



Open Report on behalf of Andy Gutherson, Executive Director - Place

Report to:	Executive
Date:	06 February 2024
Subject:	Submission of business cases for capital funding under the Greater Lincolnshire Devolution Deal
Decision Reference:	I030835
Key decision?	Yes

Summary:

This paper recommends that the county council submits business cases to the Department for Levelling Up, Housing and Communities (DLUHC) for five projects which will receive capital funding as part of the Greater Lincolnshire devolution deal. The six projects are:

- UK Food Valley Grant Programme
- Flood Prevention Schemes (Market Rasen, Kirkby on Bain)
- Grantham Streetworks Programme
- Lincoln Area – Improvements to Trans Midlands Trade Corridor
- Old Roman Bank, Sandilands
- Sleaford Moor Enterprise Park

These projects have been chosen because they meet a clear local need; are consistent with the guidance for the funding given by DLUHC; and deliver against the strategic priorities in the devolution deal.

Once the business cases have been submitted, it is expected that the Department for Levelling Up, Housing and Communities will undertake due diligence so that the projects can start to be delivered from 1st April 2024.

Recommendation(s):

That the Executive:

1. approves the submission during February 2024 to the Department for Levelling Up, Housing and Communities of business cases for capital funding for the following schemes: UK Food Valley Grant Programme; Flood Prevention Schemes in Kirkby on Bain and Market Rasen; a Streetworks Programme in Grantham; Lincoln Area – Improvements to Trans Midlands Trade Corridor including

Nettleham Roundabout; Old Roman Bank, Sandilands; and Sleaford Moor Enterprise Park.

2. delegates to the Executive Director for Place, in consultation with the Leader of Council (Executive Councillor for Resources, Communications and Commissioning), authority (i) to determine the final form of and to submit the individual business cases and (ii) to initiate and deliver the schemes described in this report if and when funding approval is given by the Department for Levelling Up, Housing and Communities to include approving the final form and the entering into of any contracts or other legal documentation necessary to give effect to the schemes.

Alternatives Considered:

- (i) To submit other schemes.

The list of schemes that is identified in this report meets the criteria for the funding as set out by DLUHC. Officers were unable to identify other schemes which:

- met the relevant criteria
- achieved the same level of benefit for the residents and businesses of Lincolnshire and/or
- were deliverable within the time period specified by DLUHC

- (ii) Not to pursue this funding

This funding is to be provided during the financial year 2024/2025 and is concerned with supporting priorities that are set out in the Greater Lincolnshire devolution deal which was considered by Council on the 1st December 2023. The government's intention in providing the funding is that it will help to show a commitment to the priorities in devolution before the creation of the Mayoral Combined County Authority.

The upper tier councils in Greater Lincolnshire are currently consulting on a proposal for the creation of a Mayoral Combined County Authority as a condition of the devolution deal and no decision will be made as to whether to give final approval for the creation of such a body until that consultation is complete and has been conscientiously considered by the decision-maker. However, DLUHC have set out a timetable for the submission of business cases which require action to be taken at this stage. The submission of business cases is without prejudice to the ongoing consultation but not submitting the business cases would mean that the council misses out on £20.000m which would support the priorities of the council.

Reasons for Recommendation:

Accepting the recommendation will enable the council to apply for funding for schemes which meet its agreed priorities, whilst also providing schemes in most parts of the county.

1. Background

Capital funding from devolution

The devolution deal referenced above focused on the area's three most important business sectors -food manufacturing, energy, and ports/logistics- and it also focused on improving infrastructure, environment, skills, and business productivity.

As part of the negotiations for the Greater Lincolnshire devolution deal, the area was able to secure an agreement from the Department for Levelling Up, Housing and Communities (DLUHC) that government would provide £28.400m of capital funding before that will bring forward the benefits of devolution in 2024/25. £8.400m of the funding is for brownfield land remediation work, and because they had schemes that were ready for immediate delivery it was agreed that this funding would be ring fenced to North East Lincolnshire and North Lincolnshire councils.

The government's criteria for the remaining £20.000m are based on these three issues:

1. The funding is only capital, there can be no revenue funding
2. The funding must be spent during the financial year 2024/2025
3. The funding can only be used for activity that is permitted under DLUHC's non-restricted funds

The process that is to be followed is that LCC must submit a business case for each project that it wishes to be supported with the £20.000m. DLUHC does not wish to adjudicate on which projects should be supported; the purpose of the business case is to provide due diligence to government that the projects meet the three criteria set out above. DLUHC officials have said that they would expect to take roughly six weeks in carrying out their due diligence exercise.

The constitution of the council states that any bid for funding above £0.250m should be approved by the relevant executive councillor. Given the range of projects and locations that are covered in this funding, it is advised that the decision to submit the relevant business plans is taken by The Executive.

