

Public Document Pack



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

Extension 07815 972410
Direct Dial 07815 972410
Ask for Ivan Walters

PUBLIC

To: Members of D2N2 Investment Board

Monday, 6 September 2021

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **10.00 am** on **Tuesday, 14 September 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
To confirm the non-exempt minutes of the meeting of the D2N2 Investment

Board (IB) held on 24 June 2021

4. Item 3 2021-06-24 IB TG Final (Pages 1 - 6)
5. Capital Programme Overview
6. Capital Programme Budget
7. Output Performance Update - Quarter 1 2021/22
8. Audit Report
9. Date of Next Meeting - TBC
10. Exclusion of the Public

(The Board is asked to move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

PART II - EXEMPT ITEMS

11. Minutes (Pages 7 - 10)

To confirm the exempt minutes of the meeting of the D2N2 Investment Board (IB) held on 24 June 2021

12. Project for Approval - NAMRC
13. Project for Approval - Drakelow Park

PUBLIC

Agenda Item 3

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 24 June 2021 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council); P Gilby (Chesterfield Borough Council), K Girling (Nottinghamshire County Council), C Hart (Erewash Borough Council), M Holmes (Derby City Council), B Lewis (Derbyshire County Council), S Webster (Nottingham City Council) J White (Bassetlaw District Council, and D Williams (D2N2 LEP)

Also in Attendance: N Cockrell (Bassetlaw District Council) O Dove (Erewash Borough Council) C Durrant (Chesterfield Borough Council), J Davies (Gedling Borough Council) D Fletcher (Derby City Council) T Goshawk (D2N2 LEP), C Henning (Derbyshire County Council), K Knowles (D2N2 LEP), R Lister (Thomas Listers Ltd), M Reynolds (D2N2 LEP) S Rose (D2N2 LEP), P Old (Smartparc), J Sayer (Derby City Council), P Simpson (Derby City Council), Sarah Wainwright (Accountable Body) L Wigley (BEIS), J Wild (Smartparc) and C Williams (Derby City Council)

31/21 **DECLARATIONS OF INTEREST** There were no declarations of interest

32/21 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 10 March 2021

33/21 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** The Board agreed to move consideration of that part of the report that referred to the MRC Midlands project, to the exempt part of the meeting, as the verbal milestones update to be presented to the Board by the promoter at the meeting contained information relating to the financial or business affairs of any particular person (including the Authority holding that information). 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 Local Growth Fund concluded on the 31st of March from a financial perspective, and it was confirmed that the LEP utilised all £250.7m of funding from Government before the spend deadline. The LEP had a total of £7,798,234 that was required to be spent in the final quarter of the year and all projects had delivered on their spend forecast including the overspend which was set at £1.8m to provide

programme coverage. The overspend had been funded by the Growing Places Fund.

A full final budget breakdown was to be considered as a separate report at this meeting and included the financial position of the overall programme from 2015-2021.

Although the funding period for the Local Growth Fund programme had now concluded, the programme would continue to be monitored with quarterly monitoring returns still in place for all projects. The LEP would work with project sponsors and the Accountable Body to ensure that all output requirements were monitored and reported for the lifetime of the programme.

Alongside the regular monitoring returns, the LEP were undertaking thematic based evaluations of its projects and the LGF programme to demonstrate the impacts that had been made through its investments. The evaluation process would be carried out on a rolling basis and a schedule of evaluation would be created so projects were invited to take part when they had begun to deliver the impacts agreed at the final business case stage.

A number of progress updates were detailed in the report and been merged by the following project themes; visitor economy; business space; housing development; skills projects and life sciences.

Following the announcement of the Getting Building Fund projects in August 2020, 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 and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this was explained further in the budget paper under consideration at this meeting..

Progress was going well with the Getting Building Fund, and the LEP had spent £5.96m to date. Subject to the approval of the Smartparc project, which was being recommended for approval at today's meeting, the LEP would have approved 8 out of 10 projects, representing 84% of the total funding value.

One project to note in particular was the Chesterfield College project, the project sponsor had confirmed that all works to the refurbishment of the centre had been completed in line with expected timescales and the centre had now been opened to students in May.

Milestones for the Drakelow Park project were provided at the meeting:

Drakelow Park (Drakelow Developments Limited) - The project had been delayed to a September business case approval due to redesigns being required.

