

Public Document Pack



Helen Barrington
Director of Legal and
Democratic Services
County Hall
Matlock
Derbyshire
DE4 3AG

Extension 38328
Direct Dial 01629 538328
Ask for Ivan Walters

PUBLIC

To: Members of D2N2 Investment Board

Tuesday, 5 January 2021

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **10.00 am** on **Wednesday, 13 January 2021**. This meeting will be held via Microsoft Teams and a recording will be published on the LEP's website following the meeting, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal and Democratic Services

AGENDA

PART I - NON-EXEMPT ITEMS

1. Apologies for Absence
To receive apologies for absence (if any)
2. Declarations of Interest
To receive declarations of interest (if any)
3. Minutes (Pages 1 - 8)

To confirm the non-exempt minutes of the meeting of the D2N2 Investment Board (IB) held on 9 December 2020

4. Capital Performance Overview
5. Capital Programme Budget
6. D2N2 Milestones Update
7. Project for Approval - Becketwell
8. Project for Approval - Worksop Access to Skills Hub
9. Exclusion of the Public

To move "That under Regulation 21 (1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph(s)... of Part 1 of Schedule 12A to the Local Government Act 1972"

PART II - EXEMPT ITEMS

10. Minutes (Pages 9 - 10)

To confirm the exempt minutes of the meeting of the D2N2 Investment Board (IB) held on 9 December 2020

11. Date of Next Meeting

February 2021 (to be confirmed)

PUBLIC

Agenda Item 3

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 9 December 2020 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), C Hart (Erewash Borough Council), R Jackson (Nottinghamshire County Council), J White (Bassetlaw District Council, and D Williams (D2N2 LEP).

Also in Attendance: E Alexander (Derbyshire County Council), J Davies (Gedling Borough Council), J Dexter (BEIS), C Durrant (Chesterfield Borough Council), J Batty (Derbyshire County Council), C Evans (Rushcliffe Borough Council) T Goshawk (D2N2 LEP), N Jenkins (Nottingham City Council), K Marriott (Rushcliffe Borough Council) S Rose (D2N2 LEP), I Sankey (Erewash Borough Council), J Seymour (Derbyshire County Council) N Stevens (Nottinghamshire County Council), N Taylor (Chesterfield Borough Council) Sarah Wainwright (Accountable Body) C Williams (Derby City Council).

Apologies for absence were submitted on behalf of Councillors P Gilby (Chesterfield Borough Council), M Holmes (Derby City Council), B Lewis (Derbyshire County Council) and S Webster (Nottingham City Council), and J Bradley-Fortune (Inclusion Representative).

111/20 **DECLARATIONS OF INTEREST** D Williams declared a personal interest in relation to minute reference 113/20 – D2N2 Capital Programme Performance Overview – A61 Hollis Lane, due to a business involvement with the project.

112/20 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 4 November 2020

113/20 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme and Getting Building Fund programme including an update on progress against the financial targets for this year.

The report also updated the Board on the change requests submitted for the Infinity Park Derby project and the A52 Wyvern.

Also appended to the report was a revised version of the Local Assurance Framework which the Investment Board were asked to note following its approval by the LEP Board on the 24th of November

Coming into the last year of the Local Growth Fund programme the LEP had £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the March 2021 deadline. Of the £40m allocated within this year, D2N2 had recorded £16,617,586 of actual spend in the first two financial quarters of the year. LEP Officers were working closely with project sponsors for all projects that were 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend officers were confident this figure could be met.

If the A46 – Chapel Lane project was approved at this meeting, only the Becketwell project would remain to be approved from the Local Growth Fund programme.

Whilst recognising that there were always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects were approved as set out, D2N2 officers believed that the full spend of the Local Growth Fund, would be achieved. Officers had also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown was included within Item 6 at this meeting which included both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Two projects were highlighted at the November Investment Board as presenting potential risks to the expenditure profile of the Local Growth Fund programme. These projects were the Chesterfield Station Masterplan project (Hollis Lane Link Road) and the Woodville-Swadlincote project.

Following on from the last meeting, D2N2 had met with the project sponsor to discuss the progress and risk of these projects and as agreed at the November meeting, officers of Derbyshire County Council attended the meeting and presented an update to Board members on the progress of each project. Following the presentation, Board Members were satisfied that the projects were now making progress and that whilst the potential risks to the expenditure profile of the Local Growth Fund programme were low, they remained under constant review.

Following the announcement of the Getting Building Fund projects in August, D2N2 had now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP would not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP would continue to work with project sponsors to accelerate spend where possible and any underspends would be

utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project were included within a report to this meeting and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval would be received at the January Investment Board

The LEP continued to have ongoing dialogue with all projects to ensure that progress against forecasted targets was being made. The LEP communicated with all sponsors and monitored specifically the projects it deemed to be at most risk of underachievement. Officers noted that no capital project came without risks and therefore looked to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continued to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility had been granted to the LEP to extend the spend period beyond March 2021. The LEP would continue to monitor that situation and discuss any flexibility with Government but currently was operating to have achieved all spend by the agreed March 2021 deadline.

Following a request from Derby City Council to alter the output profiles of the A52 Wyvern and Infinity Park projects, Derby City had undertaken work to revise the schedule of outputs for the projects and submitted formal project change requests to the LEP for approval. At the meeting in March the Investment Board approved the project change requests subject to a revised Value for Money assessment based on the new output profiles.

Following the independent review by Hatch Regeneris it had been confirmed that both projects still represented 'Very Good Value for Money' based on the assessment and therefore should have their change requests approved. The projects will now deliver the following outputs:

Infinity Park - Within the LGF programme period up to 2035 the project will now deliver 2,956 jobs against a previous target of 4,472. The remainder of the outputs will still be delivered in the long term but not captured in the LGF monitoring period. The project was initially stated to deliver 382 homes but will now deliver 406 homes.

A52 Wyvern – The project will now deliver 1,335 against the original target of 3,300 jobs due to the change in land usage by the developer.

The Investment Board were requested to note the review of the two projects Value for Money Assessments and accept the changes based on the recommendation from the March 2020 meeting.

Board Members made a number of comments and asked questions which were duly noted or answered.

RESOLVED (1) to note the current position on the programmes and the update on projects;

(2) to approve the change requests from the Infinity Park and A52 Wyvern based on the recommendation from the March 2020 meeting; and

(3) to note the revisions to the Local Assurance Framework in version 8 following its approval at the LEP Board on the 24th of November 2020.

114/20 **PROJECT FOR APPROVAL – A46 CORRIDOR, CHAPEL LANE BINGHAM** Members were informed of a request for £750,000 from Rushcliffe Borough Council from the Getting Building Fund to support the A46 Corridor, Chapel Lane Bingham offices project.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd and Amion consultants

This project being put before the Investment board has now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF.

The Bingham Chapel Lane Project would enable the delivery of 869m² of lettable space in 12 'own front door' offices by Rushcliffe borough Council (RBC). The offices would be used to enable local businesses to grow. To facilitate this growth additional support would be offered to businesses within the centre via one-to-one support from a business advisor as well as further information, brokerage and diagnostic support via workshop sessions hosted on the site.

These offices formed part of a wider delivery plan for the site which included a new leisure centre and community hall. This new on-site leisure centre would provide meeting space, training space and networking space that could be accessed by tenants.

A study by Gleeds Advisory Ltd in 2018 into the business case for a mixed leisure and commercial development at Chapel Lane reported good indicators for offices at competitive rents but with insufficient financial returns for commercial office developers. And therefore, this type of development would require to be public sector led but grant funding to fill a viability gap.

It was hoped delivery of local employment space will help towards a sustainable growth plan for the town of Bingham. It would provide local employment opportunities, reduce out-commuting, support entrepreneurs and provide employment opportunities for local people.

The newly created floorspace was being designed to create new office space which had minimal impact to the environment and uses energy efficient technologies. The new facility was expected to achieve BREEAM 'Very Good' standards and will include PV Panels for energy usage and electric car charging points.

In response to the Covid pandemic, an independent report was commissioned by Pinders and the project design was altered to remove shared-space elements and would now provide 12 own front door offices. The business case had also taken into account that demand maybe lower than expected in the short term and so RBC had reprofiled their rates of occupancy to reflect this.

Detailed summaries were given of the Strategic Case/Fit; Economic Case and expected outcomes; Commercial Case; Financial case and Management Case along with the assessors comments in each area and their recommendation

Katherine Marriot, Chief Executive and Catherine Evans, Head of Transformation (Rushcliffe Borough Council), attended the meeting and provided a presentation to compliment the report in terms of the Strategic, Economic, Financial, Commercial and Management case for the project.

Strategically the project aligned with regional ambitions for economic growth. In particular the project supported proposition 3.3 of the Emerging Recovery Strategy in supporting the growth of our towns and economic corridors.

The grant funding requested for this intervention unlocks the delivery of new commercial space for job creation in the LEP area.

The project had been tested against the conditions of the Local Assurance Framework and complied with all apart from Cabinet approval and confirmation of the match funding sources.

Cabinet approval for the scheme had been granted for the scheme on 8 December. Secondly, the match funding contribution for the development through ERDF was currently out for written procedures decision, this approval was anticipated on the 14th of December.

Following a review of the business case alongside the independent assessment of the market evidence, officers would recommend the Investment Board to approve the request of £750,000 of Local Growth Fund to be released to Rushcliffe Borough Council, subject to the confirmation of cabinet approval and the ERDF Match funding contribution.

Members made comments and asked questions which were duly noted or answered.

RESOLVED to approve the project and to release the £750,000 of GBF grant to Rushcliffe Borough Council, subject to the conditions listed in the report.

115/20 **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund Current forecast showed that in 2020/21 the programme was over committed by £1.81 m.

The LEP and Accountable Body continued to work closely with projects regarding grant profiles and expenditure figures for the remaining projects and would be monitored closely throughout the year to ensure any grant given could be evidenced with expenditure. Government had confirmed there was no extension to the programme and all monies must be spent by 31st March 2020.

The overall budget position was shown in Appendix 1 to the report. The grant profile for the final year of the programme 20-21 is shown in Appendix 2.

In relation to the Getting Building Fund on the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22.

All projects within the programme had now submitted their spend profiles to the LEP and Accountable Body as detailed in Appendix 3 to the report. LEP's had been given permission to utilise their freedoms and flexibilities with their Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme was overcommitted by £2.455m which would be funded by using the Growing Places Fund (GPF)

Board Members made comments and asked questions which were duly noted or answered.

RESOLVED that the report be noted.

116/20 **D2N2 MILESTONES - UPDATE** The Board were asked to note the Milestones report on the D2N2 LGF and Getting Building Fund Programmes

The report showed the Milestones that were agreed within the last year and detailed the progress against the delivery of those milestones. Details of each individual project were provided at the meeting and recommendations followed each project giving their milestone progress. Further verbal updates were given by some of the promoters at the meeting.

Local Growth Fund

Becketwell (Derby City Council) - The Investment Board are recommended to note the milestones and await the final business case for approval in January 2021.

Getting Building Fund

Bridge Court Campus (Bassetlaw District Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in January 2021.

Drakelow Park (Drakelow Developments Limited) - The Investment Board were recommended to note the milestones and await the final business case for approval in February 2021. The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

UK Electrification of Aerospace Propulsion Facility (University of Nottingham) - The Investment Board were recommended to note the milestones and await the final business case for approval in January 2021.

Transforming Nottingham's Southside (Nottingham City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in March 2021.

MRC Midlands (Derby City Council) - The Investment Board were recommended to note the delay in the milestones and await the final business case for approval in June 2021. The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be requested to provide a full formal update to the Investment Board including next steps.

SmartParc (Derby City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in October 2021

Board Members made a number comments and asked questions which were duly noted or answered

RESOLVED to approve the recommendations above, as detailed in the report.

117/20 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 13 January 2021 at 10.00am

118/20 **EXCLUSION OF THE PUBLIC** **RESOLVED** that the public be excluded from the meeting during the consideration of the remaining items on the agenda to avoid the disclosure of the kind of exempt information detailed in the following summary of proceedings:

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC WERE EXCLUDED FROM THE MEETING

- 1 To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 4 November 2020 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
2. To consider the report on Growing Places Fund (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

D2N2 Investment Board – January 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--	---

Meeting and Date	D2N2 Investment Board – 13 th January 2020		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	4

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
--------------------------	--	-------------------------------------	---

Summary and Recommendations
<p>The Board are asked to note the progress report on the D2N2 Capital programme.</p> <p>The report highlights the current position on the programme and provides an update on each of the Local Growth Fund and Getting Building Fund. The report also updates the board on the change request submitted for the Our City Our River project.</p>

D2N2 INVESTMENT BOARD

January 2021 D2N2 Capital Programme Update

Introduction

This paper provides an overview of the LEPs Local Growth Fund programme and Getting Building Fund Programme, including an update on progress against the financial targets for this year.

