

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 16 June 2020 via Microsoft Teams

**PRESENT**

D Williams (D2N2 LEP) (In the Chair)

Councillors P Gilby (Chesterfield Borough Council), C Hart (Erewash Borough Council), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council) S Webster (Nottingham City Council) and J White (Bassetlaw District Council) and J Bradley-Fortune (Inclusion Representative)

Also in Attendance: J Davies (Gedling Borough Council), N Cockrell (Bassetlaw District Council) C Durrant (Chesterfield Borough Council), J Dexter (BEIS), J Gilman (Derby City Council), T Goshawk (D2N2 LEP), R Harding (D2N2 LEP), N McCoy-Brown (Nottinghamshire County Council), S Rose (D2N2 LEP), J Seymour (Derbyshire County Council) N Taylor (Bassetlaw District Council), S Wainwright (Derbyshire County Council), C Williams (Derby City Council) and D Wright (CLGU)..

Apologies for absence were submitted on behalf of E Fagan (D2N2 LEP) and Councillors W J Clarke (Gedling Borough Council), B Lewis (Derbyshire County Council).

**51/20      DECLARATIONS OF INTEREST**

D Williams declared a personal interest in relation to Item 10 Project for Approval - Nursing and Allied health Provision in Mansfield, as a Board member on Nottingham Trent University

J Bradley Fortune declared a personal interest in relation to Item 5, Pipelines Project (YMCA Community and Activity Village) as an independent consultant to the YMCA

Councillor S Webster declared a non-pecuniary interest in relation to Item 9, Project for Approval - Castleward, as a Director of the SCAPE Group

**52/20      MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the Infrastructure and Investment Board held on 11 March 2020.

**53/20      MATTERS ARISING** Project for Approval Chesterfield Station Masterplan (Minute 45/20 refers) It was confirmed the Heads of Terms Agreement had now been received.

It was also noted that that Scrutiny Working Group had met and continued to look at all areas of the LEP's work. The next meeting would start to look more closely at the Strategy area.

## **54/20      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 the report highlighted the position of the 'live and upcoming' projects in the programme and the mitigation risk where there was one in place. Annex A to the report provided a project change request for Riverside Business Park and Annex B an update on projects including the impact of the Covid 19 pandemic.

Coming into the last year of the programme the LEP had £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the March 2021 deadline. LEP Officers were working closely with project sponsors for all projects that were 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline.

At this moment in time based on the current assessment of the programme and if all the projects were approved as set it was believed that the LEP would be on track to deliver the full programme target by the end of this financial year. The LEP had also over profiled by £2M to provide a buffer against any underspends.

Detailed at Appendix A to the report was a change request from the project sponsor for Riverside Business Park. They were requesting a change to the arrangements to drawdown 100% of costs spent through Local Growth Funding rather than the 50% basis which was agreed at the time of approval. LEP Officers recommended that the request be approved.

The current position of the programme had been affected by the Covid 19 pandemic and the effect this was having on the construction industry. Annex B 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 was initially highly affected by the Covid 19 crisis with several sites closing down completely for a period or reducing the amount of labour on site significantly. These reductions in workforce were still in place in most sites but nearly all were now back on site and operational. Project sponsors were still quantifying the delays to their programmes and the uncertainty over how long the social distancing period would last was likely to cause ongoing delays.

The Crocus Place project had now officially been withdrawn from the LGF programme by Nottingham City Council which would return £3m to the budget that would leave the programme with a potential underspend. This would be addressed in the pipeline projects update report to be considered at this meeting where two pipeline projects were put forward for consideration by the Investment Board to utilise the balance available from the withdrawal of Crocus Place.

The position of Government remained the same with regards for the need to have spent the entirety of the Local Growth Fund Allocation by the 31<sup>st</sup> of March 2021, at this moment in time it was unlikely that this deadline would change. Therefore, the LEP would continue to work with projects to progress and accelerate spend wherever possible to make sure that the programme was fully contracted as soon as possible and the deadline for spend was achieved.

Stephen Jones, Director of the Cities and Local Growth Unit wrote to all LEP Chief Executives to explain that an LGF review would be taking place, and requested a formal submission by the 17<sup>th</sup> of June on the progress to date of the LGF projects in year and the forecasts of spend and commitments in the programme up until March 2021. This review would inform the release of the full funding for this financial year.

In this financial year government had advanced two-thirds of the funding and had withheld the final third pending the review of progress and ability by LEPs to both commit and spend the allocation in the final year.