In-scope projects

In determining the projects that will be proposed to government, account was taken of the DLUHC requirements, the Greater Lincolnshire vision document, and the Greater Lincolnshire devolution proposal (notably the priorities of connectivity, food manufacturing, low carbon sector, and environment/nature). This was an expectation of DLUHC.

Account was also taken of the regular meetings and agreements that LCC has held/made with partner organisations including district councils, the Greater Lincolnshire Local Enterprise Partnership, and academia. A distribution of funding was sought which would show benefits to residents in the various parts of Lincolnshire.

The list of schemes that it is proposed to pursue is set out below:

UK Food Valley Grant Programme	£2.0m
Flood Prevention Schemes (Market Rasen, Kirkby on Bain)	£1.5m
Grantham Streetworks Programme	£2.0m
Lincoln Area – Improvements to Trans Midlands Trade Corridor	£3.3m
Old Roman Bank, Sandilands	£9.0m
Sleaford Moor Enterprise Park	£2.2m

The UK Food Valley Grant Programme will support our important food manufacturing sector. This programme will be administered by Greater Lincolnshire LEP, and it is concerned with providing grants which will raise skills levels and productivity within the food manufacturing sector. Whilst the programme will be driven by demand from business and from further/higher education providers, it is likely that investment will be strongest (but not exclusively so) in the Boston/South Holland area which is where the food manufacturing sector is strongest – and where the support infrastructure for the sector is also strong through the National Centre for Food Manufacture and the Centre for Food and Fresh Produce Logistics.

The flood prevention works will be relatively small scale, and will seek to create an environment to lever further longer-term investment from other partners, notably Anglian Water and the Environment Agency. There is a clear commitment in the devolution deal for a new Water Resources Partnership including these agencies as well as the Mayoral Combined County Authority. A small capital investment at this stage will have some short term benefits, but it will be the first example of generating a commitment from other agencies to the Water Resources Partnership and it is therefore a valuable tactical use of capital funding.

The Grantham Streetworks Programme will provide funding for some of the ambitions of the Grantham Transport Strategy. The scheme will use funding for improvements to Dysart Road, Great Gonerby, and Alma Park to lever further funding to improve the public realm and streetscape outside St Peter’s Hill in the town centre. Improvements to the walking route between Grantham railway station and town centre are also being explored. The town’s transport strategy identifies that east to west links are a constraint on the town’s prosperity, and each of these investments will reduce pressure in the town centre from east to west journeys.

Nettleham Roundabout is a significant constraint on the A46 route from the Humber ports to the West Midlands, as well as being a significant problem for commuters and local residents. The Lincoln Transport Strategy has identified that improvements to surfacing on Carholme Road, Newland, and Freeman Road and will improve transport movements in the city centre, and that improvements to the original part of the bypass -notably to Nettleham Roundabout- will also improve transport movements. In developing the business case for this scheme the four elements will be linked together to demonstrate how the various schemes will achieve a greater impact for the city and surrounding area.

Old Roman Bank is an important access route to Lincolnshire’s Coastal Country Park. The devolution prospectus explains that access to important environmental locations such as the coastal country park is important to the reputation and attractiveness of the area as a

place to live and invest. The current roadway is sub-standard and in need of improvement, and there is currently no off-road route for cyclists or pedestrians. As such, Old Roman Bank is currently a significant barrier to accessing the environment. This project will reconstruct Old Roman Bank and will provide a separated footway/cycleway.

Finally, the programme will provide a grant to North Kesteven District Council for them to undertake works which will expand Sleaford Moor Enterprise Park. Sleaford Moor Enterprise Park is planned as a low carbon industrial estate, and as such it fits with the devolution prospectus's support of new business sectors and of environment businesses. The first phase of the industrial estate is now fully let, but there are significant barriers affecting the viability of phase II of the site – notably archaeology. By providing a grant to North Kesteven DC, large parts of the archaeological problems can be tackled which in turn will improve viability of the site.

Programme management

The main criteria for the funding is that the DLUHC grant must be spent during 2024/2025.

Whilst £20.000m is a relatively small proportion of the council's overall capital programme, the risk of not delivering within the timescale should not be under estimated. In order to mitigate against risks, officers will adopt the following principles:

1. Use of framework suppliers to reduce procurement timescales
2. Reallocation of tasks so that there is sufficient project management capacity
3. Nomination, from within existing staff resources, of a dedicated programme manager with accountable body experience
4. Linkage with other funding sources to make use of legitimate freedoms and flexibilities
5. Monitoring of projects against agreed critical path analyses, with oversight by -and escalation of any problems to- the Executive Director for Place and to relevant Executive Councillors.