It also outlines the changes to the Local Assurance Framework for board members to note.

Local Growth Fund Performance Update

Financial performance

Coming into the last year of the Local Growth Fund programme the LEP has £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the March 2021 deadline. Of the £40m allocated within this year, D2N2 have recorded £16,617,586 of actual spend in the first two financial quarters of the year and have made payments of £18.5m in Quarter 3, an actual spend figure will be presented to the next meeting once third quarter claims have been reviewed. LEP Officers are working closely with project sponsors for all projects that are 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure can be met.

Whilst recognising that there are always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects are approved as set out, we still believe that we will be able to achieve full spend of the Local Growth Fund. We have also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown is included within Item 5 which includes both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Two projects were highlighted at the November Investment Board as presenting potential risks to the expenditure profile of the Local Growth Fund programme. These projects were the Chesterfield Station Masterplan project (Hollis Lane Link Road) and the Woodville-Swadlincote project. These projects delivered an update to the December meeting which provided reassurances of spend by the march 31st deadline.

Getting Building Fund progress update

Following the announcement of the Getting Building Fund projects in August, D2N2 have now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP have been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP will not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP will continue to work with project sponsors to accelerate spend where possible and any underspends will be utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project are included within these Investment Board papers and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval will be received at this meeting.

Programme Risk

As a LEP we continue to have ongoing dialogue with all projects to ensure that progress against forecasted targets is being made. The LEP communicates with all sponsors and monitors specifically the projects it deems to be at most risk of underachievement. We note that no capital project comes without risks and therefore look to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continues to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility has been granted to the LEP to extend the spend period beyond March 2021. The LEP will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline. LEP Officers are expecting to receive Quarter 3 monitoring returns in the middle of January and will verbally report the position of spend at the Investment Board meeting.

LGF Evaluation

During 2019 the LEP carried out a mid-term evaluation of the Local Growth Fund Programme which looked at 20 of the projects which had progressed in the earlier stages of the programme. An impact analysis of these project was presented to the LEP Investment Board and the data has been used to inform the overall monitoring of the programme.

In line with Government best practice and the LEPs own commitment to monitoring and evaluation we will be undertaking our first end of programme evaluation in the next financial year and will look to gain an understanding of the overall impact that our investments have had on the D2N2 Economy and the people that the funding has impacted.

LGF Change Requests

Following a request from Derby City Council to alter the output profile of the Our City Our River project, Derby City have undertaken work to revise the schedule of outputs for the project and submitted formal project change requests to the LEP for approval.

Following the independent review by Hatch Regeneris it has been confirmed that both projects still represent 'Very Good Value for Money' based on the assessment. The change request is included as Appendix A to this paper.

Annex A – Project Change Request

Project Name/ Promoter and description	Change Description	Reason for the Change	Impact of the change	Officer Recommendation
<p>Our City Our River</p> <p>Derby City Council</p> <p>Flood alleviation and remediation infrastructure works throughout Derby City Council to protect homes and businesses from major flooding and unlock land for development opportunities.</p>	<p>Outputs – The project initially set out to deliver 8,000 jobs and 1,050 homes to the area following the completion of infrastructure. The project will now deliver 1,683 new jobs and 6,140 safeguarded jobs.</p>	<p>Previous designated sites have either been determined undevelopable by the City Council or have utilised outputs for other LGF schemes. The project has now undertaken an independent exercise to calculate the job safeguarded totals using Homes England, Environment Agency and Derby City Council planning methodologies.</p>	<p>The project decreases the total amount of new jobs that the Local Growth Fund will deliver however safeguarded jobs can still be counted towards the LEPs targets and we are still comfortable that we will generate enough jobs to fulfil the Government’s 27,000 target.</p>	<p>The Investment Board are recommended to accept the change request and D2N2 will continue to work with the City Council to deliver the outputs for both the new and safeguarded jobs.</p>

This page is intentionally left blank



D2N2 Investment Board Cover Sheet – 13th January 2021

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
-------------------------	-------------------------------------	-------------------------------------	--

Meeting and Date	Investment Board 13 th January 2021		
Subject	Capital Programme Budget		
Author	S Wainwright	Total no of sheets	4

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
--------------------------	-----------------------------------	-------------------------------------	---

Summary and Recommendation(s)
<p>This paper delivers an update on the budget of the Local Growth Fund (LGF) and the Getting Building Fund (GBF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD**13th January 2021****Capital Programme Budget****Local Growth Fund**

Current forecast shows that in 2020/21 the programme is over committed by £1.81 m.

The LEP and Accountable Body continue to work closely with projects regarding grant profiles and expenditure figures for the remaining projects and will be monitored closely throughout the year to ensure any grant given can be evidenced with expenditure. Government have confirmed there is no extension to the programme and all monies must be spent by 31st March 2020.

The overall budget position is shown in Appendix 1. The grant profile for the final year of the programme 20-21 is shown in Appendix 2.

Getting Building Fund

On the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22.

All projects within the programme have now submitted their spend profiles to the LEP and Accountable Body, see appendix 3. LEP's have been given permission to utilise their freedoms and flexibilities with their Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme is overcommitted by £2.44m which will be funded by using the Growing Places Fund (GPF).

Appendix 1

Local Growth Fund 6 year Grant/Expenditure sheet 16/12/2020										
	2015/16	16/17	17/18	18/19	19/20	20/21				
Project Name	Annual	Annual	Annual	Annual	Annual	Annual	Actual 20/21	Total	Status	Date to be completed
Chesterfield Centre for Higher Level Skills	3.48						0.00	3.48	Project Finished	
Vision University Centre, Mansfield	2.61						0.00	2.61	Project Finished	
Bioscience Expansion, Nottingham	6.50						0.00	6.50	Project Finished	
The Spot	0.75		-0.04				0.00	0.71	Project Finished	
Medicity		0.74					0.00	0.74	Project Finished	
Ada Lovelace House		0.14					0.00	0.14	Project Finished	
Bulwell Market		0.10					0.00	0.10	Project Finished	
Dakeyne Street		0.18					0.00	0.18	Project Finished	
Sutton Indoor Market		0.38					0.00	0.38	Project Finished	
Sherwood Energy Village			0.50				0.00	0.50	Project Finished	
Harworth Access Road		1.10			-0.40		0.00	0.70	Project Finished	
Seymour Link	2.02	0.50					0.00	2.52	Project Finished	
Cycle City Ambition package in Nottingham	4.16	1.94					0.00	6.10	Project Finished	
A57/A60 Junction Worksop	0.92	0.92					0.00	1.83	Project Finished	
Institute for Advanced Manufacturing		5.00					0.00	5.00	Project Finished	
Sherwood Visitor Centre			0.50				0.00	0.50	Project Finished	
Southern Growth Corridor		2.00	4.12				0.00	6.12	Project Finished	
Rail Research and Innovation Centre				0.90			0.00	0.90	Project Finished	
Derby College Technology Hub				1.30			0.00	1.30	Project Finished	
Enterprise zone sustainable transport package		0.80	5.20				0.00	6.00	Project Finished	
A46 Corridor, Rushcliffe-Phase 1 and 2		2.00	1.00				0.00	3.00	Project Finished	
Derby Cycling and Placemaking			0.84	0.71	0.09		0.00	1.65	Project Finished	Mar-20
Buxton Crescent		2.00					0.00	2.00	Project Finished	Mar-21
A52 Wyvern		1.50	5.22				0.00	6.72	Project Finished	Dec-21
Nottingham City Hub		0.19	2.03	13.79	12.73		0.00	28.74	Project Finished	Feb-21
Infinity Park, Derby	3.45	4.00	3.35	2.195			0.00	13.00	Ongoing	Mar-21
Nottingham Broadmarsh/Southern Gateway	6.79	0.71	0.35	2.45	15.00		0.00	25.30	Ongoing	Mar-21
Newark Southern Link Road	1.00	6.00					0.00	7.00	Ongoing	tbc
Our City Our River, Derby	2.00	2.50	2.50	2.50	2.50		0.00	12.00	Ongoing	tbc
LEP Management & feasibility funds	0.56	0.18	0.16	0.19	0.19	0.16	0.00	1.43	Ongoing	
Broadbands-Derbyshire	2.19						0.00	2.19	Ongoing	project extended until June 2020
Broadbands-Nottinghamshire	2.63						0.00	2.63	Ongoing	project extended until Sept 2026
D2N2 Sustainable Travel programme		2.48	2.38	0.95			0.00	5.80	Ongoing	Mar-20
Tudor Cross (former Coalite)		5.80					0.00	5.80	Ongoing	2024
Midland Mainline			5.00				0.00	5.00	Ongoing	Mar-21
Silk Mill World Heritage Site			0.52	2.53	0.65		0.00	3.70	Ongoing	Feb-21
Nottingham City Hub - Enabling Works			0.22	0.57	0.00	0.46	0.00	1.26	Ongoing	Feb-21
N2 Town Centres				2.13	2.75	2.75	0.50	7.63	Ongoing	Mar-21
Nottingham Castle				5.00			0.00	5.00	Ongoing	Feb-21
Vesuvius				4.49			0.00	4.49	Ongoing	Mar-21
Riverside Business Park					0.75	2.60	0.28	3.35	Ongoing	Dec-26
NTU MTF Centre			0.46	1.52	4.09	3.63	0.00	9.70	Ongoing	Dec-21
A61 Corridor-21st Century Transport		0.08		0.60	1.17	1.17	0.00	3.00	Ongoing	Mar-21
A61 Corridor-Standard Gauge		0.33		0.89	0.47		0.00	1.69	Ongoing	Dec-20
Gedling Access			0.50		3.08	7.22	2.00	10.80	Ongoing	Dec-22
Ashbourne Airfield					1.00		0.00	1.00	Ongoing	Dec-20
HS2 Strategic Sites						2.40	0.45	2.40	Ongoing	Mar-26
A61 Corridor-Chesterfield Station MasterPlan				0.29			0.00	3.81	Ongoing	Dec-21
Top Wighay Farm						3.00	0.00	3.00	Ongoing	Mar-21
Castleward						1.51	0.47	1.51	Ongoing	Sep-21
Woodville-Swadlincote Regeneration route						6.40	0.00	6.40	Ongoing	Sep-21
Nursing & Allied Health Provision-Mansfield							0.58	0.58	Ongoing	Dec-20
Revitalising the Heart of Chesterfield							0.65	0.65	Ongoing	Nov-21
Tollbar House-Ikeston							0.43	0.43	Ongoing	Mar-21
Smart Wireless Innovation Facility (SWIF)							0.80	0.80	Ongoing	Apr-21
Mushroom Farm Court Industrial Estates							0.16	0.16	Ongoing	May-21
Facility for OMICs Research in Metabolism							0.85	0.85	Ongoing	Sep-21
Automation and Robotics							0.67	0.67	Ongoing	Mar-21
YMCA Community and Activity Village							2.20	2.20	Ongoing	Dec-21
A46 Corridor, Rushcliffe-Phase 3							0.75	0.75	Ongoing	May-22
Derby New Assembly Rooms							0.00	0.00	withdrawn	
A61-The Avenue		0.10		0.27	-0.37		0.00	0.00	withdrawn	
A61 Corridor-Clowne North							0.00	0.00	withdrawn	
Crocus Place							0.00	0.00	withdrawn	
Heathcoat Immersive Incubator-Nottingham							0.00	0.00	withdrawn	
Bucketwell		3.00	0.05	2.38	2.70		0.00	8.12	Pre-Compliance	tbc
DCC Capital Programme		10.75	31.52						DCC projects used for u/s	
Total LGF Commitments	39.05	55.40	66.39	45.66	46.40	41.90	3.69	252.52		
Total LGF funding	39.05	55.40	66.39	32.36	17.42	40.09		250.71		
Annual (under)/over commitments (£M) based on current profiles	0.00	0.00	0.00	13.30	28.98	1.81				
Overall Overspend								1.81		

