

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 11 May 2020 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), C Hart (Erewash Borough Council), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council), B Lewis (Derbyshire County Council), J White (Bassetlaw District Council) and J Bradley-Fortune (Inclusion Representative) and D Williams (D2N2 LEP).

Also in Attendance: M Ashworth (Derbyshire County Council), J Davies (Gedling Borough Council), C Durrant (Chesterfield Borough Council), A Evans (Nottinghamshire County Council), T Goshawk (D2N2 LEP), C Henning (Nottingham City Council), N McCoy-Brown (Nottinghamshire County Council), W Morlidge (D2N2 LEP), S Rose (D2N2 LEP), J Sayer (Derby City Council), N Stevens (Nottinghamshire County Council) N Taylor (Bassetlaw District Council), S Wainwright (Derbyshire County Council), and D Wright (CLGU)..

Apologies for absence were submitted on behalf of Councillor S Webster (Nottingham City Council)

41/20 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the Infrastructure and Investment Board held on 11 March 2020.

42/20 **LOCAL GROWTH FUND PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme. The programme had seen significant affects to delivery through the Covid 19 pandemic situation and therefore report highlighted the position of the 'live and upcoming' projects in the programme.

Following last year's spend targets it was confirmed confirm that the target set by Government for spend in the 2019/20 financial year (£40m) was fully allocated and spent and the LEP also utilised all previous years underspends in this year as well. Therefore, in the 2019/20 financial year the LEP allocated and spent its projected £46,395,884 meaning that the LEP no longer held any underspend allocation moving in to the 2020/21 Financial Year.

The current position of the programme was largely affected by the Covid 19 pandemic and the effect this was having on the construction industry. Annex A to the report provided a full update of all projects that were live or due to go live in the next financial year and included the impact from Covid 19 for each project.

In general the construction industry had been highly affected by the current pandemic due to a multitude of factors, including supply chain constraints, increased costs of materials but primarily the main effects were as a result of social distancing in the workplace which was affecting the amount of construction-based work that could take place, which would affect delivery timetables and increase associated costs.

Going forward project sponsors have cited that the uncertainty over how long the social distancing period will last was likely to cause ongoing delays to their projects. Some construction sites are remaining closed due to the contractor's choice and in effect are out of the control of project sponsors to progress. Sponsors have stated that productivity is likely to drop on site when a return is announced due to social distancing and this was likely to have significant impacts to both cost and time on the projects. The other ongoing risk was around supply chains and their resilience moving forward. Manufacturers of products had ceased production in some areas already leading to shortages in key materials (such as plaster and plaster board) and this was likely to affect both the timing of projects and the price due to increases in cost.

In terms of impacts for the Programme, should the March 2021 deadline stay in place for full commitment and spend of the Local Growth Fund programme it is unlikely that the D2N2 programme will achieve this. Delays are anticipated to continue and the uncertainty over productivity with regards to social distancing will have an effect on the construction sectors ability to meet the deadline. Multiple authorities are identifying cost increases to their projects and this may have an effect on the sponsor's ability to deliver the final project. In some cases, cost increases close to 10% are being identified based on evaluation of the situation and this could affect the ability to finish to the specification outlined if at all.

This would clearly have impacts on the outcomes projected at the delivery of a Final Business Case and would also affect the delivery of outputs and their timing. The LEP was working closely with all projects to look at what flexibilities were possible and review the situation around costs once full assessments could be carried out to understand the extent of price increases to the projects across the whole programme.

The Investment Board and main LEP board would continue to be provided with updates on the impact of the programme and the LEP's ability to meet the deadlines and deliver the full programme. At a national level through the LEP network all LEPs have already requested an extension to the deadline to government. Early confirmation was also being sought of future LGF funding announced in the March Budget and an understanding of how this could be used.

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

RESOLVED to note the update report on D2N2 LGF programme

43/20 **LOCAL GROWTH FUND BUDGET** The current forecast showed that in 2020/21 the programme was overcommitted by £2.26m. This would be offset by the money from the Growing Places Fund to achieve a balanced budget.