In addition to management of the programme to ensure that the level of risk is as low as is reasonable (accepting that the risk of not delivering within timescale remains significant), management of the programme will also be concerned with making sure that the programme is visible to councillors and to the public.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

The projects that this paper proposes submitting to DLUHC relate to investment in places rather than being directly for people/individuals. The capital projects will be delivered in accordance with the principles of good design which seek to ensure good and safe access for all. One of the overall ambitions in the devolution prospectus is to provide opportunities to level up all communities within greater Lincolnshire; by delivering these projects which are part of the devolution prospectus steps will be taken to achieve that aim of levelling up for all communities

Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The JHWS identifies the importance to people's wellbeing of having a job, a home, and a friend. Each of the projects that this paper proposes are submitted to DLUHC has the ultimate aim of creating an environment in which more and better jobs are created. As such, the recommendations in this paper directly support the analysis which is contained in the JSNA.

Related to the JSNA, the Director of Public Health's annual report (2022) identifies the problems associated with coastal communities. The Old Roman Bank scheme in particular seeks to address some of these problems by encouraging higher spend tourists whose expenditure will help to generate jobs in the coastal area.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

Some of these schemes, notably Grantham Streetworks, will have the benefit of improving the vitality of town centres. It is recognised in many studies that active town centres with large levels of footfall can deter anti-social behaviour.

3. Conclusion

In summary, this programme provides the council with the opportunity to draw down £20.000m of government funding to support priorities that were outlined in the devolution prospectus and which have been developed in conjunction with other partners. The range of projects that are proposed for this funding cover locations across the county as well as covering different sector priorities. Whilst there is some risk associated with the short timescale for delivery, the opportunity to use this funding in the way described in the paper is a good one.

4. Legal Comments:

The recommendations are within the Council's powers and fall within the remit of the Executive to consider and determine.

5. Resource Comments:

Submitting the projects identified as recommended would have no direct impact on the approved budgets of the council.

If funding is awarded for these projects, they will be included within the capital programme, in line with the requirements of the budget and policy framework.

Projects will be monitored through the existing budget monitoring and reporting, with progress reported to Executive and relevant scrutiny committees.

6. Consultation

a) Has Local Member Been Consulted?

Not on this specific paper, but local members have been involved in the development of the priorities that have become these schemes. The local member will be consulted as part of the business plan formulation stage

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

On 25 January 2024 the Overview and Scrutiny Management Board considered a report on the submission of business cases for 6 projects seeking capital funding under the Greater Lincolnshire Devolution Deal and agreed to support the recommendation to the Executive with a caveat of some further enquiries being made on amendments discussed which required further legal consultation, ahead of the report being considered on 06 February. All Board Members welcomed the schemes proposed in principle and commented on the apparent benefits emerging from these.

Some of the key points referenced in the debate included:

- Members welcomed proposed schemes but raised concerns about providing feedback on unsuccessful submissions to Councils, particularly in Boston, to steer clear from casting a negative light on the Devolution consultation. Officers confirmed that they had received three submissions and detailed why these did not meet the threshold for consideration mainly citing funding restrictions (pertinent to pursuing land acquisition), misalignment with the devolution prospectus, potential overlap with previous grants allocation, and lack of awareness about proposed employment sites. Officers committed to revisiting the communication strategy for clarity and provided assurances about the benefits of the UK Food Valley Grant Programme which was queried in the debate.

- Members were also cautioned that these schemes were governed by tight terms of arrangements with a view of being delivered within certain periods of time which made it impossible for some of the proposed projects with longer delivery horizons to meet the criteria for recommendation. It was also clarified that delays in delivery appeared to be non-negotiable at this stage therefore, decisions were based on pragmatic delivery of projects recommended and this may be a changing situation in the preparation of the final business plans – notably if partner organisations were unable to engage with the projects given their own workloads.
- Members inquired about the additional £1.5 million allocated for Flood Prevention Schemes and whether this was on top of previously allocated funds. Officers confirmed that to be additional funding. Concerns were expressed about the significant allocation of £9 million to Roman Bank compared to other projects, which prompted questions about the determination of priorities and funding distribution. Officers explained that the resurfacing projects contributed to the benefit-cost ratio required by the Levelling Up Department, emphasising the interconnections between roads and junctions.
- The Chief Executive highlighted the tightly controlled process of managing the contingency money provided by the Department for Levelling Up and Housing Communities (DLUHC) as being distinct from devolution money and highlighted the need for consultation on any amendments. Officers acknowledged the challenge of delivering projects within the specified time frame, expanding on concerns about the feasibility of implementing schemes such as the Bailgate one within the upcoming fiscal year within which money ought to be spent in.
- Members inquired about the significant barriers affecting the viability of phase two of Sleaford Moore Enterprise Park, specifically mentioning archaeology. Officers rationalised challenges in selling land at a viable price, citing archaeological findings as barriers, and proposed a scheme using grants to address abnormal extra costs, making the land attractive to private businesses.

d) Risks and Impact Analysis

The risk analysis is contained in the “Programme Management” section of the main report.

7. Background Papers

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Document title	Where the document can be viewed
Prospectus for greater Lincolnshire devolution	Devolution – Lincolnshire County Council
Greater Lincolnshire devolution deal	Devolution – Lincolnshire County Council

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