D2N2 Officers alongside the Accountable Body would directly respond to the review process and submit the requested evidence. A decision on the final third of funding would be confirmed by Ministers and if approved funding would be released by August.

At this point in time the LEP had currently contractually committed 94.7% of its total LGF budget and should the approvals at this meeting be successful this figure would rise to 95.5%.

The LEP were confident that they could both commit their full allocation and spend the funding within the financial year.

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

**RESOLVED** (1) that the change request from the sponsors be approved and that Riverside Business Park are allowed to drawdown 100% of costs through LGF to the total sum of £3.35m. This would not affect the delivery of the project and clawback conditions in the contract would ensure that the private sector contributions would be monitored in future years; and

(2) to note the update for all projects that were live or due to go live in the next financial year including the impact from Covid 19 for each project.

**55/20      PIPELINE PROJECTS** Board members were aware that In January 2020 following the withdrawal of 3 projects from the Local Growth Fund allocation, D2N2 launched a call for new capital projects. Given that the Local Growth Fund programme was coming to an end in March 2021 the projects needed to have a high level of deliverability and be able to demonstrate that they were able to utilise any LGF allocation before the March 2021 deadline.

Projects were scored based on deliverability, financial risk, Market evidence, strategic fit and outputs. Following this process four projects were initially brought forward and granted an allocation of funding which took the programme to a position of overspend to be covered through the Growing Places Fund to ensure the programme fully delivered its spend target by the March 2021 deadline.

Subsequently, one project (Crocus Place) had withdrawn from the programme, as a result £3m of funding had been released to the Local Growth Fund.

Therefore, the LEP had identified and brought forward additional projects from the pipeline that had further progressed since the initial call in March and were now ready to be delivered.

This work had been carried out with independent analysis from Thomas Lister Consultants who had reviewed revised information on the projects to test in particular their strategic fit and deliverability. This process has confirmed that two projects were ready to be brought forward for consideration by the Investment Board.

The two projects have been re-evaluated from their assessment in March and have now achieved the following scores which are above the minimum threshold of 61 to be deemed deliverable:

- **Automation and Robotics Training** – 65 (Green) The project has addressed the concerns raised around its deliverability since the March call. Following the independent assessment of the information presented, West Notts College had now provided sufficient information to demonstrate this gap has been filled in the application.

The Automations and Robotics project has demonstrated that it fits with the strategic aims of the Local Growth Fund, and is delivery ready and classed as low risk, it also represented good value for money in terms of the LGF outputs. The project aligned with the work of the emerging Mansfield Towns Deal to deliver enhanced learning provision across Mansfield

The project sponsor had confirmed that all outputs are additional to those counted through other LGF interventions at West Notts College and that the output delivery on other funded projects is progressing well.

D2N2 officers recommended that the project be invited to continue through the Local Assurance Framework Process and progress to Final Business Case submission subject to the project sponsor continuing to deliver against existing contracted targets

- **YMCA Community and Activity Village** – 65 (Green) The project had addressed the concerns raised around its deliverability and in particular it's planning status that were identified in the March call. Following the independent assessment of the

information presented, YMCA had now provided sufficient information to demonstrate that the project was deliverable by March 2021.

The project originally requested £2.5m of Local Growth Funding towards the development, however D2N2 officers were recommending that the YMCA is allocated £2.2m based on the overall programme position.

Match funding contributions had all been secured and clarified and the project had the relevant planning permissions to be able to proceed with an allocation from D2N2.

D2N2 officers therefore recommended that the project be invited to continue through the Local Assurance Framework Process and progress to Final Business Case submission which will be subject to a full financial due diligence process.

Following the recent letter from Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government, S Rose outlined the LEPs approach.

The request had been made for LEPs to provide by 18 June details of deliverable projects. The LEP had made a call for all Local Authorities, Universities and Colleges to put forward proposals that they believed were deliverable i.e. with planning in place, funding secured and land assembled and that were able to demonstrate a return on investment and a boost for recovery. These would be scored and prioritised against the usual matrix and submitted to Government by Thursday.

**RESOLVED** to approve the two projects identified and that they be invited to proceed to final Business Case delivery.

**56/20      LOCAL GROWTH FUND BUDGET** The current forecast showed that in 2020/21 the programme was under committed by £877k. This was due to the Crocus Place project withdrawing from the programme.