Appendix 2

20-21 Final Year of LGF programme					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
LEP Management & feasibility funds				200,000.00	200,000.00
Nottingham City Hub - Enabling Works				463,131.00	463,131.00
N2 Town Centres	500,000.00	500,000.00	745,444.00	1,000,000.00	2,745,444.00
Riverside Business Park	155,927.00	506,215.57	802,619.84	1,130,397.95	2,595,160.36
NTU MTIF Centre		3,628,472.54			3,628,472.54
A61 Corridor-21st Century Transport			1,165,791.00		1,165,791.00
Goodling Access	2,000,000.00	2,000,000.00	2,000,000.00	1,220,000.00	7,220,000.00
S2 Strategic Sites	445,666.00	570,000.00	1,200,000.00	184,334.00	2,400,000.00
A51 Corridor-Chesterfield Station MasterPlan			3,228,263.00	288,737.00	3,517,000.00
Top Wighay Farm		400,000.00	2,500,000.00	100,000.00	3,000,000.00
Castleward	469,768.00	502,616.00	502,616.00	35,000.00	1,510,000.00
Mushroom Farm Court Industrial Estates				160,000.00	160,000.00
Woodville-Swadlincote Regeneration route			4,900,000.00	1,500,000.00	6,400,000.00
Nursing & Allied Health Provision-Mansfield			580,903.00		580,903.00
Revitalising the Heart of Chesterfield		45,000.00	82,000.00	523,000.00	650,000.00
Tollbar House-Ilkeston		39,700.00	385,300.00		425,000.00
Heathcoat Immersive Incubator-Nottingham					
Smart Wireless Innovation Facility (SWIFt)		50,000.00	750,000.00		800,000.00
Facility for OMICs Research in Metabolism				850,000.00	850,000.00
A46 Corridor, Rushcliffe-Phase 3			268,000.00	482,000.00	750,000.00
Automation and robotics			480,000.00	193,618.00	673,618.00
YMCA Community and Activity Village			1,389,722.84	814,113.62	2,203,836.46
	3,571,361.00	8,242,004.11	20,980,659.68	9,144,331.57	41,938,356.36

Appendix 3

Getting Building Fund													
	20/21			2021/22									
Project name	Q3	Q4	Total £m	Q1	Q2	Q3	Q4	Total £m	Grand Total £m	Status	Date to be completed	Promoter	
Worksop Access to Skills Hub		1.154403	1.154403	0.688274	0.688274	0.688274	0.280775	2.345597	3.5	Pending approval		Bassetlaw District Council	
Centre for Excellence in Construction and Digital		0.5	0.5					0	0.5	Approved		Chesterfield College	
Digital Turbine Centre, Worksop	0.059	0.362	0.421	0.171				0.171	0.592	Approved		Nottinghamshire County Council	
Drakelow Park, South Derbyshire		0.2	0.2	0.8	0.8	0.8		2.4	2.6			Private Sector	
Food Innovation Parc			0			12		12	12			Derby City Council	
Glossop Town Hall, Glossop	0.129954	0.354112	0.484066	0.344118	0.99271	0.179106		1.515934	2	Approved		High Peak Borough Council	
LEP Management		0.099214	0.099214				0.2	0.2	0.299214				
Lindhurst, Mansfield	0.151386	0.326751	0.478137	1.217684	1.215784	0.088395		2.521863	3	Approved		Nottinghamshire County Council	
MRC Midlands, Derby			0	1.997	2.703	2.15		6.85	6.85			Derby City Council	
Transforming Nottingham's Southside		1.072	1.072	2.591854	2.631854	1.694292		6.918	7.99			Nottingham City Council	
Electrification of Aerospace Propulsion Facility		2.314857	2.314857	2.371548	2.834677	0.078918		5.285143	7.6			University of Nottingham	
Total GBF Commitments	0.34034	6.383337	6.723677	10.18148	11.8663	17.67899	0.480775	40.20754	46.931214				
Capacity funding			0.0875										
Capital GBF funding			22.2										
Total GBF funding			22.2875					22.2	44.4875				
Annual (under)/over commitments			-15.4763						18.00754				
								Overall overspend	2.443714				

This page is intentionally left blank

D2N2 Investment Board – January 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--	---

Meeting and Date	D2N2 Investment Board – 13 th January 2021		
Subject	D2N2 Milestones Update		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	4

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	--	-------------------------------------	--------------------------------------

Summary and Recommendation(s)
<p>The Board are asked to note the Milestones report on the D2N2 Getting Building Fund programme.</p> <p>The report shows the Milestones that each project will be held accountable to and will be continuously monitored through to Final Business Case delivery.</p> <p>Recommendations will follow each project and their milestone progress.</p>

Getting Building Fund Milestones

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
Drakelow Park Drakelow Developments Limited	Amber – Due to delays in Milestones	March 2020 (Revised from December 2020)	£2.2m	2,046 Homes 1,100 Jobs	The project promoter has convened a working group of all parties involved with the project to drive the milestones. Discussions around obtaining the appropriate certificates for the bridge are underway with the Highways Authority and are progressing. Legal discussions are ongoing surrounding the development. The business case has now been delayed but this is not expected to have any impact on this years spend targets.	Confirmation of Highways approvals – February 2020 Identification of contractor – January 2020 (Revised from November 2020) Final Business Case to the LEP – February 2020 (Revised from November 2020) Start on site – April 2020

Page 22

Recommendation –The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
UK Electrification of Aerospace	Green – On Target	February 2021	£7.6m	300 Jobs 150 Learners	The procurement process has been initiated by the University and all timescales are showing that the returns will be received in early 2021.	Tenders out for equipment – September 2020 (Complete)

Propulsion Facility University of Nottingham					The project is on track to deliver a Final Business Case to the Investment Board in February.	Contracts Issued to suppliers – January 2021 Final Business Case to the LEP – January 2021
--	--	--	--	--	---	---

Recommendation – The Board are recommended to note the milestones and await the final business case for approval in February 2021

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
Transforming Nottingham’s Southside Nottingham City Council	Green – On target	March 2021	£7.99m	868 Homes 733 Jobs	Works to gain vacant possession on the site are ongoing and discussions are underway with business owners. The master planning exercise for the site is due to start and D2N2 have held a meeting with the project sponsor to monitor progress. This will continue through to Final Business Case and beyond to ensure that the project delivers on the outcomes profiled.	Initiation of Master planning and technical team appointment– October 2020 (Complete) Contractor Cost proposals received – December 2020 (Complete) Final Business Case to the LEP – February 2021 Start on site – April 2021

Recommendation – The Board are recommended to note the milestones and await the final business case for approval in March 2021

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
MRC Midlands Derby City Council	Amber – Delays to Milestones	July 2021 (Revised from March 2021)	£6.85m	70 Jobs 50 Learners	Derby City Council have confirmed the match funding for the project and have received cabinet approval to go ahead with the development at their November meeting. The project has however been delayed by the collaboration agreement between partners not being forthcoming and therefore the planning submission has been subsequently delayed. This is likely to delay the business case by four months to July. The financial impact to the programme is relatively small due to £0.095 million being allocated to the project in this financial year.	Confirmation of Match funding – September 2020 (Complete) Planning permission Submitted – February 2021 Planning permission approved – June 2021 Final Business case submission – June 2021 (Revised from February 2021)

Recommendation – Officers are still confident that following revised cashflows that have been submitted the MRC project will be able to deliver on financial spend before March 2022. The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be requested to provide a full formal update to the Investment Board including next steps.

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
SmartParc Derby City Council	Green – on target	October 2021	£12m	2,300 Jobs	Derby City Council are continuing to work through the development of the project with due diligence and planning submission preparations taking place. The LEP are meeting with the City Council and potential occupier to discuss the development plans and the steps forward. This will happen on an ongoing basis until the Final Business Case is delivered. DCC and the LEP are working through the project to determine whether a Final Business Case could be delivered to the LEP in advance of the October 2021 meeting.	Derby City Council Cabinet Approval – January 2020 Outline Business Case submitted – January 2020 Site Due Diligence complete – January 2021 Hybrid Planning submission – January 2021 Planning Determination – April 2021 Phase 1 remediation and infrastructure construction – July 2021

Recommendation – The Board are recommended to note the milestones and await the final business case for approval in October 2021

This page is intentionally left blank

D2N2 Investment Board – January 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--	---

Meeting and Date	D2N2 Investment Board –13 th January 2021		
Subject	Project for Approval - Becketwell, Derby		
Author	T Goshawk and Rachel Lister, Thomas Lister Limited	Total no of sheets (Excluding cover sheet)	16

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	--	-------------------------------------	--------------------------------------

Summary and Recommendations

D2N2 has an allocation of £250M of Local Growth Fund to support delivery of economic growth across the D2N2 region. The funding started in 2015 and comes to an end in March 2021.

The delivery of the fund is managed in line with the D2N2 Local Assurance Framework agreed with Government, which sets out the compliance requirements in relation to the delivery and approval of projects funded through the Local Growth Fund.

The project has previously been granted £8.1m in pre compliance funding by the Investment Board and is therefore requesting with this Final Business Case that the funding is converted in to a grant. Following an independent review of the Business Case, officers would recommend the Investment Board to approve the request of £8.1 million of Local Growth Fund to be approved to Derby City Council, subject to the confirmation of a planning approval by Derby City Council.

D2N2 Investment Board
Final Business Case – Project for Decision
Local Growth Fund

Project Name	Becketwell, Derby	Project Applicant	Derby City Council (DCC)
Construction Start Date	Spring 2021	Construction End Date	30 th September 2023
Local Growth Fund Requested	£8.1 million	Total Project cost and Sources of funding	Total Project Cost £13.371 million. The balance of funding will be provided solely by DCC
Gross Value Added/ Benefit Cost Ratio	Initial BCR 2.4:1 Adjusted BCR 2.9:1	Expected Outputs	<ul style="list-style-type: none"> • 224 Residential Units • Net additional GVA per annum (present value) £143.4 million • Land value uplift £15.3 million • Net additional construction jobs 282. • Amenity benefits 0.7 million • Distributional benefits 6.7 million. • 250 Jobs Created

1.0 Project Description

Becketwell comprises an identified regeneration area extending over 1.9 hectares in Derby City Centre. Becketwell comprises Duckworth Square, the former Debenhams building on Victoria Street, Becket Street and Colyear Street.

Over the past four decades, the Becketwell area has been in a spiral of decline following the closure of the former Duckworth Square shopping centre in the 1980s, the eventual relocation of Debenhams into the newly built Intu centre and the ongoing deterioration of the nightclub, offices and hotel buildings on Colyear Street due to increasing vacancy rates and lack of investment. Over time, the vacant and

poor quality building have created environmental blight within this area of the city, the market has been unable to deliver the sustainable regeneration of this part of the city.

In March 2018, St. James Securities Ltd (SJS), were selected as the preferred developer for the former Debenhams department store and a Masterplan for the whole of Becketwell has subsequently been developed. At this time, there was also an opportunity for Derby City Council to acquire property located on Colyear Street comprising offices, car parking, former nightclub and hotel, which facilitated the assembly of a comprehensive regeneration site.

Since this time, SJS has secured outline planning permission for the comprehensive regeneration of Becketwell, following a resolution to grant permission in February 2020. On 7th September 2020, a hybrid planning application including a reserved matters application for Phase 1 was submitted for a residential led development to be delivered alongside a new public square. Determination of the planning application is due to be considered by Planning Committee on 7th January 2021, with a recommendation by officers for approval. (A verbal update on the outcome will be provided at the meeting).

D2N2 are contributing £8.1m of Local Growth Funding towards land purchases and demolition costs on the Becketwell site which will enable the delivery of new jobs and residential units in Derby City Centre. Which will enable the delivery of;

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

It is confirmed that Phase 2 is proposed as a managed workspace scheme and will deliver 250 new jobs, which are being claimed as an output against the LGF. Phase 2 is however excluded from this LGF financial application as construction of the centre will be outside of the LGF programme. Land acquisition terms have been agreed for this phase and it is expected to be delivered in a 5 year period.

The scheme therefore currently proposed to be delivered and subject to the Business Case submitted by Derby City Council is Phase 1 comprising 1a, 1b and 1c being the 259 residential build to rent units, new public square ancillary ground floor retail/commercial uses and car parking.

Phase 1 is subject to Planning Committee decision on the 7th January 2021, following which terms with the build to rent investor can be finalised and the development brought forward for implementation, anticipated for a start on site for the residential units in April 2021 and practical completion in November 2022. The

public square will commence on site in September 2022 and complete in March 2023.