The LEP continue to meet with the project sponsors and all other relevant partners and can report good progress towards the delivery requirements. The Investment Board were recommended to note the progress of the project and await the business case to be delivered in September 2021.

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

The Chair thanked Board Members and LEP Officers for their efforts in getting the LGF to the end of the programme.

RESOLVED (1) to note the current position on the LGF and GBF programmes; and

(2) to approve the recommendations for the Drakelow Park Project detailed above

34/21 **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund the programme finished £1.78m over committed at the end of March 2021 which was funded from the Growing Places Fund (GPF).

All projects were able to demonstrate full LGF expenditure to ensure all the LGF grant had been utilised before the 31st March 2021.

The overall final budget position was detailed in Appendix 1 to the report.

In relation to the Getting Building Fund at the end of March, £5.96m had been spent on projects with the remaining £16.24m utilised as Freedoms and Flexibilities with the Accountable Body.

Appendix 2 to the report showed the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme is overcommitted by £2.45m which will be funded by using the GPF

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

RESOLVED that the report be noted.

35/21 **OUTPUT PERFORMANCE UPDATE – QUARTER 4** Board Members were informed that as part of the contractual commitment for the £250m of Local Growth Funding, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP were committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which ran up to 2035, which was beyond the financial end of the programme in 2021 recognising that most of the activities would generate impact much later than the initial investment.

The report provided a detailed update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government the LEP were targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2020/21 financial year, delivery since the start of the programme and the lifetime of the programme

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 4 2020/21 and Appendix B shows analysis of the outputs by project.

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

RESOLVED to note the update report.

36/21 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

37/21 **EXCLUSION OF THE PUBLIC FROM THE MEETING RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING

1. To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 10 March 2021 contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
2. MRC Midlands – Milestones Update (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

3. Project for Approval – Smartparc, Derby (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

This page is intentionally left blank

D2N2 Investment Board – September 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 – 14 th September 2021		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	

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.</p>

D2N2 INVESTMENT BOARD

September 2021 D2N2 Capital Programme Update

Introduction

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

Getting Building Fund progress update

Following the announcement of the Getting Building Fund projects in August 2020, the LEP has 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 and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this will be explained further in the budget paper.

Progress is going well with the Getting Building Fund, and we have spent £9.63M to date. Subject to the approval of the MRC and Drakelow Park projects, which are being recommended for approval at today's meeting, we will have approved all 10 of our Getting Building Fund projects.

Spend is being continually monitored with projects and all are continuing to deliver in line or close to their projected profiles. Where projects are slipping behind profile the LEP are meeting with the project sponsors to discuss the reasons behind any slippage and mitigations to bring the profile back on track.

Growing Places Fund Review

The LEP are currently working to undertake a review of the Growing Places Fund to find a new way to utilise the funding that was granted in 2011. The LEP was originally awarded £24.3m of funding to generate economic activity across the D2N2 area and has utilised £17.4m of that to date. As the fund has previously been used for loan awards the money will continue to be recycled back in to the LEP and this has resulted in £10m of funding now being available to be utilised.

The LEP is currently engaging with partners and has consulted other LEPs across the country to look for lessons learnt about how any funding may be utilised in the future. Officers will continue to work with partners on the scoping of potential future

Item 4

funding pots and will also await the outcome of the LEP review before putting a set of recommendations before the LEP Board and Investment Board.

This page is intentionally left blank



D2N2 Investment Board Cover Sheet – 14th September 2021

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

Meeting and Date	Investment Board 14 th September 2021		
Subject	Capital Programme Budget		
Author	E Robinson	Total no of sheets	3

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 final budget position of the Local Growth Fund (LGF) and the ongoing Getting Building Fund (GBF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD**14th September 2021****Capital Programme Budget****Local Growth Fund (LGF)**

As confirmed to the Investment Board on 17th June the LGF programme finished at the end of March 2021. It can be confirmed that there has been no change to the previously reported position

All projects were able to demonstrate full LGF expenditure to ensure all the LGF grant had been utilised before the 31st March 2021. The £1.78m over commitment remains and as reported will be funded from the Growing Places Fund (GPF).

The overall final budget position can be viewed on the 17th June paper.

