

D2N2 Investment Board Cover Sheet – 12<sup>th</sup> October 2020

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
-------------------------	-------------------------------------	-------------------------------------	--

Meeting and Date	Investment Board – 12 <sup>th</sup> October 2020		
Subject	Pipeline Projects Paper		
Author	T Goshawk	Total no of sheets	16

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	--	-------------------------------------	--------------------------------------

## Summary and Recommendation(s)

This report sets out the results of the D2N2 Pipeline call which was announced in August 2020. The aim of the call was to build a pipeline of strong projects which could either act as reserve projects for the existing Capital Programme or could be utilised to present to Government should any further short term funding calls be announced.

Each project that was submitted has been independently appraised using the help of Thomas Lister to provide external scrutiny and expertise to the process. The projects are being presented to the Investment Board at this meeting for consideration and endorsement on to the reserve list.

All projects are subject to funding being available and a full business case.

**D2N2 INVESTMENT BOARD****12<sup>th</sup> October 2020****Pipeline Projects Paper****Introduction**

As we are now in the last year of the Local Growth Fund and have 2 years to deliver the newly announced Getting Building Fund, having a pipeline of reserve lists is a key part of our contingency and risk management in the event that any of the existing projects are unable to deliver within the short timescales. Furthermore, given the experience of the short turnaround time for applying for the Getting Building Fund, the reserve list would also serve as a ready pipeline should any further funding be announced by government at short notice.

Therefore, D2N2 launched a call for capital projects to come forward for consideration through a competitive process in August. The process invited projects that would contribute towards supporting economic recovery, including job creation, the acceleration of housing and providing new learners with new skills. In line with the short time frame, projects were also required to demonstrate that they were delivery ready or would be able to show spend by March 2022 to coincide with the end of the Getting Building Fund expenditure period.

Projects were invited to submit Expressions of Interest by the 11<sup>th</sup> of September 2020 for review.

**Submissions**

D2N2 received 40 applications from 27 prospective project applicants, with a total funding ask of £160m against total development values of £1.3 Billion.

**Assessment of the projects**

All projects were independently scored and verified by Thomas Lister Ltd in conjunction with the D2N2 LEP and were scored based on their expression of Interest. The projects were scored on the following 4 key overarching themes of criteria:

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

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 based on the current information provided.

**Next Steps**

Subject to the discussion at the Investment Board, the proposed projects will make up the D2N2 Capital Programme Pipeline and will act as reserve projects to the existing capital programme and can be utilised as potential submissions to any future funding calls from Government. Should funding become available from the existing allocations in the Capital

Programme then the LEP will bring forward projects based on the output and funding gaps within the programme.

Given the level of over subscription for funding, scoring criteria to refine the long list of projects based on strategic need and gaps in the programme will be agreed with the Investment Board. Increasingly as we begin to assess the impact of Covid-19 and we agree the region's Recovery Plan, moving forward we will be in a stronger position to identify the key gaps in the region and bring forward strategic projects to address the emerging challenges and opportunities alongside ensuring that we maintain our ability to meet the contractual obligations on output and outcome targets as set by Government.

Before being brought forward for a potential funding award, all projects will be required to re-confirm their ability to meet the objectives set out within their expressions of interests.

Following consideration by the Investment Board, all projects will receive formal feedback based on their submissions.

Where projects have shown good strategic fit but are not yet delivery ready, the LEP team will continue to work with the project applicant to see if the barriers to delivery can be progressed towards being ready and re-assessed accordingly.

### **Projects Scoring 61 and Above**

All projects that score 61 and above following the pipeline review process are deemed to be deliverable by the LEP. As stated previously the LEP will still stress test each submission before being formally invited to submit a full business case for funding.

From the submissions there are 11 out of 40 submissions that scored over 61 and this accounts for a total ask to the LEP of £14.21 million. These projects come from across the region and collectively would deliver 677 Jobs, 1,275 learners and up to 1,300 homes cumulatively.

## List of Submissions

Below is a list of all the submissions made to the current D2N2 Pipeline Call alongside a brief project description and their final score from the evaluation process.