2.0 Summary of Strategic Case/Fit

The project is recognised to support a number of strategies by various organisations and these are summarised as follows;

i. D2N2 Strategic Economic Plan (SEP)

The project clearly supports the theme of enhancing quality of places where people can live and work. Phase 2 of the scheme is intending to provide a new supply of good quality business space that is short in supply within the city and will therefore support productive and growing businesses through the proposed managed workspace scheme.

ii. Local Industrial Strategy (LIS).

The LIS has not been referred to within the Business Case; however, the project is considered to fit with various strategic objectives including the ability to potentially target marginalised sectors of the community in one of the most deprived areas of Derby. The scheme will provide much needed new residential accommodation, providing opportunities for those residents, which may be unable to buy a new home and for who would be better suited to the rental market. In addition, the potential creation of new jobs within the scheme may also provide opportunities for unemployed residents, including those who may have been made redundant during the COVID-19 pandemic.

iii. National Policy.

The project fits with the Industrial Strategy – Building a Britain Fit for the Future (updated 2018). The redevelopment of Becketwell will make a substantial contribution to improving productivity through attracting new business investment to an area that benefits from a major enhancement to public realm, retail and commercial infrastructure.

iv. National Planning Policy Framework 2019.

The Becketwell regeneration proposals are consistent with planning policy, which aligns to the core principle of sustainable development. The proposals for Becketwell have been designed to create an attractive and diverse place where people want to live, visit and work along with the generation of local employment and complimentary mix of housing.

v. Local Policies.

Becketwell accords with a number of policies within Derby City Council's Local Plan and the Economic Growth Strategy 2018-2022. The underlying theme across all of these policies is delivering the renaissance of the city centre,

alongside sustainable regeneration, created by a mixed-use scheme. The delivery of Becketwell will support economic growth, balanced communities set within a quality environment.

In addition, the scheme also accords with Derby City Centre's Masterplan to 2030, of which Becketwell is explicitly identified as a priority scheme for the city.

Becketwell also supports the Council's Transport Policy, which seeks to provide and promote a greater choice of equality and opportunity for all, through delivery of alternative means of transport being, walking, cycling and use of public transport networks, whilst also maintaining appropriate access for car users.

vi. COVID-19.

The COVID-19 pandemic has had a deep and immediate impact on the UK economy in 2020, with the UK currently being in recession after GDP declined by 20.4% in quarter two of this year. The response to the pandemic has resulted in a series of Government policy measures being introduced to support the economy through the pandemic, which incorporates financial support in the form of grants and the furlough scheme. Other fiscal measures including the reduction of VAT for some sectors and deferring payment of tax.

It is also noted that COVID-19 has served to exacerbate the decline of many city and town centres throughout the country, which were already suffering with changing patterns of retail behaviour through the growth of internet shopping. Permanent vacancy rates in the city centre have therefore increased nationally, with vacancy rates of retail property in Derby City Council, now estimated to be in the region of 33%.

Becketwell is wholly in accordance with the above policies, in seeking to assist with addressing the decline of a deprived part of the city centre and in attracting new investment, to bring forward a development that will be fit for purpose and sustainable post the pandemic, and in accord with socio-economic and market conditions.

**Assessors
Comments**

The Full Business Case has demonstrated that the Becketwell project has strong strategic fit with D2N2 strategic objectives, those of Central Government and Derby City Council's policy objectives and Local Plan.

3.0 Summary of Economic Case and expected outcomes

The Economic Case provided briefly considers options for delivery of Becketwell, in context with options that have previously been studied in relation to the delivery of the scheme and following investment aid by the City Council to undertake a comprehensive site assembly exercise.

Given that options have previously been studied in relation to delivery of the regeneration scheme, following investment by the City Council to complete a comprehensive site assembly exercise, fully utilising Local Growth Fund and the appointment of SJS as preferred developer, the options presented within the Business Case are the short list of options in context with current circumstances.

The options assessment within the Full Business Case is therefore summarised as follows;

- Option 1 – Do nothing. This would result in the existing properties falling into further disrepair, contributing to the ongoing spiral of decline and limited economic activity taking place within the area. Overall, the scale of the Becketwell scheme would continue to blight the surrounding areas of the city.
- Option 2 – Reduced investment and piecemeal development. A number of options have been pursued over the years for the regeneration of Becketwell, including purely focusing on the demolition and redevelopment of the Debenhams building in isolation
It has long been established that a piecemeal approach to Becketwell will have much lesser impact and the presence of obsolete land and buildings and poor environmental quality, will not address the long-term decline of this part of the city and much needed sustainable regeneration of the area.
- Option 3 – The preferred option. Given the aforementioned complexities of the Becketwell area, the Council has sought to assemble the site to enable comprehensive investment and development. The site assembly process de-risks the project to enable private sector investment, resulting in the comprehensive regeneration of this part of the city.

The proposed scheme therefore also enables the opening up of the site through the demolition of the former Debenhams building and United Reformed Church and ground floor retail to create a new public square and build to rent residential scheme. The substantial vacant properties on Colyear Street, which effectively blight the area are to be demolished, making way for high-quality mixed-use development to be brought forward in accordance with market conditions.

Whilst it is anticipated the preferred option will see the site delivered across five phases, Phase 1 can now be brought forward, pending the decision on the planning application to deliver 259 build to rent units with the ground floor accommodation and ancillary parking. .

The key economic benefits assessed comprise of land value uplift, amenity benefits, employment impacts and distributional benefits. In order to assess the outputs and benefits, the modelling undertaken within the Full Business Case has been based on the full outputs that the scheme may deliver across five phases.

The outputs against which the economic assessment has been undertaken are summarised as follows:

- 224 Residential Units
- Net additional GVA per annum (present value) £143.4 million
- Land value uplift £15.3 million
- Net additional construction jobs 282.
- Amenity benefits 0.7 million
- Distributional benefits 6.7 million.
- 250 Jobs Created

The economic analysis presented in accordance with the outputs and benefits detailed in the table, show an initial BCR of 2.4 and an adjusted BCR of 2.9, both of which identify as generating high value for money.

**Assessors
Comments**

The Economic Case is focused upon outputs and benefits deliverable against the scheme pending determination by the Local Planning Authority of the Phase 1 scheme and future delivery of Phase 2. The total outputs deliverable by Becketwell are less certain at this time, give the scale of the scheme to be delivered across five phases. Given this uncertainty, outputs assessed have been limited to residential units delivered within Phase 1, land value uplift, amenity benefits, employment impacts in terms of construction jobs from Phase 1 and permanent jobs from Phase 2, along with distributional benefits arising. The approach undertaken is an alternative to focusing on the type of floorspace that may or may not be delivered across a series of additional phases, which as referred is evolving and likely to change over time.

Overall, therefore, the approach taken to assessing the Economic Case shows that the scheme will deliver high value for money and this is considered to be a reasonable assessment given the position of the scheme at this time.

4.0 Summary of Commercial Case

The Commercial Case has been presented to demonstrate the best way of delivering the preferred Becketwell Regeneration Scheme and that this is in accordance with property market conditions, is viable and in accordance with procurement regulations.

The summary of the Commercial Case is presented as follows;

i. Market Assessment

The market assessment has concentrated upon residential, office, hotel and retail use, which are all envisaged to be delivered across the five phases identified within the outline planning permission. Importantly the assessment

has been undertaken in context with the onset of the COVID-19 pandemic, given that there are likely to be long-term and permanent changes to the way people wish to live and work in a post pandemic environment.

The key findings of the market assessment are as follows;

- Residential Market – Property market activity was forced to halt during the first lockdown in early 2020; however, quickly returned to pre-pandemic levels in terms of market activity and values being achieved. An assessment has been undertaken across a number of schemes delivering new units in the city, with the consensus being that many units are being sold off-plan with limited incentives being offered.

Given the shortage of housing supply within the city, the housing market has remained buoyant. There are concerns that with the onset of the recession and subject to how severe and protracted this may be, there may be an adjustment to the housing market; however, at this moment in time, there are no signs of any adjustment taking place. The short to medium term position of the housing market remains difficult to forecast pending the state of the economy in a post pandemic era.

- Office Market – There is an identified lack of Grade A office accommodation within the city centre, which has been a prevalent factor of the office market for the last 20 years. This is because the main focus of office development in the last 20 years has primarily been at Pride Park, outside of the city centre. There have been a number of sites and schemes proposed for major Grade A office development; however, these have failed to materialise even with the existence of public sector funding being available to support viability.

The primary issue with the office market is not due to a lack of demand, in fact, the converse position exists with many office occupiers being in premises that are no longer fit for purpose and in a poor condition. The barrier to new office development relates to the fact that the majority of office occupiers within the city, require shorter term flexible leasehold arrangements typically between three to five years. Developers of new build schemes require to let completed properties on institutional type lease terms typically of a minimum of fifteen years, which is necessary to be able to secure loan finance required to meet costs of delivering a scheme. The potential for new office development to be delivered in accordance with market conditions therefore remains within Derby City.

- Retail – As referred earlier the retail market throughout the country has been undergoing significant changes over the last few years with a change in consumer habits and the predominance of shopping now being undertaken through the internet. The pandemic has also accelerated the downturn in the retail sector, this is evidenced through many companies both large and small filing for administration and disappearing from the high street

The exception to the retail position is that food retailers are the best performing at present, given that they supply essential goods. It is noted that the retail element of the Becketwell scheme is small scale in context with current economic and property market conditions, and likely only to be small convenience retail provided to service the local residents and immediate surrounding communities to the Becketwell area.

ii. Viability Assessment

Consultants, Thomas Lister Limited and Aspinall Verdi have been appointed by Derby City Council and SJS respectively, in order to prepare development appraisals to justify the investment of public sector funding in that this will ensure that a viable scheme is deliverable by the private sector developer.

The Business Case has concentrated on the development appraisal produced by Thomas Lister, which is based upon the outline planning permission for the entire scheme, including the new public realm. The development appraisal prepared was to derive a profit level that would be generated, using an agreed land value between the Council and SJS. The appraisal also incorporated benchmark build costs taken from BCIS to identify total costs of delivering the scheme.

The appraisal demonstrates that the scheme in accordance with the outline planning application is marginally viable. This profit level is considered to be acceptable albeit at the lower end of profit range given that SJS will not be building out the scheme but will be procuring a developer/operator to undertake this directly and therefore will be disposing of land in accordance with planning approvals in place.

Fundamentally, it is acknowledged that the scheme would not be viable without the £13.37 million to be invested by D2N2 LGF and the City Council, which has been factored into the development appraisals. Therefore, the scheme would not be viable without this investment.

iii. Procurement and Contractual Arrangements.

DCC has undertaken an assessment of the proposed procurement and contractual arrangements, based upon the previous developer competition, which saw the appointment of SJS as preferred developer. The delivery of the subsequent phases of the scheme will also be based upon land disposal at market value, with development appraisals produced for each scheme, to justify land value.

SJS have therefore, under the terms of the preferred developer acquired the Debenhams building at market value as assessed by independent consultants. With regard to the public square, this element of the scheme will be transferred to SJS who will be responsible for tendering the works and delivering the scheme. A waiver has been secured to award SJS the public square contract

by Derby City Council and this contract is now in place. It is confirmed that the value of the public square works are below the OJEU tendering threshold.

iv. Implementation Timescales.

It is noted that the acquisitions of the number of buildings within Becketwell has completed as has the subsequent sale of the Debenhams and Colyear Street buildings to SJS.

The demolition of Debenhams is underway and the demolition of the former Pennine Hotel on Colyear Street is due to take place in 2021.

SJS are intending to start Phase 1 works during 2021 along with the demolition of the United Reformed Church building and to commence construction of the public square. It is currently anticipated that Phase 1 residential will be completed by November 2022 and the Public Square by March 2023, although timescales in this regard are still indicative and a detailed programme for delivery required to be provided once planning approval is in place and terms with the investor of the build to rent scheme in place.

v. State Aid

Derby City Council have obtained legal advice from the Council's inhouse legal team and external State Aid specialist. The scheme is deemed to be State Aid compliant because the Council is either disposing or acquiring the land in accordance with market terms or facilitating the delivery of public facilities, which are not considered to be an economic activity for the purposes of State Aid.

**Assessors
Comments**

It is recognised that market conditions are extremely challenging at this time given the COVID-19 pandemic. Phase 1 of the Becketwell scheme will deliver build to rent housing that does not substantially exist within the city and should therefore meet a gap in market conditions. This also applied to Phase 2 and the provision of managed workspace, which will provide much needed new office stock to the city centre.

The later phases of Becketwell whilst incorporating those sectors which have been particularly hard hit by the pandemic, are likely to be delivered at a time post pandemic when more normal economic, social and market conditions have returned.