Getting Building Fund (GBF)

At the end of June, £9.63m had been spent of projects. The 2021/22 allocation of £22.2m has been received bringing the total GBF grant to £44.4m.

Appendix 1 shows the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme is overcommitted by £2.46m which will be funded by using the GPF.

Appendix 1

Project name	20/21			2021/22					Grand Total £m	Status	Promoter
	Q3 Actuals	Q4 actual	Total £m	Q1 actual	Q2	Q3	Q4	Total £m			
Workshop Access to Skills Hub		0.44	0.44	0.47	1.27	0.96	0.36	3.06	3.50	Approved	Bassetlaw District Council
Centre for Excellence in Construction and Digital	0.11	0.39	0.50					0.00	0.50	Approved	Chesterfield College
Digital Turbine Centre, Worksop	0.01	0.35	0.36	0.00	0.23			0.24	0.59	Approved	Nottinghamshire County Council
Drakelow Park, South Derbyshire			0.00		0.20	1.20	1.20	2.60	2.60		Private Sector
Food Innovation Parc			0.00		2.71	5.64	3.64	12.00	12.00		Derby City Council
Glossop Town Hall, Glossop	0.12	0.19	0.31	0.47	0.37	0.35	0.51	1.69	2.00	Approved	High Peak Borough Council
LEP Management		0.08	0.08				0.20	0.20	0.28		
Lyndhurst, Mansfield	0.06	0.10	0.15	0.64	0.96	1.17	0.08	2.85	3.00	Approved	Nottinghamshire County Council
ARC Midlands, Derby			0.00		2.11	3.15	1.61	6.88	6.88		Derby City Council
Transforming Nottingham's Southside		0.32	0.32	0.60	2.32	2.02	2.72	7.67	7.99	Approved	Nottingham City Council
Electrification of Aerospace Propulsion Facility		3.88	3.88	1.41	2.31			3.72	7.60	Approved	University of Nottingham
Freedom and Flexibility to DCC		16.24	16.24				-16.24		16.24		
Total GBF Commitments	0.29	21.98	22.27	3.60	12.50	-1.74	10.32	24.67	46.94		
Capacity funding			0.09								
Capital GBF funding			22.20								
Total GBF funding			22.29					22.20	44.49		
Annual (under)/over commitments			-0.01					2.47			
								Overall overspend	2.46		

This page is intentionally left blank



D2N2 Investment Board Cover Sheet – 14th September 2021

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

Meeting and Date	Investment Board 14 th September 2021		
Subject	Output Performance Update-Quarter 1		
Author	T Goshawk/E Robinson	Total no of sheets	8

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

Summary and Recommendation(s)
<p>This paper provides an update on the output performance of the Local Growth Fund (LGF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD

14th September 2021

Local Growth Fund Output Performance Update- 2021-22 Quarter 1

As part of the contractual commitment for the £250m of Local Growth Funding, D2N2 have a series of output targets as a mechanism of measuring the impact on the economy. The LEP are committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which runs up to 2035, which is beyond the financial end of the programme in 2021 recognising that most of the activities will generate impact much later than the initial investment.

This paper provides an update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government we are targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics will be shown for the 2021/22 financial year, delivery since the start of the programme and the lifetime of the programme

Delivery to Date – Up to Q1 2021/2022

These figures show the Contracted target and delivery for the programme from 2015 to Q1 2021/22.

	Jobs	Homes	Learners
Contracted Target to Q1 2021/22	17,578	6109	3.288
Actual to Date (Up to and including Q1 2021/22)	16,389	2.006	3,254
Percentage	93%	33%	99%

The programme so far has achieved 93% of jobs.

We have achieved 33% of Homes.

99% of the learner target has been achieved to date.

Overall Programme

These figures show the output targets and delivery for the entirety of the Local Growth Fund Programme. These targets will be delivered over the lifetime (To 2035) of the Local Growth Fund.

	Jobs	Homes	Learners
Contracted Target with Government up to 2035	29,000	10,700	2,000
Actual to Date (Up to and including Quarter 1 21/22)	16,389	2,006	3,254
Percentage	57%	19%	163%

Lifetime Contracting

These figures show D2N2's contracted output targets with projects against the lifetime target agreed with Government through the three Local Growth Deals.

