

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

**PRESENT**

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), C Poulter (Derby City Council), S Webster (Nottingham City Council), J White (Bassetlaw District Council), and J Bradley Fortune (Inclusion Representative) and E Fagan (D2N2 LEP).

Also in Attendance: J Battye (Derbyshire County Council), N Cockerell (Bassetlaw District Council), J Davies (Gedling Borough Council), T Goshawk (D2N2 LEP), N Jenkins (Nottingham City Council), Councillor M Holmes (Derby City Council) S Rose (D2N2 LEP), D Swaine (Boslover & NED DC) S Wainwright (Derbyshire County Council), and D Wright (CLGU).

Apologies for absence were submitted on behalf of Councillors C Hart, & B Lewis

**01/19      APPOINTMENT OF CHAIR RESOLVED** that E Fagan be appointed as Chair of the D2N2 Investment Board for the ensuing year

E Fagan (D2N2 LEP). (In the Chair)

**02/19      MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the Infrastructure and Investment Board held on 30 May 2019 subject to noting that the output targets in terms of jobs created and learners referred to in Minute 24/19 'D2N2 Programme Performance Update' should be for September 2019 and not the year as quoted.

**03/19      TERMS OF REFERENCE** Board Members had received a copy of the Terms of Reference for the D2N2 Investment Board in advance of the meeting.

It was confirmed, that in when considering investment matters the Board would make recommendations to the D2N2 LEP Board for their final approval.

One Private Sector member of the Board would be required to be in attendance at IB meetings to make the meeting quorate.

**RESOLVED** to note the Terms of Reference for the D2N2 Investment Board, and agree to make minor amendments to reflect the comments made above.

**04/19      CAPITAL PROGRAMME OVERVIEW** Members were provided with a presentation in relation to the Capital Programme

D2N2 had 3 main capital funding schemes: Local Growth Fund (LGF), Growing Places Fund (GPF) & Enterprise Zones (EZ's). All 3 capital programmes were intended to increase job creation, housing growth, learner number increases and support inward investment in to the economy

The LGF was made up of 3 separate awards of funding to stimulate job creation, housing growth and learner number increases in D2N2. In total D2N2 had received £250m from Government to spend between 2015 -2021. 49 Projects are included within the LGF programme supporting a variety of interventions in D2N2's key sectors, such as: Life Sciences, Visitor Economy, Transport and Logistics and Transport Equipment Manufacturing.

Details were given of the IB approval process, with emphasis being placed on the importance of the robustness of the final business case. Examples were given of the successful projects at Buxton Crescent, Nottingham City Hub, Vesuvius Works, Chesterfield Higher Level Skills Centre, Biocity Expansion, Seymour Link Road, Our City Our River, and Institute of Advanced Manufacturing.

Enterprise Zones were created by the UK Government with 24 new zones established across the country to support business and enable economic growth. D2N2 now has 5 Enterprise Zone sites designated to it and one site in the area but under Sheffield City Region's designation.

Details were given of the five designated Enterprise Zones: Boots Enterprise Zone, Infinity Park Derby, Nottingham Science Park, Beeston Business Park and Markham Vale Enterprise Zones.

As the Enterprise Zones had progressed at different rates, consultants had been commissioned to undertake a review of the sites, and it was envisaged that once this was concluded, to report back to the September Board meeting.

Similarly it was hoped that outcomes of the review of the GPF would be presented at the same meeting.

A copy of the presentation would be circulated to Board members.

**RESOLVED** to note the presentation on the Capital Programme overview

**05/19      LOCAL GROWTH FUND PROGRAMME PERFORMANCE OVERVIEW** 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 were 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 (Achieved)	£10M	£10M	£12M	£40M

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

The output targets for September 2019 were:

	Total 2019/20
<b>Jobs created</b>	300
<b>Learners</b>	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 LEP Board.

In terms of projects with an Amber risk for this meeting they are 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 site due to delays in output delivery

Work continued to work 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 had been entered 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 IB. All remaining projects that were not due to deliver an FBC to the IB 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.

A list of pipeline schemes was also being compiled to act as mitigation to the region losing any funding if projects already identified could not guarantee their readiness against the agreed milestones.

Work was also being undertaken in preparing credible evaluations of schemes that had already delivered and where these had worked well in terms of best practice and feeding these in to the Local Industrial Strategy.

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

**RESOLVED** to note the progress on the D2N2 LGF programme.

**06/19      LOCAL GROWTH FUND BUDGET** Current forecasts show that in 2019/20 the Local Growth Fund programme was overcommitted by £29.11m. This would be offset by the balances being held by Derbyshire County Council from the previous financial years underspend.

The LEP and Accountable Body are currently reviewing the final two years grant profile to ensure a workable cash flow 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.