The viability of the scheme has been tested by appraisals undertaken by Thomas Lister Limited and Aspinnall Verdi. The findings of this viability testing are to confirm that the scheme is viable with all of the public sector investment from D2N2 LGF and Derby City Council, which should ensure the scheme is deliverable.

	In terms of procurement and State Aid, the Council has sought legal advice as appropriate both in the procurement of SJS and bringing forward Becketwell to implementation stage.
--	---

5.0 Summary of Financial Case

The Financial Case as presented primarily focuses upon the public sector investment that has been made and continues to be made in order to undertake the site assembly exercise and enable Phase 1 of the scheme to be delivered.

Total public sector investment into the Becketwell scheme is in the region of £13.4 million. The breakdown of public sector expenditure across the various elements of this scheme is summarised below as follows;

• Land acquisitions and purchases	£7,868,000
• Project Management and Professional	£1,218,000
• Demolition Costs	£2,506,000
• Construction of the Public Square	£1,500,000
• Obtaining Possession of the Retail Units	£279,000
Total	£13,371,000

It is noted that the site assembly of the Becketwell Scheme is 100% public sector funded. LGF is therefore sought £8,100,000, with the balance of £5.3 million being invested by Derby City Council.

With regard to funding and delivery of Phase 1, SJS have progressed with securing an investment purchaser for which Heads of Terms have been agreed for the purchase of the build to rent units on a forward funding basis. This means that the purchaser will agree to acquire the completed scheme and will bankroll the construction of the scheme to provide interim finance enabling the development to take place. It is further confirmed that solicitors are instructed on the draft agreement with the intention being that these are exchanged next year. Upon exchange of the agreements there will be a commitment to deliver the Phase 1 scheme, meaning that D2N2 will then have a commitment to the delivery of the residential housing units.

This also removes financial uncertainty with the delivery of Phase 1, given that SJS will be obligated to deliver the scheme on behalf of the investment purchaser.

Assessors Comments	<p>It is acknowledged that the information within the Financial Case relates to the site assembly process which is completed and the enabling demolition works, these will be fully funded utilising LGF from D2N2 and match funding from Derby City Council, which has been secured.</p> <p>Cost overruns on all future phases have been confirmed as the responsibility of SJS or the Council. Heads of Terms have been</p>
---------------------------	---

	<p>agreed for an investment purchaser for phase 1 which decreases the risk of phase 1 outputs.</p> <p>It is acknowledged that Becketwell is intended to be delivered as a series of phases over a number of years. It is further recognised that once Phase 1 is on site, the impending completion of this scheme will help to begin to establish Becketwell as a more desirable location to live and work, which will help encourage further investment and development in later phases of the scheme.</p> <p>The main risk to D2N2 at this time relates to the ability to deliver jobs from the Phase 2 scheme within the programme of the LGF funding. Clawback arrangements will be included within the contracting for the project.</p>
--	--

6.0 Summary of Management Case

The Management Case for this project has been detailed in the Full Business Case as follows;

i. Governance and Management Arrangements

The Becketwell project is being overseen by a Project Board, which is managed by an experienced project delivery team, project manager and project sponsor.

The project board and project management team have defined Terms of Reference, which are regularly reviewed and provide formal governance structure for the project. These arrangements have been put in place to ensure that there is full accountability for the project and that it can progress in accordance with the project brief agreed with the Council's leadership. The governance structure is based on PRINCE2 principles, which is a standard management tool for the delivery of major projects.

In addition, as a major project, Becketwell will also be subject to governance by the Council's Programme Management Office (PMO), which incorporates a 'project gateway' process, being a series of independent reviews at key stages of the project lifecycle aimed at ensuring that the project is successfully delivered.

ii. Risk Management

A risk register is being maintained and updated for the Becketwell scheme. The risk register is utilised to monitor the scheme and to identify measures to mitigate risk throughout the life of the project. The overall level of risk at this stage with the scheme is considered to be medium. The proactive management and monitoring of the scheme by the Becketwell board will ensure that earlier identification of risk and mitigation measures are also identified wherever possible.

iii. Benefits Realisation Plan (BRP)

A BRP is to be developed to inform the delivery and implementation of the scheme with a focus on delivery, brokering commitment and joint ownership on the part of the key partners.

The aspects of the scheme that have the greatest potential to deliver substantial net benefits, are the creation of employment opportunities and leveraging additional private sector investment.

The BRP will therefore focus on local employment opportunities, adopting a local procurement strategy and engaging with local communities to ensure that benefits generated by Becketwell are disseminated to the immediately surrounding communities and wider city area.

iv. Monitoring and Evaluation

A Monitoring and Evaluation Plan has been established for the project. The plan will review the following matters;

- Progress on financial expenditure and claims
- Progress on output and results
- Audited accounts
- Evaluating performance

A financial schedule will be completed on a quarterly basis along with progress on outputs and outcomes based upon agreed Key Performance Indicators.

**Assessors
Comments**

The Full Business Case and supporting information provided demonstrates that the scheme is subject to rigorous management, monitoring and evaluation based upon the project board that has been put in place and established process, protocol and procedures that will remain in place throughout the life of the project. No issues have therefore been identified in relation to the Management Case for this project.

7.0 Sustainability and Inclusion Impacts

DCC in working with SJS, have demonstrated a strong focus and sustainability and inclusion, given that Becketwell is within one of the most deprived areas of the city and has been in long-term decline.

Therefore, the following principles are being implemented within the scheme, which are summarised as follows;

- The scheme is to be a high-quality design so that Becketwell and the wider city area can evolve as a modern city, improving the life of its communities and residents.
- The Council is committed to realising the vision of a thriving, sustainable economy, that contributes to a more prosperous, better connected and increasingly resilient and competitive city over the long-term.
- The Derby Recovery Plan focuses on developing a holistic approach based on people, place and partnership with local coordination of services, supporting the wider health and wellbeing of its residents.
- The introduction of new uses into the city centre, including residential, will assist in diversifying and repurposing this particular area of the city.
- The Transport Policy also has the ability to impact on sustainability and inclusion through providing an alternative means of transport to those who do not own a car and are dependent on public and other means of transport. Connectivity and accessibility to Becketwell is key if residents and businesses are to be able to get to and from, live and work within this part of the city.

8.0 Officer's Recommendations

The recommendation is for £8,100,000 of LGF to be finally approved for the project, subject to compliance with the following condition:

- i. Planning permission to be granted by Derby City Council on the 7th of January 2021.

The LEP Officers will also ensure that the following commitments are adhered to as the scheme progresses;

- i. A detailed programme to be provided for the delivery of the Phase 1 scheme, once legal agreements have been agreed with the investment purchaser.
- ii. Any further viability issues arising on Phase 1 are to be underwritten by the Council/SJS to ensure delivery of the scheme as proposed.
- iii. The Council to keep D2N2 informed with the delivery of Phase 2, programme for construction and delivery of outputs.

Getting Building Fund Checklist

<p>1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model. 'The Checklist'¹ published by HM Treasury is a useful one page guidance paper.</p>	<p>Derby City Council have submitted a Green Book compliant Business Case for the Becketwell project which aligns the 5-case model.</p>
<p>2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.</p>	<p>The Value for Money assessment has confirmed that the project offers a score of High Value for Money</p>
<p>3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.</p>	<p>Hybrid planning permission was granted in September 2020. A Reserved Matters planning application for Phase 1 has been submitted and a decision is expected on the 7th January 2021 following a Planning Control Committee meeting.</p>
<p>4. Confirmation that any Section 106 or other agreements have been entered into.</p>	<p>Not applicable to this project</p>
<p>5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)</p>	<p>In March 2018 St James Securities were selected as the preferred bidder for the former Debenhams building.</p>
<p>6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs</p>	<p>The demolition of the Debenhams building has already taken place with the demolition of the Pennine Hotel to take place in early 2021 following the award of that contract.</p>

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/190603/Green_Book_guidance_checklist_for_assessing_business_cases.pdf

7. Confirmation that the promoter will be responsible for any variations to the contract price and overruns	Derby City Council are the project promoter and have confirmed they will be responsible for any variations in price.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	Phase 1 of the project is fully designed and beyond RIBA stage 4.
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	No current delays. Any possible delays due to impact of Covid are being monitored.
10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.	At the OBC stage it was proposed that this project would be delivered in five phases. It is now understood from the developer that as the scheme evolves, the phases and outputs are not likely to be delivered in accordance with the outline planning consent and will be delivered based on the market and on the most viable scheme.
11. Confirmation that all funding is now in place with details of the sources of funding.	Derby City Council have confirmed the funding is in place for the project.
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	The Council acquired Duckworth Square in 2014 and the former Debenhams building in 2017 (together with miscellaneous properties on Green Lane and Macklin Street). In October 2019, properties on Colyear Street were acquired by the Council. The Council will sell the land within its ownership on a phased basis to SJS.
13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.	A phasing plan for the delivery of the individual site elements has been provided by Derby City Council.
14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.	The project promoter has submitted an up to date risk register which includes mitigations to the issues identified.
15. The project sponsor must provide details of how this intervention will deliver on sustainability and inclusion	This has been provided and included in section 7 of the main report.

outcomes, including through the procurement and construction of the project.	
--	--

This page is intentionally left blank



D2N2 Investment Board – January 2020

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--	---

Meeting and Date	D2N2 Investment Board – 13 th January 2021		
Subject	Project for Approval – Worksop Access to Skills Hub		
Author	T Goshawk R Lister S Dancer	Total no of sheets (Excluding cover sheet)	15

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	--	-------------------------------------	--------------------------------------

Summary and Recommendations

In July 2020, D2N2 was allocated £44.4 million from the governments Getting Building Fund towards the delivery of a range of projects across the region to stimulate economic activity and aid recovery from the impacts of Covid-19 on the region. The funding is subject to each of the 10 identified projects submitting a business case that is fully compliant with the D2N2 Local Assurance Framework (LAF).

In order to support D2N2 and the accountable body, independent expertise has been procured from Thomas Lister Ltd and Amion consultants to assess each of the projects against the requirements of the local assurance framework.

This project being put before the Investment board has now been assessed and is being recommended for consideration and approval based on its full compliance with the LAF. Following an approval D2N2 will release £3.5 Million of Getting Building Fund to Bassetlaw District Council.

D2N2 Investment Board
Final Business Case – Project for Decision
Getting Building Fund

Project Name	Workshop Access to Skills Hub (WASH)	Project Applicant	Bassetlaw District Council
Construction Start Date	February 2021	Construction End Date	March 2022
Getting Building Fund Requested	£3,500,000	Total Project cost and Sources of funding	£430,000 from Bassetlaw District Council
Gross Value Added/ Benefit Cost Ratio	Initial Assessment is a Benefit Cost Ratio (BCR) of 6.18 Net GVA of £20,207,377	Expected Outputs	<ul style="list-style-type: none"> • 300 new learners • 50 jobs created/safeguarded • Public sector investment leverage £430,000 • New businesses created 60. • 37 construction jobs. • 2,520 sq m of floorspace refurbished.

1.0 Project Description

Bassetlaw District Council has submitted an application for Getting Building Fund (GBF), to meet the cost of refurbishing an existing building in Worksop known as Bridge Court, to create the Workshop Access to Skills Hub (WASH).

Bassetlaw District Council (BDC) acquired the long-term vacant building during 2019 and since that time have completed all feasibility, including detailed design and secured planning permission, to convert the building to create a state-of-the-art skills and educational hub in the town centre. The project will be delivered in partnership with the RNN Group (of Colleges) and the University of Derby, who will occupy the building by way of a five year lease, to provide skills and training along with access to higher education and for communities and businesses. Training will be provided in the health and care sectors, and the digital and low carbon growth industries.

The subject building extends to 2,520 sq m and requires complete refurbishment and some internal configuration to provide the following facilities;

- Classrooms
- Auditorium
- Mock Hospital Ward
- Office Space
- Breakout Informal Study Areas

The completed building will therefore offer a mix of higher education and further education qualifications across the following areas;

- Health
- Enterprise Leadership and Management
- Digital and Digital Transformation
- Green Technologies and Low Carbon
- Construction
- Engineering Facilities

In addition, the WASH will offer business courses supporting new business start-ups and job creation. Specifically, the courses which will be provided in the centre are summarised as follows;

Qualifications Offered by the RNN Group

- Foundation Degree in Professional Practice in Health and Social Care
- L5 Higher Apprenticeship (Assistant Practitioner)
- L4 Team Leader in Adult Care Apprenticeship
- CMDA in Business and Management
- L4 Construction Design and Build Technician Apprenticeship
- L4 Engineering Technician Apprenticeship
- L5 Operations Department Manager
- Foundation Degree Early Childhood Studies
- Access to HE

Courses to be provided by the University of Derby are as follows;

- Construction Management Degree
- Engineering & Environmental Science
- Health and Care Graduate Roles
- Digital Hub Online Learning at Degree Level

As referred earlier, the College has secured planning permission for the works and has appointed Lindum Group to undertake the works. Lindum were appointed in accordance with the Public Contract Regulations 2015, following a tender under BDC's contract procurement rules being also in accordance with BDC's contract procedure rules. A direct award of Lindum was made using the Pagabo Refit and Refurbishment Framework, which is also OJEU compliant.

