

Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	20 October 2015
Subject:	Greater Lincolnshire Local Enterprise Partnership / Single Local Growth Fund - Six Monthly Performance Report

Summary:

The aim of this report is to update Committee members on progress with the Greater Lincolnshire Local Enterprise Partnership (GL LEP) Growth Deal Programme and Invest and Grow Fund, in particular the six approved Growth Deal schemes that have been allocated funding for a start on 2015/2016. It also provides Members with an update on the six pipeline schemes to be delivered in 2016/17 and 2017/18, and the five Growth Deal extension schemes which were announced on 29 January 2015.

Actions Required:

It is recommended that Members consider and comment on the progress being made on the Growth Deal Programme for Greater Lincolnshire.

1. Background

Growth Deal Programme - Wider Context

The first wave of Growth Deals was announced on 7 July 2014, which allocated £67.5m of new investment to Greater Lincolnshire, through a nationally competitive bidding process. The government expanded the deals on 29 January 2015, committing an additional £14.8million for the Greater Lincolnshire economy and supporting the delivery of five additional projects, in line with the LEP's prioritisation of submitted schemes. In addition, Greater Lincolnshire's local growth allocation includes Eastern By-Pass (£50m), Local Transport Board funding (£11.9m), and Regional Growth Fund (£2m), making a total of £146.2m to date.

For 2015/16 our expenditure target is £26.4m. After a standing start, the programme is progressing well with several schemes on site and six contracts/agreements signed. Claims against expenditure are now slowly coming through. As a result of delays from a judicial review and assurance framework

requirements, there will be a requirement for the accountable body to move some payments between headings.

This may mean that some funding is provided to projects at a higher grant rate than originally anticipated, and then provided at a lower rate in future years thus balancing out the overall grant to the projects. Because the council is the accountable body for LEP, it is important to take these steps rather than risk losing funding to greater Lincolnshire and to projects.

Forward Planning

The Investment Board meeting on 10 September 2015 endorsed the scenario planning and risk mitigation paper presented on all 2015/16 schemes.

Government Reporting

As of 10 September 2015 all expenditure and outputs information for the Local Growth Fund and Growth Hubs will be reported quarterly to government into a central electronic system (LOGASnet). Reporting will be on a project basis and three individuals have been identified within the GLLEP Secretariat/Accountable Body to provide the information required.

Social Value Act 2013

At the LEP workshop on 29 July, it was suggested that LEPs might work with local authorities, the OCS Local Intelligence Team for the East Midlands and Social Enterprise UK to identify potential areas of collaboration between existing local social enterprises and future project delivery.

LEPs were asked to consider:

- Ways in which they might encourage recipients to introduce social value to their supply chain contracts (are there local unemployed people with skills local suppliers require and how might they be effectively matched i.e. traineeships, apprenticeships)
- Ways that they could influence schemes/local stakeholders to take more of a social value approach (smarter commissioning and procurement)

TDEP Sustainable Transport Programme

In March 2015 GLLEP was invited by Peter Orban, Acting Senior Development Manager for Sustrans (England), and Matthew Easter, East Midlands Regional Director at Sustrans, to consider a new programme funded by Department for Transport (DfT) focused on best practice and guidance on Sustainable Transport Delivery. The programme is being supported by a number of partners including Sustrans, TAS Partnership and Living Streets, brought together as the Active Travel Consortium (ATC). Building on the successful Transport Delivery Excellence Programme (TDEP) delivered by Local Partnerships Ltd last year, the TDEP aims to directly support the detailed design process for growth deal projects and emerging European Structural and Investment Funds (ESIF) schemes. It will

provide 20 days of fully resourced design/ development expertise, reducing risks to delivery and ensuring that the best possible sustainable transport approach is taken forward for each scheme involved. The four Projects confirmed for this support are Lincolnshire Lakes, Scunthorpe Town Centre, Go Skegness and Access Lincoln/Lincoln Transport Hub, and final reports on each will be provided by the ATC at the end of Autumn 2015. Initial meetings with all relevant partners to confirm an approach for each scheme took place in August and the work is already underway with site visits to all the project locations now completed.

