employer needs for employee's to possess strong soft skills such as leadership, management and communication. Whilst SKDC will retain and manage the aspects of the Centre to be utilised by local businesses.
- 1.3 The Centre is planned to form the first floor of the new St Peter's Hill development which will include a new cinema and restaurants. The whole scheme secured planning permission on the 12th November 2014 and the first phase of the development has already commenced with construction starting on site on the 27th February 2018.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 The applicant, SKDC has reported that the total project cost is £6,000,000. £2,000,000 of this cost has been requested from the Single Local Growth Fund to assist with the delivery of the Grantham University Centre. In particular the following elements will be funded from the Fund, some of which are pro rata:
 - Building shell - £1,342,540
 - Professional fees and first floor enabling works - £269,040
 - Capital fit out, including, six acoustic meeting pods - £80,000
 - Public realm contribution - £100,000
 - Improved ventilation - £168,420
 - Gigi Bit Fibre connectivity - £40,000
- 2.2 SKDC is proposing to provide £4,000,000 match funding towards the total cost of the scheme. The applicant has confirmed that the match funding is committed and available, however, no evidence to confirm this has been provided. If the funding is approved written confirmation of this funding from SKDC should be provided.

3.0 KEY ISSUES

- 3.1 The main issue with the project is the risk of unlawful State Aid occurring. SKDC's legal advisors; Browne Jacobson has provided their advice on the likelihood of illegal State Aid arising within the project should the funding be granted.

- 3.2 Browne Jacobson reports that there could be potential that SKDC might grant illegal State Aid due to third parties using the Centre, however, in order for illegal State Aid to occur, all the following criteria must be met;
- The aid is granted by the state or through state resources.
 - The aid must confer a selective advantage on certain undertakings or favour the production of certain goods.
 - The aid must distort or threaten to distort competition.
 - The aid must affect, or have the potential to affect, trade between member states.
- 3.3 Whilst the first condition would be satisfied as the University Centre will be funded by public funds; the other conditions will be unlikely to be met due to proposed use and terms of occupancy of the Centre and therefore State Aid will not occur. For example, if the businesses using the Centre are charged market rates this will mean that they are not receiving a selective advantage, therefore, no illegal State Aid will occur to those users.
- 3.4 As the University of Lincoln is likely to be providing the educational aspects of the Centre they could also be aid beneficiaries and receive a selective advantage. However, the European Commission states that education bodies (including Universities) will not be deemed to be commercial undertakings in relation to the provision of education as they are predominantly funded by the State. As the University would need to be an undertaking (an entity, or group of entities, engaged in economic activity) in order to receive an advantage this means that the provision of illegal State Aid would not occur.
- 3.5 Although it is possible for illegal State Aid to occur for this project; mitigation measures can be put in place through conditions attached to the agreement to ensure that illegal State Aid does not occur within the project. These conditions have been provided in Section 11.
- 3.6 *A copy of the State Aid Legal advice is attached at Appendix II*

4.0 STRATEGIC FIT

- 4.1 The scheme has a strong strategic fit with a number of priorities and strategies locally. The GL LEP Strategic Economic Plan highlights the five priority sectors for the area; manufacturing, agri-food, visitor economy, low carbon and, health and care. The University Centre will aim to positively impact all of these priority sectors with a focus on engineering and manufacturing, within Grantham and the surrounding areas by providing high quality courses to meet business needs. The Centre will develop its course prospectus over time responding to employer needs, however, initially it will have a particular focus on courses developing leadership, management and communication skills where there is considered to be a specific skills gap within the area.
- 4.2 The Centre will provide a range of services and facilities for local businesses, including provision of work space and support services, as well as, contributing to the regeneration of Grantham Town Centre.

- 4.3 Overall, the project will aim to bridge the skills gap for employers in relation to employees with skills at degree level or equivalent; whilst also providing businesses with access to facilities and services to assist them in growing their businesses. These will therefore assist with the growth of businesses within the area.
- 4.4 The creation of the University Centre will directly address the priority of the Single Local Growth Fund of enhancing skills facilities, maximising skills investment and thus employment.

5.0 MARKET ASSESSMENT

- 5.1 SKDC, with assistance from the University of Lincoln, has identified that there is a gap in skilled workers with qualifications at degree level or equivalent within Grantham and the surrounding areas. This is partly due to the lack of a local University and the poor public transport links to the nearest University of Lincoln. This gap in skilled workers is considered to be one of the main hindrances to growth within the priority sectors within the County. The University Centre will provide the training facilities and teaching needed for the delivery of these courses.
- 5.2 SKDC will continue to liaise with local businesses within the key sectors to develop their curriculum and ensure that the contents of the courses and training opportunities address the identified skills gaps and continue to provide students with the skills required to work and assist in the continuing growth of the key sectors in Grantham and the surrounding area.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A development appraisal of the programme has not been undertaken as this due diligence is to set out the basis for the operation of the Single Local Growth Fund as an overall programme.
- 6.2 Fusion Cost Consultants has undertaken an assessment of costs for the scheme based on the GF Tomlinsons' COG Report on Feasibility. These costs were considered very high level and the specification attached only covered part of the elements of the works costed.
- 6.3 Fusion considered that overall, the costs were considered high and above what would be expected for a scheme of this nature, however, whilst it was possible to exclude costs from the wider build it was felt there may be some double counting evident within the costs that would not be associated with the University Centre.
- 6.4 It is therefore considered that although the costs are considered high; there will be the possibility of value engineering for the internal fit out during the tender process for the contractor. It is also understood that this work will be undertaken via on a Design and Build Contract basis and therefore any cost overrun above that specified within the tender will have to be met by the contractor.
- 6.5 *A copy of the Fusion Cost Consultants report is attached at Appendix III.*

7.0 DELIVERABILITY AND PROGRAMME

- 7.1 The project is considered highly deliverable. SKDC has successfully secured planning permission for the site and the land is within their ownership. SKDC has also undertaken the procurement for the main contractor of the project and they have started on site; however, the internal fit-out contractor is yet to be appointed which will be undertaken should the scheme secure the funding being requested.
- 7.2 An indicative programme has been submitted with the application; whilst this doesn't provide a full breakdown of the works to be undertaken it gives headline dates for the main aspects. The nine months allowed for the fit out of the shell of the Centre is considered reasonable and is due to start in January 2019. It is not known at what stage the construction of the structure of the building is at the moment, however, as this started at the end of February 2018 there is considered to be enough time to complete the construction with the fit-out starting in January 2019.
- 7.3 It is therefore considered that the project is deliverable in terms of programme as well as experience of the applicant SKDC.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 As highlighted above in section 3, the Council has sought legal advice in relation to the potential of unlawful State Aid occurring. It is understood that the Centre will be split into two with the University of Lincoln providing the courses and education activities and SKDC retaining and operating the business incubator/co-working space. As the University will only be carrying out educational activities within the Centre; which will be significantly funded by the State this will not constitute illegal State Aid as this will be considered a public activity rather than a commercial activity.
- 8.2 In relation to the business incubator/co-working space that will be retained and operated by SKDC; as any third party users of the space will be charged market rates and therefore they would not lead to a 'selective advantage on certain undertakings' or 'distort or threaten to distort competition'.
- 8.3 Overall, it is considered that with appropriate conditions the granting of funding to SKDC for the University Centre would not lead to unlawful state aid arising.

9.0 PROCUREMENT

- 9.1 SKDC has appointed GF Tomlinsons to undertake the construction of the centre. The procurement process has already been undertaken with GF Tomlinsons appointed under an East Midlands Property Alliance framework agreement. Further detail on the procurement process has not been provided and confirmation that the process was compliant with public procurement requirements should be provided as a condition should the funding be awarded.

10.0 OUTPUTS AND VALUE FOR MONEY

6. Forecast Outputs							
6.1 Output Profile							
	2016/17	2017/18	2018/19	2019/20	2020/21	Future Years	Total
i) Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)		500,000	3,000,000	500,000			4,000,000
ii) Local Strategic Outputs							
Number of businesses assisted to improve performance				10	10	10	30
Number of learners supported				65	130	150	340
iii) Others (please list) *							
Number of enterprises receiving non-financial support				50	50	50	215
Number of new enterprises supported				20	30	30	80
Number of potential entrepreneurs assisted to be enterprise ready				10	10	10	30
New build training/learning floorspace sq m			928				
Number of new courses delivered in Grantham				2	4	4	10
Follow on investment at site, including revenue funding (Skills)			30				165

10.1 Therefore the value for money assessment is detailed as follows:

- Public Investment Leveraged 1:2 – This is considered good value for money, although it is noted that all funding is to be from the public sector.
- Number of businesses assisted to improve performance, £100,000 per business assist – This is considered poor value for money.