Lindum Group working with the appointed architect are currently progressing the detailed design of the scheme to RIBA stage 4, and it is understood that this process is around 80% complete.

Lindum Group have confirmed however, that they are in a position to commence with the strip-out works required within the building immediately followed by the delivery of the initial works packages, which can be undertaken while the final elements of the detailed technical design are completed.

Once the refurbishment works have completed, the fitout of the building with specialist equipment will be undertaken, which concludes the works to be undertaken within the building.

Upon completion, the building will be occupied by RNN and University of Derby to provide the aforementioned educational and training courses.

The café is likely to be let to a private operator and will be done so by way of a formal lease in accordance with market terms.

The project is therefore at an advanced stage, being shovel ready and capable of early delivery following approval of the GBF requested.

Assessors Comments	The project is at an advanced stage of design with planning permission in place and Lindum appointed as contractor. Therefore, the scheme is considered to be shovel ready and able to proceed subject to funding under the GBF being secured.
--------------------	--

2.0 Summary of Strategic Case/Fit

The strategic fit of the project is presented below;

i. D2N2 Strategic Economic Plan (SEP)

The project would directly support three priority areas identified in the SEP as follows;

- The Health Care Sector
- Digital Technologies and Data
- Low Carbon Technologies

The project will assist in developing knowledge and innovation, along with enhancing skills and enabling a greater choice of the current and future workforce.

The project will also help those people into work through the apprenticeship provision that will be delivered and helping those hard-to-reach communities to upskill and reskill, in order to provide a highly adaptable workforce that are equipped with the skills needed to drive forward a modern economy.

ii. D2N2 Local Industrial Strategy (LIS)

This strategy identifies the businesses within the D2N2 area are upskilling more slowly than the country average, with GVA 14% below the UK average, because of low productivity. This gap has continued to widen over the last five years.

The project therefore supports a number of goals identified within the strategy including;

- Providing access and skills programmes to the local population, especially those identified as vulnerable.
- Providing a labour force that is more adaptable and incentivised to upskill.
- Creation of a high-quality labour pool which business can recruit from.
- A more balanced labour market with mid-high skill wages.
- Provision of exemplary business support to local businesses.
- Training providers align offers to the D2N2 labour markets.
- An expanding labour force with a good skills set to align to opportunities in clean energy sector.
- Manufacturing businesses to share innovation and expertise to support other business sectors across D2N2.

iii. D2N2 Economic Recovery and Growth Strategy

The project supports the priorities in the recently approved Economic Recovery Strategy focusing on the fact that the COVID-19 pandemic has escalated the need and speed to respond to the priorities relating to productivity, connectivity and clean growth.

This project supports this strategy through providing skills within sectors where there is an acute shortage of skilled labour force, thereby enabling opportunity to be linked to employment.

iv. D2N2 People and Skills Advisory Boards Priorities

The WASH is intending to work with this Board across its three strategic priorities to 2024;

- By creating sustainable skills pathways for the development of digital skills access, and providing online digital courses through the University of Derby from the Digital Suite at the WASH.
- COVID-19 recovery – the project will help to address the impacts of COVID-19 by working with employers to re-engage with apprenticeships, provide opportunities for residents to move out of sectors in decline and reskill within those sectors experiencing growth.
- Skill for growth – providing the long-term skills needs for high impact sectors within D2N2 being digital, engineering, low carbon, construction and health.

v. Bassetlaw District Council Local Plan

This project supports the strategic priorities of investing in place and investing in communities through helping to deliver vibrant town centres and supporting communities, with a focus on raising skills levels, improving health and wellbeing and supporting those most vulnerable residents.

vi. Bassetlaw District Council Regeneration and Growth Strategy

The project supports this strategy through;

- Repurposing a vacant building in Worksop town centre in a gateway location, introducing new non-retail uses to help revitalise the town.
- Improving skills levels within the local population, which are not well matched to current and projected workforce demands.
- Helping the cohort of older economically active residents who are struggling to access suitable employment opportunities.
- Help to address the acute skills shortage and labour pool within the local health sector.
- Improving accessibility for local people to be able to undertake training and educational courses.

vii. North Nottinghamshire Skills and Employment Board

The work of the Board is heavily influenced by the skills priorities of D2N2 and the People and Skills Advisory Board, with a place based focus to ensure there is a golden thread between what is happening at LEP and district level.

The project clearly supports the remit and priorities of the Board and will be able to link opportunities to need through representation on the Board of public, private and third sector organisations.

Assessors
Comments

The rationale for the project has been clearly identified within the Business Case and it is demonstrated that there is a clear alignment to D2N2’s strategic objectives, those of Bassetlaw District Council and associated partner organisations.

3.0 Summary of Economic Case and expected outcomes

A report has been prepared by Carney Green (“The Bridge Court Higher Education Campus GBF Application Economic and VfM Appraisal”) and was appended to the main Bridge Court Business Case. This report features the calculation of a **Benefit Cost Ratio (BCR)**, a quantitative assessment of net additional **Gross Value Added (GVA)** and **sensitivity testing**.

The expected outcomes of the project are summarised within the appraisal and include:

- **Improved visitor perceptions** with an enhanced northern gateway into the town centre

- **Catalyst for town centre regeneration**, with the WASH supporting a sense of ‘place’, attracting other non-retail uses and increasing footfall
- **Increase access and upskilling** for young people and carers returning to work, with increased engagement of local people in higher education and higher aspirations for residents
- **Contribution to levelling up** via exploitation of employment opportunities in low carbon technologies
- **Enterprise, innovation, and growth** for businesses
- **Improved digital connectivity** for isolated and rural areas through digital training courses and business support provision aimed at rural locations
- **Health outcomes** and improved well-being

With respect to the total project cost of £3,900,000, it has been assumed that the refurbishment cost allocation will occur in 2021/22.

The benefits considered within the economic appraisal are job creation, new firm formation and learner numbers. Taking these individually:

i. Job creation

A total of 37 jobs will be created by the construction activities linked to the Bridge Court refurbishment in 2021/22. Construction jobs were estimated based on ready reckoner from ‘Calculating Cost Per Job, Best Practice Note (2015), Homes and Communities Agency’.

Jobs will also be created through the operation of the WASH – 10 new jobs will be created in 2022/23 and 5 jobs will be safeguarded in both 2022/23 and 2023/24 (i.e. 10 in total). A further 30 jobs will accrue through partners employing staff to deliver new learning programmes over the period 2022/23 – 2026/27. Overall, this means there are **50 operational jobs** to be created or safeguarded in the operational phase in total.

ii. New firm formation

According to the Carney Green report, **60 new businesses** are projected to be created by the project over a 5-year period from 2022/23 – 2026/27.

iii. Learner numbers

Annual new learners will be generated by both the RNN Group and the University of Derby. Carney Green has provided a breakdown of the new learners over the period 2022/23 – 2026/27 and according to specific types of learners and courses. It is commented that these figures have been underinflated and are likely to increase as provision of the WASH is expanded. Overall, **301 new learners** will be engaged.

Carney Green’s economic appraisal has assessed the sub-regional (D2N2) net GVA and employment impacts of the project, applying **deadweight, leakage and displacement factors of 24%, 10% and 25%**, respectively. It is considered that a

small proportion of expenditure related to job creation is likely to occur outside the region because the business beneficiaries are expected to be clustered locally due to the targeted nature of the educational support. Moreover, it is commented that displacement will be low because of the significant focus on local resident beneficiaries.

Overall, after the application of Additionality Factors it is estimated that there will be **135 net jobs** (26 during construction and 109 otherwise). The projected 5-year (2022/23 - 2026/27) net sub-regional **GVA = £20.2 million** (NPV) in total.

By comparing the total benefit of £20.2 million with the total cost of £3.3 million, a **BCR = 6.18** being generated for the project.

Sensitivity testing has considered two scenarios where there is either a 15% or 30% reduction in benefits. In the former scenario, reducing the total NPV benefit to £17.2 million leads to a decline of the BCR to 5.26. Instead, a 30% reduction of benefits to £14.1 million results in a BCR of 4.33.

Overall, the economic appraisal highlights that, even after sensitivity testing, the project results in a substantial net sub-regional GVA contribution, a clear employment contribution and a strong BCR score over 5 years.

Assessors
Comments

The economic appraisal prepared by Carney Green provides independent validity of the Bridge Court proposals. Carney Green’s method of assessment is set out in an appendix to Business Case, which includes the economic and value for money appraisal, providing transparency and clarity with respect to the modelling used.

The approach broadly follows the principles in the new Green Book (2020) and BEIS Appraisal Guidance (2018).

Appropriate adjustments for additionality at local and sub-regional (D2N2) levels has been made to calculate benefits and clear rationale is provided as to how and why deadweight, leakage and displacement rates have been chosen. **It is the view of the Assessor that that these adjustments are appropriate and reasonable.**

The **BCR = 6.18** represents “**Very Good**” value for money. Sensitivity assessments have confirmed that this assessment holds true even when quantifiable benefits are reduced.

4.0 Summary of Commercial Case

The Commercial Case is presented to assess the optimum means to deliver the preferred option, along with setting out delivery and procurement arrangements. The Commercial Case is summarised as follows;

i. Market Assessment

The market assessment has utilised local data and statistics gathered by BDC in relation to its area and these are as follows;

- The District of Bassetlaw faces significant economic challenges, including reliance on low wages, low skills employment, with low educational null attainment levels prevalent within its communities.
- The District has significant health inequalities, which have a detrimental impact on life outcomes and experiences, mainly due to social and environmental factors including education and employment.
- The District has lower levels of life expectancy and higher levels of long-term illness. There are additional challenges relating to child poverty, children born to teenage mothers, and other medical conditions prevalent within the District. Public Health England confirms that people with severe and multiple disadvantages including poor health are likely to be the furthest from the labour market, have fewer qualifications and lower skills levels. These most vulnerable sectors of the community require the most support around education, training and employment.
- A strength of the District is its connectivity to major road and rail routes, particularly the A1, East Coast Main Line and the Sheffield to Lincoln railway. There is also good road connectivity with easy access to the M1 motorway, the A57 and A60 routes. The Robin Hood and Doncaster Sheffield Airport is located just outside Bassetlaw's boundary, offering international flights to a range of destinations. The East Coast Main Line also runs through the District providing a fast direct rail link to London with other services also proposed. The town will also benefit from the delivery of the High Speed 2 rail link with its proposed station at Toton.
- Positively, the area also has a strong track record in attracting new investment, this includes the facilities for the Cerealto Sio, the Harry Needle Railroad Company, Wilkinson, DHL and more recently Butternut Box. The District is also home to major companies including B&Q, Laing O'Rourke, Greencore, Samworth Brothers and Irizar. This is an opportunity to be capitalised upon.
- It has also been established that D2N2 area has a major mismatch in skills particularly in occupations such as IT engineers and technicians, where advertised demand is high but qualifications being produced through the existing skills system were much lower than required.
- Bassetlaw Integrated Care Partnership Workforce Strategy has identified that workforce growth has not kept up with the increasing demands that the NHS has, particularly with it having an aging workforce and more people retiring from roles than are qualifying and applying for posts vacated.
- It is also confirmed that residents in Bassetlaw who undertake higher education do so outside of the district and as such are generally retained in roles where they have trained, rather than returning to the District.
- It is indicated that next year, Doncaster and Bassetlaw hospitals and NHS teaching hospitals will create more than 200 jobs in a variety of

roles. It is anticipated there will be difficulties in being able to fill these posts.