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Hillcrest Business Park	Gedling Borough Council	£550,628	The project is to construct four small business units under Use Classes B1/B2, totalling 459 sq m, as an extension to the existing business park, which comprises of 8 small business units.	The project presents good VFM based on the figures in the application and has improved its score since the last submission.	66
Confetti Esports Complex	Nottingham Trent University	£1.25 Million	NTU are looking to develop a new educational and commercial Esports offer at their Confetti in Nottingham. The project will provide state of the art facilities for teaching of Esports based courses and usages from professional and amateur events in the sector.	The project delivers a good return on investment in terms of learner outputs. Minor issues around land agreements need to be resolved but the project is very deliverable.	66
MMC Testbed	Bolsover District Council	£0.5 Million	The Council are working in partnership with Robert Woodhead to develop a modular housing product for 70% off-site and 30% on-site construction. The Council want to use this product to deliver 400 new homes over the next four years. The design is now at an advanced stage of design and the Council are seeking to build several prototypes in a range of house types across a number of test bed sites. The	Initial VFM would be considered low however the whole development would be considered high. Delivery risks remain over the timescales and potential for all units not to be delivered.	65

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
			funding sought will be used to fund the full cost of construction of the prototypes for 10 houses to be delivered on council owned land.		
Future Food Hub	Nottingham Trent University	£1.659 Million	The refurbishment and small extension of an existing agricultural building within Nottingham Trent University campus which is currently vacant to deliver a Future Food Hub. The Hub will provide production facilities to undertake teaching, training and research in respect of alternative sources of protein production, plant growth room to support the existing vertical farming facility, a pilot scale vertical mushroom growing facility and a state-of-the-art livestock feed research centre to provide essential data on growth food intake and metabolism.	The VFM for the project shown is good in terms of learners and Business assists. Potential query over the status of match funding contributions. The project is deliverable and fits well strategically.	64
Millennium Business Park	Coalfields Regeneration Trust	£307,926	The speculative development of 557.42 sq m (6,000 sq ft) of industrial floorspace for B1/B2/B8 use at Millennium Business Park, Mansfield. The application states that public sector assistance is required to fill the gap created by low values and high costs.	The project presents good VFM based on the EOI submitted. Costs are estimated now however they are thought to be in line with market prices.	63

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Buxton Gateway	High Peak Borough Council	£954,769	The project involves the delivery of a roundabout and two spur roads east and west to provide highways capacity and appropriate means of access to three housing sites with the capability to deliver 640 units, and the 2 hectare extension of an existing industrial estate.	The project delivers strong strategic fit with the LEPs priorities and good output returns. Some land remains to be assembled but the project is seen as deliverable.	63
Oakfield Road	Broxtowe Borough Council	£100,000	The development of 5, 1-bedroom flats for rent to ex-service personnel on a site of currently comprising residential garages. Funding is required to improve the energy efficiency of the proposed building, to achieve the council's high energy efficiency and decarbonisation targets.	The project delivers good inclusion outcomes for the LEP. The project could be facilitated without LEP funding but would not gain the same energy efficiency benefits.	62
Make and Trade Zone	Derby City Council	£4.5 Million	The project will facilitate the acquisition of 5 targeted commercial properties and capital fit-out works to transform vacant properties in Derby city centre into a commercial area for creative businesses with an element of residential conversion. This will involve the re-purposing of vacant and redundant retail and office space.	The project showed a very strong need and market assessment in the submission. Some potential planning issues may be in place but are considered minor and can be resolved.	62

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Durban House	Broxtowe Borough Council	£350,000	The conversion and refurbishment of Durban House, a vacant, former museum to provide 318 sq m (NIA) of office space, aimed to provide office space for SME businesses.	The project offers good VFM based on the assessment. The project is highly deliverable but needs some internal consents to be finalised, these are not deemed to be difficult to attain.	61
Yorke Drive	Newark and Sherwood District Council	£3.587 Million	Yorke Drive as a regeneration area in total extends over 11.5 hectares accommodating 355 existing homes and large areas of open space and playing fields. Whilst the whole regeneration area is being brought forward for development following a developer selection process, Phase 1 of the scheme is subject to the application to D2N2 and proposes 91 new homes, a new sports pavilion and environment enhancements to take place exclusively on the Lincoln Road playing fields.	The project offers a good return on investment in terms of the job and housing outputs delivered from the intervention. Issues within the bid have been clarified from the previous submission, minor clarifications are needed over the funding package.	61

