

D2N2 Investment Board Cover Sheet – 7<sup>th</sup> January 2020

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board - 7 <sup>th</sup> January 2020		
Subject	Pipeline Projects Paper		
Author	T Goshawk	Total no of sheets	27

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation(s)	
<p>This report sets out the results of the D2N2 Pipeline call which was undertaken during summer 2019. As we enter the final year of the programme need to ensure that we mitigate any risks of underspending in the last year by having a ready set of pipeline projects that can be accelerated on demand should any existing project not deliver.</p> <p>Each project that was submitted has been independently appraised based by Thomas Lister on behalf of the LEP and given a score out of a maximum 81, with a minimum threshold of 61 as the bar for a project to be considered deliverable.</p> <p>A detailed summary of the highest scoring pipeline projects from the Short-term call are being presented to the Investment Board for consideration and a decision. The Investment Board are recommended to agree these projects are formally adopted on to the pipeline and be worked up into full applications to be funded through any underspend that becomes available as a result of any existing projects being delayed or undeliverable.</p> <p>Alongside the short term call we also undertook a speculative call for medium projects should the opportunity of any funding be available. At this time given there is no future funding the investment board are asked to note the outcome of the scoring.</p>	

## D2N2 INVESTMENT BOARD

7<sup>th</sup> January 2020

### Pipeline Projects Paper

#### **Introduction**

In July 2019, D2N2 released a call for new capital projects to be presented to the LEP and scored through a competitive process, the call was split in to two distinct elements:

- **Short Term Submissions:** Projects that fit within the strategic parameters of D2N2's Local Growth Fund (LGF) and could spend LGF allocations by March 2021 should any underspend become available.
- **Medium Term Submissions:** Projects that will be able to spend future funding between April 2021 and 2025 which fit with the longer-term strategic objectives of the LEP.

Projects were invited to submit Expressions of Interest by the 26<sup>th</sup> of August 2019

#### **Submissions**

D2N2 received 27 short term applications from 19 prospective project sponsors. These submissions had to focus heavily on the deliverability of projects and their ability to utilise spend in the time constraints before March 2021.

The medium term section of the pipeline call received 34 project applications from 17 prospective project sponsors. These submissions were focused around future projects that would be able to utilise future public funding if it became. These projects were anticipated to deliver between March 2021 and 2025.

#### **Assessment of the projects**

All projects were independently scored and verified by Thomas Lister on behalf of D2N2 LEP, and were scored based on their expression of Interest. The main criteria that both the short term and medium term projects were scored against is:

- Strategic Fit and Outputs
- Project Programme and Deliverability
- Market Evidence and Planning status
- Financial risk and options appraisal

Both calls were required to fill in the same form with the key difference in the short term criteria which had a greater weighting on deliverability than those projects forecast for 2021-2025 delivery.

Projects were scored out of a total of 81, with a minimum threshold of 61 and above for a project to be considered as being deliverable.

## Short Term Proposals

At the time of writing we are still technically over programmed by £4.11 million, but there are still a number of projects at high risk which are due to provide a further update at the Investment Board meeting. If as a result of the update the Investment Board do not believe that the risks will be sufficiently mitigated and that these projects can be delivered within the timeframe of the programme, funding could be released from those projects.

The table below sets out the scores of each submitted project from the independent assessment. Below the table at Annex 1 are the individual assessments of the short-term projects that scored above the minimum threshold of 61 which we are recommending for consideration and adoption on to the pipeline for the Local Growth Fund.

Of the 27 projects submitted 6 scored above the minimum threshold (which are highlighted in Green) and are being recommended for adoption on to the pipeline and asked to submit a detailed business case should funding be available. The total of the 6 projects amount to £3.38m and between them will deliver 435 jobs and 316 learner outputs in relation to the LGF targets. For the amount of funding being requested, these projects deliver an appropriate level of outputs which will help the LEP to deliver on its targets set with government of 29,000 jobs.

Since the initial submissions we have met with each of the applicants to go through the project in more detail which has informed the assessment outcome.

For completeness a summary of all the projects submitted has been included as an annex to the paper.

Project	Project Applicant	Total Overall Score out of 81	Recommendation
Artcore - Derby	Artcore	49	Not to approve
Clegg Hill Site - Ashfield	Ashfield DC	52	Not to approve
Mushroom Farm Court Industrial Units - Broxtowe	Broxtowe BC	57	Not to approve
Revitalising the Heart of Chesterfield (2)	Chesterfield BC	68	Invite to full application
DRIVE	Chesterfield BC	49	Not to approve
Construction Career College - Newark	Lincoln College	49	Not to approve
Melville Court, Meden Vale - Mansfield	Mansfield DC	46	Not to approve
Yorke Drive Regeneration - Newark	Newark and Sherwood DC	43	Not to approve
Waterside Regeneration Zone - Transport	Nottingham City Council	50	Not to approve

Project	Project Applicant	Total Overall Score out of 81	Recommendation
Connections - Nottingham			
Arches Development - Nottingham	Nottingham City Council	51	Not to approve
City Centre Market Quarter - Nottingham	Nottingham City Council	52	Not to approve
Heathcoat Immersive Incubator - Nottingham	Nottingham City Council	63	Invite to full application
Crocus Place - Nottingham	Nottingham City Council	47	Not to approve
Neighbourhood Action Plan - Phase 1 - Nottingham	Nottingham City Council	48	Not to approve
The Smarter Connected Campus - NTU	Nottingham Trent University	62	Invite to full application
Nursing & Allied Health Provision - Mansfield	Nottingham Trent University	70	Invite to full application
Cotgrave Town Centre - Rushcliffe	Rushcliffe Borough Council	60	Not to approve
Connecting People to Work - South Derbyshire	South Derbyshire DC	60	Not to approve
Toyota Apprentice Development Centre - Toyota	Toyota	57	Not to approve
Newark & Sherwood Community & Activity Village - YMCA	YMCA	55	Not to approve
Bakewell Road Site - Matlock	Derbyshire Dales DC	55	Not to approve
Drakelow - South Derbyshire	Drakelow Developments	51	Not to approve
Tollbar House Ilkeston	Erewash BC	66	Invite to full application
Hazleford Way - Gedling	Gedling BC	57	Not to approve
Hill Crest Park - Gedling	Gedling BC	57	Not to approve
Sinfin Business Park - Derby	Harworth Estates	68	Invite to full application