- Number of learners supported, £10,256/learner - This is considered good value for money.
- Enterprises receiving non-financial support £20,000/enterprise – This is considered reasonable value for money.
- New enterprises supported – 50 enterprises supported providing an output of £40,000/enterprise, which is considered reasonable value for money.
- Potential entrepreneurs assisted to be enterprise ready, £100,000/entrepreneur – This is considered poor value for money.
- New build training/learning floorspace, £2,155/m² – This is considered good value for money.
- Number of new courses delivered in Grantham, £333,333/course - This is considered poor value for money.
- A further output confirmed as 'follow on investment at site, including revenue funding (skills)' of 30 is highlighted; however, it is not clear on what this metric is.

10.2 It is evident that the project provides a good range and number of outputs and overall it is considered that the project provides good value for money for the £2,000,000 funding being requested.

11.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

11.1 The following conditions have been identified as requiring to be incorporated within any funding agreement, should investment be approved:

- 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.
- University of Lincoln only undertaking educational activities, rather than commercial activities, at the University Centre.
- 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.
- That the University maintains an ongoing dialogue with local employers, perhaps in the form of an occasional University Centre focus group or via a business network, so that it is able to adapt its qualification offer/provision to meet their needs and that GL LEP is provided with evidence that this is taking place.

12.0 CONCLUSIONS

- 12.1 The applicant, SKDC, proposes to deliver a local University Technology and Innovation Centre within Grantham Town Centre. The Centre will deliver higher and degree level apprenticeships, diplomas and short courses whilst also being a local contact point for businesses. Providing a space for local businesses to network, share ideas and knowledge, as well as, work in a professional business environment tailored to meet business needs. The Centre will aim to assist with addressing skills shortages within Lincolnshire, in particular within the GL LEP's Key Priority Sectors.
- 12.2 The Centre is forming part of a larger project that incorporates the delivery of a new cinema and restaurants within the Town Centre.
- 12.3 The applicant has requested £2,000,000 of funding towards the total value of the project of £6,000,000; which is considered reasonable for a project of this nature based on the specification that is currently available.
- 12.4 GF Tomlinsons has been appointed as the main contractor on the scheme under the East Midlands Property Alliance framework agreement; however, detailed designs and specifications are yet to be undertaken for the project. Once this stage has been completed a procurement process to appoint the internal fit out contractor will be undertaken.

13.0 RECOMMENDATIONS

- 13.1 It is hereby recommended that the applicant's request for £2,000,000 of SLGF be approved by the GL LEP Board, subject to the conditions detailed in Section 11 above.



Zoe Shearman BSc (Hons)

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Paper 3 - Gainsborough Growth Project Phase 1

1. PAPER FOR DECISION

- 1.1 Board Directors are asked to consider the due diligence appraisal for Phase 1a of the Gainsborough Growth Project and to approve progression to contracting stage.

2. BACKGROUND

- 2.1 Gainsborough Growth Programme is a major regeneration initiative which will attract significant private sector investment and commercial development to the town, supporting the delivery of GLLEP objectives for housing led-economic growth. Overall the programme aims to support the delivery of 4,350 new homes in Gainsborough by 2036; create a regenerated and legible town centre; and improve transport infrastructure and connectivity.
- 2.2 The scheme includes a suite of projects which will restore and revive Gainsborough's town centre, creating a coherent, attractive and strong commercial hub which will support a growing town.
- 2.3 The projects within Phase 1a will directly benefit local residents, attract investors and businesses through the site enabling process. People who live and work in the area also stand to benefit through the creation of new job opportunities and through improvements to public realm, walking routes, transport infrastructure and improved shopping and leisure opportunities.
- 2.4 The regeneration of Gainsborough has been considered in past master plans in tandem with its Growth Point status over the last 10 years; however the pace of change has remained slow. Post-recession, there are some signs of recovery, but the market in Gainsborough remains fragile and public sector investment is required in order to help de-risk the development process and ensure that quality commercial and housing development can be attracted to the town.
- 2.5 The regeneration of Gainsborough is supported by Central Government in their designation of Gainsborough as a Housing Zone. The scale of growth required is very ambitious, but is supported by an economic evidence base and a sustainable spatial plan.

3. ALLOCATION

- 3.1 The Gainsborough Growth Project was attributed a provisional allocation of £4m by Government in response to the Greater Lincolnshire LEP Growth Deal 3 bid in July 2016.

4. THE PROJECT

- 4.1 The overall project will be split into two phases. Phase 1a will include the following:

- 4.1.1 Former Guildhall, Whitton Garden and Lidl town centre redevelopment: redevelopment of key sites which have the potential to create a new anchor for the town centre at its western end and link to the river. Development briefs for these sites have been prepared and Muse was confirmed as development partner following a procurement process in May 2018 (GDV circa £30m). The redevelopment will see the construction of a 4 screen cinema, 3 restaurants/ retail units and substantial public realm improvements, which will greatly boost the town's leisure and evening economy offer, substantially improving the attractiveness of Gainsborough as a place to live, work and invest.
- 4.1.2 Gainsborough Transport Model: Through previous high level transport studies, it is understood that at least one of Gainsborough's key junctions will be at capacity by 2021. Further detailed modelling using the latest housing and employment trajectory was required to better understand the transport network bottlenecks and options appraisals on potential solutions. The modelling work is now complete with GLLEP being asked to fund this element retrospectively. Works will be carried out regarding various option assessments which will lead to preferred solutions to alleviate Gainsborough's Transport network, thus ensuring it will not hinder future development plans for the town.
- 4.1.3 Living Over the Shop: Joint Venture Company set up with Dransfield Properties to directly refurbish some shop fronts and use the JV as a pilot for the 'Living Over the Shop' scheme to convert upper stories into flats. The conversion of 4 flats in the centre has completed, and there has already been substantial interest in the properties.

Due to the success of the pilot, the Council intends on launching a roll out of the scheme, using a maximum 50% intervention rate and £25,000 per unit to incentivise property owners to convert upper floors of town centre properties into residential dwellings. The conversion of town centre properties will not only assist with the delivery of residential properties in an area facing viability challenges, it will also increase footfall and vibrancy of the town centre.

- 4.2 Total Phase 1a project costs are £14,376,303 of which the GLLEP contribution totals £1,601,000.
- 4.3 The WLDC match funding has already been approved by committee. Private sector match funding of £11,772,845 for the development partnership is currently being secured via a development agreement with WLDC's development partner, Muse. Private Sector funding for the LOTS Roll Out has not been secured yet, but it is expected that the maximum 50% intervention rate would be attractive for property owners.

5. OUTPUTS AND OUTCOMES

Phase 1 - 18/19 draw down

Project	GLLEP Funding	Outcomes
Former Guildhall, Whitton Garden and Lidl	£800,000 land acquisition (retrospective) £200,000 public realm	4 screen cinema, 3 restaurants/ retail units and public realm work
Gainsborough Transport Model	£271,000 for transport model (retrospective)	Indirect output of 4,435 dwellings by identifying transport bottlenecks and proposing solutions
Living Over the Shop - Pilot	£130,000 for capital works (retrospective)	4 flats
Living Over the Shop - Roll Out	£200,000 for capital works	8 units
TOTAL	£1,601,000	

5.1 The project will:

- Attract £11.7m of private sector leverage
- Attract £811,012 of public sector leverage
- Create 115 new FTE jobs and safeguard
- Create 12 new homes
- Construct 2421sqm of new commercial floorspace
- Achieve £2.85m GVA uplift.

6. CONDITIONS

6.1 Of the £4m provisional allocation towards this project, approval of £1,601,000, plus GL LEP appraisal/contracting fees of £8,005 (0.5%) towards Phase 1a of the Gainsborough Growth Project is recommended from the Single Local Growth Fund subject to the following conditions being incorporated within the funding agreement:

- WLDC to confirm when the Development Agreement has been completed with Muse and once in place to confirm updated milestones and programme for delivery of the scheme.
- WLDC to provide a programme for the conversion of the former Lidl building and reconfiguration of the car parking once the works contract has been agreed and a contractor appointed.
- Once the programme for delivery has been crystallised with Muse as noted above, a profile for the drawdown of the remaining

funding allocated for the public open space works to be provided along with an updated schedule for delivery on outputs.

- Confirmation of the costs of the public realm works, once these have been subject to a competitive tender process to demonstrate amount of GLLEP funding allocated towards these works is still required at the approved level.
- More detailed information to be provided for the Living Over The Shops rollout programme including units to be acquired, schedule of works to be undertaken, size of residential dwellings to be provided, programme for delivery and disposal.
- The State Aid position relating to the various elements of the project to be reviewed and verified by WLDC as the project progresses to delivery stage.

7. RECOMMENDATION

- 7.1 That the Investment Board formally approves £1,609,005 of Single Local Growth Fund towards the Gainsborough Growth Project/associated GL LEP fees and progression of the Phase 1a scheme to procurement and contracting stage.



Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

In Respect of

Single Local Growth Fund

For

**Gainsborough Growth Programme Phase 1a
Gainsborough**

14th August 2018

Paper 3.1

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APPENDICES

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II	MASTER PLAN
III	MUSE REGENERATION DOCUMENT
IV	COPY OF GRANT AGREEMENT
V	COPY OF JOINT VENTURE AGREEMENT

1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 An application for Single Local Growth Fund (SLGF) has been submitted by West Lindsey District Council (WLDC) seeking £1,601,000 to fund a number of separate projects formatting part of Phase 1a of the Gainsborough Growth Programme.
- 1.2 The Gainsborough Growth Programme comprises Phase 1a, 1b and 2 and the funding sought subject to this Due Diligence is for 1a only.
- 1.3 The Phase 1a project comprises the following:

- Acquisition of the former Lidl Supermarket, along with WLDC dedicating land within their ownership known as Whitton Gardens and former Guildhall, into a development scheme in central Gainsborough along the river frontage. This development is subject to a development agreement with Muse for the delivery of a 4 screen cinema, 3 restaurants, non-food retail units and enhanced public realm.

GLLEP funding of £800,000 is required to contribute towards the costs of acquiring the redundant Lidl supermarket by the Council following Lidl's relocation to a new site in the town. The Council are intending to undertake some enhancement and minor alteration works to enable this unit to be re-let for non-food retail use. The Council will retain ownership of this unit as an investment and revenue stream.

The carpark will be retained and utilised to service the non-food retail unit along with providing public car parking for town centre users, including visitors using the leisure facilities to be developed by Muse.

It is confirmed that the acquisition of this unit has already been completed by the Council in December 2017 and funding from GLLEP is therefore sought on a retrospective basis by the Council. The Council have been able to temporarily secure funds for the acquisition of the Lidl; however without this investment being recovered from GLLEP, the Council would not have the resources to invest in the works required to bring forward the retail unit for re-letting or enable the works to be undertaken to the carpark, as well as providing some investment into other areas of the scheme, including enhancements to the wider public realm.

The delivery of this element of the Phase 1a also requires a further £200,000 from GLLEP, to contribute towards the overall implementation of strategic public realm.

- Gainsborough Transport Model – This commission has also been completed and funding is therefore sought on a retrospective basis to recover the costs for this work. The report has undertaken detailed modelling utilising the latest housing and employment trajectory, to better understand the transport network bottlenecks and to identify options for potential solutions. The report also incorporates an options assessment which will lead to preferred solutions being identified to alleviate congestion within the transport network and to ensure that it will not hinder future developments for the town.

The costs of undertaking this commission is £271,000, which GLLEP is requested to fund in totality.

- Living Over The Shops initiative – a pilot project for converting vacant upper storeys above retail units in the Town Centre for residential use is currently being run by the Council working by way of Joint Venture arrangements with an SME company called Dransfield Properties. The terms of the JV are that both the Council and developer will invest equal amounts of capital funding, with the developer to undertake implementation and delivery of the scheme. The developer's role is to agree terms with the various property owners for acquisition of the vacant space, undertaking scheme design, securing necessary planning consents and implementing the works. The developer also appoints local agents to undertake the letting of the converted space.

The pilot project undertaken on Market Street has completed and resulted in the delivery of 4 flats that have been successfully let. Funding of £130,000 as de minimis funding is therefore sought on a retrospective basis.

The rollout of the Living Over The Shops initiative is now programmed and proposes the acquisition of a further 8 units which will be subject to conversion works. The Council is seeking around £200,000 in totality to be administered on a de minimis basis for the various buildings that will deliver the 8 units. These properties have been identified and initial feasibility completed. The scheme will be worked up in detail in readiness for delivery once a decision has been made on the GLLEP funding application.

- 1.4 In terms of planning for the various aspects of the scheme, the former Lidl site, Guildhall and Whitton Gardens is forecast to have a planning application submitted in Qtr 2 2019, with planning permission granted in Qtr 4 2019. The programme for the planning application is pending the finalisation of the Development Agreement with Muse as developer partner.
- 1.5 For the Living Over The Shop roll-out, planning permission is anticipated to be secured by December 2018, with the works to commence in Qtr 1 2019.
- 1.6 Phase 1b comprises the proposed construction of a 140 new dwellings as part of Riverside North with Phase 2 comprising the Gainsborough Northern SUE to deliver around 750 new dwellings. Funding for the balance of the Phase 1 Growth Programme is currently estimated to be in the region of £2.6 million; however this will be crystallised as both elements of the scheme are progressed to a position where they are ready to be brought forward and the Due Diligence can be completed.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 The total amount of funding sought by the Council for Phase 1a is summarised as follows:
 - £1 million for the acquisition of the former Lidl site at £800,000 and £200,000 towards the costs of undertaking the strategic public realm works within the wider development, subject to the development agreement with Muse.
 - Gainsborough Transport Model £271,000
 - Living Over The Shops pilot project £130,000
 - Living Over The Shop roll-out £200,000
 - This equates to a total of GLLEP SLGF funding requirement of £1,601,000

2.2 In terms of match funding, this is summarised as follows:

- Former Guildhall, Whitton Garden and Lidl development – West Lindsey District Council (WLDC) £811,012 to fund the public realms works at Whitton Garden.
- Gainsborough Transport Model – no match funding as GLLEP to fund in its entirety.
- Living Over The Shop pilot- Dransfield Properties £281,477 – no match funding from the Council invested in this scheme.
- Living Over The Shop roll-out £200,000 from Dransfield Properties with no investment from the Council in this element of the scheme.
- Total private sector match funding for Phase 1a is therefore £11,772,845, which is from the Muse scheme.
- Public sector match funding from the Council is therefore £811,012.
- The funding required from Muse for delivery of the scheme will be committed upon entering into the Development Agreement which is anticipated to be concluded shortly.
- The match funding from WLDC has already been approved.
- The funding required to implement the Living Over The Shop scheme from Dransfield Properties has also been secured by way of the Joint Venture Agreement with the Council that is in place.

3.0 KEY ISSUES

3.1 A number of key issues were identified upon submission of the detailed business case, which are summarised as follows:

- i. Information in relation to the scheme to be implemented by Muse and how this related to the acquisition of the Lidl site and implementation of the works as part of the Gainsborough Regeneration Project was unclear. Through a number of ongoing discussions and exchange of emails with the Council, it has been confirmed that the acquisition of the Lidl site, change of use to non-food retail and reconfiguration of the car parking area will be on land which is acquired by the Council subject to the GLLEP funding and wholly retained by the Council as opposed to being vested in the project. The only overlap with the Muse scheme is that part of the land which the Council already own will be vested into the Development Agreement with Muse for the Town Centre scheme for shared use car parking, which is governed by the Development Agreement. The Council will retain all income from the property and car park, which will be operated as a public sector car park and subject to charging arrangements.

Muse will be responsible for procuring the implementation of the public realm works scheme as part of that being delivered through the wider leisure scheme incorporating the funding from the GLLEP (via WLDC). All works will be procured by Muse in accordance with public sector procurement regulation.

- ii. Retrospective Funding – at the time the Business Case was initially prepared, it was anticipated that the drawdown of GLLEP funding would be required in advance of the Lidl site being acquired and the transportation modelling completed. Given the passage of time and issues having to be resolved on the wider scheme, in order to secure the Lidl site and so as not to delay other elements of the Gainsborough scheme, the transport modelling work and acquisition of the Lidl site completed. The Living Over The Shop's pilot scheme has also completed and therefore, is being sought retrospectively.

Through discussions with the GLLEP Team, it is understood the award of retrospective funding is acceptable, subject to completion of satisfactory due diligence in relation to the amount of funding sought and Board approval.

A Red Book Valuation was required to be provided by the Council to support the acquisition of the Lidl site. A copy of a draft Report and Valuation dated December 2016 was provided and the final copy requested, given that the acquisition had since completed. A copy was duly provided.

For the Living over the Shops scheme and transport study, confirmation of actual expenditure has been provided.

- iii. Information relating to State Aid advice for all elements of the scheme was requested – This has been duly provided and is discussed within later sections of this Due Diligence.
- iv. Living Over The Shop Scheme – A copy of the Joint Venture Agreement between the Council and Dransfield Properties, along with the Grant Agreement was requested so that an understanding of the delivery structure for the scheme process for implementing grant and any clawback triggered can be properly assessed to ensure this is in accordance with GLLEP's requirements – all such documentation has been provided and no issues identified in terms of the provisions therein.
- v. It is noted that the above issues have either fully been addressed and some of which are documented further within later sections of this report.