	Jobs	Homes	Learners
Contracted Target with Government up to 2035	29,000	10,700	2,000
Contracted Target with Projects	46,776	11,810	9,393

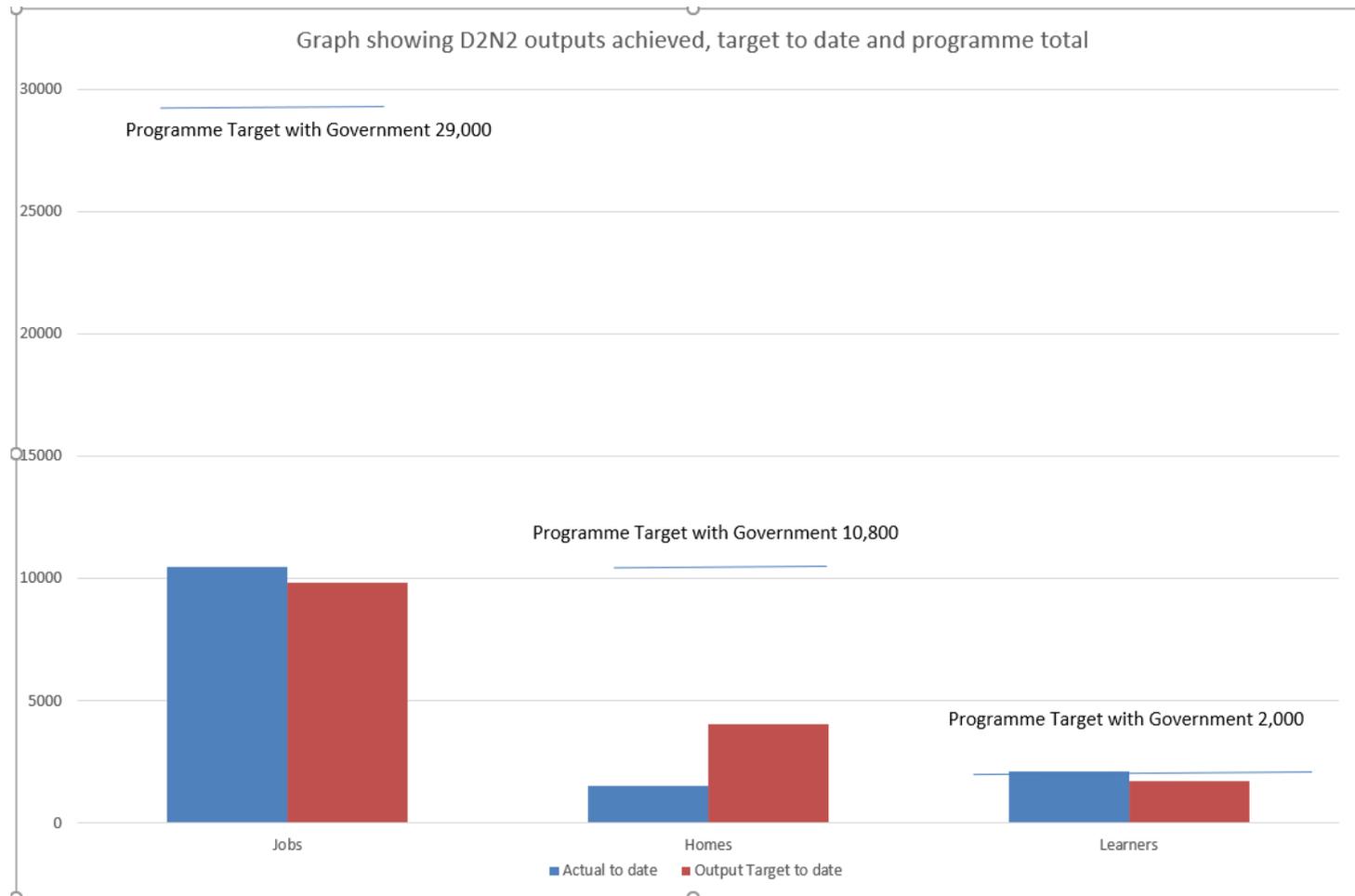
Analysis has been undertaken by the Accountable Body and the LEP to review each project's outputs and we believe that the targets set by

Government can be achieved by all the projects including the unapproved projects.