### Medium Term Projects

At the same time as the call for short term projects, we also undertook a speculative call for medium term projects that could be developed should any additional funding become available given the uncertain national position we were in at the time of the call. No funding has become available to date, and at the time of writing we are still awaiting any details of future funding with an expectation that there may be some form of short- term budget announcements in February which will be dependent on the outcome of any Brexit deal at the end of January.

Whilst the projects were all independently scored for completeness, we recognise that the timing of the call meant that it was a snapshot in time of projects that were available and may not fully capture the entirety of projects that can be delivered in pursuit of the region’s growth and prosperity ambition being set within the emerging Local Industrial Strategy.

Therefore, our recommendation is that we work with each of the projects in conjunction with input from the relevant D2N2 Advisory Board to ensure alignment with the LIS and so that they are further developed in preparation for any future funding.

Should any funding become available we will rerun the pipeline call to ensure that it fully reflects all opportunities across the region.

Project	Project Applicant	Total Overall Score out of 81
Fairfield Roundabout & Link Roads - High Peak	High Peak BC	64
The Wright Development House - Derby Museums	Derby Museums	43
Diamond Avenue/Warwick Close - Ashfield	Ashfield DC	41
Hamilton Rd Housing & Leisure	Ashfield DC	40
Maun Valley Industrial Units - Ashfield	Ashfield DC	48
Retail & Employment Development, Harworth & Bircotes - Bassetlaw	Bassetlaw DC	43
Creative Village Phase 2, Worksop - Bassetlaw	Bassetlaw DC	44
Creswell Station Business Centre - Bolsover	Bolsover DC	46
Innovation Hub - Bolsover	Bolsover DC	45
Market Towns Programme for Bolsover	Bolsover DC	36
Stapleford High Street - Broxtowe	Broxtowe BC	43
Everything Derby - Derby	Derby City Council	49
University of Derby Enterprise & Innovation Hub	Derby City Council	35

Project	Project Applicant	Total Overall Score out of 81
Nuclear AMRC Midlands - Derby	Derby City Council	42
IPD UoD Skills Academy	Derby City Council	42
Business Incubation & Scale Up Programme	Derby City Council	57
Connect + Grow on Space - 6 Bold Lane	Derby City Council	63
Dales Central Area Workspace, Wirksworth	Derbyshire Dales DC	65
Mineral Line - Gedling	Gedling BC	43
Hoyle Road Business Park - Gedling	Gedling BC	51
Colwick Redevelopment Site - Rd No 3 - Gedling	Gedling BC	43
Digital & Professional Skills Centre - Newark	Lincoln College	62
White Hart Redevelopment Project - Mansfield	Mansfield DC	37
Student Accommodation - Mansfield	Mansfield DC	31
Sandy Lane Senior Persons Living - Mansfield	Mansfield DC	29
Centenary Road Phase 3 - Mansfield	Mansfield DC	29
North East Derbyshire Market Towns	North East Derbyshire DC	41
The Avenue School & Innovation Park	North East Derbyshire DC	48
Affordable Housing Development - North Nottingham	Nottingham City Council	49
Exchange Buildings Refurbishment - Nottingham	Nottingham City Council	54
City Centre West	Nottingham City Council	48
A60 Park & Ride & Bus Priority Measures	Nottinghamshire County Council	35
West Bridgford Tudor Square - Rushcliffe	Rushcliffe BC	59
Swadlincote Town Centre	South Derbyshire DC	65
Deda Remodelling for Increased Capacity	DEDA	38

## ANNEX 1

### Short- term Pipeline Projects for Acceleration

D2N2 has been working with project sponsors to prepare them for potential acceleration and delivery on to the LGF Programme. Discussions are ongoing with all projects and any information that is brought forward to the LEP before the January 7<sup>th</sup> meeting will be verbally given to the D2N2 Investment Board.

Project Name	Heathcoat Immersive Incubator	Project Score	63
Project Applicant	Nottingham City Council	Project Location	Nottingham
Start Date	July 2020	End Date	November 2020
LGF Amount	£160,000	Total Project Cost	£270,000

### Project Description

The project will provide an Immersive Technology hub and incubator on the Nottingham Science Park. This will be established through the repurposing of three existing units in the Heathcote Building to deliver Nottingham’s Immersive Technology Incubator (NXRI). The conversion and refurbishment of the three units will provide an open plan area for collaborative flexible work space, alongside a fully equipped Virtual Reality lab and theatre.

NXRI will provide start up spaces, flexible work spaces and virtual office, along with specialist start up and incubator business support to nurture Nottingham’s Immersive community into a commercially thriving cluster.

The project be delivered by Nottingham City Council and will:

- a. Procure a design/build fit out to convert and furnish the existing building and install digital infrastructure including fibre to the premises.
- b. Provide specialist Virtual Reality (VR), Augmented Reality (AR), Mixed Reality (MR) and other technical equipment and appoint a technician to manage the equipment and bookings.
- c. Provide high speed broadband access.

