

Hull and East Yorkshire LEP Board

Investment Programmes

Report to the Board, March 2022

Report from Kirsty Barr

Paper I – Investment Programmes

1. Summary

1.1. This report updates the Board in relation to the legacy Capital programmes, Getting Building Fund and Local Growth Fund as well as the New Growing Places Fund.

2. Recommendations

2.1. That the Board notes the latest progress report.

3. Getting Building Fund

3.1. This report updates the Board on delivery progress following the last complete quarterly claim period to end of December 2021 (Q3) – Q4 claims are due to be received and processed from 15th April 2022. A summary of the programme can be found at Annex 1, with the progress dashboards for spend and output delivery are at Annex 2.

3.2. Projects continue to progress and output delivery progress being made in achieving jobs and completed road/cycleway. As noted in previous papers, delivery of outputs such as houses will be achieved over a period of several years following investment and limited progress will be seen over coming months.

3.1. Four of the seven projects have claimed all their GBF allocations in full, with slippage/reprofiling addressed through use of the accountable body's capital switching freedoms and flexibilities. Just one project has experienced significant slippage (HEY Cycle Route Delivery) but no projects have flagged any serious cause for concern. Further details are below under Risk Management. The programme delivery team continues to work with all projects, but especially those flagging higher delivery risks to ensure timely programme delivery.

4. Risk Management

| Project | Delivery Risk | Actions |
|--|--|--|
| Hull & East Yorkshire Cycle Route Delivery Programme | Slippage to works on Beverley Road will now take 18 months due to an overwhelming demand for | GBF remains profiled to be delivered in this financial year (backloaded to Qtrs 3-4) |

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| | <p>“permits” to work on the public highway and also the demolition of the Brunswick Arcade which directly fronts onto Beverley Road within the vicinity of the cycle lane works.</p> | <p>but match spend will now be achieved in the next financial year.</p> <p>Programme delivery team to monitor</p> |
| <p>Delivering Housing Growth (3)</p> | <p>Delays with Northern PowerGrid have now been resolved and both elements of the scheme (Ings & Warne) are back on site.</p> <p>There is very little flexibility in the programme of works at Ings, if the project is to be physically complete by 31/03/2022, and therefore this may slip into Qtr. 1 2021/22.</p> | <p>Project team still believes that GBF funds will be defrayed in full by the 31/03/2022 due to an increase in overall costs on site.</p> <p>Programme delivery team to monitor</p> |
| <p>Managed Workspace Programme B – Bespoke and Boulevard</p> | <p>Delivery slippage due to discovery of Japanese Knotweed and Asbestos on site – this is currently expected to lead to delays of just 2-3 weeks. Project is now expected to complete 15th April 2022.</p> | <p>A revised programme of works has been received which now profiles completion in mid-April 2022.</p> <p>Programme delivery team to monitor</p> |
| <p>Growing Hull and East Yorkshire</p> | <p>Delays in committing final funding / businesses drawing down grant awards due to supply chain issues.</p> | <p>Hull CC have agreed to use their Freedoms and Flexibilities to enable full GBF spend by 31st March 2022.</p> <p>Programme delivery team to monitor</p> |

5. Local Growth Fund – Transition of South Bank Projects

- 5.1. In December, a number of projects were successfully transferred to Greater Lincolnshire LEP for ongoing monitoring of output delivery to 2025 when BEIS will no longer require LEPs to provide monitoring updates (we understand that GLLEP do not intend to monitor beyond this point). It should be noted however, that output delivery for a number of schemes will extend beyond this timeframe.
- 5.2. One project (Grimsby Institute Constructing Future Growth) has not yet been transferred pending the resolution of some discrepancies identified in their most recent audit report. These have been remedied in the Qtr.3 claim and we expect the project to transfer across to GL LEP for ongoing monitoring following a formal project variation at the end of Qtr.4 2021/22.
- 5.3. Another project (Central Cleethorpes Regeneration Programme) is not yet physically/financially (match) complete and will remain with HEY LEP until it is so. At the current time the outcome of a recent Master Planning exercise is awaited to determine further actions and timescales for outstanding delivery. The project team have been issued with a revised timeframe which indicates that for work to be completed within the current planning permissions, work on the pavilion, upon which the outputs are dependent, must start by September 2022. We expect an update on the options being considered on the 5th April.