Appendix A shows the outputs achieved compared to the contracted up until Quarter 1 2021/22.

Appendix B shows analysis of the outputs by project.

Appendix A



Appendix B

Project	Quarter 1 2021/22						Cumulative to date					
	Jobs		Homes		Learners		Jobs		Homes		Learners	
	F'cast	Actual	F'cast	Actual	F'cast	Actual	F'cast	Actual	F'cast	Actual	F'cast	Actual
A46 Corridor Employment Units	100						446	47	463	463		
A46 Cotgrave Town Centre							70	89				
A52 Wyvern	515						515					
A57/A60 Worksop				37			981	884	758	339		
Ada Lovelace House	2						11	11				
Automation and Robotics						164	1	1			80	233
Bioscience Expansion, Nottingham							210	377				
Broadmarsh Southern Gateway	900						1200					
Bulwell Market							75	28				
Buxton Crescent							140	106				
Castleward			132	50					186	104		
Chesterfield Higher Level Skills						77	42	60.37			1049	1241
Coalite							0	0				
Daykene St							7.5	5				
Derby Cycling and Placemaking							35	35				
Derbyshire Broadband	200	591					400	4212				
Gedling Access Road			20	23					305	273		

Harworth	431	187	50	14			2497	722	290	456		
Infinity Park	110						220	107	0	0		
Institute of Advanced Manufacturing							60	74.25			200	285
Medicity							180	349				
MTIF	6	4					23	22				
Mushroom Farm	4.5						4.5	0				
N2 Town Centres							291	1		45		
Newark Southern Link Road							3118	0	3150	198		
Nottinghamshire Broadband							388	3676				
Nottingham Castle	125	28					171	40				
Nursing and Allied Provision							0	20				
OCOR	19						4305	4287	128	128		
OMICS					52						52	0
Revitalising the Heart of Chesterfield							102	0				
Riverside	18						181	91				
Seymour Link							1235	722				
Sherwood Energy Village							64	67				
Sherwood Visitor Centre							23.37	41.47				
Sutton Indoor Market	2						56	73				
SWIFt	1	1					5	1				
Technology Hub	1				134		8	10			322	194
The Silk Mill	14						85	14				

The Spot							10.6	11				
Vision University						145	0	0			1205	1301
Vesuvius	59	0					154	198				
YMCA Activity Village	56	3					59	7				
	2564	814	202	124	186	386	17374	16389	5280	2006	2908	3254

D2N2 Investment Board – 14 September 2021

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

Meeting and Date	14 September 2021		
Subject	Audit Services Review of D2N2 Local Enterprise Partnership		
Author	L Towers	Total no of sheets (Excluding cover sheet)	2

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

Summary and Recommendations
This paper provides a summary of findings following the Audit Services review of the Local Enterprise Partnership for 2020-21.

D2N2 INVESTMENT BOARD**14 September 2021****Audit Services Review of D2N2 Local Enterprise Partnership**

The Audit Services Memorandum summarises the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of this paper is to provide a summary of the findings to the Investment Board.

As part of its responsibilities as Accountable Body to the D2N2 LEP, Audit Services have also certified grant claims in respect of the Growth Hub and Peer Networks grant allocations in accordance with grant terms and conditions and requirements.

The LEP's governance structures remain robust with adequate supporting terms of reference. Key policy and procedural documents are in place and have been published on the D2N2 website. The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes have provided regular and appropriate reporting to the D2N2 Investment Board detailing Local Growth Fund (LGF), Getting Building Fund (GBF) and Growing Places Fund (GPF) expenditure, outputs and financial positions. The overriding aims and strategies are detailed within the Vision 2030 Strategic Economic Plan.

As the LGF funding scheme concluded on 31 of March 2021, it has been a significant challenge to ensure funding was fully expended to reduce the risk of grant clawback. Despite the difficulties faced including delays to project progress caused by the COVID-19 pandemic, the funds were expended with an actual overspend of £1.78m that has been funded from the GPF which is permitted within the terms of the GPF agreement. This represents a considerable achievement.