Once the building is complete the NRXI will be managed by the Council in collaboration with the University of Nottingham and Digital Catapult and will provide:

- A specialist Immersive Cluster Manager to provide advice, business support, networking to local businesses and to act as an ambassador for the sector, marketing and promoting the centre to businesses, users and local stakeholders. The Cluster Manager will be supported by a receptionist/admin role.
- An accelerator programme for midlands based entrepreneurs with high growth potential, supported by Angel or Venture Capital Investors.

Although immersive companies are growing and creating value in creative industries and many other sectors, the “newness” of the technology means that the sector suffers from



technology fragmentation and issues with skills supply. Those cities which have substantial numbers of immersive companies, such as London, Brighton and Bristol have well developed, government-backed immersive hubs (e.g. Digital Catapult) and good access to infrastructure and technological expertise.

NXRI will provide a centre of excellence in the region to provide this support.

### Strategic Fit

The outcomes of this project relate to the D2N2 SEP and Nottingham City Council's Growth Plan and objectives: Delivering private sector jobs; increasing the number of SME's; providing business support and access to finance; encouraging innovation and links to the universities; encouraging enterprise and entrepreneurialism in the creative industries.

In particular it will support the SEP ambition for 2030 to "...be a world class innovation led, highly productive economy..... at the forefront of technological and business innovation"

The clustering in one specialist centre with business support in place will support synergies across companies and a drive to use better technology. This will boost business efficiency, which will boost productivity as the sector exports most of its services.

Local and national businesses will benefit from this new and exciting technology and its application to a range of different uses including healthcare, engineering, design, business, construction, fashion, media and the arts.

### Deliverability

Issues and Risks	Resolution / Mitigation	Timescale to Resolve
Ownership	In Place	N/A
Vacant Possession	In Place	N/A
Site Conditions	No Issues	N/A
Planning Permission	Not Required	N/A
Private Sector Funding requirement	N/A	N/A
Other Barriers/Constraints	None	N/A



### Approvals Required

if approved Nottingham City Council will need approval to accept any grant, no other approvals are required for the project.

### Outputs

Output Description	Total
Public Investment Levered	£110,000
New jobs created	9
Commercial floorspace constructed refurbished sq m	216m2
Infrastructure provided – describe and km	High Speed Broadband
New businesses created	6
Businesses assisted	30

### Timeline for Delivery

Phase	Timeline
Procurement	February - March 2020
Tender Assessment/ lead in	April – June 2020
Build and Infrastructure works	July – October 2020
Building open	November 2020

### Recommendation

This project offers good value for money for the level of funding that is being required. The programme for delivery is short and the works can be contracted and completed well within the timescale of the remainder of the Local Growth Fund programme.

The project builds on the existing strength of the science park and will help to improve access to innovation for SMEs which has been identified as a key barrier for improving productivity.

Therefore D2N2 Officers would recommend that the Heathcoat Immersive Incubator project is accepted on to the LGF Capital Programme.

Project Name	Smarter Connected Campus	Project Score	62
Project Applicant	NTU	Project Location	Clifton
Start Date	September 2020	End Date	November 2020
LGF Amount	£800,000	Total Project Cost	£1,600,000

## Project Description

This is an innovative project that through the introduction of innovative technology will create a Smart and sustainable campus that will become a 'living laboratory' for businesses, academics, policy makers in the D2N2 area and beyond to explore how to create Smart Places, such as Smart Cities for the future.

The Smart Campus would merge state-of-the-art digital technology with data collection and analysis to create an environment that is connected, sustainable, responsive and inspirational to its users.

There are two major elements to this project:

- The installation of a secondary optical fibre network on the Clifton campus that could be used securely by SMEs for testing applications, devices and systems on a plug-and-play basis
- Installation of a 5G mimic system on the Clifton campus that mimics 5G that could be used securely by SMEs for mobile application and device development and testing, including with drones and driverless vehicles.

The NTU vision for a Smart Campus marries an aspiration to develop a world class teaching facility with the opportunity to create a test bed for ambitious local businesses to learn about and be an integral part of future opportunities that will come about through advances in the Internet of Things, mobile networks (e.g. 5G), location-based services, AI and Big Data.

Larger scale Smart Places are not yet common place. The few that do exist are rarely wholly controlled by a single organisation; such control offers the opportunity of creating a living laboratory that obviates a variety of regulatory barriers (e.g. around drone use). Most Smart Places are also not underpinned by large scale specialist and innovation capacity that spans from the technological through to the legal and social sciences. The project proposed here provides the opportunity to be part of a unique Smart Place that meets all these conditions, putting the area at the forefront of the Smart Place agenda.

Longer term the University's Smart campus strategy identifies a number of distinct strands of activity that will build on the initial infrastructure. Examples of this, but which fall outside the scope of this application, include wayfinding, smart transportation, automated transactions, smart building controls, energy systems and automated urban farm-to-plate systems.

Following the introduction of the new technology NTU will roll out an SME business support programme. This will see the campus used as a living laboratory as

businesses are able to access and use the facilities. This will make them aware of the technology, and its application, leading to innovation and to develop new products and services.

Initially the support would be through a series of events to explain the introduction of new technology and the benefits derived. This would lead to more detailed and intensive support where the University could provide further assistance each business through:

The University would also run a number of SME challenge events where D2N2 SMEs are invited to design solutions to identified problems, including those posed by large multinational companies. The winner of the call then gets support, and possibly funding (from Innovate UK, or one of the Catapult Centres, or the call instigator) to develop their solution that can then be tested in the NTU facility. This is a well proven methodology employed by a number of the national Catapult Centres.

## Strategic Fit

D2N2 Strategic Economic Plan (SEP), **Vision 2030** where the proposed activity will support many of the LEPs stated aims and objectives. In particular the investment in the Smart and Sustainable campus will support the following SEP themes and investment priorities:

**Productive and growing businesses.** This innovation led project can assist businesses (many of whom have high growth potential) to adopt innovative technologies and ways of working, helping them to realise their potential and increase levels of productivity.

