

MINUTES of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 30 May 2019 at County Hall, Matlock.

PRESENT

Councillor B Lewis (Derbyshire County Council)

Councillors W J Clarke (Gedling Borough Council), T King (Derbyshire County Council), W Major (Erewash Borough Council) (substitute member), C Poulter (Derby City Council), M Relf (Ashfield District Council), S Webster (Nottingham City Council) and E Fagan (D2N2 LEP).

Also in Attendance – M Ashworth (Derbyshire County Council), J Battye (Derbyshire County Council), S Birkinshaw (Erewash Borough Council), C Cooper-Smith (Ashfield District Council), A Croot (Thomas Lister Ltd), A Cropley (West Nottinghamshire College), J Davies (Gedling Borough Council), C Evans (Rushcliffe Borough Council), J Gilman (Derby City Council), A Graham (Rushcliffe Borough Council), S Holland (Homes England), L Knott (West Nottinghamshire College), M Phythian (Cities & Local Growth Unit), S Rose (D2N2 LEP), M Roylance (South Derbyshire District Council), J Scribbins (Litton/Riverside Business Park), J Seymour (Derbyshire County Council), E Stewart (Highways England), M Twelves (Litton/Riverside Business Park), S Wainwright (Derbyshire County Council), P Wilson (Derbyshire Dales District Council) and D Wright (CLGU).

Apologies for absence were submitted on behalf of Councillors C Hart and J Zadrozny and P Gadsby.

22/19 DECLARATIONS OF INTEREST Declarations of personal interest were received from:

Councillor B Lewis and Councillor T King as members of Derbyshire County Council in relation to minute reference 26/19 – D2N2 Milestones Update - Ashbourne Airfield, Woodville Swadlincote Regeneration Route and A61 Corridor.

Councillor C Poulter as a member of Derby City Council in relation to minute reference 26/19 – D2N2 Milestones Update - Becketwell, New Assembly Rooms and Castleward.

23/19 MINUTES RESOLVED to confirm the non-exempt Minutes of the meeting of the Board held on 21 March 2019.

24/19 D2N2 PROGRAMME PERFORMANCE UPDATE All the projects across the programme had been reviewed and risks associated with delivering the agreed financial and output targets identified. Annex A of the report detailed the

projects deemed to be High Risk, Annex B provided an update on progress of all approved or pre-compliance projects and included a RAG rating.

The current programme forecast for 2019/20 was £46.39 Million and that currently was the target for this year's spend against the LGF programme target of £17.42 Million. With this forecast, the Local Growth Fund was predicted to utilise the remaining underspend left in the programme which stood at £28.97m following the overspend registered in the 2018/19 Financial Year.

All projects in the programme had been requested to revise their quarterly profiling and this would be presented at a later meeting.

Following the LEPs Annual Performance Review, D2N2 were scored 'Requires Improvement' for delivery, as a result of this given the increased focus on performance, it had been agreed and milestones set with government to track performance of the programme and ensure that the targets for 2019/20 was delivered. The new targets include the underspend from previous year's.

The Financial Milestones agreed for this year were as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2019/20
Milestone target	£8M	£10M	£10M	£12M	£40M

The LEP and Accountable Body were currently working with partners to deliver updated and accurate profiles for the coming years spend and a quarterly breakdown of the latest forecast spend projections had been requested by the 10th May 2019.

The annual forecast of project spend currently stands at £46.39m. As of this date, D2N2 had released £8,102,534 as part of the Quarter 1 payments to projects.

The output targets for the year were as follows:

	Total 2019/20
Jobs created	300
Learners	500

D2N2 would continue to monitor the projected spend and outputs of projects quarterly against actuals to ensure that the LEP reached its end of year targets, and would highlight any risks to achieving the performance targets to both the Investment Board and main Board.

In terms of projects with an Amber risk for this meeting they were the following four projects:

- Vison Centre Mansfield due to output delays.
- A46 Rushcliffe Phase 3 due to delays in bringing forward phase 4 as a result of finalising S106 agreements
- A52 Wyvern due to cost overruns, delays in the programme and output delivery changes
- Former Coalite due to delays in output delivery

Work continued with all the projects and the monitoring of the risks associated with delivery affecting the programme.

As the last two years of the LGF programme approached the programme was being reviewed to ensure that the projects that were yet to reach full approval remained on track to deliver within the timeframe.