Invest & Grow Fund

Over the last 6 months, the Growing Places Fund has generally struggled to attract new applications for loan funding to unlock infrastructure constraints on future investment schemes in Greater Lincolnshire. LEP officers are currently working on a number of opportunities to increase promotion and awareness of the Fund including attendance at local developer forums and direct contact with local landowners and investors.

Provided below is a summary of the live projects approved to date:

Project Name	Update	RAG monitoring
Golf Road, Mablethorpe	Project is progressing well on site with a number of affordable housing units now complete and occupied. The project has repaid all of the agreed loan award (plus interest) back to the Greater Lincolnshire LEP. Officers will continue to monitor progress of the remaining construction works and ensure that all of the agreed output data is captured.	G
Boston Quadrant	Scheme has progressed through formal contracting for both the Single Local Growth Fund and Invest & Grow Funds. A revised start on site estimated for November 2015, with completion currently estimated for February 2017.	G
Bomber Command Memorial	The first phase of infrastructure works is active on site, with the installation of the main memorial spire complete. An unveiling ceremony for the spire and first of the engraved walls has been scheduled for 2 October. The project has so far drawn down half of the allocated funding of £800K. Further funding is required to complete the visitor centre on site which is being targeted by the Bomber Command Trust through future grant applications and philanthropic donations.	G

The Investment Board in November will be asked to consider more detailed proposals for the use of recycled loan funds received to date (c. £3million), which will also generate renewed interest in the Fund given the potential to look at new ways of allocating investment towards local infrastructure priorities.

Growth Deal Progress

The following table provides a summary of the latest progress made towards implementing and delivering the 17 schemes within Growth Deal Programme.

Approved schemes (Growth Deal allocations start in 2015/16)

Project Name	Update	RAG monitoring
Bishop Burton College (Delivery Stage)	The contractor has been appointed and the project has commenced on site. Significant progress has been made to the precision technology workshop extension, and groundworks have commenced on the Showground phase 2 campus site.	G
Boole Technology Centre (Delivery Stage)	Contract has been signed. Demolition work begins in early October as the initial discovery of asbestos caused some minor delays. Construction will follow towards the end of the month, though much will depend on how quickly the demolition work can be completed. A full progress report will be provided as part of the first quarterly claim. Specific marketing of the Boole Building will be important to ensure appropriate interest in the site.	G
Boston Quadrant (Contracting/Delivery Stage)	<p>The Growth Deal contractual agreement for Boston Quadrant Infrastructure is now in place. Works are due to begin on site in November 2015; however Chestnut Homes have confirmed that this will not affect expenditure of the £1m growth deal forecast for 2015/16.</p> <p>In terms of overall project progress, a detailed planning permission is in place for the main infrastructure for the project as well as the football stadium. A reserved matters application was submitted at the end of June 2015 for the initial phases of housing totalling 148 dwellings, which includes 62 affordable units. It is anticipated that full planning will be received in October. Discussions have commenced with a potential Registered Provider partner for the delivery of the affordable housing. The planning application also provides further details to discharge relevant pre commencement planning conditions for issues such as flood risk, archaeology and ecology.</p> <p>Engineers have been appointed to complete the design of the main roads and drainage within the site and draft designs have been discussed in liaison with Lincolnshire County Council. These are now being finalised for formal submission for technical approval. A Tender package for the main works is being prepared.</p>	G