### Quality of place

This investment in the physical infrastructure on the Clifton Campus will support businesses. It also enhances the area as a great place to live and study and will help to confirm NTU's place as a leading university.

This also links strongly with the grand challenges identified in the **Industrial Strategy**

### AI and the data economy

Artificial Intelligence and machine learning are identified general purpose technologies already starting to transform the global economy. They are often seen as new industries in their own right but they can also transform business models across different sectors as they deploy vast datasets to identify better ways of doing complex tasks. Embedding data collection sensors and using AI across the campus will help to demonstrate to SMEs the possibilities of this technology.

### Clean growth

Through the sustainable campus activity we will maximise the advantages from the shift to clean growth and the efficient use of resources to show the industrial opportunities that are presented.

We are determined to play a leading role in providing SMEs with access to the technologies, innovations, goods and services of the future.

### Mobility

NTU can become a thought leader in shaping the future of mobility. Our work on transportation could help to identify practical solutions that could in time dramatically reduce carbon emissions and other pollutants.

The University's ability to introduce this suite of innovative projects can help embed exciting technologies are translated into other industrial and commercial practices, and so into increased productivity. The government has recognised that both public and private sectors need to invest more in research and development and we need to be better at turning exciting ideas into strong commercial products and services. This project provides that opportunity

The establishment of a Smart Campus environment will be a ground-breaking innovation for the D2N2 region and will provide opportunity for D2N2 based technology businesses to accelerate their product development and commercialisation agendas. This will, in turn, increase productivity and create high level skilled jobs within the region. It will also encourage businesses from outside the region to relocate to the D2N2 region, as there are very limited 5G test bed resources in the UK.

### Deliverability

Issues and Risks	Resolution / Mitigation	Timescale to Resolve
Ownership	In Place	
Vacant Possession	In Place	
Site Conditions	No Issues	
Planning Permission	Not Required	
Private Sector Funding requirement	NTU has committed the match funding	
Other Barriers/Constraints	None	

### Approvals Required

Nottingham Trent University's Executive Team have approved and committed to the SMART Campus concept.

### Outputs

Output Description	Total
Private Investment Levered	£800,000
New jobs created	45
Infrastructure provided – describe and km	Enhanced Digital Network
Businesses assisted	90

Output Description	Total
New Products/services introduced	45

### Timeline for Delivery

Phase	Timeline
Final Design	March – June 2020
Procurement	July – August 2020
Build and Infrastructure works	September – November 2020
Testing of the infrastructure	December 2020
Roll out of the project	January – February 2020

### Recommendation

This project fits well with the themes of innovation and productivity within the emerging Local Industrial strategy. Whilst the build programme will not commence until September 2020, the infrastructure works take place within the NTU Clifton campus and are not dependent on variables such as planning. Therefore D2N2 has confidence that delivery will be met within the March 2021 deadline.

D2N2 officers would recommend that the NTU Smarter connected campus project be added to the LGF Capital Programme but LEP Officers work with NTU on an ongoing basis to try and accelerate the programme of delivery.

Project Name	Nursing & Allied Health Provision in Mansfield – NTU	Project Score	70
Project Applicant	Nottingham Trent University	Project Location	Mansfield
Start Date	May 2020	End Date	November 2020
LGF Amount	£746,000	Total Project Cost	£1,492,000

## Project Description

NTU are seeking capital funding to establish a pioneering facility for the Mansfield area to meet the demands of local health organisations. We are seeking to establish nursing & allied health provision in partnership with Sherwood Forest Hospitals Foundation Trust (SFHFT) with courses commencing in September 2020. NTU is in discussion with VWNC to run the whole of the Higher Education provision at the campus. Our conversion of the Visual Arts centre is a strand of this initiative.

SFHFT provide a range of placements to other local Universities for their student nurses, which are reported to provide a relatively small return on investment in terms of the qualified nurses who ultimately seek employment at the Trust. Local students who are committed to staying in the area, appear to study further afield and potentially undertake their placements at other Trusts, whilst ultimately wanting to return to take up permanent employment at SFHFT.

Provision within the area would enable the Trust to provide placement activity to those students more likely to stay with them when they qualify and could provide further opportunities to stimulate the Trust to grow their own future workforce across nursing and other health related professions.

Courses would be delivered on-site at VWNC with the refurbishment of the Visual Arts Centre. NTU would be responsible for the project, working closely with all stakeholders, to meet the demand identified by senior health colleagues. The current regional centre providing Continuing Professional Development (CPD) is located at De Montfort University in Leicester. This proposal would also allow for CPD provision to be retained within the local area for the benefit of SFHFT staff and other local Allied Health providers.

This provision would meet the market demand as set out in this application but is also in line with the D2N2 Promoting Inclusive Growth agenda, improving skills of local people, raising real wages and narrowing inequality and wage disparity. Also, with an ageing society the growth in demand in the Health & Social Care sector will only increase over time. The UK's ageing society is already impacting SFHFT's workforce profile and there is an urgent need to attract, train, retain and develop the workforce of the future.

As the partnership develops, there are a range of other possibilities for the development of Allied Health professionals in areas including radiographers, stenographers, medical physics, medical bioscience technicians, physiotherapists, occupational therapists and pharmacists.

## Strategic Fit

This project is aligned to the **D2N2 Strategic Economic Plan (SEP)** and delivers on two of the three SEP themes:

- **Delivering skills and knowledge for the future**
- **Enhancing the quality of the places where we live and work.**

In addition, this will inspire the careers and skill choices of Mansfield's current and future workforce as well as that of the surrounding area.