4.0 STRATEGIC FIT

- 4.1 The project has high strategic fit through a number of interlinked strategies and associated programme initiatives which are briefly summarised as follows:

- i. The award of Growth Point status for Gainsborough around 10 years ago, sought to stimulate new housing delivery in the town. Despite this designation, and even in context with the success of some developments in Gainsborough such as Marshall's Yard Retail scheme, the pace of change and particularly housing development within Gainsborough has been slow.
- ii. West Lindsey District Council Regeneration, Housing and Economic Growth Strategies all identify Gainsborough as one of the principle towns for major housing growth seeking to implement the following:
 - 4,350 new homes in Gainsborough by 2036
 - 800 new homes on brownfield land by 2026
 - A regenerated viable and legible town centre

- Improved transport infrastructure and connectivity

Gainsborough Regeneration Strategy – implementation of this strategy is predicated on housing led economic growth, supported by Growth Point and Housing Zone designations.

- iii. Thinking Place strategy September 2015 was a place making study commissioned by the Council which identified the town strengths and potential to be a strong location, capable of attracting a critical mass of new population. The Thinking Place study also highlighted the following issues requiring to be addressed in Gainsborough:

- Poor state of the urban environment
- Predominance of derelict brownfield land
- Lack of connection to the riverside
- Under occupied and underutilised Town Centre
- Lack of strong identity
- Other Pockets of social deprivation
- Market stigma

- iv. The analysis of the Growth Programme as proposed and the various strategies that underpin this have also been assessed to have strong fit with GLLEP's Strategic Economic Plan (SEP) as follows:

- The ability to drive growth in the strongest sectors – in relation to the visitor economy, this project will focus on developing the leisure and cultural offer within Gainsborough through implementation of the scheme with Muse.
- Promoting Greater Lincolnshire as a place for sustainable growth – this project will strengthen Gainsborough's reputation as an attractive and vibrant place to live and work and through restoration of the streetscape, creation of new high quality leisure and commercial floor space within the Town Centre will ensure the town's capable of sustaining these activities along with new residential development.
- Recognising the need for new housing and support balanced housing provision and economic development. Housing led growth underpins both the SEP and West Lindsey's Economic Growth Strategy with the rationale that attracting more people to the area will create demand for more services and goods, which will in turn attract more businesses and organisations to supply these needs. This should result in improving employment opportunities and increasing productivity.
- In order to sustain new housing and attract new residents to Gainsborough, it is important to provide necessary facilities and amenities which are for Gainsborough to be delivered through the development proposals being brought forward by the Council in partnership with Muse.

- 4.2 This project is therefore deemed to have strong strategic fit in accordance with GLLEP and the Council's strategic objectives.

5.0 MARKET ASSESSMENT

- 5.1 Two aspects of the Phase 1a Growth Programme have been market tested, the development project subject to the Development Agreement with Muse, which incorporates the re-use of the former Lidl store for non-retail use and public car parking and the Living Over The Shop scheme.
- 5.2 In terms of the Muse scheme, proposals for Gainsborough have been subject to a series of feasibility studies and market analysis over time influenced by market circumstances including the relocation of the Lidl store to a larger store in a more appropriate location to better meet customer demand. The reuse for this unit as non-food retail is in accordance with planning policy and fits with the masterplan for the wider area and Town Centre core retail uses. Local agents have been appointed to provide market advice to the Council in relation to the reuse of the unit and non-food retail potentially by one or more operators is therefore supported both in terms of market evidence.
- 5.3 In terms of the Living Over The Shop scheme, this has been tested through the first phase pilot scheme delivering four units which has already completed. Good quality residential accommodation in the heart of the Town Centre both introduces new uses to the town and will help support the night time economy through the establishment of residents in its heart. This type of accommodation is also a new housing product being delivered to Gainsborough and therefore has the ability to increase the overall type and mix of housing on offer in the town. The successful letting of these units and number of enquiries received therefore provides evidence of demand within the market to take up this type of accommodation and a good indication of the robust levels of demand for the roll out scheme.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A Development Appraisal of this project has not been undertaken in the traditional sense, given certain elements of the scheme not requiring this, being the acquisition of the Lidl site which is supported by a Red Book Valuation, contribution towards public realm being procured by the Council via Muse and the transport study which was commissioned by WLDC in accordance with public procurement processes.
- 6.2 All of the above have been subject to verification of actual costs incurred. This is with the exception of the public open space works and it is therefore recommended as a condition of this investment, that the Council provide evidence of actual costs of implementing the Public Realm works and to demonstrate that the full amount of GLLEP funding of £200,000 was required for the area identified as eligible and will be vested into this element of the project.
- 6.3 In terms of the Living Over The Shop scheme, the key issues to be addressed will be acquisition of any of the roll out properties which will be required to be at market value and are governed by the terms of the Joint Venture Agreement and Grant Agreement between the Council and Dransfield Properties. There is also an absolute requirement that the letting of the completed units is to be at market value; however until this element of the Living Over The Shop scheme advances, information in this regard is not currently available. It is therefore recommended as a condition of investment that WLDC will be required to demonstrate that letting of the completed units will be in accordance with market rates, following a proper marketing exercise, undertaken by suitably qualified agents.

7.0 DELIVERABILITY AND PROGRAMME

- 7.1 It is considered that the scheme should be capable of being brought forward for early delivery given that the acquisition of the Lidl site has completed and negotiations are at an advanced stage with Muse on the Development Agreement for the delivery of the wider site. As the Council will be undertaking their own works in relation to any works to be undertaken to the existing retail and carpark, they will be able to progress with this isolation in the event that the Development Agreement negotiations with Muse do not come to fruition – albeit this is considered a highly unlikely scenario.
- 7.2 Muse are to be responsible for designing and procuring the public realm works by late summer 2018, with the feasibility undertaken to enable a planning application to be submitted during Q2 2019. Planning approval would then be anticipated to be secured by Q4 2019. Following tendering of the works, a start on site should be achievable by 2020 with practical completions 12 months later during 2021.
- 7.3 Although timescales for delivery are generally considered to be realistic and reasonable, it is recommended that a detailed programme for delivery of the scheme be provided by the Council once the Development Agreement is in place with Muse and there are clear milestones for completion of the various tasks to be undertaken to enable the scheme to come forward on site. Whilst the GLLEP funding for the acquisition of the building will be drawn down at a much earlier time, given that this will be on a retrospective basis, it is clearly important to understand the delivery of the wider scheme as this will result in delivery of outputs for GLLEP.
- 7.4 With regards to the Living Over The Shop scheme, as part of the funding is being drawn down retrospectively, the works and outputs have been delivered for the Pilot project.
- 7.5 There is less information currently available in relation to the roll out of the Living Over The Shop scheme and it is therefore recommended that more detailed information in relation to the properties, size and type of units, conversion costs and programme for delivery is provided when available for this scheme.
- 7.6 Overall, therefore, the various elements of the project are considered to be deliverable; however it is timescale for delivery that requires to be clarified, particularly in terms of outputs beyond drawdown of the SLGF.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 West Lindsey District Council have procured State Aid advice from DWF Surveyors and internal solicitors at the Council in respect of the various elements of the scheme.
- 8.2 This information is summarised as follows:
- Acquisition of the Lidl site – use of public resource by the public sector in order to undertake acquisitions is a State Aid compliant activity, provided that the acquisition is undertaken on market terms. As a Red Book Report and Valuation has been provided to support the acquisition, there are no issues raised in this regard in terms of State Aid.

- In terms of the conversion of the retail of the former superstore into non-retail unit or units, as these works are to be procured directly by the Council, providing that these are subject to appropriate procurement requirements and contract let on market rates, there is no issue in relation to State Aid.

Similarly, with the disposal of the completed space providing this is on market terms, there is no issue in relation to State Aid as occupiers will be paying market rates and will not be receiving any selective benefit in this respect.

- In terms of the car parking areas, Local Authorities can provide public car parks as part of their amenity and are not required to charge for use of this space. The Council have, however, decided to levy a charge for use of the car park and there are no issues identified in relation to State Aid in this regard.
- For the Muse development, as GLLEP funding is not being investing in any element of the Muse scheme, no detailed review of the proposals with Muse have been undertaken. The minor exception to this is the public realm works that are proposed to be undertaken; however, as these works do not generate any value in itself, but will benefit the wider development and Gainsborough generally and is effectively public infrastructure, there are no State Aid concerns.
- Transport Modelling Study – as this study has been procured directly by the Council for use by the Council as part of its general highways and transportation remit and activities. Consultants were procured on competitive terms and is such there are no issues identified in relation to State Aid.
- Living over the shop – this funding is intended to be invested into the Joint Venture Agreement in order to deliver this programme. A copy of the JV agreements have been provided and reviewed and it is demonstrated that the Local Authority and developer sit side by side in terms of making investment and having the ability to share in both the risks and rewards on equal terms. No issues have therefore been identified in terms of the JV arrangements between the Local Authority and developer and furthermore, the Local Authority can invest funding in bringing forward identified development projects within their area that are in accordance with their remit and objectives. In order to be wholly State Aid compliant, any acquisition of properties, works undertaken and disposal of the completed space must all be in accordance with market rates.