	<p>Building regulation plans are being prepared by the architects for the stadium as well as discharging the relevant pre commencement planning conditions for the stadium element of the project. Specifications and tender packages are being prepared for the specialist elements of the stadium (structural, M&E, floodlighting, pitch, CCTV, drainage etc.). It is anticipated that the initial elements of the project will go out to tender within the next 8 weeks.</p> <p>In addition to GLLEP funding, £850,000 of grant funding for elements of the stadium has been identified with the formal application processes ongoing. Additional grant funding sources are being identified for the residual grant funding required for the Community Stadium. Meetings are ongoing with the potential financiers for the overall project.</p> <p>Offers have been received on three of the commercial sites, and heads of terms are being worked up.</p>	
<p>Grantham Southern Relief Road (Delivery Stage)</p>	<p>Tenders for Phase 1 have been awarded and construction began in early September 2015. Procurement for Phase 2 (which includes the new junction on the A1) will commence in early 2016 as planned.</p> <p>Phase 3 is the largest section of the Southern Relief Road and is the section related to the latest Judicial review on SQLR. Construction on this element of the scheme is not scheduled to begin until late 2016/early 2017. The Judicial Review was held on the 22nd and 23rd July and the court found in favour of the local authority.</p> <p>The Local Transport Board (LTB) funding (now considered as part of the overall growth deal allocation) is now likely to be spent entirely in 2016/17 and 2017/18 due to delays incurred with the start of the project and the need for more confirmed costs for all three phases of the scheme. In order to ensure that Assurance Framework requirements are met the following timetable has been agreed in relation to the LTB funding:</p> <ul style="list-style-type: none"> ❖ September 2015 – Mouchel will revisit the value for money assessment highlighted in the outline business case approved by DFT and will inform the full business case. ❖ March 2016 – A full Evaluation Framework linking in with GLLEP Evaluation Framework requirements will be finalised. 	<p>G</p>

	<p>❖ Spring 2016 – LTB will consider the final full business case and evaluation Framework proposals for formal approval and sign off of the LTB monies.</p>	
<p>Skegness Countryside Business Park (Contracting Stage)</p>	<p>Contractual agreement has been provisionally agreed with LCC as recipient and is being considered by Croftmarsh's legal team. A drainage strategy was agreed at the last project development meeting pending support from Anglian Water Group. The utilities plan also still needs to be finalised as soon as possible. A detailed design brief for the managed workspace (Phase 2) is currently being put together by LCC to inform the tender process early in 2016.</p>	G
<p>Unlocking Rural Housing Programme (At Contracting/Delivery Stage)</p>	<p>Contracts with Waterloo Housing for Broadfield Lane, Boston and Saxonfields (the Meadows), Skegness have been signed, though growth deal funding on the Saxonfields project will not start being drawn down until 2016/17. A revised version of the Tytton Lane East, Boston contract has been shared with Lindums and a formal response is awaited.</p> <p>Bishop Tozer Close (Burgh Le Marsh), Landseer Avenue (Chapel) and Roseberry Meadows (Boston) originally identified under the Housing Programme are no longer going ahead post recent discussions with applicants. Due diligence appraisal to enable reallocation of Growth Deal funding which meets the criteria for the Unlocking Housing Programme to an alternative Skegness housing scheme for older people (Seabreezes), was presented to and approved by the 10th September Investment Board.</p> <p>A meeting was held on 16th September with Chestnut Homes to discuss progress in relation to the proposed housing at Boston Quadrant in 2016/17. This project will undergo due diligence appraisal in November 2015 with an Investment Board Decision being made in December.</p>	G
<p>DFT Retained Scheme (requires Ministerial Approval but starting in 2015/16)</p>		
<p>Lincoln Transport Hub (At DFT Due Diligence Stage)</p>	<p>Initial elements of the full business case for the scheme will be shared with DFT in September with the support of Mouchel and Regeneris. The economic case will follow in November as per an agreed revised timetable. The final business case post DFT appraisal will be submitted for Ministerial approval in November 2015. The delay follows a conference call meeting with DFT on the 16th July which resulted in additional transport modelling work having to be provided by the applicants, some of which required at least three months of data. These unplanned delays to</p>	G