Should a decision be taken by the Investment Board to accept the two projects in the Pipelines report on the Local Growth Fund Allocations list then the programme would currently stand at a position of £2m overspent, This overspend would be covered using the Growing Places Fund

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 31<sup>st</sup> March 2021 deadline and therefore be able to evidence expenditure. The LEP and Accountable Body are working closely with projects and 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. Government had confirmed that there was no extension to the programme and all monies must be spent by 31 March 2021.

The overall budget position was shown at Appendix 1 to the report with the grant profile for the final year of the programme 2020-21 at Appendix 2.

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

**RESOLVED** that the report be noted.

**57/20      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 some of 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.

**Woodville Swadlincote Regeneration Route (Derbyshire County Council)** – The Investment Board were recommended to monitor progress up to the delivery of the Final Business Case which will now be delivered in July 2020 and approval sought from the LEP Board on the 8<sup>th</sup> July 2020.

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

**Revitalising the Heart of Chesterfield (Chesterfield Borough Council)** - The Investment Board were requested to monitor the progress of milestones and await the submission of the FBC in July 2020 for both elements of the project

**OMICs Research Facility** - The Investment Board were requested to monitor the progress of milestones and await the submission of the FBC in September 2020.

**Mushroom Farm** - The Investment Board were requested to accept the new timeline for the project progress of milestones and accept a Business Case in September 2020.

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

**RESOLVED** to approve the recommendations above, as detailed in the report.

**58/20      OUTPUT PERFORMANCE UPDATE-QUARTER 4** Members were provided with an update on the output performance of the Local Growth Fund

In return for £250m of Local Growth Fund contributions, D2N2 were expected to deliver outputs to contribute to the national economy as a result of the interventions it carried out in the economy. Over its 3 tranches of funding, the LEP are committed to deliver 29,000 Jobs, 10,800 Homes and 147,000 Learners over the projects lifetime which ran up to 2035.

The LEP had now agreed with BEIS colleagues that there should be two learner targets for D2N2:

- 2,000 'new learners'. This was the number of new learners assisted in courses leading to a full qualification. This would be monitored by the BEIS spreadsheet on a quarterly basis and would form one of the three main outputs.
- 147,000 'learners supported'. This was the number of people engaged in learning activities at the academic institutions where D2N2 had provided funding for capital development, the figures are calculated over the projects lifetime. This figure is not measurable on the BEIS spreadsheet and will be reported as part of the descriptive update on the Dashboard at the end of each financial year, showing progress towards the target which has an end date of the end of the programme, March 2021.

This paper provided an update on the following metrics:

**Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.

**Actual delivery to date:** outputs delivered to this date

**Contracted Target with Government:** In return for the LGF contribution from government we were targeted to deliver 29,000 jobs, 10,800 Homes and 2,000 Learners by 2035.

All metrics were detailed in the report for the most up to date quarter where a data return had been received from projects which was Q4 2019/20 financial year, delivery since the start of the programme and the lifetime of the programme.

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

**RESOLVED** to note the update

**59/20      PROJECT FOR APPROVAL – CASTLEWARD** Board Members were informed of a request for Local Growth Funding to support the Castleward project. The project would deliver a new primary and nursery school on the existing Castleward Urban Village site and enable the delivery of 1,628 new residential units on this site and the adjacent former Derbyshire Royal Infirmary site.

Following the review of the business case, the D2N2 Investment Board were recommended to approve the £1,500,000 grant to Derby City Council

The Castleward Urban Village was a 12 Hectare Brownfield Site in Derby City Centre which was an ongoing redevelopment and regeneration project to create a new sustainable community of Homes and Businesses close to Derby Railway Station. The site began delivery of new units in 2013 with the main developer Compendium Living and had proven to be successful in the delivery so far of 164 units, the overall development would deliver 672 more homes upon its completion and a further 792 on the former DRI site.

To be able to create the sustainable urban development that Castleward aspired to be there was a planning obligation for a new school to be delivered, this would enable the full delivery of units on both the Castleward site and the adjacent Former Derby Royal Infirmary (DRI) site. Due to the cost of the school provision not being able to be met by Section 106 contributions from both sites there was a need for LGF intervention to match fund a section of the school's delivery. The City Council needed to now progress the delivery of this two-form entry primary school as the number of units being developed currently had exceeded the amount of homes being delivered from the planning application.