6. Local Growth Fund – Outstanding Delivery

- 6.1. There is just one project with outstanding LGF spend remaining from the LGF programme. Humber High Street Challenge Fund has remaining spend of around £400k due to delays with the processing of grant payments. The payments are expected to be made by the end of January 2022 and will therefore be reflected in Q4 reporting.

7. Growing Places Fund

- 7.1. The HEY LEP Board at its meeting on 19th January 2022 agreed to commit £3.25m from the HEY LEP's Growing Places Fund to create a new 3-year business support programme
- 7.2. £0.45m from this allocation is ring-fenced to cover programme management and administration, including the retention of the existing Investment Programmes Co-ordinator and Investment Programmes Officer roles.
- 7.3. The accountable body is able to use this fund to exercise established freedoms and flexibilities to manage any underspend arising in the current Growing Hull and East Yorkshire programme, along with any outstanding management and administration allocation from LGF and GBF programmes, ensuring that agreed outputs/outcomes on LGF/GBF programmes are delivered too.

7.4. The programme builds on the previous success and legacy of the Humber LEP's Growing the Humber Programme and the HEY LEP's Growing Hull and East Yorkshire business investment grant programme, with funding decisions delegated to the HEY LEP's Investment Panel, Chaired by David Kilburn.

7.5. Full membership of the Investment Panel, along with a record of approved grants can be found here - heylep.com/investment-panel/

8. Growing Places Fund – Delivery Report

8.1. The new programme guidance has been approved by Hull City Council as the Accountable Body for the scheme.

8.2. The Growing Places Fund is set to launch on April 1st, 2022, with Expressions of interest currently being taken.

9. Delivery Costs

9.1. There is no call on the HEY LEP's core budget to support delivery of the Investment programmes at the current time. However, there will be ongoing programme monitoring requirements to at least 2025.

9.2. The Investment Programmes team is currently funded to 31st March 2022 when the existing GBF programme ends.

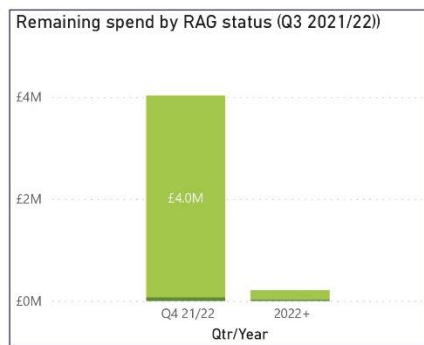
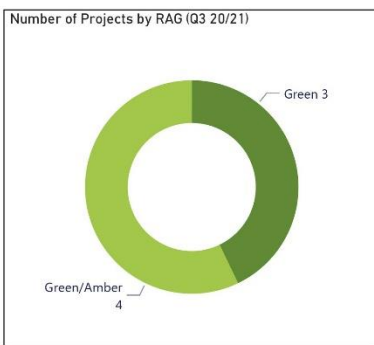
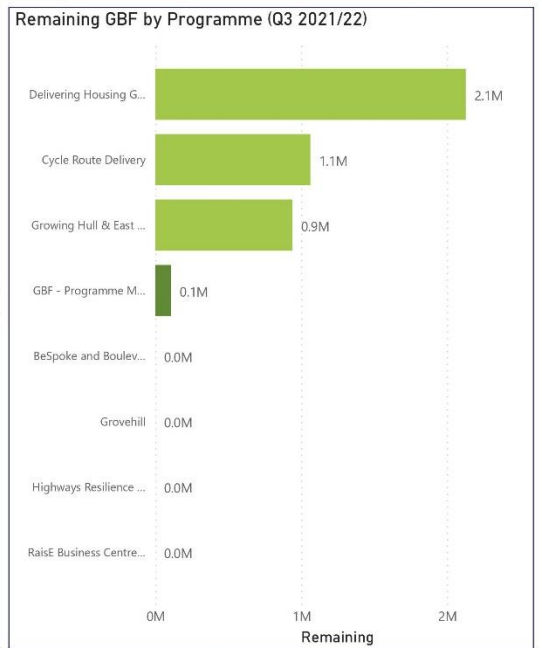
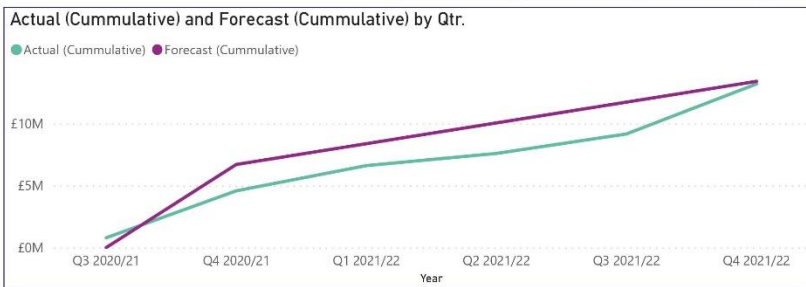
9.3. The HEY LEP Board at its meeting on 19th January agreed that any underspend on the GBF Programme Management budget will be transferred to support the Growing Places Grant/Loan Programme, which will also support the ongoing monitoring requirements of the LGF and GBF programmes.