Currently there were 9 projects yet to bring forward a Final Business Case to the IIB. All remaining projects that were not due to deliver an FBC to the IIB in the first financial quarter of the year were requested to provide an update and reassurance of their ability to meet the timescales required to deliver a full business case once each project was ready and then deliver before the end of the LGF programme in March 2021.

In terms of assessment of the impact of the programme, progress against outputs and milestones continued to be monitored but an impact evaluation was also being commissioned to assess progress to date and how lessons learnt were captured for future programmes such as the UK Shared Prosperity Fund.

Members made comments and asked questions which were duly answered.

RESOLVED to note the progress on the D2N2 LGF programme.

25/19 **QUARTER 4 OUTPUTS MONITORING** Members were informed that the table in appendix 1 to the report showed the outputs performance for quarter 4 2018-19. The figures for this quarter showed that the outputs achieved were behind the forecasted outputs to be achieved in Quarter 4. The slippage from the actuals against the forecast targets would have an impact on the overall performance of the programme and will need to be closely monitored going forward.

The overall summary of outputs was follows:

	Jobs	Homes	Learners
Q4 18/19	56%	11%	191%
Cumulative to date	79%	38%	41%

Some projects had been identified as slipping against their initial targets as set out in their final business case submission and will therefore need to reassess their delivery timescales and bring change requests to the Investment Board.

Punctuality of monitoring returns from project sponsors was causing difficulty in providing data on time to the Government. It was important that the deadlines were met to enable D2N2 to complete the Central Government monitoring return and also provide them with an update at their quarterly performance meetings with BEIS colleagues. All projects have been asked to provide forecasts for each quarter.

It was agreed that it was essential to ensure that all data returns were submitted in an accurate and timely manner, as the LEP's performance was judged by Government on this information. Those failing to return their data output should form part of the report.

RESOLVED to note the report

26/19 D2N2 MILESTONES UPDATE Sajeeda Rose provided a report that highlighted the current position on the milestones of the unapproved projects in the Local Growth Fund Programme. Further information was provided by Derby City Council and Derbyshire County Council on the following projects:-

Derby City Council

Becketwell

The outline business plan has been approved and would be submitted tomorrow. This included the spend profile and draw down. The planning application has been delayed until June 2019 due to the public consultation exercise. It was expected that the full business case would be completed by March 2020.

New Assembly Rooms

The outline business case would concur with submission of outline planning in June 2019. The full business plan would be submitted when the planning application has been determined. Stakeholder consultation and pre planning meetings have raised no major obstacles. The building was currently being cleared and asbestos would be treated in the next few weeks, to accelerate project spend.

Castleward

It was intended to submit a report to the City Council's Cabinet meeting in July 2019 relating to gap and Section 106 funding. Spending has been agreed on the full design. Slippage on the project was not expected.

Derbyshire County Council

Ashbourne Airfield

The planning permission for the roundabout was granted, with conditions, on 20 May 2019. This permission was fundamental to the tripartite agreement. Confirmation of the design and build work should be available in June. Work was

continuing to finalise contact arrangements. Meetings were being held every two weeks to progress this project. The project was on target.

Woodville Swadlincote Regeneration Route

The Planning Application for the road was submitted on 29 May 2019. Detailed design work was commencing. The CPO will be advertised in the London Gazette next week and any objections would be known by 19 July 2019. Of the 11 landowners, 2 remained in detailed negotiations and were likely to object to the CPO. A date for a public inquiry would then have to be agreed. Ms Rose stated that South Derbyshire District Council planning might be seeking a change of the employment use to housing.

A61 Corridor Programme

This programme has five projects within it.

Standard Gauge for Sustainable Travel

Detailed design work on the Whittington Moor to Sheepbridge section to be completed by July 2019. Full business case was being prepared for submission in September 2019.

21st Century Transport Corridor

Progressing well and on target.

Avenue Southern Access

Active land negotiations were continuing and should be completed by June 2019. Detailed design completed by July 2019 and a full business plan submission for September 2019.

Chesterfield Station Masterplan

Timescales were very tight and a better informed idea of progress would be known in July 2019. However currently all were on track.

Clowne North

Issues relating to levels on this project had been detected and detailed design work was being commissioned with a view to this being available in September 2019. Further discussions would be held with the LEP officers.