	<p>the start of the project mean that it is unlikely to be on site before January 2015. There will also be a further financial impact, which Lincoln City Council and partners will need to address.</p> <p>The planning decision has now been put back from 9 September to 21 October 2015 due to additional minor changes required on the scheme, but given the revised timetable for DFT submission this will not cause any added delays. Interestingly a planning decision on the adjacent Cornhill site redevelopment will be made on the same day.</p> <p>The station building refurbishment by East Midlands Trains is underway and cycle hub works at this location will be completed by March 2016.</p> <p><i>The Station Commercial Project Facility (SCPF) funding application decision on £1.5m of support is scheduled to be determined in principal by DFT in September.</i></p> <p><i>The Active Travel Consortium is looking at sustainable transport advice for both the ESIF proposal for Access Lincoln and this scheme collectively. A report will be produced in the autumn providing suggestions to enhance existing designs/options.</i></p>	
Pipeline Schemes (Growth Deal allocations start in 2016/17)		
Grantham College	<p>A detailed planning decision should be determined by October 2015 for this project, and a meeting has been arranged with the College, with the involvement of the Skills Funding Agency on the 21 October to discuss full due diligence requirements; project changes due to cost increases; and to ensure that areas such as building maintenance and sustainability are covered as per SFA guidance. Due diligence appraisal currently remains scheduled for January 2016, contracting for March 2016, with construction aiming to begin in April 2016.</p>	G
Access to Employment Zones	<p>Slight delays to the A16 Toll Bar element of the scheme due to legal discussions over a piece of unregistered land which will take a few months to resolve, however it will still start on site in 2016/17. Nuns Corner on the A46 will be progressed first with the Little Coates roundabout work beginning shortly afterwards.</p> <p>An updated business case document clarifying outputs and the inclusion of Cambridge Road has been completed by the applicants for clarity and due diligence appraisal remains scheduled for November 2015.</p>	G

	<p>North East Lincolnshire will be able to bring forward a significant proportion of the detailed design works into Q3 and Q4 of 2015/16. Cofely are preparing an updated programme to take account of these changes which will be shared with the LEP.</p> <p>Regarding outputs, North East Lincolnshire Council has done some further work to align the proposals with the Local Plan housing trajectory. This shows that delivering all 3 schemes will result in the delivery of 1,430 housing completions over the period to 2020; these are all on sites which are directly impacted by the junction improvements and delivery will be accelerated as a result.</p> <p>The economic outputs will be indirect rather than direct, but taking into account developments in the town centre and at Europarc, the applicants are confident that the scheme will create 200 indirect jobs over the period to 2020.</p>	
<p>Lincoln Tentercroft Street Growth Corridor (Delivery Stage)</p>	<p>Funding agreement for Phase 1 has been signed. This phase totaling £700,000 (including LCC match) will enable the delivery of the East Foul Sewer and water main, provision of some additional utilities works and some initial public realm works. Work on the foul sewer is already underway.</p> <p>Phase 2 of the scheme covering the west foul sewer, pumping station and remaining public realm proposals is scheduled for due diligence appraisal in early January 2016. Phase 2 will cost £1.5m in total with Growth Deal funding estimated at £750,000.</p>	<p>G</p>
<p>GO Skegness Sustainable Transport</p>	<p>Detailed design stage. Due diligence appraisal remains scheduled for February 2016. Support from DFT via the Active Travel Consortium on sustainable transport excellence will help shape the final growth deal project and feed into ESIF proposals in particular, i.e. providing advice on carbon emission reduction and measuring impacts effectively.</p> <p>A full proposed programme is in place for the entire project and GLLEP will be informed regularly of any changes/risks to profile should they arise.</p>	<p>G</p>
<p>Berkeley Circle, Scunthorpe</p>	<p>Final decision on the preferred option for improving Berkeley Circle has now been made by council members. JSU endorsed the proposal to bring forward £150,000 of expenditure into 2015/16. And due diligence appraisal is likely to be in December with a view to having a contract</p>	<p>G</p>