### Skills & Knowledge For The Future

This project will deliver on the ambition of having a healthy, productive, well qualified and well rewarded workforce supported by world class training and education. It is in tune with investment priorities 5 & 6 of Future Workforce (equipping people with the skills and knowledge they need to access jobs) and Inclusive Workforce (helping people to move into better paid jobs). This is particularly relevant in Mansfield, an area with a relatively low skill base and jobs at risk as a result of automation.

### Quality Of Place

This project will empower Mansfield and surrounding areas to become a great place to work, live and study in line with investment priority 11.

The SEP also identifies the Health & Social care sector as one where large growth is expected as the UK has an ageing society which is identified by the Government as one of the four grand challenges of the **Industrial Strategy**.

## Deliverability

Issues and Risks	Resolution / Mitigation	Timescale to Resolve
Ownership	In Place	
Vacant Possession	NA	
Site Conditions	No Issues foreseen	
Planning Permission	Not Required	
Private Sector Funding requirement	NTU has committed the match funding	
Other Barriers/Constraints	None	

## Approvals Required

Nottingham Trent University's Executive Team have approved and committed to the Mansfield Nursing and Allied Health Centre. Accreditation will be required from the relevant bodies for the site to deliver programmes, however this accreditation can only be received once the facility has been completed.



## Outputs

Output Description	Total
Private Investment Levered	£746,000
New learners supported	316
GVA Uplift	£85,426,638

## Timeline for Delivery

Phase	Timeline
Final Design	January 2020
Procurement	Feb – March 2020
Contract Award	April 2020
Refurbishment Works	May to Autumn 2020

## Recommendation

This project presents both strong outputs and also a high level of deliverability and certainty to spend before the end of the programme in March 2021.

A potential risk remains around the centre not being awarded accreditations to deliver the relevant health related courses however D2N2 have addressed this with NTU and are satisfied with the mitigations proposed.

It responds to an identified local skills need from a major employer and will help to further establish HE provision within Mansfield. This will contribute towards upskilling of the local area and improve opportunities for greater social mobility.

The outputs from this project have also been tested to gain assurance that they are wholly additional to the outputs forecast from the Vision West Notts College project funded in 2015.

Therefore D2N2 Officers are recommending that the NTU Nursing and Allied Health provision project be added to the LGF Capital Programme.

Project Name	Sinfin Business Park	Project Score	68
Project Applicant	Harworth Group	Project Location	Derby
Start Date	May 2020	End Date	January 2021
LGF Amount	£600,000	Total Project Cost	£7,730,000

### Project Description

**Harworth Group plc intends to speculatively develop four units totalling 87,500 sq. ft of new B1/B2/B8 commercial development at Plot 8, Sinfin Commercial Park to address Derby City’s consistently reported under supply of high quality commercial space that is acting as a brake on economic growth.**

It is aimed at small companies – particularly those in the manufacturing and distribution sectors – wanting new flexible, energy efficient commercial space, taking advantage of Sinfin’s close proximity to Rolls-Royce’s global headquarters and the site’s proximity to the principal road network. This is in response to consistent feedback from commercial agents in the Midlands that there is a lack of supply of units under 100,000 sq. ft at an acceptable standard for occupiers.

Unit 1: 45,000 sq. ft

Unit 2: 10,000 sq. ft;

Unit 3: 10,000 sq. ft; and

Unit 4: 22,500 sq. ft.

As one of the UK’s leading land and property development companies, Harworth Group will act as master developer for the entire scheme, taking responsibility for the construction of the units and all associated site preparation and infrastructure development. Harworth Group plc is responsible for some of the UK’s leading commercial developments, including the 2m sq. ft Advanced Manufacturing Park in Rotherham and the 4m sq. ft Logistics North development in Bolton, as well as being highly experienced at developing new commercial space across the UK, having directly developed over 1m sq. ft of its own B1, B2 and B8 space since 2014. The business therefore has the track record and experience to effectively deliver a high-quality commercial scheme within the required timeframes of the LEP’s funding programme.

A grant of £600,000 will support the build out of a scheme that will create up to 227 new full-time jobs in Derby in addition to an additional £15m in Gross Value Added per annum.

### Strategic Fit

D2N2’s vision for the region, as explained within its Strategic Economic Plan to 2030, is **‘to grow the economy and in particular address our productivity and inclusion challenges.’** The construction of sustainable, well-located commercial space is a key building block in all three of the LEP’s three priorities over the next decade:

- Supporting productive and growing businesses;
- Delivering skills and knowledge for the future; and
- Enhancing the quality of the places where we live and work.

Harworth intends to build BREEAM ‘very good’ rated space which can be flexibly fitted out by a range of occupiers that will be adjacent to the principal road network. Given the reported lack of good quality, well located commercial space under 100,000 sq. ft is actively stopping a number of firms either effectively growing or becoming more productive (either in getting their products quickly to market or their staff efficiently to work), the build out of new space at Sinfin will directly meet ‘supporting productive and growing businesses’ in adding a projected 227 new FTEs to the local economy and over £15m in Gross Value Added.\* As the units will be ‘BREEAM’ very good and are close to the A5111, our units will also support improvements in environmental sustainability, including reduced energy usage and improved air quality from operations versus poorer quality, poorer located units.

In addition, Plot 8 has lain vacant for over three years since Harworth demolished asbestos-riddled former warehouses and workshops on the site, leaving brownfield land available for redevelopment subject to planning. Now that planning has been granted, use of the site to deliver 87,500 sq. ft of new commercial space improves the attractiveness of Sinfin as a place to live and work whilst easing pressure on Derby City Council to allocate other potentially green belt or greenfield sites for new development, further aiding our sustainability credentials.