In terms of the GBF allocation of £22.2m for 2020-21, £5.96m had been spent as at 31 March 2021 with the remaining £16.24m utilised as Freedoms and Flexibilities (as set out in the Grant Offer letters) by the Accountable Body in accordance with permission to do so as stated in the grant funding confirmation letter from MHCLG. This will be returned to the GBF during 2021-22 as the programme currently has an overcommitment of £2.45m. After factoring in the commitment to meet the projected GBF overspend and future pipeline projects, there remains over £10m of GPF funds available for further investment.

Based on detailed testing of a sample of four projects in receipt of funding during 2020-21 (two LGF and two GBF), the necessary evaluation, approval, monitoring and reporting procedures were all satisfactorily evidenced.

A number of areas of good practice have been identified and of the four recommendations raised during the previous review, three were fully implemented and one had been partially implemented. This demonstrates a commitment to the Audit process and a strengthening of the control environment.

The current Audit Services review raised three medium priority recommendations which are primarily the responsibility of the County Council as Accountable Body:-

- Ensure that a grant agreement to cover the Growing Places Fund (GPF) loan / grant to Nottingham City Council in relation to the Boots EZ project is finalised and issued for signing as soon as possible.
- Request the GPF loanee in respect of the Lime House project to sign and return the novation document to transfer the original agreement with Nottingham City Council to Derbyshire County Council. Action should be taken to recover the overdue loan repayments in respect of this project.
- Ensure the draft procedures in relation to debt recovery for the Growing Places Fund are reviewed and approved as soon as possible.

Daniel Ashcroft
Audit Manager

Accountable Body
Derbyshire County Council

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

PUBLIC

Agenda Item 3

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 14 September 2021 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council); C Hart (Erewash Borough Council), M Holmes (Derby City Council), B Lewis (Derbyshire County Council), D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative)

Also in Attendance: D Ashcroft (Derbyshire County Council) N Cockrell (Bassetlaw District Council), P Costiff (Countryside Properties (UK) Ltd), J Davies (Gedling Borough Council), D Fletcher (Derby City Council) T Goshawk (D2N2 LEP), J Howell (Countryside Properties (UK) Ltd), J Lake (Derbyshire County Council), W Morlidge (D2N2 LEP), E Robinson (Accountable Body), P Middleton (Derby City Council), I Sankey (Erewash Borough Council), P Seddon (Nottingham City Council) J Seymour (Derbyshire County Council), L Sharp (Chesterfield Borough Council), L Wigley (BEIS), and C Williams (Derby City Council).

Apologies for absence were received from Councillors P Gilby (Chesterfield Borough Council), K Girling (Nottinghamshire County Council), S Webster (Nottingham City Council) and J White (Bassetlaw District Council).

41/21 **DECLARATIONS OF INTEREST** There were no declarations of interest

42/21 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 24 June 2021

43/21 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Getting Building Fund programme including an update on progress against the financial targets for this year.

Following the announcement of the Getting Building Fund projects in August 2020, 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 and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this would be explained further in the budget paper.

Progress was going well with the Getting Building Fund, and the LEP had spent £9.63M to date. Subject to the approval of the MRC and Drakelow Park projects, which are being recommended for approval at this meeting, the LEP would have approved all 10 of their Getting Building Fund projects.

Spend was being continually monitored with projects and all were continuing to deliver in line or close to their projected profiles. Where projects were slipping behind profile the LEP were meeting with the project sponsors to discuss the reasons behind any slippage and mitigations to bring the profile back on track.

The LEP were currently working to undertake a review of the Growing Places Fund to find a new way to utilise the funding that was granted in 2011. The LEP was originally awarded £24.3m of funding to generate economic activity across the D2N2 area and had utilised £17.4m of that to date. As the fund had previously been used for loan awards the money would continue to be recycled back in to the LEP and this had resulted in £10m of funding now being available to be utilised.

The LEP was currently engaging with partners and had consulted other LEPs across the country to look for lessons learnt about how any funding may be utilised in the future. Officers would continue to work with partners on the scoping of potential future funding pots and would also await the outcome of the LEP review before putting a set of recommendations before the LEP Board and Investment Board.

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

RESOLVED to note the current position on the Getting Building Fund programmes, and the review of the Growing Places Fund.