It is also noted that the level of funding proposed for this scheme will be drawn against a number of projects with the grant funding to be below the de minimis level of €200,000 and should not therefore give rise to any State Aid issues.

- 8.3 Therefore on the basis of the information provided we have not identified any State Aid issues. WLDC should however continue to monitor compliance and notify GLLEP should any issues arise.

9.0 PROCUREMENT

- 9.1 The acquisition of the Lidl site - this has been subject to Report and Valuation and approval process by the Council and this has now completed.
- 9.2 Conversion of the Lidl unit to non-food retail and improvement work to the carpark – these works will be procured directly by the Council, funded by the Council and undertaken in accordance with the Public Sector Procurement Policy Process.
- 9.3 Public realm – these works will be procured by Muse under the terms of the Development Agreement and will be required to be undertaken on a competitive process, in accordance with Public Sector Regulations.
- 9.4 Living Over The Shop scheme – the developer will be responsible for procuring the works on behalf of the JV and in accordance with the Grant Agreement will be required to ensure that all works are undertaken on a competitive and procurement compliant basis.
- 9.5 There are no further issues identified in relation to procurement of Phase 1a of the Growth Programme.

10.0 OUTPUTS AND VALUE FOR MONEY

10.1 The outputs for the Phase 1a project are shown in the table below:

	2016/17	2017/18	2018/19	2019/20	2020/21	Future Years	Total
i) Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)					811,012		£811,012
Private Sector Investment Leveraged (£)		£595,722	£283,487	257,230	£4,347,407	£6,238,999	£11,722,845
Number of new Jobs Created (gross)						115	115
Number of Jobs Safeguarded (gross)							
Number of new housing units completed			6	6			12
ii) Local Strategic Outputs							
Commercial floorspace refurbished/constructed and occupied (sq.m)						2,421m2	2,421m2
Number of businesses assisted to improve performance							
Number of learners supported							
Number of new businesses created							
GVA Uplift						£2.85m	£2.85m
iii) Others (please list) *							
Transport Model			Baseline Model				
Public Realm Improvement						Whitton Garden and Caskgate St	

10.2 The value for money assessment for this project is as follows:

- Private Sector Investment Leverage at 1:7.35 – this is excellent value for money given that standard industry benchmarks for private sector leverage seeks a minimum of 1 to 2 in order to be considered value for money.
- Public Sector Investment Leverage at 1:1.97 – this is just below standard benchmarks for around 1 to 2; however is not a primary output being delivered and represents the commitment made to the project from the Council.
- Number of new jobs created at 115 - equates to a cost of £13,922 per job. The value for money benchmark of circa £15,000 for jobs created and is considered to be good value for money.
- Number of housing units completed at 12 – equates to £133,417 per dwelling, which is significantly in excess of Homes England benchmarks of around £25,000 per unit. The delivery of housing units is not however a primary output being delivered by this project and has a small element of overall outputs. The Living Over The Shops scheme is a pilot project and has thus far demonstrated that the initiative has the potential to be strategically important in terms of diversifying housing production in Gainsborough, and assisting in delivering sustainable uses in the town funding. SLGF investment is therefore considered to be justifiable of investment on this basis.
- Commercial floorspace refurbished at 2,421 sq.m equates to a cost per square metre of £661 per sq.m. This costs is considered to be in excess of value for money benchmarks; however as this forms part of a package of overall outputs delivered by this project and comprises a critical element of the wider development, is justified and supported on this basis.
- GVA uplift – this has been estimated to be in the region of £2.85 million which equates to a ratio of 1:1.8 or £24,783 generated per job which is generally in accordance with economic benchmarks for job created within the leisure sector.
- The other outputs relating to completion of the transport model and public realm improvement are not subject to a value for money assessment but are in addition to the core and local outputs delivered by the scheme.

10.3 The cost for providing the above outputs overall, is therefore considered to generate good value for money.

11.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

11.1 Conditions within the Funding Agreement will need to incorporate the following:

- WLDC to confirm when the Development Agreement has been completed with Muse and once in place to confirm updated milestones and programme for delivery of the scheme.
- WLDC to provide a programme for the conversion of the former Lidl building and reconfiguration of the car parking once the works contract has been agreed and a contractor appointed.
- Once the programme for delivery has been crystalised with Muse as noted above, a profile for the drawdown of the remaining funding allocated for the public open space works to be provided along with an updated schedule for delivery on outputs.

- Confirmation of the costs of the public realm works, once these have been subject to a competitive tender process to demonstrate amount of GLLEP funding allocated towards these works is still required at the approved level.
- More detailed information to be provided for the Living Over The Shops rollout programme including units to be acquired, schedule of works to be undertaken, size of residential dwellings to be provided, programme for delivery and disposal.
- The State Aid position relating to the various elements of the project to be reviewed and verified by WLDC as the project progresses to delivery stage.

12.0 CONCLUSIONS

- 12.1 The Gainsborough Growth Programme is a priority scheme for delivery by West Lindsey District Council and is a regeneration initiative that the Council have been promoting since 2003 with ongoing challenges in relation to achieving delivery of this despite periods of favourable market conditions.
- 12.2 The Phase 1a Growth Programme has now progressed to an advanced stage where a significant element of the SLGF is being sought on retrospective basis. These circumstances have arisen given that the Council needed to make investment in phase 1a in advance of the funding application being ready for submission due to other elements of the Phase 1a Growth Programme being delayed. The early investment by the Council was therefore made in order to ensure that acquisition and development opportunities were not lost through having to wait for funding to be secured, whilst other elements of the programme were being progressed with Muse.
- 12.3 The scheme in totality has now come forward to a position where it is ready for implementation, subject to final issues being resolved with Muse and to the Living Over The Shop rollout programme.
- 12.4 Outputs have been provided for the Phase 1a programme and assessed as being good value for money.

13.0 RECOMMENDATIONS

- 13.1 It is therefore recommended that SLGF of £1,601,000 is approved for this project, subject to the conditions detailed in Section 11 above being addressed.



.....
Rachel Lister BSc (Hons) MRICS

Date: 14th August 2018

Thomas Lister Limited
11 The Courtyard
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Investment Board

24 August 2018

Paper 4 - Scunthorpe Town Centre

1. PAPER FOR DECISION

- 1.1 Board Directors are asked to consider the due diligence appraisal for the Scunthorpe Town Centre Project and to approve progression of Phase 2 to contracting stage.

2. BACKGROUND

- 2.1 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 consists of three phases to enable the regeneration of the Church Square area and surrounds, and includes strategic land acquisition, road infrastructure improvements and public realm investment, provision of new homes, office accommodation, electric vehicle charging points, a university presence and future delivery of the one public estate programme.
- 2.2 Phases 1 and 2 only form part of the Growth 3 bid for SLGF funding. Phase 1 of the project was approved by the Board to contracting stage on 25th May 2018, but it was decided by the applicants shortly afterwards to await due diligence of Phase 2 of the scheme in the hope that both phases can be contracted together.

3. THE PROJECT

- 3.1 The project in its entirety will be managed by North Lincolnshire Council.
- 3.2 The scheme addresses several LEP priorities as set out in the Strategic Economic Plan including: promoting Greater Lincolnshire as a place for sustainable growth through improved transport infrastructure; driving growth of the visitor economy; recognising the need for new housing for the existing local population and potential moves to the area, and supporting balanced housing and economic development through promoting the area's capacity to deliver high-quality growth.
- 3.3 The first Phase was centred on the establishment of a business core, creating a civic, learning and business quarter within Church Square, with SLGF contributing £285,325 of growth deal towards NLC acquisition of land to enable development of new NLC headquarters as part of its One Public Estate vision. University Technical College (UTC) was a key partner in this Phase and provided match funding to the wider Phase 1 element. The UTC specialises in renewable energy and engineering and is a business-led institution. Phase 1 also included refurbishment of Scunthorpe Central Library and the development of Ongo Headquarters.

3.4 Phase 2 of the scheme will deliver the following:

- Highways access and road infrastructure improvements to support the surrounding developments increased demands.
- Delivery of the Church Square House extension to facilitate an additional 600 council staff in the town centre.
- Purchase of a 5348 sq m site to bring a vacant commercial building back into use and release land for re-development.
- Enhancements to Scunthorpe High Street Public Realm to Foundry Square to create an attractive, vibrant and welcoming environment to increase investment and visitor attraction.