### Deliverability

Issues and Risks	Resolution / Mitigation	Timescale to Resolve
Ownership	The site ownership is in place with Harworth Estates	
Vacant Possession	The plot for construction is vacant and ready to develop	
Site Conditions	Land preparation works need to be carried out but will be carried out in conjunction with other works.	
Planning Permission	Reserved matters in place	
Private Sector Funding requirement	Private sector match in place	
Other Barriers/Constraints	None	

### Approvals Required

No further external approvals are required.

### Outputs

Output Description	Total
Public Investment Levered	£0.5m
Private Investment Levered	£7.915m
New jobs created	226 FTEs*
Floorspace constructed	8,129 sq. m
Commercial floorspace constructed sq m	8,129 sq. m
Infrastructure provided – describe and km	0.1km of estate road
Businesses assisted	Up to 4 (new tenants)
GVA uplift	£15.27m GVA uplift*

### Timeline for Delivery

Phase	Timeline
Final Design	January - February 2020
Procurement process	March – April 2020
Contractor and site lead in	April - May 2020
Build Programme	June 2020 to March 2021

### Recommendation

This project presents strong value for money based on the output delivery that can be achieved from the project. It will provide high quality business accommodation in Derby which will help to support business growth and productivity and create higher value jobs for the local area. The timelines for delivery set out are in line with the expectations of the LEP.

D2N2 Officers would recommend that the Sinfin Business Park project be added to the LGF Capital Programme.

Project Name	Tollbar House, Ilkeston	Project Score	63
Project Applicant	Erewash Borough Council	Project Location	Ilkeston
Start Date	May 2020	End Date	January 2021
LGF Amount	£425,000	Total Project Cost	£850,000

## Project Description

### Office Refurbishment Project to:

- Repurpose floorspace for the private sector
- Create space for high value jobs
- Increase local productivity
- Upgrade facilities to combat climate change and enhance the natural environment

The proposal for Toll Bar House is to update and refurbish this art deco landmark building to make it suitable for modern, high value office requirements. The project will include upgrading the heating and lighting systems, fitting more energy efficient windows, insulation and water systems. These will be cheaper for the occupants to run and help limit climate change and improve the appeal of the letting offer. A new garden will be created on site to enhance the natural environment.

The programme of refurbishment will include reconfiguring the space to form

- Six open plan offices each with their own kitchen and bathroom facilities.
- The flexibility to combine spaces as required to create larger letting units.

Toll Bar House has always had a public sector occupant. It was built for the Electricity Board, and then sold to EBC who used it for some years, but with a contraction of its operations it was then let to the current occupant, the local clinical commissioning group. The public sector is downsizing and will continue to contract. It has now been decided that for the purposes of market stimulation the facility should be made suitable for letting to the private sector.

### Need for the project

This project is needed now as the current NHS occupant has indicated that it plans to move to centralised premises as a consequence of a recent merger. The building is now unlettable in its current condition as a survey has indicated an EPC rating of only G. A rating of E or higher is required for marketing purposes. Given the estimated costs of upgrade and refurbishment EBC would likely mothball the property without this project, thereby losing an opportunity to support the growing private sector.

Ilkeston has a supply of managed office units for start-up micro-businesses including Castledine House and The Old Police Station, but minimal grow-on space for small businesses. The refurbishment and sub-division of Toll Bar House could address this market failure

## Strategic Fit

The Toll Bar House project will:

- Make appropriate floor space available to business growth sectors
- Support growth in jobs to target high value sectors and thus of GVA
- Deliver clean growth through increased energy efficiency in an accessible location
- Improving an important gateway on the edge of centre of the market town of Ilkeston.

### **D2N2 Strategic Economic Plan (Vision 2030)**

The project fits the Vision to "have a transformed high-value economy", "with firms readily able to access ... space to grow". It will contribute towards Vision Targets 1, 2 & 3 to increase productivity, 4 to raise real wages, and 5 to maintain high and stable employment.

The project directly delivers Theme 3 - Quality of Place: Investment Priority 9 - Infrastructure by providing "physical infrastructure to create a competitive advantage [&] support business growth... and enhance our natural environment".

In addition the project will contribute towards Theme 1 - Productive and Growing Businesses: Investment Priority 1 - Business Productivity by enabling "a larger number of businesses with above average ... productivity" and Investment Priority 2 by supporting "the high-growth potential of productive businesses and grow[ing] the stock of high-value businesses in the area".

### **D2N2 Local Industrial Strategy**

The project aligns with the Foundations of Productivity of "Clean Growth" and "Infrastructure".

### **DEP Derbyshire Economic Strategy Statement**

The project directly delivers Theme 1: Boosting Investment and Place Making- Strategic Objective 2 "Unlock the potential of Derbyshire's land and property assets to attract and retain businesses and create the conditions for economic growth"

In particular, the project will :

- "Promote the re-use of vacant and underused commercial, industrial and heritage buildings"
- "Review ... council-owned assets as part of a shared estate programme to identify opportunities for rationalisation and commercial development"
- "Support enhancement of provision of quality commercial accommodation to meet the needs of creative, hi-tech and knowledge-based industries"
- "Maximise potential of existing vacant, under-used premises or those in need of modernisation and provide follow-on space for growth businesses"

### Deliverability

Issues and Risks	Resolution / Mitigation	Timescale to Resolve
Ownership	Erewash Borough Council own the Property	
Vacant Possession	The current occupier will have vacated the site by May 2020	Resolved by May 2020
Site Conditions	None required	
Planning Permission	None required	
Private Sector Funding requirement	NA	

### Outputs

Output Description	Total
Public Investment Levered	£0.425m
New jobs created	90
Floorspace constructed	1,106m <sup>2</sup>
GVA uplift	£5.04m

### Timeline for Delivery

Phase	Timeline
Final Design	January 2020
Procurement process	Feb – March 2020
Contractor and site lead in	March - April 2020
Build Programme	June 2020 – November 2020

### Recommendation

The Tollbar House project offers good value for money and strategic alignment with D2N2's aims for supporting and unlocking growth across the region. The project is in a location that lacks quality space for business growth and will therefore help to support the growth of new businesses and support jobs for the local economy. The project is deliverable and in the ownership of the council which provides a good level of certainty for delivery.