- In terms of digital skills, recent analysis of the needs of businesses engaging with the Growth Hub identified that a lack of digital literacy and baseline digital skills contribute to productivity shortfall within D2N2. This is a major constraint to the growth and sustainability of local businesses.
- In terms of the low carbon sector and local green jobs, the Accelerating a Sustainable Economic Recovery Report completed in 2020, states that Bassetlaw is estimated to require 3,027 jobs by 2030 and 5,263 jobs by 2050, in order to support growth of this sector. Therefore, providing an appropriately skilled workforce will be crucial if these targets are to be met.

ii. Procurement Strategy

The College have progressed these projects through the procurement strategy, through having appointed Lindum Group utilising the Pagabo Refit and Refurbishment Framework, which is both OJEU compliant and in accordance with Public Contract Regulations 2015 and BDC's own contract procedure rules.

Lindum will deliver this project on a design and build basis and are currently working with the architect to complete the detailed design of the WASH. As referred earlier, Lindum will be able to proceed with the initial strip-out works for the building and initial work preparation to prepare for the full refurbishment works to be undertaken, and can undertake this once GBF funding has been secured and the project is in a position financially to be able to proceed.

iii. Delivery of the WASH

Upon completion of the refurbishment works and fitout of the building, the RNN Group and Derby University will occupy the space to provide various education and skills training by way of a formal five year lease.

Similarly, the occupation of the café will be by a private operator also occupying by way of a formal lease arrangement.

iv. State Aid

State Aid advice has been obtained from Freeths Solicitors who have confirmed that;

- The provision of the centre and occupation by educational institutions is a non-economic activity and does not therefore constitute State Aid.
- The acquisition and refurbishment of the building by BDC does not infringe State Aid Regulations if all activities are undertaken at market rates. Similarly, the letting of the building, providing that this is also on market terms does not constitute State Aid.
- The letting of the café to an operator will not constitute State Aid, if this is also in accordance with market terms.

On this basis there is not deemed to be any State Aid issues arising with this project.

Assessors
Comments

The Commercial Case has demonstrated need, demand and opportunity within the Bassetlaw area, underpinned by an identified gap in skills provision across the health, digital and low carbon sectors. In terms of the delivery of the scheme, this is now considered to be shovel ready, with planning approval in place, Lindum Group appointed to undertake the works and the completed building to be operated by the RNN Group and University of Derby in providing the various education and skills training in conjunction with employers needs. No issues have been identified with the commercial case. It is hereby recommended as a condition of investment, that copy of leases entered into with RNN, University of Derby and the café provider to confirm that the terms of occupation are in accordance with market rates so as to be compliant with State Aid rules.

5.0 Summary of Financial Case

The Financial Case presented for this project primarily identifies that funding from D2N2 under the GBF will be the primary funder for this project. The GBF will be expended on the full extent of the refurbishment works in order to enable the building to be occupied for the proposed uses.

The cost for the refurbishment of the building has been identified by Lindum Group working with the architect through the feasibility and design stage of the project to RIBA stage 3 and currently 80% of the way through RIBA stage 4.

The Business Case has been supported by scheme drawings produced by the architects and a high level schedule of itemised costs, which will be utilised to prepare a fully costed specification, once RIBA stage 4 has been completed.

It is therefore anticipated that the costs for delivering the project should be relatively robust given that these have been costed by independent consultants and contractor and are based on a good level of design and intelligence on the building.

The balance of funding for this project comes from BDC and has already been expended through the purchase of the Bridge Court building for £300,000 along with further expenditure of £100,000 for feasibility and essential maintenance works. In addition, BDC will be funding fitout of the capital equipment within the building at a further £30,000 taking their total match funding to £430,000. The acquisition of capital equipment for the project will be completed by the operating partners of the project.

With regard to the operation of the completed facility, as referred, BDC will be letting this to the RNN Group, University of Derby and private operator for the café by way of a five year lease on market terms. A copy of the leases to these third party organisations has not been provided and it is recommended as a condition of

investment that copies of leases for the letting of the completed building are provided to confirm disposal and operation of the building as proposed within the Business Case.

Assessors
Comments

The project has progressed to an advanced stage of design, has planning permission in place with BDC being the owners of the building. Given the level of intelligence that is available for the scheme and the fact that an architect and building contractor have been appointed, that the scheme should be delivered in accordance with the budget set for the project. With regard to the future operation of the building, given that this will be undertaken by the RNN Group and University of Derby, this is very low risk given that both are highly established education and skills training providers with expertise in their respective fields. The primary risk is that at the end of the five year lease term, that RNN Group and University of Derby decide to discontinue providing education and training from the facility and the project would only be sustained in the short term. As such it is therefore recommended that a copy of the lease to be in place with the respective third parties is provided to ensure that this is on market terms and secondly, to enable D2N2 to be able to instigate clawback measures if the scheme does not proceed beyond the first five year period.

6.0 Summary of Management Case

The Management Case for the project detailed within the Business Case is summarised as follows;

i. Programme Management and Governance

The project will have the following management structure in place;

- A Project Team is in place led by the Growth and Enterprise Manager and includes the Project Manager, Construction Manager and Principal Architect.
- The Growth and Enterprise Manager will oversee the governance of the project and will have the authority to agree changes and make decisions on the direction of the project and associated outputs. In turn the Project Team will report to senior managers, members and committees to communicate all progress, decisions and changes.
- BDC will retain overall responsibility for the project's delivery, which has already been approved at senior level through the committee report process. The senior responsible officer will be in place to ensure delivery of the programme and will liaise with the Project Team and project manager.
- The project will operate within the Framework of Financial Regulations of the Council, which sets out instructions and guidance for processing business transactions. This guidance covers budgetary control, procurement of goods and services, management, retention, security and disposal of records, payments for goods, services and works, risk

<p>management, insurance, protection of public funds and audit. These financial regulations are fully compliant with EU and UK public procurement directives.</p> <ul style="list-style-type: none"> • Once the WASH opens, BDC will oversee the day-to-day management of the building and provide service space to the RNN Group, University of Derby, the café and other providers that may use the facility. A governance document will outline the services the Council will provide to partners, detailing provision from the centre and to confirm roles and responsibilities on each side. As noted, service space lease agreements will be put in place. • A steering group is also to be established for delivery partners, to focus on the qualifications/skills provision, to plan future curriculum, coordinate space requirements, focus on marketing, communication and business development for the WASH to maximise positive outcomes. The steering group will comprise partners from the local authority, health sector, education sector and voluntary sector with individuals for the steering group from these sectors already appointed. 	
<p>ii. Project Monitoring</p> <p>The Project Manager for the scheme will implement a monitoring framework to record outputs and fulfil the reporting requirements of D2N2. In addition, once the WASH is in operation, the Growth and Enterprise Team and Economic Development Team will implement a monitoring framework to record outputs with regard to the new jobs created and safeguarded, learners supported and the businesses assisted and created.</p>	
<p>iii. Risk Management</p> <p>A full risk register has been provided for this project that fully identifies all potential risks with the delivery of the scheme through the final procurement and delivery stages. Given the advanced stage of the scheme, the overall risks associated with the project is low and there are no issues identified in this regard.</p>	
Assessors Comments	The Full Business Case demonstrates that BDC have established project management, governance and risk management strategies in place that was established at the inception stage of this project. No issues are therefore identified in relation to the Management Case.

7.0 Sustainability and Inclusion impacts

The WASH will reduce the dependency on low skill and low paid employment and level up the economy by providing new opportunities to access learning and thereby employment. The Council, North Nottinghamshire Skills and Employment Board and Partnership Group have a strategic priority on inclusive employment within the skills delivery plan to open up opportunities to all residents to access skills to improve their employment prospects and progression in employment.

The development of this centre allows the above strategic objective to be achieved by supporting both people leaving full-time education to access higher skills and mature individuals that have been displaced due to Covid-19 as they were working within a declining sector to retain and gain new skills for sectors that are experiencing growth e.g. health and care, digital and low carbon.

Further to the economic benefits already outlined, the project will have a significant and positive impact on the health and wellbeing of the communities of Bassetlaw. Communities in Bassetlaw experience health inequalities which have a detrimental impact on life outcomes and experiences, many due to social and environmental factors such as education and work.

8.0 Officer's Recommendations

The recommendation is for £3,500,000 of GBF to be approved for this project, subject to compliance with the following conditions;

- i. BDC to provide a copy of the final contract sum agreed with Lindum Group to demonstrate that the project can be delivered within the allocated budget for the scheme.
- ii. A detailed programme for delivery of the scheme to be provided once Lindum are formally appointed and once Lindum have prepared a construction programme for the delivery of the refurbishment works through to practical completion.
- iii. A copy of the lease agreements in place with third parties occupying the completed building are to be provided, to demonstrate these are in accordance with market terms and arrangements that will take effect at the end of the lease term.

Getting Building Fund Checklist

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model. 'The Checklist' published by HM Treasury is a useful one page guidance paper.	Bassetlaw District Council have submitted a green book compliant business case which aligns to the requirements of HM Treasury's guidance and the D2N2 Local Assurance Framework.
2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	Amion have carried out an independent assessment of the projects Value for Money and can confirm that the project represents 'Very Good' Value for Money
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	Planning consent has been approved for the project in August 2020 by Bassetlaw District Council (planning reference 20/00696/COU)
4. Confirmation that any Section 106 or other agreements have been entered into.	No section 106 obligations are linked with this planning permission.
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	The Lindum Group were awarded a 'direct award' contract for the project through the PAGABO refit and Refurbishment framework which is a recognised and OJEU compliant procurement framework.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	Demolition Works begin – 22 nd February 2021 Main Construction works begin – 5 th April 2021 Main construction works end – October 2021 Internal Works complete – February 2022
7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with	Bassetlaw District Council have confirmed that they are responsible for any cost overruns to the construction contract.

<p>the details submitted. The promoter should submit a separate letter appended to the Business Case which confirms this from their Financial Director or equivalent.</p>	
<p>8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</p>	<p>Bassetlaw District Council have confirmed that the project is designed to RIBA Stage 4.</p>
<p>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</p>	<p>There are no specific outstanding points that will delay the start up of the contract.</p>
<p>10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.</p>	<p>No substantial changes to the business case have been made from the EOI</p>
<p>11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.</p>	<p>Full confirmation has been received from Bassetlaw District Council that they have all the match funding available for the project.</p>
<p>12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project</p>	<p>Bassetlaw District Council are in full control of the land and have all of the appropriate accesses and permissions to deliver the entirety of the project.</p>
<p>13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.</p>	<p>A phasing plan for the development has been submitted to the LEP as part of the Final Business Case submission from Bassetlaw District Council.</p>
<p>14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.</p>	<p>A full and updated risk register has been provided by Bassetlaw District Council.</p>
<p>15. The project sponsor must provide details of how this intervention will deliver on sustainability and inclusion outcomes, including through the procurement and construction of the project.</p>	<p>Details of the projects sustainability and inclusion impacts are included in section 7 of the main report.</p>

Document is Restricted

This page is intentionally left blank

PUBLIC

Agenda Item 3

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 13 January 2021 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council), S Webster (Nottingham City Council), J White (Bassetlaw District Council, and D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative).

Also in Attendance: J Battye (Derbyshire County Council), J Beresford (Bassetlaw District Council J Davies (Gedling Borough Council), B Dawe (Derby City Council) E Dennis (Bassetlaw District Council), J Dexter (BEIS), C Durrant (Chesterfield Borough Council), T Goshawk (D2N2 LEP), R Harding (D2N2 LEP), J Harrison (Bassetlaw District Council), T Mace - Ackroyd (RNN Group), J Player (PRB Architects), S Rose (D2N2 LEP), I Sankey (Erewash Borough Council), J Seymour (Derbyshire County Council) P Seddon (Nottingham City Council), N Taylor (Bassetlaw District Council) Sarah Wainwright (Accountable Body) C Williams (Derby City Council) and D Wright (BEIS)

Apologies for absence were submitted on behalf of Councillors C Hart (Erewash Borough Council) and B Lewis (Derbyshire County Council).

01/21 **DECLARATIONS OF INTEREST** D Williams declared a personal interest in relation to minute reference 06/21 – Project for approval – Becketwell, due to a business involvement with the project.

02/21 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 9 December 2020

03/21 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme and Getting Building Fund programme including an update on progress against the financial targets for this year.

The report also updated the Board on the change requests submitted for the Our City our River project.

Coming into the last year of the Local Growth Fund programme the LEP had £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the March 2021 deadline. Of the £40m allocated within this year, D2N2 had recorded £16,617,586 of actual spend in the first two financial quarters of the year and had

made payments of £18.5m in Quarter 3, an actual spend figure would be presented to the next meeting once third quarter claims had been reviewed. LEP Officers were working closely with project sponsors for all projects that are 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure could be met.