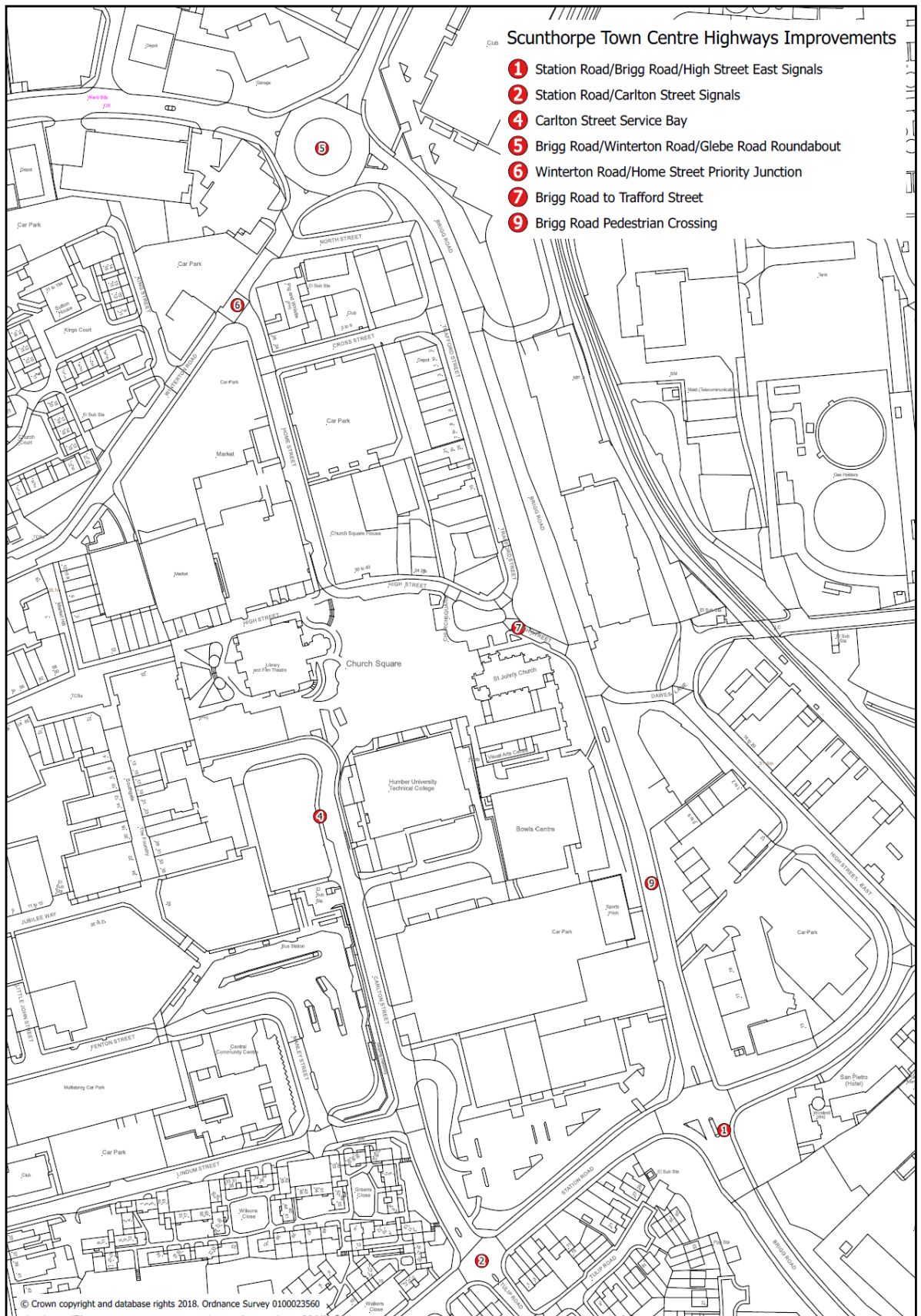
These investments will be a catalyst for the transformation of Scunthorpe Town Centre, providing an attractive, safe environment and attracting additional investment.

3.5 The highway works will provide essential town centre access and road infrastructure, improving and implementing key junctions in order to meet the growth in demand anticipated as a result of the wider regeneration initiatives. These improvements will minimise traffic delays for road users whilst seeking to enhance pedestrian and cycle access and facilities.

Sites included would be:

- Site 1: Station Road/Brigg Road/High Street East Signals
- Site 2: Station Road/Carlton Street Signals
- Site 4: Carlton Street Service Bay
- Site 5: Brigg Road/Winterton Road/Glebe Road Roundabout
- Site 6: Winterton Road/Home Street Priority Junction
- Site 9: Brigg Road Pedestrian Crossing

Please see location plan below and note that site 7 is not included as part of this submission.



- 3.6 The delivery of 1306 sq m of new office space as part of the delivery of the new Council Headquarters would enable 900 staff to use the building as their base, and would create 48 construction jobs. Planning permission PA/2016/1720 to erect a four-storey extension to the side of existing council offices incorporating a new customer

entrance was granted approval on 15 June 2017.

<http://www.planning.northlincs.gov.uk/api/Cached/PlanningWeb?ReqType=F&Refno=PA/2016/1720>

The development of the new headquarters will create opportunities for public sector integration and allows for the future development of a public sector hub on the same site. This element of the project also releases space for redevelopment in other areas of Scunthorpe.

- 3.7 The 5348 sq.m building acquired for commercial space and bringing a vacant commercial property back into use, will house the new Scunthorpe Market and additional business/office accommodation. SLGF will be used for the acquisition of the building only, and as explained in the due diligence report this will now be retrospective with the acquisition having already taken place to secure the site in July 2018. Any costs associated with the refurbishment of the building and its future usage will form part of the match funding contribution of North Lincolnshire Council.
- 3.8 Underpinning the regeneration of Scunthorpe Town Centre are the proposed improvements to the public realm which will provide the setting for people to meet and businesses to thrive. The focus area for the public realm enhancements will be developed from the introduction of a new Steeltown Sculpture in the Foundry Square, a lifesize steel stature depicting a male and female steelworker dressed in period clothing walking up the High street away from the steel works. The public realm scheme will be simple, robust, well-managed and well-maintained, helping to make Scunthorpe a more attractive and sustainable place with a sense of identity and cohesion. It will direct the flow of footfall and open up the space for additional uses, linking the Church Square area to the rest of the Town Centre and ensuring the benefits are extended beyond the focus of this project.

4. OUTPUTS AND OUTCOMES

- 4.1 The following outputs and outcomes relate to Phases 1 and 2 combined for ease of reference given that the contractual agreement will be for the scheme in its entirety. The due diligence report (Paper 4.1) demonstrates the Phase 2 only outputs, given that due diligence of Phase 1 was completed separately in May 2018.

Output Profile							
	Previous Years	2018/19	2019/20	2020/21	2021/2022	Future Years	Total
Public Investment Leveraged (£)	£11,000,000	£10,155,095					£21,155,095
Private Sector Investment Leveraged (£)						£5,800,000	£5,800,000
Number of new Jobs Created (gross)		60					60
Number of jobs safeguarded		50					50

Commercial floor-space refurbished /constructed and occupied (sqm)		3,356 – Constructed 5,348 - Refurbished					8,704
Number of learners supported		4					4
Businesses supported to improve performance		50					50
Construction Jobs		182					182
Total length of new cycleways		0.382km	0.422km				0.804km

- 4.1 The due diligence appraisal demonstrates the overall scheme as being good value for money. Phase 3 outputs and outcomes are not included in the above table as they do not form part of this submission to GL LEP for grant support.

5. CONDITIONS

- 5.1 Continued endorsement for £285,325 towards Phase 1 and approval of £3,564,675 towards Phase 2 of the project is recommended from the Single Local Growth Fund subject to the following conditions being met:

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 NHS 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.

6. RECOMMENDATION

- 6.1 That the Investment Board formally approves £3,850,000 of Single Local Growth Fund towards Phases 1 and 2 of the Scunthorpe Town Centre project subject to the above conditions, and that the scheme proceeds to contracting stage.

Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

In Respect of

Single Local Growth Fund

For

**Scunthorpe Town Centre, Phase II
Scunthorpe
Lincolnshire**

16th August 2018

Paper 4.1

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APPENDICES

I	BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
II	WYG Report – to follow

1.0 PROJECT SUMMARY AND PLANNING STATUS

- 1.1 North Lincolnshire Council (NLC) are leading on the redevelopment of Scunthorpe Town Centre, and have submitted an application for Single Local Growth Fund (SLGF) for £4 million to contribute towards the delivery of Phase II of the scheme.
- 1.2 Phase I of the scheme was subject to a due diligence exercise in March 2018, which resulted in SLGF of £285,325 being approved to contribute towards the acquisition of a car showroom and motor repair facility in the freehold ownership of KM Cross. Following approval of this investment by GL LEP Board, the decision was taken to defer the contracting of Phase 1, given that the Phase II application was due to be submitted to GL LEP for assessment.
- 1.3 The total investment required for the transformation of the Town Centre is estimated to be in the region of £60 million, for which some of the work and investment has already been completed. To date, the Humber University Technical College (UTC) has invested £11 million in a new educational facility for 14-19 year olds, which completed in 2015.
- 1.4 The UTC specialises in renewable energy and engineering and is a business led institution.
- 1.5 In addition an integrated service building is currently being delivered at a cost of £1 million to NLC, through the refurbishment of Scunthorpe Library. The centre provides support to the local community to access work and for those residents seeking to improve their skills levels, along with a provision of traditional library services. This project has completed.
- 1.6 The Phase I scheme as previously considered 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 NLC as their headquarter buildings.
- 1.7 Ongo are the main housing provider in North Lincolnshire and are to relocate to a new head office within Scunthorpe Town Centre. Up to 300 service sector workers would be provided at the site with 165 hot desk units.
- 1.8 The Phase II scheme will deliver the following:
 - Highways access and road infrastructure upgrades and enhancement in order to accommodate development and alleviate congestion. The works were intended to be undertaken across seven sites; however during the due diligence process, site 7 has been excluded given that this site is at an early stage and cost information is not yet available.
 - Church Square House Extension to enable a further 600 council employees to be located in the town centre.
 - Purchase of 5,348 sq.m vacant former BHS building to incorporate this into development for town centre retail and commercial uses. The acquisition of this site has completed with the Council forward funding this cost in order to safeguard the acquisition of the building.