2020/21 was the final year of the Local Growth Fund Programme, the full impact of Covid 19 was not fully realised at the time of writing the report but was expected to have an impact on projects ability to spend before the 31st March 2021 deadline and therefore be able to evidence expenditure. Grant profiles and expenditure figures for the remaining projects would be monitored closely throughout the year to ensure any grant given could be evidenced with expenditure. The LEP would continue to lobby Government for a year's extension to the LGF programme to ensure all projects could be completed and all grant monies spent.

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

RESOLVED that the report be noted.

44/20 **D2N2 MILESTONES UPDATE** The Board were asked to note the Milestones report on the D2N2 LGF programme.

The report showed the Milestones that were agreed within the last year and detailed the progress against the delivery of those milestones. Details of each individual project were provided at the meeting and recommendations followed each project giving their milestone progress. Further verbal updates were given by the promoters at the meeting.

Becketwell (Derby City Council) The Investment Board were requested to agree the changes to the Milestones for the Becketwell project and would continue to monitor the status of the new planning application through to Final Business Case delivery.

Castleward (Derby City Council) – The Investment Board were recommended to agree the revised milestones and target a new Business Case delivery date of June 2020.

Woodville Swadlincote Regeneration Route (Derbyshire County Council) – The Investment Board are recommended to monitor progress up to the delivery of the Final Business Case which will now be delivered in June 2020.

A46 Corridor (Phase 3) (Rushcliffe Borough Council) - The Investment Board are requested to monitor the progress of milestones and await the submission of the FBC in November 2020

Heathcoat Immersive Incubator (Nottingham City Council) - The Investment Board are requested to monitor the progress of milestones and await the submission of the FBC in September.

Smarter Connected Campus (Nottingham Trent University) - The Investment Board are requested to monitor the progress of milestones and await the submission of the FBC in September 2020.

Tollbar House (Erewash Borough Council) - The Investment Board are requested to monitor the progress of milestones and await the submission of the FBC in July 2020

Nursing & Allied Health Provision in Mansfield (NTU) - The Investment Board were requested to monitor the progress of milestones and await the submission of the FBC in May 2020

Revitalising the Heart of Chesterfield (Outdoor Market) (Chesterfield Borough Council) - The Investment Board were requested to monitor the progress of milestones and await the submission of the FBC in November 2020.

Revitalising the Heart of Chesterfield (Public Realm) (Chesterfield Borough Council) - The Investment Board were requested to monitor the progress of milestones and await the submission of the FBC in July 2020.

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

RESOLVED to approve the recommendations as detailed in the report.

45/20 PROJECT FOR APPROVAL – CHESTERFIELD STATION MASTERPLAN Board Members were informed of a request for Local Growth Funding to support the Chesterfield Station Masterplan project. The project would deliver a new link road from the junction of Hollis Lane and Spa Lane to terminate at the southern extent of the Chesterfield Station car park. It would enable and bring forward early development plots within the Chesterfield Station Masterplan area totalling 1.26 hectares for employment.

Following the review of the business case, The D2N2 Investment Board were recommended to approve the £3,808,000 grant to Derbyshire County Council subject to a signed Heads of Terms agreement being reached in the next 30 days. Should this agreement not be reached, the Investment Board will review the projects approval following this period.

The Chesterfield Station Masterplan project made up part of the A61 Corridor Programme and would deliver the construction of a new link road from the junction of Hollis Lane to terminate at the South of Chesterfield Train Station. The project would unlock the early development of 1.26 Ha of employment floor space.

This project worked with other projects within the A61 Corridor programme to aid growth within the North Derbyshire Growth Zone (NDGZ). The NDGZ area had experienced significant decline of traditional industries (including coal, steel and

heavy engineering) over the last 20 years which had contributed to higher unemployment levels, but in return, also provides major redevelopment opportunities at brownfield sites.