Using the Midlands Highways Alliance, Derbyshire County Council have commissioned some additional project resources for Ashbourne Airfield, Woodville Swadlincote and Clowne North.

It was agreed that updates on the HS2 Strategic Sites project be reported in the exempt part of the meeting.

RESOLVED to note the report.

27/19 BUDGET UPDATE The current forecast showed that in 2019/20 the programme is overcommitted by £28.97m. This will be offset by the money being held by Derbyshire County Council to achieve a balanced budget.

The LEP and Accountable Body are currently reviewing the final two years grant profile to ensure a workable cashflow position. Each project had been asked to provide D2N2 with an expenditure forecast for the next 12 months to assist with the monitoring of projects.

The overall programme was currently showing an over commitment of £7.0m, which at the June 2017 IIB meeting was agreed to be funded by a £4m contribution from the Growing Places fund and the balances to be shared on an equitable basis by the 4 Upper Tier Authorities.

RESOLVED that the report be noted.

28/19 ANNUAL ACCOUNTS 2018-19 The Annual Accounts had been prepared and circulated as a summary of the financial decisions and transactions that had occurred during the 2018-19 period.

RESOLVED that the report be noted

29/19 APPROVAL OF THE RIVERSIDE BUSINESS PARK PROJECT

Members had been provided with a report that set out a request for £3.35m of Local Growth Funding to support the Riverside Business Park from Litton Properties Ltd and Mark Twelves and John Scribbins of Litton Property Group attended the meeting to provide a presentation to the IIB.

Riverside Business Park was a major business park of around 225,000ft² on a site of 13.83 acres situated around 0.5miles to the north west of Bakewell town centre on site which is bounded to the south of the River Wye and the A6. The scheme was situated on the site of the Arkwright Mill which was burnt down but subsequently re-developed in the 1800's with the site now providing a wide range of buildings which vary from original buildings to modern properties which have been developed over the past few years.

The site largely comprised of a range of low quality industrial buildings constructed in the early 20th century which had been subdivided to create individual industrial units. However the buildings were generally in a poor condition and were not of a suitable specification or condition to support the refurbishment of the properties. There were increasing vacancy levels as buildings become obsolete and incapable of beneficial occupation and there is an ongoing programme of demolitions on the site. The site had 3 main constraints, site access, the condition of the existing properties and being able to meet the needs of businesses.

The lack of delivery of new employment space within the Derbyshire Dales would give rise to both the loss of existing businesses and the inability to attract new investment to the area, which is required to support the major expansion of

communities such as Matlock and Bakewell through housing growth. Riverside Business Park provided a major opportunity for redevelopment on a brownfield site to support the demand for new employment space where few alternatives were available to achieve the potential growth in market demand.

The project comprised of a scheme divided into 3 phases together with a proposed new bridge.

The first phase comprised of the eastern area of the site which would be developed for a new hotel (Premier Inn) and two commercial units (36,427 ft²). This phase would also include the refurbishment of the Mill Race Building (11,860 ft²) which is subject to pre lets by 2 occupiers.

The second phase would comprise the central area (43,000ft²) including a refurbishment of the historic Retort House and the extension of the existing Bakewell Bakery premises.

The third phase would provide new industrial premises to the western area of the site which would provide a total of 39,780ft² of new build accommodation.

The redevelopment of the central and western sites would be supported by the construction of a new road link and bridge from the A6.

The funding for the project was sourced from the following:

Funding Source	TOTAL
Litton Properties Ltd	£20,382,443
LGF	£3,350,000
TOTAL	£23,732,443

Details of the planning permissions were given in the report and in terms of procurement a preferred contractor had now been appointed for the construction of the new Premier Inn hotel, two industrial units, and the refurbishment of the Mill Race Building as well as the construction of the new bridge, following a competitive tendering exercise.

The promoter had confirmed that the project was State Aid compliant following advice from Freeths. Independent State Aid advice was also procured by the LEP and the project had been deemed as State Aid compliant as the amount of funding sought by the developer is within the acceptable ceiling of 20% of the total infrastructure cost.

It was reported that that the Value for Money exercise was now completed and was confirmed as successful.

Details of the delivery programme and outputs and outcomes were detailed in the report.