Annex 1 – GBF Programme Summary

| Project | Summary | Allocation |
|--|---|------------|
| Growing Hull and East Yorkshire | Business grant programme building on the established and successful Growing the Humber business investment programme. The scheme provides capital grants to stimulate growth in SME businesses. | £1.7m |
| Hull and East Yorkshire Highways Resilience Programme | Second phase of a programme that was previously funded through the York, North Yorkshire & East Riding LEP Growth Deal as a DfT retained scheme which has been expanded to cover neighbouring Hull. | £2m |
| RaisE Business centre and Innovation Hub | RaisE Business Centre and Innovation Hub will be adjacent to the Siemens Mobility train factory on the Goole 36 Enterprise Zone. It will provide high-tech managed workspace and R&D facilities in manufacturing, engineering, and rail supply chains, and is being developed in partnership with Siemens Mobility and the UK Rail Innovation Network (University of Birmingham). | £1m |
| Delivering Housing Growth Programme – Ings and Wawne 2 | Extension of the existing, successful Delivering Housing Growth in Hull programme, previously part-funded through LGF. Investment will deliver new spine roads, electricity supplies and drainage to accelerate delivery on two key housing sites. | £4.8m |
| Hull and East Yorkshire Cycle Route Delivery Programme | Programme of cycle infrastructure upgrade and provision of new cycle facilities where there are gaps in the network across the City of Hull and adjoining urban areas of East Riding of Yorkshire. | £2.7m |
| Managed Workspace Programme A - Grovehill | A new and improved managed workspace offer to meet demand and stimulate economic recovery at the Grovehill site near Beverley. | £0.5m |
| Managed Workspace Programme B – Bespoke and Boulevard | A package of new and improved managed workspace offers to meet demand and stimulate economic recovery in Hull. | £0.5m |
| Programme Management | Resource to ensure the robust management and administration of the programme. The programme is managed and monitored by the LEP's experienced Investment Programme Team, with support from officers of the Accountable Body | £0.2m |

Annex 2 – Q3 spend and output dashboards (to 31st December 2021)

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|--|-----------|--------|----------|-------------|----------|-----------|-------------|--------------|
| Getting Building Fund (GBF) spend status overview - to end Q3 2021/22 January 2022 | Total GBF | Spent | Profiled | Unallocated | Projects | Completed | In Delivery | In Appraisal |
| | £13.40M | £9.16M | £4.24M | £0 | 7 | 0 | 7 | 0 |



Getting Building Fund (GBF) Outputs (Q3 2021/22)

| | | | | | | | |
|---------------|---|-------------------|---------------------|-----------------|---|---------------------------------|---------------------------------------|
| Match Funding | Jobs (Direct/ Safeguarded/ Apprenticeships) | Construction Jobs | Businesses Assisted | Houses Unlocked | Commercial Floorspace (m ²) | Roads/Cycle Lanes/Walkways (km) | Public Realm/Green Space Created (Ha) |
| £13.25M | 119.00 | 130.00 | 51.00 | 0 | 3.74K | 13.35 | 0.00 |