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Covid Response, Increased Skills Capacity	West Notts College	£460,500	The project seeks to help the local community and businesses respond to a post COVID environment across three key themes being improving digital skills, improving health and fitness and addressing skills shortages in the health and social care sector. D2N2 Investment would support acquisition of IT to enable training to be provided across Mansfield and Ashfield.	The project is highly deliverable and supports good learner outputs. These outputs would need to be further scrutinised to assess whether they are accredited. An issue is potentially in place around the use of funding and whether its intended use is strategically aligned to this funding allocation.	61
Digital & Media industry centre of excellence	Champions	£500,000	The project comprises the development of a two-storey head office expansion extending to 644sq m GIA, to provide the company with room to grow a particular area within their business to assist with post COVID-19 recovery and to secure 20 jobs. The new building is aimed to assist with local university leavers and students, offering them employment by partnering with a local educational establishment.	The project looks to deliver good VFM based on the outputs submitted. Issues remain around securing third party funding, formal support from a delivery partner and potential issues with State Aid.	59
Matlock Market Hall	Derbyshire Dales District Council	£350,000	Conversion of the existing Market Hall to enable provision of a new leisure attraction (cinema), enabling of ancillary commercial use, enabling of pedestrian access and the enclosure of part of the existing covered bus bay.	Final funding needs to be agreed. The project represents reasonable VFM Minor issues over one occupier need to be fixed.	59
Junction 26 Business Park	Junction 26 BP	£1.314 Million	The development of 14 industrial units comprising a mix of B1 Office Light Industrial, B2 General Industrial and B8 Distribution or	The project is deliverable and has the relevant permissions in place to	59



Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
			Storage, on a two-acre site which currently comprises brownfield land. The Applicant claims that funding is required due to the inability to secure funding from lending facilities to fund the development.	proceed. Possible issues with the use of grant for this project and it may need to look at alternative funding mechanisms.	
Great British Car Journey	Great British Car Journey	£600,000	The funding is required for the resurfacing of the car park, resurfacing of internal roads and widening the access in accordance with the planning consent, to facilitate the Great British Car Journey event and exhibition to open. The event focuses of classic cars, allowing visitors to drive the cars, whilst also aiming to offer training and apprenticeships in automotive engineering.	The project is deliverable and aligns to the visitor economy strategic sector. The lease for the development site is yet to be achieved by the applicant. Issues remain around the levels of funding required and figures stated within the documentation.	58
Bestwood to Calverton Greenway	Nottinghamshire County Council	£655,000	The project consists of an area of existing railway line which is to be converted to a greenway and deliver an 8km off-road route for cyclists, pedestrians and horse riders. The land is owned by Nottinghamshire County Council.	The project is deliverable - but the project does not deliver on any of the key output metrics for LEP funding. Planning permission for the development is still required.	58
Zero Carbon Demonstrator	Nottinghamshire County Council	£5.95 Million	Creation of 2,640m <sup>2</sup> of new office floor space on the Top Wighay Farm site which would provide three floors of office space. One floor would be dedicated to the green technology and digital sectors. The other two floors are identified for use by Nottinghamshire County Council.	The project has various deliverables secured and milestones identified as to when the remaining issues will be resolved. Uncertainty over the uses of all of the	58

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
				building remain. Questions remain over the outputs from the facility and what additionality would be achieved.	
Ash to Aggregates	Tarmac	£2.2 Million	Development of a new Air Pollution Control residues (APCr) recycling plant in Buxton. The project involves the collection and processing of ash reserves from energy generated by a waste facility to form a manufactured limestone aggregate. The aim of the project is to recycle up to 30,000 tons of APCr per year to produce 75,000 tons per year of manufactured aggregate. The new recycling plant will eliminate transport of material from other plants saving 2,736 truck journeys and 482 tons of CO <sup>2</sup> per year.	The project delivers in line with the LEPs strategic aim for green and innovative technologies. The development appraisal needs further consideration to ensure that the project is State Aid compliant. A number of approvals are required such as planning/ environmental permits to guarantee delivery.	58
Chesterfield Rd reuse and Sustainable Refurbishment	West Nottinghamshire College	£682,500	Refurbishment of a landmark building in the ownership of West Nottinghamshire College situated within the Mansfield conservation zone. The project has three elements being the base refurbishment to bring the site operational use and to use the project as a training facility to support young people gain skills in installing energy measures to support the growth in employment supporting the governments launch of the initiative to stimulate the economy via investment in energy efficiency.	The applicant has presented various funding ranges for the project which indicates the project may be able to proceed without intervention. The project is however very deliverable.	57