The Castleward and DRI developments both played a vital part in the delivery of new homes in Derby City Centre which were required due to a lack of residential properties currently available on the market. The project formed part of the Derby City Centre Masterplan for 2030 and was seen as a key project for the City Council in delivering their ambitions for the city. The LEPs investment of £1.5m to enable the delivery of 1,628 new homes directly aligned with the Emerging Local Industrial Strategy's aim to support the growth of cities, improving the quality of place and economic prosperity of the region

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

<b>Funding Source</b>	<b>TOTAL</b>
Local Growth Fund	£1,500,000
Section 106	£1,350,000
Derby City Council	£750,000
Homes England Housing Investment Fund	£4,500,000
<b>TOTAL</b>	<b>£8,100,000</b>

Details were given of the Approvals, Procurement and State Aid

An Outline Business Case for the project was received and approved in August 2018 and had been independently assessed by Hatch Regeneris who had deemed that the project represented 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 confirm that the project complies with the Local Assurance Framework. Hatch Regeneris have conducted an independent review of the business case and have confirmed the project represents Good Value for Money

LEP Officers and the Accountable Body had worked with the project sponsors to understand the potential impacts of Covid-19 on the projects ability to deliver before the 31<sup>st</sup> of March 2021 Deadline. Officers are confident that the programme provided had mitigated any potential impacts of Covid and the project would be able to deliver to the timescales set out, therefore this provided reassurance for the Investment Board to approve this project.

Catherine Williams and John Gilman Derby City 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 £1,500,000 grant to Derby City Council to support the Castleward project.

**60/20      PROJECT FOR APPROVAL – NURSING AND ALLIED HEALTH PROVISION IN MANSFIELD** Board Members were informed of a request for £3m of Local Growth Funding to support a request for £580,903 of Local Growth Funding to support the Nursing and Allied Health Provision in Mansfield.

The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project be approved by the Investment Board.

The project would establish a nursing and allied health training facility in Mansfield, operated by Nottingham Trent University and designed and delivered in partnership with local healthcare providers including the Sherwood Forest Hospitals NHS Foundation Trust (SFHFT), the East Midlands Ambulance Service (EMAS), Nottinghamshire Healthcare Trust (NHT), Nottingham University Hospital NHS Trust (NUH), and Nottinghamshire County Council (NCC). The project was a stand-alone element of a much wider strategy for NTU in terms of re-imagining and re-positioning itself as an anchor institution for the Mansfield and Ashfield area, creating long-term economic change for residents, promoting social mobility and supporting a positive shift in the health and wellbeing of local people.

Through LGF funding this project would allow new training opportunities to be offered. These would be targeted to those committed to pursuing healthcare careers within the Mansfield and Ashfield locality, in the fields of nursing, ambulance/ paramedic, social work and other allied health professions. Learners would include those from families who did not have a tradition of going into Higher or Further Education and those from disengaged backgrounds. The project would increase the skills and aspirations of local residents and open up access to higher paid jobs in communities with historically low paid employment opportunities.

The project would also help to alleviate the recruitment crisis within frontline nursing and ambulance/ paramedic services which was acute at both the national and local levels

The project would be located at Vision West Notts College, Mansfield to the south of Mansfield town centre. The project would be located in a former Visual Arts Centre, a space previously used for teaching but no longer required by the College after June 2020.

The building was in good condition and the capital works we are requesting funding for primarily relate to re-configuring spaces to bring them up to standard as medical facilities, including the installation of specialist technology and equipment.

The funding for the project is sourced from the following:

<b>Funding Source</b>	<b>TOTAL</b>
Nottingham Trent University Reserves	£580,904
Local Growth Fund	£580,903
<b>TOTAL</b>	<b>£1,161,807</b>

Details were given of the Approvals, Procurement and State Aid

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

A Full Business Case had now been submitted in line with the approval process. The Accountable Body and D2N2 had assessed the Full Business Case submission and approval is recommended. Hatch Regeneris had conducted an independent review of the business case and had confirmed the project represents Good Value for Money

LEP Officers and the Accountable Body had worked with the project sponsors to understand the potential impacts of Covid-19 on the projects ability to deliver before the 31<sup>st</sup> of March 2021 Deadline. Officers were confident that the programme provided had mitigated any potential impacts of Covid and the project would be able to deliver to the timescales set out, therefore this provided reassurance for the Investment Board to approve this project.

Mark Biggs and Fiona Anderson, Nottingham Trent University 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 project and to release the £580,903 of Local Growth Funding.

**61/20      DATE OF NEXT MEETING** The next meeting of the Investment Board would be take place on a date TBC at the beginning of August.

**62/20      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 May 2020.

**62/20      EXEMPT MINUTES RESOLVED** to confirm the exempt Minutes of the meeting of the D2N2 Investment Board held 11 May 2020.