44/21 **CAPITAL PROGRAMME BUDGET** As confirmed to the Investment Board on 24 June the Local Growth Fund (LGF) programme finished at the end of March 2021. It was confirmed that there had been no change to the previously reported position. All projects were able to demonstrate full LGF expenditure to ensure all the LGF grant had been utilised before the 31st March 2021. The £1.78m over commitment remained and as reported would be funded from the Growing Places Fund (GPF).

In relation to the Getting Building Fund (GBF), at the end of June, £9.63m had been spent on projects. The 2021/22 allocation of £22.2m had been received bringing the total GBF grant to £44.4m

Appendix 1 to the report showed the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme was overcommitted by £2.46m which would be funded by using the GPF.

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

RESOLVED that the report be noted.

45/21 **OUTPUT PERFORMANCE UPDATE 2021/22– QUARTER 1** Board Members were informed that as part of the contractual commitment for the £250m of Local Growth Funding, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP were committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which ran up to 2035, which was beyond the financial end of the programme in 2021 recognising that most of the activities would generate impact much later than the initial investment.

The report provided a detailed update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government the LEP were targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2021/22 financial year, delivery since the start of the programme and the lifetime of the programme

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 1 2021/22 and Appendix B shows analysis of the outputs by project.

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

RESOLVED to note the update report.

46/21 **AUDIT SERVICES REVIEW OF D2N2 LOCAL ENTERPRISE PARTNERSHIP** The Audit Services Memorandum summarised the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of the paper is to provide a summary of the findings to the Investment Board.

As part of its responsibilities as Accountable Body to the D2N2 LEP, Audit Services had also certified grant claims in respect of the Growth Hub and Peer

Networks grant allocations in accordance with grant terms and conditions and requirements.

The LEP's governance structures remained robust with adequate supporting terms of reference. Key policy and procedural documents were in place and have been published on the D2N2 website. The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes had provided regular and appropriate reporting to the D2N2 Investment Board detailing Local Growth Fund (LGF), Getting Building Fund (GBF) and Growing Places Fund (GPF) expenditure, outputs and financial positions. The overriding aims and strategies were detailed within the Vision 2030 Strategic Economic Plan.

As the LGF funding scheme concluded on 31 of March 2021, it had been a significant challenge to ensure funding was fully expended to reduce the risk of grant clawback. Despite the difficulties faced including delays to project progress caused by the COVID-19 pandemic, the funds were expended with an actual overspend of £1.78m that had been funded from the GPF which is permitted within the terms of the GPF agreement. This represented a considerable achievement.

In terms of the GBF allocation of £22.2m for 2020-21, £5.96m had been spent as at 31 March 2021 with the remaining £16.24m utilised as Freedoms and Flexibilities (as set out in the Grant Offer letters) by the Accountable Body in accordance with permission to do so as stated in the grant funding confirmation letter from MHCLG. This would be returned to the GBF during 2021-22 as the programme currently had an overcommitment of £2.45m. After factoring in the commitment to meet the projected GBF overspend and future pipeline projects, there remained over £10m of GPF funds available for further investment.

Based on detailed testing of a sample of four projects in receipt of funding during 2020-21 (two LGF and two GBF), the necessary evaluation, approval, monitoring and reporting procedures were all satisfactorily evidenced.

A number of areas of good practice had been identified and of the four recommendations raised during the previous review, three were fully implemented and one had been partially implemented. This demonstrated a commitment to the Audit process and a strengthening of the control environment.

The current Audit Services review raised three medium priority recommendations which were primarily the responsibility of the County Council as Accountable Body:-

- Ensure that a grant agreement to cover the Growing Places Fund (GPF) loan / grant to Nottingham City Council in relation to the Boots EZ project was finalised and issued for signing as soon as possible.
- Request the GPF loanee in respect of the Lime House project to sign and return the novation document to transfer the original agreement with Nottingham City Council to Derbyshire County Council. Action should be

- taken to recover the overdue loan repayments in respect of this project, and
- Ensure the draft procedures in relation to debt recovery for the Growing Places Fund are reviewed and approved as soon as possible.

RESOLVED to note the update report.

47/21 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

48/21 **EXCLUSION OF THE PUBLIC FROM THE MEETING RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING

1. To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 10 March 2021 contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
2. Project for Approval - NAMRC (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
3. Project for Approval – Drakelow Park (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).

This page is intentionally left blank