In terms of spending profiles as a private sector promoter the grant would be given in at arrears at a rate of 50% of expenditure claimed, the grant expenditure is estimated as below:

2019/20	-	£2,038,553
2020/21	-	£1,311,447

In conclusion an outline business case was approved on the 29th September 2018 and a Business Case had now been submitted in line with the approval process. The Accountable Body and D2N2 had assessed the Business Case submission and approval is recommended.

The viability appraisal of the project was independently tested and approved by the District Valuer to confirm that prices are in line with market values and the level of profit for the scheme is within the correct parameters for a project of this nature.

The IIB were asked to approve the project and to release the £3,350,000 of Local Growth Funding (LGF). The promoter was required to provide evidence of the outstanding requirements for phases 2 and 3, to satisfy the final stage of the LAF to the LEP and Accountable Body. All future phases of the project including the first phase would be subject to clawback if the LGF was not spent by 2016 and the LGF funding is required to not exceed 20% of the final development costs.

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

Mr Twelves and Mr Scibbins left the meeting whilst the Board considered the request.

RESOLVED to approve the request for £3.35m of Local Growth Funding to support the Riverside Business Park from Litton Properties Ltd on the condition that all the work is completed and they must repay anything that exceeds 20% of the total project costs.

30/19 **VISION UNIVERSITY UPDATE** The IIB were informed that the Vision University project had remained as an amber risk project due to the missed output targets for learners. West Nottinghamshire College had made a number of organisational and personnel changes in leadership and had met with the LEP to discuss an output profile change and the ways forward for the project.

West Nottinghamshire College had provided the IIB with an update report which had been circulated prior to the meeting. Louise Knott and Andrew Cropley from West Nottinghamshire College attended the meeting to present the Visions University Centre position statement.

The college set ambitious targets for growth attached to the university centre, however a change to market conditions as a result of the university places cap

removal, coupled with the college's slow progress in curriculum development for traditional Higher Education (HE) has meant that it has fallen short of targets originally in the bid. The withdrawal of the nursing bursary has had an impact on the college's access to nursing programme, by far the largest course in the portfolio. At March 2019 the college had met only 48% of its target for the centre.

In 2017/18 the college joined the UCAS admissions system for the first time which enabled a greater 'reach' of the college's provision but has also enabled the college to gain access to local data around applications and eventual study at higher level. This market intelligence coupled with employer demand would lead the development of higher education within the college. In developing the college's HE offer the college build on its clear strengths in vocational curriculum with a clear focus on labour market needs in terms of curriculum offer. The college sees further potential to develop higher apprenticeships level 4+ offers within Engineering, health care, leadership and management, IT and digital technologies, teacher training, as well as professionally based apprenticeship programmes. Discussion were ongoing with university partners, local district councils and sector based seminars for employers were being launched.

A more realistic view of growth potential to 2012/22 was in the table below:-

Category	Baseline 2018/19	2019/20	2020/21	2021/22
Traditional HE	387	397	447	507
Higher Apps	170*	220	250	250
Access to HE	128	128	150	160
Short programmes	0	80	150	200
Total	685	825	997	1,117

*projected

The key risks that had been taken in to consideration were detailed in the report.

The Board were asked to approve a request to reprofile the learner outputs for the project subject to approval of a change to the overall LEP learners target for LGF:

	17/18	18/19	19/20	20/21	21/22	Total
Original Outputs	394	561	589			1544
Proposed outputs			140	312	432	884

Members asked a number of questions, including diversity of courses, the reprofiled figures, possible competition from other colleges and universities, and use of UCAS data which were duly responded to by the college representatives. Further

questions were asked on the financial plan, delivery and required Government approval. Some nervousness was expressed surrounding the investment and robustness of the financial plan.

RESOLVED that D2N2 undertake an in-depth review of the request for reprofiling, together with appropriate discussions with Government.

31/19 D2N2 GOVERNANCE STRUCTURES UPDATE RESOLVED to note the new governance structures of the LEP and the advisory boards which support the LEP Board.

32/19 DATE OF NEXT MEETING The inaugural meeting of the Investment Board would take place 30 July 2019 at 10:00 am at County Hall, Matlock.

33/19 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 IIB held on 21 March 2019.
2. To consider the update report on the A46 Corridor (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
3. To consider the update on the HS2 Strategic Site project (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).