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
DRIIVe	Chesterfield Borough Council	£4 Million	Construction of an innovation and training centre, incorporating R&D laboratories, offices and rail engineering workshop space. The centre will provide through project partners training from Levels 2 – 7 to become part of an accredited national network of training provision. The centre will also enable connectivity to the rail related supply chain and access to latest rail research and innovation via university partners.	The project delivers a good variety of outcomes for the LEP and in particular good learner numbers. Land assembly remains an issue and match funding needs to be confirmed.	56
Stanton Employment Site	Erewash Borough Council	£6 Million	Building of two new roundabouts and a link road to aid traffic flow to development site. This will in-turn unlock 23 ha at Stanton Employment Site for development with the potential to unlock over 2,500 jobs.	The project would deliver good VFM based on the outputs presented. Site acquisition has not yet completed and consents around planning etc remain to be approved. Potential state aid issues are also in place.	56
Creative Village Phase 2	Bassetlaw District Council	£1.5 Million	The project comprises the conversion and refurbishment of 550m <sup>2</sup> of existing buildings to provide green technology educational facilities also including a new foot bridge to link the Worksop waterside gateway project to the Canal.	The project still needs to complete some due diligence (Building surveys etc.) and full planning is required for the development. Timescales for delivery are slightly elongated beyond 2022.	56

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Megapoint Spec Development	HE2 UK Enterprises 1GP Limited	£3.25 Million	Acquisition of land in third party ownership followed by extensive remediation to bring it into a safe state for redevelopment along with abnormal costs relating to offsite highway improvements and costs associated with forming an access bridge structure to facilitate the future restoration of the Derby and Sandiacre Canal. The developer is then intending to build 13,889 sq m of speculative industrial space across three units.	Potential land ownership issues with the site. Match funding is still subject to final approval. Potential issues with regards to State Aid on the site.	56
Harrier Park	Muse	£4 Million	The project will deliver new buildings for industrial, manufacturing and distribution requirements. The proposed funding would accelerate the delivery of the remaining roads and infrastructure to open all remaining plots for development which when complete will provide a further 60,000 m <sup>2</sup> of B2/B8 of employment development.	Potential issues of the direct nature of the output delivery. Uncertainty also over the level of outputs. Potential state aid issues from the development.	56
The Avenue	North East Derbyshire District Council	£7.1 Million	The Avenue Scheme proposes the delivery of up to 847 new homes, a new primary school, employment provision, community, and leisure facilities and a 70-hectare country park. The scheme is currently stalled based on fragmented land ownership and inadequate highways infrastructure to service the balance of residential and the commercial development proposed on the site.	This project would deliver good VFM based on the assessment. The full red book valuation for the development needs to be carried out. Land ownership is still an issue to the project.	56
Bulwell Stables	Nottingham City Council	£200,000	Bulwell Hall Stables is a Grade II listed building, which is at risk given its complete dereliction	Planning permission for the development has yet to be	56

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
			from fire damage and vandalism. The renovation project proposes to provide a regional centre of excellence for Heritage Construction and Craft skills. Capital funding (the requested amount) is requested to stabilise the building and enable the delivery phase to commence.	obtained. Risks remain around the heritage aspects of the facility. The project is at the early stages of development.	
Bolsover Institute of Technology	Bolsover District Council	£4.5 Million	Construction of a new education facility to host a new Institute of Technology being brought forward in conjunction with Nottingham Trent University. Funding is required to contribute towards 50% of the estimated cost of constructing the building. The IoT will provide a new curriculum offer under Engineering and Manufacturing Technologies.	The outputs for the project need to be fully defined and the project remains at conceptual stage. Match funding for the development is still needed.	55
City Living Economic Aid to Recovery	Derby City Council	£2 Million	The CLEAR Project (City Living Aid to Recovery) is a two-year £2 million grant programme for the conversion of redundant city centre buildings, formerly offices, shops and other commercial buildings, with viability challenges into good quality residential accommodation and live-work units above commercial property. Grants up to a maximum of £20,000 per home created are proposed to be granted to assist with the above.	Cabinet approval for the project is still outstanding. Individual sites present potential issues around site conditions and potential state aid concerns.	55

