

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 4 August 2020 via Microsoft Teams

**PRESENT**

D Williams (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), S Webster (Nottingham City Council) and J White (Bassetlaw District Council) and J Bradley-Fortune (Inclusion Representative)

Also in Attendance: J Battye (Derbyshire County Council) J Davies (Gedling Borough Council), N Cockrell (Bassetlaw District Council) C Durrant (Chesterfield Borough Council), T Goshawk (D2N2 LEP), N Johnson (Chesterfield Borough Council), S Rose (D2N2 LEP), P Seddon (Nottingham City Council), J Stuart (Erewash Borough Council) C Williams (Derby City Council) and D Wright (CLGU).

Apologies for absence were submitted on behalf of E Fagan (D2N2 LEP)

**64/20      DECLARATIONS OF INTEREST** There were no declarations of interest

**65/20      MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 16 June 2020.

**66/20      D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme.

Covid 19 had had an impact on many parts of the programme and the report highlighted the current position of the 'live and upcoming' projects in the programme and the mitigation strategy where there was one in place. Annex A to the report provided an update to the Getting Building Fund submission; Annex B outlined a project change request for Vesuvius Works; and Annex C provided a copy of the LGF Q4 2019/20 Monitoring Spreadsheet.

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. Of the £40m allocated within this year, D2N2 had recorded £7,581,062 in the first financial quarter of the year. 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, based on spend to date and forecast spend officers were confident this figure could be met.

At this moment in time based on the current assessment of the programme and if all the projects were approved as set out, 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.

A full budget breakdown was included in a separate paper at the meeting which includes both the financial position of the overall programme from 2015-2021 as well as a breakdown of each project's LGF drawdown for each financial quarter in 2020/21.

The LEP had recently been engaged within a pipeline process to determine projects for submission to the Government's new 'Getting Building Fund'. Following this process 10 projects totalling £46,657,000 had been submitted to the Government, although next steps at the time of writing the report were unknown for the fund, D2N2 would engage with the project sponsors once they were known. Further details of the process and projects were highlighted in Annex A to the report, which board members had received in advance of the meeting. All projects put forward were still subject to final approval by the minister and would need to deliver a full business case compliant with the Local Assurance Framework, addressing any issues highlighted during the initial assessment.

In order to be able to respond to future funding calls with efficiency the LEP were looking to prepare a pipeline of projects which could be called upon to submit to Government. Therefore, a new call for projects would be announced on the 5<sup>th</sup> of August and will open this to all parties to submit priorities for scoring. Further details around timescales will be provided as part of the call for projects on the 5<sup>th</sup> of August.

Detailed at Appendix B to the report was a change request from the project sponsor for Vesuvius works. They were requesting a change for 95 jobs to move from Q1 2020/21 to Q3 2020/21. The main contractor on the site was put in to administration in December 2019 which caused delays to the project. Following this and the Covid 19 outbreak there had been a reduced workforce on the site and the opening of the new food store is delayed as a result. The project would deliver its first 95 jobs two quarters later than profiled however this would still return the job delivery in this financial year so won't affect programme outputs. LEP Officers recommended that the request be approved and D2N2 will continue to work with the sponsor to mitigate these circumstances and accelerate delivery where possible.

Annex C provided a copy of the LGF Q4 2019/20 Monitoring Spreadsheet.

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

**RESOLVED** (1) to note the current position on the programme and the update on each of the projects;

(2) that the change request from the sponsors of Vesuvius Works for 95 jobs to move from Q1 2020/21 to Q3 2020/21 be approved; and

(3) that the link to the decision on the GBF bid be forwarded to Board Members.

**67/20      LOCAL GROWTH FUND BUDGET** Current forecast showed that in 2020/21 the programme was over committed by £2m following the approval onto the programme of the Automation and Robotics and YMCA Community and Activity Village at the last Investment Board

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 were working closely with projects and grant profiles and expenditure figures for the remaining projects were being discussed and would be monitored closely throughout the year to ensure any grant given could be evidenced with expenditure. Government had confirmed there was no extension to the programme and all monies must be spent by 31<sup>st</sup> March 2021.

The overall budget position was detailed in Appendix 1 to the report with the grant profile for the final year of the programme 2020/21, shown at Appendix 2

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

**RESOLVED** that the report be noted.

**68/20      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.

**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.

**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 and accept a Business Case in September 2020.

**Automation and Robotics** - The Investment Board were requested to accept the new timeline for the project and accept a Business Case in September 2020.

**YMCA Community and Activity Village** - The Investment Board were requested to accept the new timeline for the project 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.

**69/20**      **EVALUATION OF LGF** Heather Frecklington, Focus Consultants attended the meeting presented the Board with the findings of the Local Growth Fund Mid Term Evaluation, which had looked at 21 completed or near completed projects.

The evaluation provided, completed project maps, geographical analysis, outputs, and economic and social impacts.

