

D2N2 Investment Board (IB) Cover Sheet – 9<sup>th</sup> September 2020

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	9 <sup>th</sup> September 2020		
Subject	Mushroom Farm Industrial Units		
Author	T Goshawk/S Wainwright	Total no of sheets	7

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)
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<p>This paper sets out a request for £160,000 of Local Growth Funding to support the Mushroom Farm Industrial Units.</p>
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<p>The full business case for the project has been reviewed by D2N2 and the Accountable Body officers and is now compliant with the Local Assurance Framework and is therefore recommended for approval by the Investment Board.</p>
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## **D2N2 INVESTMENT BOARD**

**9 September 2020**

### **Mushroom Farm Industrial Units**

#### **1.0 Background**

D2N2 has an allocation of £250M of Local Growth Fund to support delivery of economic growth across the D2N2 region. The funding started in 2015 and comes to an end in March 2021.

The delivery of the fund is managed in line with the D2N2 Local Assurance Framework agreed with Government, which sets out the compliance requirements in relation to the delivery and approval of projects funded through the Local Growth Fund.

The Local Growth Fund is managed in conjunction with D2N2's appointed Accountable Body Derbyshire County Council who are responsible for ensuring compliance with the Local Assurance Framework.

The project below has been assessed against the Local Assurance Framework and is being put forward for consideration by the Investment Board.

#### **2.0 Scheme Overview**

Broxtowe Borough Council are looking to create the delivery of 3 new small industrial units on the existing Mushroom Farm Industrial site in Eastwood. The project will provide new B2 industrial floorspace for new and existing businesses to utilise where there is an existing shortage of this commercial stock available to the market.

Broxtowe Borough Council are looking to utilise £160,000 of Local Growth funding to construct the new units in response to an existing shortage and demand for this type of premises in the area. The current stock owned by the Council sits at 100% occupancy and market failure is taking place in the area as the private sector does not have the commercial appetite to build this stock due to viability

Larger scale commercial and industrial developments in the Borough are being funded by the private sector as they are deemed as viable for delivery however the provision of smaller industrial space is not viable for the market to undertake and therefore the public sector is required to intervene.

The project supports various strategic priorities for the local area including the Local Industrial Strategy Guiding Principle one which relates to the aspiration to allow our businesses to prosper, by intervening in the construction of these units the development will allow new or existing businesses to develop in the region. Secondly, the project helps to deliver Guiding Principle 3, proposition 3 which aims to support the growth of our Towns and Economic Corridors by creating new economic development opportunities for the LEP area.

The funding for the project is sourced from the following:

<b>Funding Source</b>	<b>TOTAL</b>
Broxtowe Borough Council	£110,000
Local Growth Fund	£160,000
<b>TOTAL</b>	<b>£270,000</b>

### 3.0 Approvals

The project was initially approved by the Broxtowe Borough Council Jobs and Economy Committee in 2019 and the final funding contribution was approved by the Broxtowe Finance and Resources Committee on the 9<sup>th</sup> of July 2020.

### 4.0 Procurement

Broxtowe Borough Council published an open tender for the works on the 10<sup>th</sup> of June 2020. Broxtowe Borough Council have assessed the tenders and have a preferred contractor to be appointed. The project was initially tendered in March 2019 but a preferred contractor could not be selected due to the price parameters for the job. The project was retendered in June through an

open tender process and A&S Enterprises were selected as the successful contractor.

## **5.0 State Aid**

The promoter has confirmed the project is State Aid compliant which has been evidenced in the full business case.

## **6.0 Business Case**

The business case has been forwarded to Regeneris Hatch and they have confirmed that the project represents Good Value for Money.

## **7.0 Delivery Programme**

Mobilisation Works – October 2020

Main works begin – November 2020

Project completion – May 2021

## **8.0 Outputs and Outcomes**

7.5 New FTE Jobs

282m<sup>2</sup> of new B2 Commercial Floorspace

£1.75m of additional GVA to the economy.

## **9.0 Spending profile**

20/21 £160,000

## **10.0 Local Assurance Framework**

A Full Business Case has now been submitted in line with the approval process. The Accountable Body and D2N2 have assessed the Full Business Case submission and approval is recommended

The Investment Board are asked to approve the project and to release the £160,000 of LGF.

**Sarah Wainwright, Accountable Body, Derbyshire County Council**  
**Tom Goshawk, D2N2 LEP**

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Local Assurance Framework

Final stage Approval Check List:

<p>1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.</p>	<p>A detailed business case for the project has been submitted to the LEP and follows the Five Case 'Green Book' compliant model.</p>
<p>2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.</p>	<p>A Value for Money assessment has been carried out and the project is confirmed as offering Good Value for Money.</p>
<p>3. Details confirming that all planning consents have been granted and that all prestart conditions have been met.</p>	<p>Full planning for the project has been granted and variations to this permission have been completed as of the 6<sup>th</sup> of November 2019. The project has met all prestart conditions.</p>
<p>4. Confirmation that any Section 106 or other agreements have been entered into.</p>	<p>No Section 106 agreements have been entered in to nor will be needed to be entered in to for this project.</p>
<p>5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)</p>	<p>Broxtowe Borough Council published an open tender for the works on the 10<sup>th</sup> of June 2020. Broxtowe Borough Council have assessed the tenders and have a preferred contractor to be appointed.</p>
<p>6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs</p>	<p>The contract awarded will be a JCT Design and Build contract with a start on site of the 19<sup>th</sup> of October 2020.</p>

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<p>7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.</p>	<p>Broxtowe Borough Council have confirmed that any cost overruns that arise from the development will be covered by the organisation and that D2N2 are not responsible for this.</p>
<p>8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</p>	<p>Final designs have been agreed and the project sponsor has confirmed that RIBA Stage 4 has been achieved.</p>
<p>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</p>	<p>There are no points which will provide any delay to the construction contract starting.</p>
<p>10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.</p>	<p>The project will now deliver 7.5FTE jobs based on the calculations provided in comparison with the 6.5FTE jobs included in the Expression of Interest</p>
<p>11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.</p>	<p>Match Funding for the project was approved by Broxtowe Borough Councils Finance and Resources Committee on the 9<sup>th</sup> of July 2020.</p>
<p>12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project</p>	<p>Broxtowe Borough Council have full ownership of the land needed to deliver the commercial floorspace</p>
<p>13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the</p>	<p>A phasing plan has been identified for the outputs and is included in the business case.</p>

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outputs/outcomes that will be delivered on a quarterly basis.	
14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.	A full risk register including RAG ratings and mitigations has been provided by the project sponsor.