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Swadlincote Town Centre	South Derbyshire District Council	£3.5 Million	The physical regeneration of the town centre in Swadlincote following a site assembly process which has largely been completed forming part of the One Public Estate scheme. The land that has currently been assembled is proposed to be delivered in two phases being a new Civic Hub of around 9,290 sq m providing shared space for joined up delivery of public services.	The project is a longer-term plan and therefore may fall out of the realms of the current timescales for delivery. Multiple land ownerships are required for the project to take place.	55
Elvaston Castle	Derbyshire County Council	£5 Million	The project is to provide the enabling infrastructure including driveway access and car parking to facilitate the redevelopment and regeneration of Elvaston Castle and Gardens to provide conferencing and events accommodation, holiday lets, artisan retail and plant sales, office and workshop space.	The project still requires planning consent and further cabinet approvals before delivery. Timescales for delivery could present an issue.	54
Angel Row	Nottingham City Council	£1.266 Million	The former Nottingham City Central library (Angel Row building) is proposed to be refurbished into a centre for cultural and creative activity, as an educational resource, to incorporate experiential technology, studios, flexible offices, a city gallery and conference space. The front of the former library building will accommodate the co-operative creative uses incorporated to the rear of the building, which is proposed to be sold prior to being demolished and subsequently redeveloped	Planning for the development remains a risk and this is yet to be finalised. More information is needed with regards to the costs of the development. VFM could be improved.	53

Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
D2 Market Towns Programme	Derbyshire County Council	£6.07 Million	A programme of projects across the local authorities within Derbyshire County Council which aims to reimagine local places in response to Covid. The programme will deliver a series of targeted interventions across the County to deliver town centre renewal.	The project shows good strategic fit around town centre renewal however, the projects within the programme sit at differing stages of development. Planning consents are not in place for all submissions and details between the individual projects are inconsistent.	52
D2N2 Emergency Growth Fund	Derby City/ Upper Tier Authorities	£6 Million	DCC propose to expand their LEP-wide capital fund to support business growth, stimulate private sector investment and job creation across all sectors, in particular advanced manufacturing businesses, which have the ability to deliver high-skilled jobs. This will support the dwindling number of existing business grant schemes currently available (Derby Enterprise Growth Fund and Invest 2 Grow are depleted and Business Investment Fund provides a low economic impact). Applicants will be able to apply for up to 50% of eligible project costs.	Issues remain about the suitability of this project for the current funding remit. Delivery risks remain about the individual investments needed to be made.	53



Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Kelham Hall	Kelham Hall Limited	£7 Million	The proposed scheme is to convert the building into a 105 bedroom luxury hotel incorporating a training academy and to become a Centre of Excellence for hospitality, providing high quality, accredited training for its own staff and other hotels and hospitality venues in the area. In addition, the Great Hall will be utilised to host weddings for up to 1,200 people and for around 2,000 people for concerts and performance.	Value for Money based on the outputs presented is not high. Potential that the funding gap is not viability based and therefore other delivery mechanisms should be sought.	52
Stodman Street	Newark and Sherwood District Council	£2 Million	The building was formerly occupied by M&S in this prominent location of the town centre. The council acquired the building in March 2020, in order to take control of the needed regeneration the building for a reduced commercial use and much needed high-quality residential development to the upper floors.	The costs in the development appraisal for the facility need further substantiation. Uncertainty also over the output figures from the development.	52
Toton Lane Link Road	Nottinghamshire County Council	£10 Million	The 1km Link Road features as a part of the East Midlands HS2 station proposals: it proposes to open up a first phase of development, minimising the impact of increased traffic on local infrastructure (A52/B6003) and unlock development land for commercial and residential plots. The project proposes to deliver a high-quality tree-line street with excellent public transport, pedestrian and cycle infrastructure, connecting Chetwynd Barracks with the new Toton HS2 station.	Planning is still to be determined. CPO could pose a risk to the delivery of the project. The project is more of a long-term delivery prospect.	52



Project Name	Project Applicant	Funding Request	Project Description	Feedback/ Issues	Score
Harworth Retail and Employment development	Bassetlaw District Council	£2.435 Million	The delivery of 1,626.4 sq m of retail floorspace, a 1,424.6 sq m enterprise centre and 128 car parking spaces in the heart of Harworth & Bircotes Town Centre.	The potential timescales for the delivery of the project may be too optimistic. Cabinet approvals are still required for the project and the market assessments could do with being refreshed.	51
Derby City and University Business Centre	University of Derby	£15 Million	A two-phase project to establish a co-location for city and University business support units within the existing Friargate Studios in the first phase. The Phase 2 scheme is to deliver a business education and support centre in Derby where businesses and students can access teaching, research, innovation, and skills in order to grow.	Cabinet and funding approvals for the facility are yet to be obtained by the two project applicants. The project could potentially look at other options for delivery. There is potential the project would count displaced outputs.	51