	<p>in place by February/March 2015 enabling initial draw down of funding in Quarter 4. Main construction works however will not be underway until April 2015.</p>	
<p>South Humber Industrial Infrastructure Programme (SHIIP)</p>	<p>The Great Coates Industrial Park consent unlocks this site and a planning decision is now in place. Due diligence appraisal for the SHIIP Phase 1 project is expected in January/February 2016. Planning permission still needs to be in place for the highways section. The project is in an advanced stage of design with a clear delivery plan for the mitigation sites. Growth deal funding towards the scheme will begin in April 2016 providing contractual agreement is achieved as scheduled in March.</p> <p>Full business case to be completed in September/October (new more tailored template now available) to provide a clear steer on how the project is evolving, agreed milestones, and greater clarity on the outputs/outcomes the scheme will achieve.</p>	G
<p>Scunthorpe Town Centre</p>	<p>North Lincolnshire Council is continuing to progress elements of the scheme in the absence of the infrastructure support being provided by SLGF. The scheme remains forecast to begin drawing down grant in 2019/20 due to government restrictions on annual growth deal funding allocations; however a detailed business case will be completed this year and updated year on year, to ensure that the very latest information is available once due diligence appraisal of this project takes place.</p> <p>The project Board chaired by the Executive Director of North Lincolnshire Council continues to oversee and steer all town centre investment. Advice on sustainable transport throughout the town centre is currently being provided by the Active Travel Consortium led by Sustrans, and a supporting report will be provided to the LEP and Council this autumn.</p>	G
<p>Lincolnshire Lakes</p>	<p>The geological investigation works will take place from the 7th September through to late December 2015. The detailed lake design and costings for the botanical works are being provided. North Lincolnshire has used the HCA procurement framework to enable the scheme to be fully designed by 31 March 2016. A civil engineer has provided estimated costs for the cycleways, footpaths and excavation works on lake 1. These may however be somewhat revisited once the Active Transport Consortium have looked at the proposals and made recommendations in their report in September.</p>	G

Holbeach Peppermint Junction	<p>The start on site date for the junction improvements is now programmed for September 2016. LCC will undertake public consultation in conjunction with Bovis Homes in September 2015 and the planning application aims to be submitted in October. A decision is expected by February 2016 and due diligence appraisal will take place soon afterwards. The milestone dates remain dependant on necessary consents being achieved without delays such as a legal challenge or Compulsory Purchase Orders.</p>	G
Agri-food Centre of Excellence, Holbeach	<p>The project remains programmed to start in 2016/17 and following recent reforecasting proposals, growth deal support has been brought forward to begin in the same financial year. No further news is available regarding ESIF grant support at this point in time, though a bid is likely to be submitted in November 2015. Plans for the building continue to be worked up in more detail, but we are still awaiting confirmation of the remaining funding gap.</p> <p>The University of Lincoln recently announced the creation of the Lincoln Institute for Agri-food Technology to support and enhance productivity in the agri-food sectors. The institute will capitalise on research and educational activity in the agri-tech and food sectors, helping to ensure that innovations in autonomous systems and robotics drive local productivity.</p> <p>A full business case will be requested from the University of Lincoln in relation to this scheme in October.</p>	G

2. Conclusion

Growth Deals between government and LEP's are progressing well with 2015/16 projects moving in to the delivery phase with local partners. An Assurance framework, Monitoring and Evaluation Plan and Implementation Plan are in place and have been endorsed by government. The programme and specific work on due diligence for projects forecast to begin in 2016/17 will be considered by the LEP from January 2016 onwards.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Halina Davies, who can be contacted on 07799 074247 or Halina.Davies@lincolnshire.gov.uk .

This page is intentionally left blank