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

**RESOLVED** that the report be noted.

**07/19      LOCAL GROWTH FUND – OUTPUT PERFORMANCE UPDATE**

Members were informed that in return for £250m of Local Growth Funding, D2N2 was expected to deliver outputs in return for the funding. Over its 3 awards of funding, the LEP were expected to deliver 18,000 Jobs, 8,000 Homes and 147,000 Learners over the projects lifetime.

The report detailed each projects contracted output figures, revised forecast and actual delivery to date. These were shown for this financial year, all years to date and the programme overall.

In terms of the 2019/20 Financial Year the revised forecast figures had been provided by the project sponsors as part of a review of all projected outputs. Whilst outputs this quarter had kept in line with what was contracted, the revised forecast showed that the financial year targets would not be met due to the anticipated delivery figures. This had occurred largely in part because of three major projects now delivering significantly lower outputs than originally profiled.

Delivery to date figures showed the output forecasts and delivery for the programme from 2015 to Q1 2019/20. The programme so far had achieved 79% of jobs, 38% of homes and 41% of Learners. Despite the Homes and Learner delivery percentages being low, delivery was happening across most projects, however a select amount of projects with high output targets had been delayed in their delivery causing an effect on the overall programme delivery to date.

The Overall Programme figures showed the output targets and delivery for the entirety of the Local Growth Fund Programme (2015-2021). These targets would be delivered over the lifetime of the Local Growth Fund with further outputs being delivered up until 2035. Discussions were ongoing with the BEIS local team with regards to the potential reprofiling of the contracted learner targets, which was believed to be closer to 1470.

Appendix A to the report showed the delivery of outputs to date across the LGF programme against both the anticipated output targets to date (Q1 19/20) and the lifetime targets for Local Growth Fund delivery. (For the purposes of this graph the learner target had been lowered from 147,000 to 1,470)

Appendix B showed an analysis of outputs delivered in the previous financial quarter (Q1 19/20) alongside the performance of projects against their output targets to date.

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

**RESOLVED** that the report be noted

**08/19      COALITE UPDATE AND OUTPUT REPROFILE** Members were informed that the D2N2 Infrastructure and Investment Board had previously approved a £5.8m grant from the Local Growth Fund to contribute towards the remediation of a contaminated site in North East Derbyshire and Bolsover in October 2016.

The project was initially presented to D2N2 to deliver both housing and employment outcomes once the remediation and infrastructure works on the site had been concluded.

The site had been remediated since the October 2016 grant approval decision but had encountered delays in obtaining the appropriate permits from the Environment Agency until March of this year which had significantly halted progress. Alongside the issue of permits being granted, the site was now directly impacted by the route which the HS2 Phase 2B would take through the site.

Following the confirmation of the proposed route, there would now be significant impacts to some of the plots on the site which would affect the delivery of housing units and the overall floorspace available for delivery. The impact of HS2 had made the residential element of the original masterplan undeliverable and therefore employment units would have to replace this allocation.

Over the project lifetime and based on the £5.8m of LGF awarded to the project in 2016, the Former Coalite site was anticipated to deliver 1,525 jobs and 660 homes.

After changes to the land uses based on the new masterplan developed for the site the project would now deliver a total of 2,391 new jobs to the economy.

The table below showed when the revised outputs would be delivered in comparison with the original outputs as profiled from the October 2016 grant award.

Date	Commercial Floorspace (ha)	
	Original	Reforecast
<b>17/18</b>	13.5	0
<b>18/19</b>	11.4	0
<b>19/20</b>	3.3	0
<b>20/21</b>	0	12.95
<b>21/22</b>	0	0
<b>22/23</b>	0	16.19
<b>23/24</b>	0	13.35
<b>Total</b>	28.2	42.49

Date	Jobs Created	
	Original	Reforecast
<b>17/18</b>	0	8
<b>18/19</b>	221	0
<b>19/20</b>	402	2
<b>20/21</b>	391	33
<b>21/22</b>	270	674
<b>22/23</b>	136	874
<b>23/24</b>	105	800
<b>Total</b>	1525	2391

Dan Swaine, Bolsover and NED DC, and representatives of Bolsover Land Ltd, the Promoters, attended the meeting and provided a more detailed presentation in support of the request for the reprofiling of its output delivery numbers and timescales

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

**RESOLVED** that following a review of the evidence presented to the LEP, that approval be given the reprofiling of the projects outputs to accept the changes to the timeline.

**09/19        DATE OF NEXT MEETING** The inaugural meeting of the Investment Board would take place 30 September 2019 at 2:00 Pm at County Hall, Matlock.

**10/19        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 30 May 2019.
2. To consider the update report on D2N2 Milestones Update (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
3. To consider the update report on Growing Places Fund (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).