- Enhancements to public realm along High Street to Foundry Square to create an attractive, vibrant and welcoming environment to increase retail footfall and visitor numbers.

- 1.9 Funding requested has therefore reduced from £4,000,000 to £3,850,000.
- 1.10 The Phase II scheme will bring substantial numbers of additional employees into the town centre assisting to create a critical mass of employees within a significantly enhanced environment. In turn, this should be catalytic in attracting further investment to the town centre in relation to associated increased visitor numbers and supply chain activity.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 As noted, £4,000,000 of SLGF was sought from GL LEP towards the acquisition of the former BHS building, highways, public realm and Church Square House extension. SLGF has been reduced given the exclusion of Site 7 for the scheme to £3,850,000.
- 2.2 Match funding was stated to be £25,955,095 comprising £21,155,095 from the public sector and £5,800,000 from the private sector. Match funding from the public sector is investment from the Council required to deliver the scheme; however has been reduced to £10,155,095 as the £11,000,000 identified as spend in 2015/16 has already been claimed as part of the Phase I scheme.
- 2.3 Clarification as to the private sector funding was also requested and confirmed to relate to investment required to deliver the Ongo building. This funding was claimed under the Phase I due diligence report and is therefore excluded from this phase.
- 2.4 The funding from GL LEP is the final element of funding to be secured in order to facilitate development.

3.0 KEY ISSUES

- 3.1 The redevelopment of Scunthorpe Town Centre is recognised as being a strategic and important project for regeneration and economic growth, not only within Scunthorpe but also given impacts on the wider North Lincolnshire area for sustainable economic growth.
- 3.2 Notwithstanding this, a number of key issues have been identified which are required to be addressed, which are summarised as follows:

3.2.1 Land Acquisition Costs for the Former BHS Building

A Report and Valuation has been provided within the original Business Case to support the acquisition of the site at £966,770. Reference was made to the acquisition of the building being completed and SLGF therefore required on a retrospective basis. The Council confirmed that the site has been acquired in July 2018 using some of their funding required to contribute to other aspects of Phase II, in order to safeguard the acquisition of the asset. The Council will utilise SLGF to repay Council investment expended on the acquisition.

It is hereby recommended that a completion statement for the acquisition of the building be provided to confirm the costs expended against which SLGF is to be drawn down.

3.2.2 Construction Costs for Delivery of the Highways Works

Cost information was not available for Site 7 and very limited back up data to underpin costs included within the application was available.

As an assessment of the costs for Site 7 could not be undertaken and such information would not be available for a further two to three weeks, the Council requested that Site 7 be removed from the appraisal so as not to delay the completion of the due diligence report.

3.2.3 Programme for Delivery

A detailed programme for the delivery of the scheme and associated drawdown of GL LEP funding has not been provided. The timescale for delivery of the project is therefore indicative at this stage and will be dependent on the detailed design process completing for the highways works and planning permission being secured for Site 4 works.

It is hereby recommended that a detailed programme for the scheme and drawdown of funding is provided as a condition of any offer of funding from GL LEP, once the decision relating to investment of SLGF has been determined.

3.2.4 Match Funding

As noted in 2.0 above, clarification was also sought on the position with match funding.

The Council have advised that public sector match will be spent on the following:

- Refurbishment of Scunthorpe Central Library - £1,000,000
- Delivery of Church Square Extension - £3,582,095
- Bringing Vacant Commercial Property back into use - £5,573,000

Private sector match funding has been confirmed as expenditure from Ongo and as previously claimed by the Phase I scheme is therefore excluded.

4.0 STRATEGIC FIT

4.1 The Scunthorpe Town Centre project has been demonstrated to have high strategic fit, in accordance with the following strategies:

4.1.1 GL LEP Strategic Economic Plan (SEP)

The project supports the SEPs objectives to seek area-based schemes with the ability to unlock housing development, improve the transport network and increase the vitality of town centres being delivered.

This project supports the aspirations of the SEP through funding enabling infrastructure in order to create the conditions for local growth and thus driving economic growth.

4.1.2 North Lincolnshire Council

The project supports a number of NLCs strategies, including The North Lincolnshire Core Strategy 2011 and the Housing and Employment Land Allocation DPD.

These strategies articulate and evidence the need for housing and economic growth within Scunthorpe Town Centre, specifically with a requirement for 300 new homes. The redevelopment of the town centre is therefore in accordance with this strategy.

The project also supports the priority of the North Lincolnshire Councils Prosperity Strategy – creating the environment for growth. Redevelopment of Scunthorpe Town Centre is therefore identified as critical to halt the on-going decline and deterioration of the town centre and also to deliver a scheme with the ability to drive forward the housing market and create conditions for positive economic growth.

The regeneration of Scunthorpe is identified as a key component for the successful transformation of North Lincolnshire as a whole.

5.0 MARKET ASSESSMENT

5.1 An assessment of market conditions has been undertaken by NLC utilising a number of existing research documents across a range of sectors, all of which have underpinned redevelopment proposals for the town.

5.2 The key elements of research are briefly identified as follows:

5.2.1 Retail

Retail remains the significant component of successful and economically sustainable town centres. Scunthorpe has inevitably suffered as have many centres with the growth of out-of-town and internet shopping, with the traditional high street being under threat.

The Parishes Shopping Quarter in Scunthorpe has seen a decline in the national multiples that were once present on the high street. The Foundry is a refurbished shopping precinct which also includes the covered Southgate Mall. There is a department store and several national retailers located along the pedestrianised high street, whilst the eastern side of the town centre currently includes the indoor market, library, 20/21 Visual Arts Centre and Church Square House.

The town centre currently has around 57 vacant units within the core centre boundary, which accounts for 16.5% of total retail units, which is higher than the average vacancy rate of 11.5%.

Furthermore the condition of the vacant units has declined since the last survey, with 42.1% classed as being in a poor or very poor condition. In order to improve and sustain the retail offer in the centre, it is identified as necessary to secure complimentary mix use to support both day and night time economies.

5.2.2 Residential

The Strategic Housing Market Assessment (SHMA) provides an evidence base in relation to housing market conditions within the wider North Lincolnshire area.

This strategy identifies that around 300 new homes are required within Scunthorpe town centre across a range of unit types and tenures.

Whilst the subject scheme does not include any element of residential, the intention being that the establishment of the UTC, and significant presence of service sector workers within the Council Headquarters and Ongo's facility will be the catalyst for new residential development within the town centre. Residential living in the town centre will assist in delivering a mixed use environment necessary to support a sustainable and diverse local economy.

5.2.3 Employment

Scunthorpe is the sub-regional economic centre for North Lincolnshire and provides a key function as a business and learning centre. Issues to address skills shortages within the local community and particularly for education for 14 to 19 year olds have been identified and being as addressed through the establishment of the UTC.