In conclusion it was considered that:

- The approach to higher spending in the city areas may be something that could be further investigated in the emerging Local Industrial Strategy;
- Overall progress against outputs was positive. In many cases, project outputs had already been achieved or in several cases exceeded;
- Other projects still had significant progress to make including Derby College Technology Hub, Harworth Access Road, Infinity Park Derby, Vision University Centre and the Rail Research and Innovation Centre;
- It was not unusual for project output achievements to trail behind programme expenditure but the analysis did demonstrate the variance between the different types of projects in terms of output achievement;

- The cost per output analysis demonstrated that sometimes smaller levels of investment could offer better value for money than larger investments, particularly in the short to medium term;
- The economic impact showed that once all of the outputs forecast by the projects had been achieved there was the potential to bring additional economic benefits worth circa £1.2bn per annum;
- To date we can calculate that the project has created circa 3,264 jobs for D2N2, which has the potential to generate an additional £186 million GVA for the local economy per annum; and
- value for money and return on investment are strong

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

**RESOLVED** (1) to note the Local Growth Fund Mid Term Evaluation; and

(2) that the presentation slides and full reports be circulated to Board Members

**70/20      PROJECT FOR APPROVAL – REVITALISING THE HEART OF CHESTERFIELD** Board Members were informed of a request for £650,000 of Local Growth Funding to support the Revitalising the Heart of Chesterfield Project. The project comprised of two elements; the reconfiguration of the town centre outdoor market to make it a more attractive proposition for both traders and shoppers; and the delivery of an enhanced public realm in the town's Northern Quarter. D2N2 funding provided the opportunity to add value to the scheme by enabling an upgrade of the improvement works to the outdoor market and an extension of the public realm works to include Packers Row, a key pedestrian route way in the town centre and to upgrade the market to a better specification using the D2N2 funding.

Changing patterns of retailer and consumer behaviour were combining to create challenging market conditions for Chesterfield town centre. In response to these challenges, the Council was seeking to strengthen the overall appeal of the town centre, to make it a place that more people wanted to visit and enjoy spending longer periods of time in. The scheme supported this aim by delivering a high quality public realm and re-establishing the outdoor market as a key footfall attractor for the town centre.

Funding from the Council would enable the delivery of the level 1 lowest cost option. These works would include: the retention and repair of existing stall structures; new tensile covers and guttering for the stalls; improved lighting and power; improved access and stall configuration; general paving repairs; and new flexible trading areas created. The cost of option 1 was £800k. Additional funding of £350k from D2N2 would enable the market redevelopment to be 'up-graded' to the

level 2 option. This would be as option 1, plus the construction of new stall beds (and further adaptation of stall structures) to allow greater flexibility in market configuration. Instead of just reducing the total number of stall rows to improve sight lines and accessibility for shoppers (as per option 1), option 2 will allow two stall rows to be aligned side by side, increasing the area of wet weather protection for traders and shoppers, as well as allowing for 360 degree trading, instead of single row trading (where it was not always clear which was the front and which was the back of the stall) as is the case at present.

The current public realm scheme is focused on providing an appropriate setting for the redevelopment of the town centre's 'northern quarter'. Upgraded public realm would not only boost investor / occupier confidence in the area (this was seen as a particular requirement to attract new food and drink uses), but also created an attractive pedestrian routeway between the significant level of car-parking provision in the northern quarter and the retail core. To achieve this, the projects public realm design sought to reduce vehicular dominance by re-proportioning road and footpath widths, re-balancing the street in favour of the pedestrian. This enables streetscene activation through greater use of pavement space including outdoor seating for restaurants and cafes. Street furniture would be rationalised and trees added to improve air quality and enhance the town's existing green infrastructure. Key pedestrian crossing points would be improved to better manage traffic flow and give a greater priority to pedestrians. These works related specifically to Elder Way and Knifemithgate, however D2N2 funding provided the opportunity to now extend these works along Packers Row, providing a high quality pedestrian link to the retail core and an upgraded public realm as a basis for attracting new retail investment.

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

A Business Case for the project had been forwarded to 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

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

A McCormick and P Middleton, 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 project and to release the £650,000 of LGF grant to Chesterfield Borough Council.

**71/20      PROJECT FOR APPROVAL – TOLL BAR HOUSE, ILKESTON** Board Members were informed of a request for £425,000 of Local Growth Funding to support the Toll Bar House, Ilkeston project. The Toll Bar House project would upgrade, redevelop and revitalise the iconic building set on a prominent location on the gateway to Ilkeston town. The building had recently become vacant after its long time public sector tenant vacated and has little prospect of finding a new occupier in its current form. The proposal is to futureproof the building with a programme of upgrades and redevelopment to make it into an energy and water efficient building to help combat climate change. The refurbishment would make accommodation suitable for small and growing companies where office space was constrained in Ilkeston.

Toll Bar House was redundant in its current form. It was a large office which had historically only ever been occupied by public sector tenants. There was no demand for accommodation in the area from this kind of organisation. Additionally the building's energy efficiency survey indicated below average rating. Investment was needed now to repurpose this iconic building for the future and prevent it being mothballed and becoming a burden to the public sector.

The proposal for Toll Bar House was to update and refurbish this art deco landmark building to make it suitable for modern, high value office requirements. The project would include upgrading the heating and lighting systems, fitting more energy efficient windows, insulation and water systems. These would be more economical for the occupants to run, help limit climate change and improve the appeal of the letting offer.

The project aligned with the LEPs strategic ambitions to develop our places and improve the economic prosperity of the town of Ilkeston. Alongside this ambition to improve the economy of the town, this project aligns to the clean growth ambition by repurposing this space to become an energy efficient building.

The programme of refurbishment would include reconfiguring the space to form:

- 22 Managed offices with shared meeting rooms and kitchen and bathroom facilities
- The flexibility to combine spaces as required to create larger letting units
- Development of the old garages to form a workshop

The funding for the project is sourced from the following:

<b>Funding Source</b>	<b>TOTAL</b>
Erewash Borough Council	£425,000
Local Growth Fund	£425,000
<b>TOTAL</b>	<b>£850,000</b>

Details were given of the Approvals, Procurement and State Aid

A Business Case for the project had been forwarded to 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

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

I Sankey and O Dove, Erewash 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 project and to release the £425,000 of LGF grant to Erewash Borough Council

**72/20      DATE OF NEXT MEETING** The next meeting of the Investment Board would be take place on 9 September 2020.

**73//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 consider the report on Growing Places Fund (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
2. Pipeline Project (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).