The project involved two main strands of work to facilitate the delivery of the new link road and subsequent employment opportunities from the delivery of this. The first phase of works would include the acquisition of a strategic land piece and relocation of the existing landholder to enable the final delivery of the link road. This would involve purchasing the land, demolition and remediation works to the new site and the existing one and then finally relocation of the occupier.

The second phase of this project was to build the new link road from the junction of Hollis Lane/Spa Lane through to the Southern Extent of Chesterfield Train Station, at this point the creation of the new road/shared cycle and footpath would allow the delivery of new commercial units to unlock the jobs potential in the area.

The project aimed to compliment the delivery of the HS2 Strategic sites project and would support the overall development of the Chesterfield HS2 station area through providing new opportunities for employment. The outputs related to this intervention were additional and complimentary to the development delivered through the HS2 Strategic Sites project.

The funding for the project now was sourced from the following:

Funding Source	TOTAL
Local Growth Fund	£3,808,000
Derbyshire County Council/ Joint Growth Board	£3,616,207
TOTAL	£7,424,207

Details were given of the Approvals, Procurement and State Aid.

A Strategic Outline Business Case was received and approved by the LEP in March 2018. The Business Case had been independently assessed by Hatch Regeneris who have deemed that the project represents Good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report

Following a review of the Final Business Case, D2N2 officers confirmed that the project complied with the Local Assurance Framework except for all land being in place.

Jim Seymour, Derbyshire County Council and C Durrant, Chesterfield Borough Council, attended the meeting and provided a presentation to compliment

the report in terms of the Strategic, Economic, Financial, Commercial and Management case for the project.

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

RESOLVED to approve the £3,808,000 grant to Derbyshire County Council subject to a signed Heads of Terms agreement being reached in the next 30 days. Should this agreement not be reached, the Investment Board would review the projects approval following this period

46/20 **PROJECT FOR APPROVAL – TOP WIGHAY FARM** Board Members were informed of a request for £3m of Local Growth Funding to support the Top Wighay Farm project. The project was now compliant with the LAF and after a review of the business case, D2N2 recommends that the project be approved by the Investment Board.

The Top Wighay Farm site was located just north west of Hucknall, Nottinghamshire and had been allocated for housing and employment development since 2005. Several attempts had been made to bring this forward but the private sector has failed to deliver the site due to the infrastructure requirements.

The site was currently posed to bring forward the accelerated delivery of 805 new homes as part of a sustainable urban extension. Alongside housing provision, the site would encompass employment space, a primary school, a local centre and surrounding areas of open space.

The site required major highway and utility infrastructure, these included:

- The expansion of a roundabout on the A611/Annesley Road to accommodate traffic requirements to access the site;
- A new signal-controlled junction to manage traffic flow and support the pedestrian cycle access; and
- A new three metre wide shared use footway and cycleway along the A611 for flexible and environmentally friendly public access to the site.

The overall cost of the works was £10.3m, £5.8m had already been confirmed by Homes England. A pre-condition of the Homes England funding was that the public sector filled the remaining funding gap which was the basis of the application for D2N2 funding.

The funding for the project is sourced from the following:

Funding Source	TOTAL
Nottinghamshire County Council	£1,500,000
Homes England	£5,800,000

Local Growth Fund	£3,000,000
TOTAL	£10,300,000

Details were given of the Approvals, Procurement and State Aid.

Hatch Regeneris had reviewed the Final Business Case and can confirm that the project has passed the Value for Money Assessment and represents good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report.

The Accountable Body and D2N2 have assessed the Full Business Case submission and approval is recommended.

Andy Evans, Nottinghamshire County Council attended the meeting and provided a presentation to compliment the report.

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

RESOLVED to approve the project and to release the £3,000,000 of LGF on the condition that the Hatch Regeneris report confirmed the project represents good value for money.

47/20 **DATE OF NEXT MEETING** The next meeting of the Investment Board would be take place on 16 June 2020.

48/20 **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 Investment Board held on 11 March 2020.
2. 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)).