The necessity to increase employment opportunities within Scunthorpe, particularly for white collar workers, has been identified within the Core Strategy. The consolidation, expansion and improvement to the service economy that will be delivered by the NLC's and Ongo's headquarters facilities and the library will assist in delivering major new employment opportunities to the town centre.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A Development Appraisal in the traditional format has not been provided for this project, on the basis that this is a scheme focused on land acquisition, highways and public realm improvements and extension of the Council offices, which will be retained and occupied by NLC and other supporting organisations.
- 6.2 The key element of the project to be assessed is therefore demonstration that GL LEPs funds will be utilised to meet land acquisition costs at market value, build costs for the Council building, highways works and public realm at market rates following a competitive procurement exercise.
- 6.3 NLC have provided a copy of the Red Book valuation and cost information to support the various elements of the project as follows:

Highways infrastructure excluding Site 7	£ 1,150,000
Contribution to the extension of Church Square House	£ 1,347,905
Purchase of former BHS building	£ 66,770
High Street Public Realm	£ 100,000
TOTAL	£3,850,000

- 6.4 WYG have assessed works proposed and associated construction costs and confirm that overall costs are considered to be reasonable. There are however a number of outstanding matters identified by NLC which are required to fully resolved and may impact on costs, which are:
- Site 9 – there is no provision for costs relating to signalling required as part of the connecting infrastructure to Site 1.
 - Site 1 – Agreement is not in place with a third party landowner for the removal of trees required to enable the works to be undertaken. There is no provision for costs relating to costs for diverting/dealing with existing utilities that are identified as being present in the site.
 - Site 6 – Queries have been raised over the visibility splay design and it is acknowledged that as currently designed it may be insufficient. A further safety audit is due to be undertaken to assess this further, which may require changes to the current design for this site.
- 6.5 It is therefore recommended that NLC confirm the above issues have been addressed and resolved as a condition of SLGF should this be awarded to this project.
- 6.6 As the purchase of the BHS building has completed a copy of the completion statement is required. With regard to the balance of the works to be undertaken, a copy of the report on tenders and lowest tender for each element of the project is to be provided prior to drawdown of funding.
- 6.7 In the event of any increase in costs, NLC to confirm that they will be responsible for meeting any increases in order to ensure deliverability of the project in accordance with current proposals.

7.0 DELIVERABILITY AND PROGRAMME

- 7.1 As the acquisition of the BHS building has completed, the programme information that is required to be provided is for the highways and public realm works and Church House Square extension.
- 7.2 The current programme shows £2,714,675 being drawn down in 2018/19 and £1,135,000 in 2019/20. As detailed design is to be completed and the works tendered, it is recommended that a detailed programme is provided for delivery of all works once the contractor has been appointed and a programme agreed.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 The Business Case from NLC sought SLGF from GL LEP to contribute towards the acquisition of the freehold interest of the former BHS building, highways and public realm provision and extension of the Councils offices. Taking each of these matters in turn;

- 8.2 The use of public funds for the acquisition of land and property by the public sector, and in this case NLC, for its own economic and strategic activities is not deemed to be state aid, providing that such acquisition is on market terms. As the acquisition is supported by a Red Book Valuation there are no state aid issues in this regard.
- 8.3 For the highways and public realm works, as these constitute public infrastructure works that benefit a wide range of beneficiaries and do not offer selective benefit to individual parties, there is limited risk in this regard.
- 8.4 The extension of the Council House building by NLC is for its own economic and strategic activities and as such is not deemed to be state aid. Procurement of the contract of works and letting of that contract must be in accordance with public procurement regulations, which NLC operate under as standard procedure.
- 8.5 Should NLC decide to let any space within their building for economic activities such as office space or a café for example, the letting of this space must be on market terms so as not to infringe state aid regulations.
- 8.6 A state aid report has been produced by Bevan Britton solicitors on behalf of NLC and reviewed as part of the Due Diligence process. No queries or issues have been raised with the advice provided and no further action is required subject to GL LEP's accountable body being satisfied with the advice also.

9.0 PROCUREMENT

- 9.1 NLC adheres to public procurement regulations and has in place standard contract procedure rules. It is intended that the main construction contract will be procured from a construction framework that has full state aid approval.
- 9.2 The process will therefore be in accordance with procurement regulations and be a transparent procurement process, likely to utilise the on-line tender portal YorTender.
- 9.3 At this time the scheme has not yet completed the design process and is not in a position to be tendered. The programme for the procurement process is therefore required to be provided.

10.0 OUTPUTS AND VALUE FOR MONEY

- 10.1 The forecast outputs have been provided within the full Business Case and are summarised in the table below. Amendment to the outputs as proposed by the Council is to remove the outputs that have previously been claimed by the Phase I application and due diligence. The appraised outputs for Phase 2 only are detailed in the table below:

	2017/18	2018/19	2019/20	2020/21	2021/22	Future Years	Total
i) Core Outputs (Strategic Economic Plan)							
Public Investment Leveraged (£)		£10,155,195					£10,155,095
Number of Construction Jobs Created (gross)			182				182
ii) Local Strategic Outputs							
Commercial floor space refurbished/constructed and occupied (sq. m)			8,704 sq.m				8,704 sq. m
iii) Others *							
Total Length of new cycleway		0.382km					0.382km
Infrastructure delivered		Highways & public Realm					Highways & Public Realm
Service Improvement delivered		Traffic Signals					Traffic Signals

10.2 Therefore the value for money assessment is detailed as follows:

- Public investment leveraged 1:2.64 - This is good value for money, although it is noted that all funding is to be from the public sector.
- The cost per construction job equates to £21,153 which is considered high although construction jobs created is not a key output to be delivered by the project, given that the construction of the new floorspace will enable a consolidation of various public and private sector operations.
- Commercial floorspace refurbished/constructed and occupied - The cost to SLGF equates to £442 per sq. m, which is in excess of standard benchmarks ranging between £200 - £400 sq. m.
- The overall package of highways and public realm works will deliver significant benefits to Scunthorpe Town Centre including an enhanced highway capacity less congestion and a safer more attractive environment. These benefits are not quantified and captured as outputs by GLLEP but are regarded as important outcomes from the project.

10.3 The value for money of this Phase II project is deemed to be very reasonable value for money. In part, value for money is lower than might be expected due to the majority of outputs already having been claimed by the Phase I scheme. In considering Phases I and II on a combined basis, the scheme is assessed to be good value for money.

11.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

11.1 The following conditions have been identified as requiring to be incorporated within any funding agreement, should investment be approved:

- A completion statement confirming the amount of extra expenditure on the acquisition of the former BHS building to be provided.

- ii. Confirmation that planning permission for site for highways works has been secured.
- iii. A copy of the report on tenders and lowest tender for the highways infrastructure and high street public realm works are provided.
- iv. 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.
- v. Should the former NHS 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).
- vi. 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.
- vii. A full programme for the acquisition, detailed design, procurement and construction of the scheme to be provided.
- viii. A programme and quarterly forecast for the drawdown of SLGF to be provided.

12.0 CONCLUSIONS

- 12.1 Phase II of Scunthorpe Town Centre redevelopment has been identified as a strategically important continuation project for both Scunthorpe and the wider North Lincolnshire area given the role and function of the town.
- 12.2 It is noted that the first elements for the transformation of Scunthorpe have already completed with the Humber University Technology College successfully opening in 2015.
- 12.3 Ongo, the main housing provider in North Lincolnshire have also committed to relocate to a new head office within Church Square as part of the overall transformation on land adjoining the new headquarter building to be delivered by NLC.
- 12.4 The acquisition of the former KM Cross site comprising the Phase I scheme has completed and Phase II will therefore enable a significant element of Scunthorpe Town Centre redevelopment to be implemented.
- 12.5 In isolation, Phase II is assessed as generating reasonable value for money; however the reason for this is primarily because many of the project outputs were claimed under the Phase I Business Case application and Due Diligence report. Therefore in considering Phase I and Phase II on a combined basis, the project overall delivers a good package of outputs and is considered to be good value for money.

- 12.6 The scheme is also deemed to be deliverable given that NLC have acquired the land required for Phase I along with the former BHS building, for which SLGF is being sought to reimburse the cost of acquisition.
- 12.7 The majority of the works under Phase II do not require planning permission as this is either in place or is not required. This is with exception of highways works required for site 4, which is anticipated to be secured in the short term.
- 12.8 Therefore, subject to the scheme including the detailed design stage and subject to competitive tender procurement processes, the scheme is considered ready for delivery.

13.0 RECOMMENDATIONS

- 13.1 It is hereby recommended that £3,850,000 of SLGF is awarded for this project, subject to the conditions noted within Section 11 of this report.



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Date: 16th August 2018

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Electronic Approval – Greater Lincolnshire Growth Fund Contracting Process

On the 7th August all GL LEP Investment Board members confirmed approval for the contracting process proposed in relation to the Greater Lincolnshire Growth fund and the wording of the baseline contractual agreement.

Electronic Approval – Made in Gainsborough

On the 7th August all GL LEP Investment Board members confirmed approval for £12,913 of GLLEP funding towards Phase 1 of the Made in Gainsborough Project under the auspices of the Gainsborough Growth Fund managed by West Lindsey District Council. A provisional allocation of £14,492 was also endorsed towards Phase 2 pending the success and impact of Phase 1 and relevant match funding being secured.

Electronic Approval – Europarc Food Enterprise Zone

Following receipt of an email on the 3rd August regarding achievement of pre-contract conditions, all GL LEP Investment Board members confirmed approval for the progression of the Europarc FEZ to contracting stage on the 7th August. A decision notice was subsequently issued to the Section 151 Officer and was signed on the 9th August. Cllr Wheatley was not consulted regarding this approval due to a conflict of interest.