Whilst recognising that there were always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects were approved as set out, LEP officers still believed that they would will be able to achieve full spend of the Local Growth Fund. The LEP had also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown was included within Item 5 on the Agenda for this meeting which included both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Two projects were highlighted at the November Investment Board as presenting potential risks to the expenditure profile of the Local Growth Fund programme. These projects were the Chesterfield Station Masterplan project (Hollis Lane Link Road) and the Woodville-Swadlincote project. These projects delivered an update to the December meeting which provided reassurances of spend by the March 31st deadline. Officers from DCC confirmed at the meeting that both projects were on track to meet this deadline.

Following the announcement of the Getting Building Fund projects in August, D2N2 have now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP would not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP would continue to work with project sponsors to accelerate spend where possible and any underspends would be utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project were included for consideration as a separate agenda item at this meeting and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval would be received at this meeting.

The LEP continued to have ongoing dialogue with all projects to ensure that progress against forecasted targets was being made. The LEP communicated with all sponsors and monitors specifically the projects it deemed to be at most risk of underachievement. They noted that no capital project came without risks and

therefore looked to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continued to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility had been granted to the LEP to extend the spend period beyond March 2021. The LEP will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline. LEP Officers were expecting to receive Quarter 3 monitoring returns in the middle of and these would be reported at the next meeting.

During 2019 the LEP carried out a mid-term evaluation of the Local Growth Fund Programme which looked at 20 of the projects which had progressed in the earlier stages of the programme. An impact analysis of these project was presented to the LEP Investment Board and the data had been used to inform the overall monitoring of the programme.

In line with Government best practice and the LEPs own commitment to monitoring and evaluation the LEP would be undertaking their first end of programme evaluation in the next financial year and would look to gain an understanding of the overall impact that its investments had had on the D2N2 Economy and the people that the funding has impacted.

Following a request from Derby City Council to alter the output profile of the Our City Our River project, Derby City had undertaken work to revise the schedule of outputs for the project and submitted formal project change requests to the LEP for approval.

Following the independent review by Hatch Regeneris it had been confirmed that the project still represented 'Very Good Value for Money' based on the assessment. The change request was appended to the report.

Board Members made a number of comments and asked questions which were duly noted or answered.

RESOLVED (1) to note the current position on the programmes and the update on projects;

(2) to approve the change request from Derby City Council to the Our City Our River project as appended to the report.

04/21 **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund Current forecast showed that in 2020/21 the programme was over committed by £1.81 m.

The LEP and Accountable Body continued to work closely with projects regarding grant profiles and expenditure figures for the remaining projects and would be monitored closely throughout the year to ensure any grant given could be

evidenced with expenditure. Government had confirmed there was no extension to the programme and all monies must be spent by 31st March 2020.

The overall budget position was shown in Appendix 1 to the report. The grant profile for the final year of the programme 20-21 was shown in Appendix 2.

In relation to the Getting Building Fund on the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22.

All projects within the programme had now submitted their spend profiles to the LEP and Accountable Body as detailed in Appendix 3 to the report. LEP's had been given permission to utilise their freedoms and flexibilities with their Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme was overcommitted by £2.44m which would be funded by using the Growing Places Fund (GPF)

Board Members made comments and asked questions which were duly noted or answered.

RESOLVED that the report be noted.

05/21 **D2N2 MILESTONES - UPDATE** The Board were asked to note the Milestones report on the D2N2 Getting Building Fund Programmes

The report showed the Milestones that were agreed within the last year and detailed the progress against the delivery of those milestones. Details of each individual project were provided at the meeting and recommendations followed each project giving their milestone progress. Further verbal updates were given by some of the promoters at the meeting.

Drakelow Park (Drakelow Developments Limited) - The Investment Board were recommended to note the milestones and await the final business case for approval in June 2021. The project would continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

UK Electrification of Aerospace Propulsion Facility (University of Nottingham) - The Investment Board were recommended to note the milestones and await the final business case for approval in February 2021.

Transforming Nottingham's Southside (Nottingham City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in March 2021.

MRC Midlands (Derby City Council) - The Investment Board were recommended to note the delay in the milestones and await the final business case for approval in June 2021. The project would continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor would be requested to provide a full formal update to the Investment Board including next steps.

SmartParc (Derby City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in October 2021

Board Members made a number comments and asked questions which were duly noted or answered

RESOLVED to approve the recommendations above, as detailed in the report.

06/21 **PROJECT FOR APPROVAL – BECKETWELL** Members were informed that this project had previously been granted £8.1m in pre compliance funding by the Investment Board and was therefore requesting with this Final Business Case that the funding was converted in to a grant.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd.

This project being put before the Investment board had now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF. Planning approval was confirmed at the meeting by Derby City Council.

Becketwell comprised an identified regeneration area extending over 1.9 hectares in Derby City Centre. Becketwell comprises Duckworth Square, the former Debenhams building on Victoria Street, Becket Street and Colyear Street.

Over the past four decades, the Becketwell area had been in a spiral of decline following the closure of the former Duckworth Square shopping centre in the 1980s, the eventual relocation of Debenhams into the newly built Intu centre and the ongoing deterioration of the nightclub, offices and hotel buildings on Colyear Street due to increasing vacancy rates and lack of investment. Over time, the vacant and poor quality building have created environmental blight within this area of the city, the market had been unable to deliver the sustainable regeneration of this part of the city.

In March 2018, St. James Securities Ltd (SJS), were selected as the preferred developer for the former Debenhams department store and a Masterplan for the whole of Becketwell has subsequently been developed. At this time, there was also an opportunity for Derby City Council to acquire property located on Colyear Street

comprising offices, car parking, former nightclub and hotel, which facilitated the assembly of a comprehensive regeneration site.

Since this time, SJS had secured outline planning permission for the comprehensive regeneration of Becketwell, following a resolution to grant permission in February 2020. On 7th September 2020, a hybrid planning application including a reserved matters application for Phase 1 was submitted for a residential led development to be delivered alongside a new public square. Confirmation was given at the meeting that the he planning application was approved by Derby City Council's Planning Committee on 7th January 2021.

D2N2 were contributing £8.1m of Local Growth Funding towards land purchases and demolition costs on the Becketwell site which would enable the delivery of new jobs and residential units in Derby City Centre. Which would enable the delivery of;

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

It was confirmed that Phase 2 was proposed as a managed workspace scheme and would deliver 250 new jobs, which were being claimed as an output against the LGF. Phase 2 was however excluded from this LGF financial application as construction of the centre would be outside of the LGF programme. Land acquisition terms had been agreed for this phase and it was expected to be delivered in a 5 year period.

The scheme therefore currently proposed to be delivered and subject to the Business Case submitted by Derby City Council was Phase 1 comprising 1a, 1b and 1c being the 259 residential build to rent units, new public square ancillary ground floor retail/commercial uses and car parking.

Following the granting of planning consent on 7th January 2021, terms with the build to rent investor could now be finalised and the development brought forward for implementation, anticipated for a start on site for the residential units in April 2021 and practical completion in November 2022. The public square would commence on site in September 2022 and complete in March 2023.

Detailed summaries were given of the Strategic Case/Fit; Economic Case and expected outcomes; Commercial Case; Financial case and Management Case along with the assessors comments in each area and their recommendation

Councillor M Holmes, C Williams, Head of Regeneration, and B Dawe, Project Manager (Derby City Council), attended the meeting and provided a presentation to compliment the report in terms of the Strategic, Economic, Financial, Commercial and Management case for the project and the delivery milestones

The LEP Officers would also ensure that the following commitments were adhered to as the scheme progresses;

- (a) A detailed programme to be provided for the delivery of the Phase 1 scheme, once legal agreements have been agreed with the investment purchaser.
- (b) Any further viability issues arising on Phase 1 are to be underwritten by the Council/SJS to ensure delivery of the scheme as proposed.
- (c) The Council to keep D2N2 informed with the delivery of Phase 2, programme for construction and delivery of outputs.

Members made comments and asked questions which were duly noted or answered.

RESOLVED to approve the project and to release the £8,100,000 of Local Growth Fund grant to Derby City Council, subject to the conditions listed.

07/21 **PROJECT FOR APPROVAL – WORKSOP ACCESS TO SKILLS HUB** Members were informed of a request for £3.5m from Bassetlaw District Council from the Getting Building Fund to support the Worksop Access to Skills project.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd and Amion consultants

This project being put before the Investment board has now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF.

Bassetlaw District Council has submitted an application for Getting Building Fund (GBF), to meet the cost of refurbishing an existing building in Worksop known as Bridge Court, to create the Worksop Access to Skills Hub (WASH).

Bassetlaw District Council (BDC) acquired the long-term vacant building during 2019 and since that time had completed all feasibility, including detailed design and secured planning permission, to convert the building to create a state-of-the-art skills and educational hub in the town centre. The project would be

delivered in partnership with the RNN Group (of Colleges) and the University of Derby, who would occupy the building by way of a five year lease, to provide skills and training along with access to higher education and for communities and businesses. Training would be provided in the health and care sectors, and the digital and low carbon growth industries.

The subject building extends to 2,520 sq m and required complete refurbishment and some internal configuration to provide the following facilities;

- Classrooms
- Auditorium
- Mock Hospital Ward
- Office Space
- Breakout Informal Study Areas

The completed building would therefore offer a mix of higher education and further education qualifications across the following areas;

- Health
- Enterprise Leadership and Management
- Digital and Digital Transformation
- Green Technologies and Low Carbon
- Construction
- Engineering Facilities

In addition, the WASH will offer business courses supporting new business start-ups and job creation. Details of the Qualifications Offered by the RNN Group and Courses to be provided by the University of Derby were detailed in the report.

The College had secured planning permission for the works and had appointed Lindum Group to undertake the works. Lindum were appointed in accordance with the Public Contract Regulations 2015, following a tender under BDC's contract procurement rules being also in accordance with BDC's contract procedure rules. A direct award of Lindum was made using the Pagabo Refit and Refurbishment Framework, which is also OJEU compliant.

Lindum Group working with the appointed architect were currently progressing the detailed design of the scheme to RIBA stage 4, and it was understood that this process is around 80% complete.

Lindum Group had confirmed however, that they were in a position to commence with the strip-out works required within the building immediately followed by the delivery of the initial works packages, which could be undertaken while the final elements of the detailed technical design were completed.

Once the refurbishment works had completed, the fit out of the building with specialist equipment would be undertaken, which concluded the works to be undertaken within the building.

Upon completion, the building would be occupied by RNN and University of Derby to provide the aforementioned educational and training courses.

The café was likely to be let to a private operator and would be done so by way of a formal lease in accordance with market terms.

The project was therefore at an advanced stage, being shovel ready and capable of early delivery following approval of the GBF requested.

Detailed summaries were given of the Strategic Case/Fit; Economic Case and expected outcomes; Commercial Case; Financial case and Management Case along with the assessors comments in each area and their recommendation

N Taylor, Chief Executive and J Beresford, (Bassetlaw District Council), attended the meeting along with Joe Player (PRB Architects), and T Mace –Ackroyd (RNN Group) and provided a presentation to compliment the report in terms of the Strategic, Economic, Financial, Commercial and Management case for the project.

Following a review of the business case alongside the independent assessment of the market evidence, officers would recommend the Investment Board to approve the request of £3.5m of Getting Building Fund (GBF) to be released to Bassetlaw District Council subject to

- (a) BDC providing a copy of the final contract sum agreed with Lindum Group to demonstrate that the project can be delivered within the allocated budget for the scheme.
- (b) A detailed programme for delivery of the scheme to be provided once Lindum are formally appointed and once Lindum have prepared a construction programme for the delivery of the refurbishment works through to practical completion.
- (c) A copy of the lease agreements in place with third parties occupying the completed building are to be provided, to demonstrate these are in accordance with market terms and arrangements that will take effect at the end of the lease term.

Members made comments and asked questions which were duly noted or answered.

RESOLVED to approve the project and to release the £3.5m of GBF grant to Bassetlaw District Council, subject to the conditions listed.

08/21 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 11 February 2021 at 2.00pm.

09/21 **EXCLUSION OF THE PUBLIC RESOLVED** that the public be excluded from the meeting during the consideration of the remaining items on the agenda to avoid the disclosure of the kind of exempt information detailed in the following summary of proceedings:

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC WERE EXCLUDED FROM THE MEETING

1 To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 9 December 2020 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

10/21 **EXEMPT MINUTES RESOLVED** to confirm the exempt Minutes of the meeting of the D2N2 Investment Board held on 9 December 2020