

Hertfordshire Local Enterprise Partnership

Herts LEP Update for Local Transport Body

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Purpose of Report

To inform the Local Transport Body regarding the LEP's strategic infrastructure and regeneration activities, and to provide an update on strategic issues in general as they relate to the LEP. The report is arranged in two sections:

- LEP Issues – update on current LEP issues
- Project Updates – setting out issues and information on current key projects (broadly transport-related)

Please note that the major highways projects will be explained in more detail in Richard Boutal's report.

LEP Issues

Loss of Employment Space

The LEP has recently appointed Lambert Smith Hampton (LSH) to carry out a study into the loss of employment floorspace across Hertfordshire, examining the extent of loss, what the implications are for the Hertfordshire economy, and what the potential solutions might be.

There are a number of apparent drivers for this loss of commercial floorspace. These drivers are often linked:

- Increasing demand for residential units with supply not keeping pace with demand
- Buoyant residential market with long term increase in values
- Residential investment values outstripping those for commercial space
- Poor quality commercial stock not meeting changing commercial requirements (e.g. larger lorries)
- Commercial tenants moving out of other areas (London in particular) due to increasing costs putting pressure on adjoining areas

In order to complete the study LSH will consult with key stakeholders and representative groups. We have provided LSH with suggested contacts to arrange a meeting or conference call.

The deliverables from the study will be a report with accompanying technical appendices. The final report will be publicly accessible and available on the LEP website. It is planned to present the report and findings to the LEP Board meeting in December.

Project Updates

Open Bidding Call 2017

The LEP opened its 2017/18 Open Call in November 2017. Its purpose was to identify potential projects that could utilise funding that had been allocated as an Evergreen Fund under Growth Deal 2, which was an

underspend. In total 20 projects were submitted by the deadline; the total submission value was £73,851,843.

At its meetings on 22nd March 2018 and 21st June 2018 the LEP board approved the following Open Call projects:

LEP0140 - Business Hub - University of Herts (£2,500,000 grant)

LEP0127 – Veterinary Vaccinology and Cell Therapy Hub - The Royal Veterinary College (£7,000,000 grant)

LEP 0132 – Project HIT (Hertfordshire Innovation & Technology Centre) – BRE (£2,638,980 grant)

LEP0136 – Old River Lane, Bishop’s Stortford – EHDC (£9,620,000 - £6,000,000 grant plus £3,620,000 repayable grant) towards the provision of new residential, arts, parking and public realm works in Bishops Stortford town centre.

LEP0142 – Watford Infrastructure and place shaping improvements – Watford BC (£4,828,000 grant) public realm improvements to Clarendon Road as part of a wider public realm programme for the town centre.

LEP0069 – Enterprise Zone Infrastructure Interventions – HCC £686,000 grant for cycleway and pedestrian improvements to former Nicky railway line.

LEP0070 – BRE Open Innovation Hub – BRE (£6,000,000 total. £3,000,000 grant already approved plus £3,000,000 loan which will be paid back to the LEP via the Enterprise Zone) to construct an innovation centre related to building products and technologies.

Discussions are ongoing with two other projects:

LEP0133 – Waltham Cross Renaissance Phase 1 – Broxbourne Borough Council improvements to Waltham Cross town centre.

LEP0135 – Hitchin Regeneration of Market and Churchgate – NHDC regeneration and improvements to market place and adjoining areas

GD3 A10 Buntingford Roundabout (LEP0076)

Although the project was approved in outline when the original GD3 programme was submitted to Government, the project still needs to be approved in detail by the LEP. A revised application for funding is due to be submitted shortly by HCC Highways Major Projects team which will set out in detail funding, match funding and projected outputs.

GD3 Essex Road (LEP0077)

The detailed application for LEP capital investment of £6,372,549 was approved by the LEP Board at its meeting on 22nd March 2018.

The project is progressing but has run into issues regarding land ownership and badgers. This will be picked up in more detail in Richard Boutal’s report.

Funding Re-Profiles

At the LEP Board meeting on 21st June 2018 the board approved re-profiling for the following projects:

- Stevenage Public Realm
- Stevenage Theatre Relocation
- Hatfield Regeneration and MSCP

- o Growth Deal 3 funds for the BRE Open Innovation Hub

Metropolitan Line Extension (LEP0005)

It now appears very likely that the Metropolitan Line Extension (MLX) project is dead. Although Transport for London (TfL) has not confirmed that the project is closed, the works orders required for the project expire in August this year. As a considerable amount of resource is needed to secure the works orders, we consider it is very unlikely that they will be resurrected once expired.

HCC and WBC are currently exploring other possible alternatives in place of MLX, including possible light rapid transit and bus rapid transit options. At the very least there is a strong wish to protect the route of the line for future schemes.

From a LEP perspective funding dedicated to the MLX package is shown below (LEP funding in blue):

| Funding Contributor | July 2014 (£m) | January 2015 (£m) | April 2015 (£m) |
|------------------------------|----------------|-------------------|-----------------|
| DfT | 76.24 | 76.24 | 109.82 |
| HCC | 16.0 | 21.33 | 27.555 |
| HCC (borrowing) | 26.0 | 30.5 | 0 |
| WBC | 2.595 | 7.595 | 9.595* |
| LEP Growth Deal 1 | 50.5 | 50.5 | 50.5 |
| LEP additional (provisional) | 0 | 37.35 | 37.35 |
| TfL | 0 | 0 | 16.0 |
| TfL (borrowing) | 0 | 0 | 30.5 |
| Other | 3.08 | 3.08 | 3.08 |
| TOTAL | 174.415 | 226.595** | 284.4 |

* includes £1.125m of local private sector contributions ** note there was a funding gap in January 2015

The total LEP commitment to MLX of £87.85m comprises two elements:

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|--------------------------|---|
| LEP GD1 funding | £16.85m (of which £5.4m will need to be recovered from TfL) |
| LEP DfT retained funding | £70.7m |
| Total | £87.55m |

DfT retained funding is DfT money that is routed through the LEP but that the LEP has little say over. This means that we would need to persuade DfT to reallocate this funding to Herts infrastructure. In reality the LEP only really has £16.85m to play with. We understand that DfT is seeking to recover all of the grant funding expended to date on the MLX project by TfL.

It is likely that surplus LEP MLX funding will be reallocated to other Herts projects, under arrangements to be agreed in due course by the LEP Board.

Recommendation:

Action for LTB

LTB is asked to note this paper