D2N2 Officers would recommend that the project is adopted on to the LGF Capital Programme.



Project Name	Revitalising the Heart of Chesterfield	Project Score	66
Project Applicant	Chesterfield BC	Project Location	Chesterfield
Start Date	April 2020	End Date	April 2021
LGF Amount	£650,000	Total Project Cost	£5,500,000

## Project Description

Chesterfield town centre functions as a sub-regional service centre (the 7<sup>th</sup> largest retail destination in the East Midlands) and is recognised as a key economic asset in the D2N2 area. In common with other town centres, Chesterfield faces a number of challenges which have the potential to undermine its long term sustainability if appropriate action isn't taken in response. These challenges include: the growth of on-line retailing which is having an increasing impact on the high street (on-line sales now account for 20% of comparison retail spend); changing retailer strategies with an increasing focus on the top 100 retail destinations which serve the majority of the population (Chesterfield was ranked 177<sup>th</sup> on the Javelin Venuescore ranking in 2017, having fallen 50 places over the last 10 years as key retailers have either closed or relocated out of the centre); and on-going investment in surrounding centres (notably Sheffield and Meadowhall) which increase the competition for consumer spend in Chesterfield's retail catchment (Chesterfield currently secures a 9% market share in its wider retail catchment, behind both Meadowhall (16%) and Sheffield (15%)).

In relation to other retail health indicators: the most recent town centre occupancy survey (06/19) identified 38 vacancies in the town centre, an increase of 10 vacancies over the last 6 month period; and declining town centre footfall with a 20% decrease over the last 3 years at the Vicar Lane Shopping Centre (the primary retail location in the town centre).

In response to these issues, the Council is taking action to broaden the appeal of the town centre, making it a location for destination trips that combine a range of retail, catering and leisure activities. The aim is to attract people back into the centre (both new and repeat visits) by making it a great place to be, with a high quality environment that people enjoy spending time in. We will build on the town's unique characteristics and reinforce its distinctive historic character to provide people with a 'Chesterfield Experience' that cannot be replicated on-line and differentiates us from competing centres such as Meadowhall.

In order to help achieve this aim, the Council has secured a mix of funding (including the Council's own funding) to deliver the 'Revitalising the Heart of Chesterfield' (RHOC) project. This comprises two scheme elements: the reconfiguration of the outdoor market to make it a more attractive proposition for both traders and shoppers (scheme 1); and the delivery of enhanced public realm in the town's Northern Quarter, providing improved pedestrian links to the main retail core (scheme 2).

## Strategic Fit

At national level, the project accords with the core principles of the Industrial Strategy (2017), particularly the focus on 'Place' as one of the 5 foundations of productivity, recognising that different places have distinctive advantages and challenges that need to be built-on / addressed in order to support the growth of strong local economies. The Government's 'Our Plan for the High Street', identifies that town centres are a crucial part of local communities and local economies and need to be supported in response to the challenges created by changing patterns of consumer behaviour.

The project provides a strong strategic fit with the revised D2N2 SEP (2019) which recognises the important economic role played by major towns such as Chesterfield. The 'Quality of Place' theme includes priority 11 'Place making and marketing' with a focus on promoting a high quality built environment and 'revitalised high streets in our towns and cities'. The SEP notes that D2N2 will support the vitality of urban centres such as Chesterfield and in the longer term will look to 'exploit the transformational potential of HS2' (priority 10), including enhancing Chesterfield's role as a gateway to the Peak District for visitors arriving on HS2 services. Great place making in Chesterfield town centre (as per the RHOC project) will be key to realising the leisure, residential and business opportunities that HS2 connectivity will create.

The Derbyshire Economic Strategy Statement (2014) includes the strategic objective 'to increase the vitality and viability of our market towns and urban centres to support their role as local service and employment centres'. It notes that Chesterfield will continue to strengthen its role as a sub-regional centre through the development of its employment, retail, education and leisure offer.

- At the local scale, the town centre has long been recognised by the Council as the area's key economic asset, and promoting the vitality and viability of the centre is prioritised in key documents such as: the Council Plan (2019-23); the current Chesterfield Local Plan: Core Strategy (2013) and the replacement Chesterfield Borough Local Plan (submission version 2018); and the Chesterfield Growth Strategy (2019-23). Future development of the town centre will be guided by the Chesterfield Town Centre Masterplan (2015) which highlights a number of priorities including: securing a sustainable future for the outdoor market; better pedestrian connectivity between across the centre; and investing in a high quality urban environment to encourage greater patronage and extend dwell times.

