

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).