

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 4 November 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), J White (Bassetlaw District Council, D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative).

Also in Attendance: J Davies (Gedling Borough Council), C Durrant (Chesterfield Borough Council), Tim Gregory (Derbyshire County Council), T Goshawk (D2N2 LEP), S Rose (D2N2 LEP), I Sankey (Erewash Borough Council), P Seddon (Nottingham City Council), N Stevens (Nottinghamshire County Council), Sarah Wainwright (Accountable Body) C Williams (Derby City Council) and D Wright (CLGU)

Apologies for absence were submitted on behalf of Councillors R Jackson (Nottinghamshire County Council), B Lewis (Derbyshire County Council) and S Webster (Nottingham City Council).

100/20 **DECLARATIONS OF INTEREST** There were no declarations of interest

101/20 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 12 October 2020

102/20 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme and Getting Building Fund programme including an update on progress against the financial targets for this year.

Coming into the last year of the Local Growth Fund 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 £16,617,586 of actual spend in the first two financial quarters 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 LEP officers were confident this figure could be met.

There were now only two projects left to approve in the Local Growth Fund Programme and these were detailed further in the Capital Programme milestones paper that would be considered at this meeting

At this moment in time based on the current assessment of the programme and if all the projects were approved as set out, officers 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 £1.8M to provide a buffer against any underspends

A full budget breakdown is included within in a separate report t this meeting which includes both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

The report stated that no specific projects were being raised as high risk to this meeting of the Investment Board and all projects with spend allocations remaining were continuing to spend to the profile. Following concerns raised at the meeting, further discussions would need to take place between D2N2 LEP officers and Derbyshire County Council with regards to the A61 and Woodville/Swadlincote projects.

Specific highlights to note from the Local Growth Fund programme are:

- **Vesuvius** – After delays due to contractor issues and Covid delays, the promoter has now confirmed that the new Asda store on site has opened and the first tranche of jobs should be registered shortly.
- **Buxton Crescent** – The newly restored Buxton Crescent Hotel and Spa has been opened to the public and is completed and starting its monitoring process for outputs.
- **A57/A60 Worksop** – The project reported in its recent Q2 monitoring the creation of 200 new jobs to the D2N2 area through the delivery of a new premises for DHL on the associated Manton wood site.

Following the announcement of the Getting Building Fund projects in August, D2N2 had now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP would not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP would continue to work with project sponsors to accelerate spend where possible and any underspends would be utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project were included within these Investment Board papers and the first two projects were presented and successfully approved by the

Investment Board in October. Two further projects were to be presented to this meeting for approval.

LEP Officers were currently undertaking an exercise with all projects that were deemed as 'live' in the programme to review the risk profile and exposure to Covid risk following the recent announcements and tiering system being put in place across the region.

LEP Officers would work with partnering organisations to gain the most up to date risk information and the levels of expenditure risk this may cause to the programme. Once this information had been received and fully processed the findings would be shared with the Investment Board and any potential mitigations explored.

Board Members noted the Dashboard for Quarter 2 which formed part of the LEP's quarterly submission to Government

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 programmes and the update on projects; and

(2) that representatives of Derbyshire County Council attend the next meeting to provide updates on the A61 and Woodville/Swadlincote projects.

103/20 **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund Current forecast showed that in 2020/21 the programme was over committed by £1.81 m.

The LEP and Accountable Body continued to work closely with projects regarding grant profiles and expenditure figures for the remaining projects 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 31st March 2020.

The overall budget position was shown in Appendix 1 to the report. The grant profile for the final year of the programme 20-21 is shown in Appendix 2.

In relation to the Getting Building Fund on the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22. Also an additional £87,500 capacity funding has now been allocated, grant conditions for this funding has yet to be provided by Government

All projects within the programme had now submitted their spend profiles to the LEP and Accountable Body as detailed in Appendix 3 to the report. LEP's had been given permission to utilise their freedoms and flexibilities with their

Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme was overcommitted by £2.455m which would be funded by using the Growing Places Fund (GPF)

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

RESOLVED that the report be noted.

104/ 20 OUTPUT PERFORMANCE UPDATE - QUARTER 2 MONITORING

Board Members were informed that as part of the contractual commitment for the £250m of Local Growth Funding, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP were committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which ran up to 2035, which was beyond the financial end of the programme in 2021 recognising that most of the activities would generate impact much later than the initial investment.

The report provided a detailed 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 are targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2020/21 financial year, delivery since the start of the programme and the lifetime of the programme

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 1 2020/21 and Appendix B shows analysis of the outputs by project.