**Deliverability**

Issues and Risks	Resolution / Mitigation	Timescale to Resolve
Ownership	Market Place is in the ownership of CBC. Public realm works are in the adopted highway	
Vacant Possession	N/A	
Site Conditions	Site conditions in the Market Place are a known quantity. As part of design of public realm a site condition survey has been completed and this has not identified any abnormalities	
Planning Permission	The Market redevelopment requires planning permission. Any extension to public realm will require Section 278 approval. However this is considered to be relatively straight forward given that the works will apply to an existing pedestrianized zone	Planning achieved by October 2020.  Section 278 agreement by April 2020.
Private Sector Funding requirement	N/A	

**Outputs**

Output Description	Total
New jobs created *	Scheme 1 – 17 jobs Scheme 2 – 48 jobs
Jobs safeguarded	Scheme 1 – 110 Jobs

**Timeline for Delivery**

Phase 1 Market Square	Timeline
Final Design	February – July 2020
Procurement process	July - September 2020
Planning decision	October 2020
Build Programme	November 2020 – April 2021

<b>Phase 2 Public Realm</b>	<b>Timeline</b>
Final Design	January - March 2020
Section 278 agreement	March – June 2020
Procurement Completion	July 2020
Build Programme	October – December 2020

### **Recommendation**

The Revitalising the Heart of Chesterfield project offers good value for Money to the Local Growth Fund Programme and will help to improve and sustain the vitality of Chesterfield Town Centre.

As one of the larger urban settlements in the area it is important that the town has a centre which will encourage investment and create spaces for the economy to grow.

D2N2 have been assured that the relevant projects will be able to demonstrate the ability to spend within the Local Growth Fund programme period. Phase 1 – Market Square will be on track to have sunk costs to the amount of D2N2's contribution by the time of construction beginning. Phase 2 – Public Realm will act as an additional set of works to a contract due to be let in May 2020 and will therefore provide the assurance that as a continuation of an ongoing programme the project will spend.

## Annex 2 – Short term Project Scores

Project	Strategic Fit and Outputs	Project Programme and Deliverability	Market Evidence and Planning Status	Financial Risk and Options Appraisal	Total Score	Comments on the Application
Artcore - Derby	13	19	9	8	49	The project scored well on deliverability but uncertainty in match funding is a risk. The project also presented low outputs for the funding being requested which affected the Value for Money score.
Clegg Hill Site - Ashfield	13	18	11	10	52	Uncertainty over the match funding for the project caused concern and the outputs for the project were low value for money.
Mushroom Farm Court Industrial Units - Broxtowe	16	20	11	10	57	The project scored well in most areas, however uncertainty over match funding contributions create a risk over the projects deliverability.
Revitalising the Heart of Chesterfield (2)	17	22	13	14	66	The project scored well in most areas and generates good VFM.
DRIVE - Chesterfield	19	11	10	9	49	The project scored well from a strategic fit perspective but the timescales indicate that this project may be undeliverable in the LGF period and would be better to be moved to the Medium term list.
Construction Career College - Newark	13	19	10	7	49	The project presented risks around unidentified match funding contributions which will affect the short term deliverability.
Melville Court, Meden Vale - Mansfield	12	15	10	9	46	Issues around uncertainty of match funding are risks in this project and the outputs offer low value for money.
Yorke Drive Regeneration - Newark	11	12	11	9	43	The key risk for this project is its ability to deliver within the timescale of the Local Growth fund up to March 2021.
Waterside Regeneration Zone - Transport Connections - Nottingham	15	14	11	10	50	The project assessment identified concerns over the timescales for delivery and also the value for money of the outputs
Arches Development (Trent & Sussex Street) - Nottingham	13	14	10	14	51	From the assessment, queries were raised around the additionality of the impacts of the scheme due to proximity to other investment from the Local Growth Fund.
City Centre Market Quarter - Nottingham	14	19	11	8	52	The project scored well on deliverability however concerns are around the VFM of the project and the direct output's created from this intervention.
Heathcoat Immersive Incubator - Nottingham	18	21	13	11	63	The project has scored well in terms of both its deliverability within the programme time parameters and the strategic fit.
Crocus Place - Nottingham	17	9	14	7	47	Strategic fit and outputs scored well on this project however key concerns are in relation on delivery before March 2021, therefore this project would fit better within the medium term projects
Neighbourhood Action Plan - Phase 1 - Nottingham	12	15	11	10	48	The key risks to this project are over match funding and the ability to deliver before the March 2021 Local Growth Fund deadline.
The Smarter Connected Campus - NTU	15	20	12	15	62	The project scored well across the submission and generates good Value for Money
Nursing & Allied Health Provision - Mansfield	17	24	13	16	70	The project scored well across the submission and generates good Value for Money
Cotgrave Town Centre - Rushcliffe	13	21	14	12	60	The project has scored well but concerns remain over the level of output that would be achieved from this project and therefore its value for money
Connecting People to Work - South Derbyshire	11	22	15	12	60	The project scored well however little to no job/home creation would be achieved through this intervention.
Toyota Apprentice Development Centre - Toyota	13	23	12	9	57	The project scored well strategically however concerns were raised about the need for grant and potential state aid issues with a private sector company.
Newark & Sherwood Community & Activity Village - YMCA	20	11	15	9	55	The project scores well in terms of outputs and VFM but key risks are around the deliverability of the project
Bakewell Road Site - Matlock	15	16	13	11	55	The project scored low in VFM terms however it is seen that there could be scope for improvement in the outputs should the project progress.
Drakelow - South Derbyshire	19	12	13	7	51	Issues were presented around addressing delivery constraints for the project and also where future funding would come from for the rest of the development.

Project	Strategic Fit and Outputs	Project Programme and Deliverability	Market Evidence and Planning Status	Financial Risk and Options Appraisal	Total Score	Comments on the Application
Tollbar House Ilkeston	18	20	14	14	66	The project has scored well strategically and can be delivered in the LGF timescales
Hazleford Way - Gedling	13	22	13	9	57	The project scored well in some areas however questions were raised over the level of developer of profit within the scheme and therefore the need for public sector grant
Hill Crest Park - Gedling	13	22	13	9	57	The project scored well in some areas however questions were raised over the level of developer of profit within the scheme and therefore the need for public sector grant
Sinfin Business Park - Derby	18	18	15	17	68	The project has scored well strategically and can be delivered in the LGF timescales