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

RESOLVED to note the update report.

105/20 D2N2 MILESTONES - UPDATE The Board were asked to note the Milestones report on the D2N2 LGF and Getting Building Fund Programmes

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.

Local Growth Fund

Becketwell (Derby City Council) - The Investment Board are recommended to note the milestones and await the final business case for approval in January 2021.

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 for a December IB decision.

Getting Building Fund

Bridge Court Campus (Bassetlaw District Council) - The Investment Board are recommended to note the milestones and await the final business case for approval in January 2021.

Drakelow Park (Drakelow Developments Limited) - The Investment Board are recommended to note the milestones and await the final business case for approval in December 2020.

UK Electrification of Aerospace Propulsion Facility (University of Nottingham) - The Investment Board are recommended to note the milestones and await the final business case for approval in February 2021.

Transforming Nottingham's Southside (Nottingham City Council) - The Investment Board are recommended to note the milestones and await the final business case for approval in March 2021.

MRC Midlands (Derby City Council) - The Investment Board are recommended to note the milestones and await the final business case for approval in March 2021.

SmartParc (Derby City Council) - The Board are recommended to note the milestones and await the final business case for approval in October 2021

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.

106/20 PROJECT FOR APPROVAL – GLOSSOP MUNICIPAL BUILDINGS

Members were informed of a request for £2m from High Peak Borough Council from the Getting Building Fund to support the Glossop Town Hall, Market Hall and Municipal Buildings project.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd and Amion consultants

This project being put before the Investment board has now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF.

The project was located within the market town of Glossop in High Peak in Derbyshire. The Town Hall, Market Hall and Municipal Buildings were a complex of linked buildings located in the heart of the town. The Municipal buildings front onto the main town centre car park and the Town Hall faced onto the landscaped town square. The Market Hall sat between these buildings with access from the car park and outdoor market area via the town hall arcade entrance on the High Street. The complex of buildings were well connected being less than 200 metres from the town's railway station. The three buildings had all been used as civic buildings since their construction in the early 20th century and were now primarily vacant and in need of refurbishment and repurposing.

The complex of buildings in a prime town centre location were not fulfilling their potential as a focal point and economic driver for the town and feasibility studies over time have demonstrated the need for significant public investment in order to bring these buildings back into beneficial use.

The scheme would involve the refurbishment of existing space along with the addition of a mezzanine floor to the Market Hall within the building in order to provide small micro office space for entrepreneurs and SMEs.

In addition, the previous uses of the Market Hall were to be replaced, with a variety of food and drink businesses, along with general and specialist retail. The facility would be open seven days a week and would include an indoor courtyard with central seating and flexible space to accommodate events and fairs.

The Town Hall arcade would be refurbished to provide flexibility for a range of retail/leisure uses, whilst the upper floors of the Town Hall would be refurbished to accommodate a larger event space to compliment the food court operation along with some further flexible workspace.

A new access was to be provided through all three buildings to create a pedestrian flow between the car park, central shopping areas and station, thereby increasing footfall including week day trade for the food court.

Existing IT infrastructure within the building (including broadband) would also be upgraded and LED lighting provided. Existing suspended ceilings are to be removed to let daylight into the Market Hall.

Lifts would either be replaced or upgraded as will the disabled access and improved WC provision.

It is intended on completion that a private sector operator, (which had been subject to formal market testing) will be formally procured to operate the completed facility excluding potentially the office space and is anticipated to invest around £1m in fitting out the building.

Detailed summaries were given of the Strategic Case/Fit; Economic Case and expected outcomes; Commercial Case; Financial case and Management Case along with the assessors comments in each area and their recommendation

Mark Trillo and Helen Pakpahan (High Peak Borough Council), and Heather Frecklington (Focus Consulting) 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.

Strategically the project aligned with the LEPs Emerging Recovery Strategy and other local and national policy. In particular this project looked to support the growth of our towns and economic corridors and by investing into this key site in Glossop Town Centre the LEP were emphasising the need to support these areas. The grant funding requested will be used to renovate and refurbish the existing floorspace in the town and this space providing new uses and a long-term usage to key sites in the town centre.

The project sponsor had provided significant and robust market evidence from September 2020 to provide the LEP with the assurances needed for this type of development with the circumstances around Covid-19 present. CBRE had provided independent advice which reaffirmed the usages presented with the business case.

The project had been tested against the conditions of the Local Assurance Framework and fully complied with the document for phase 1 of the project and was therefore eligible for funding to be released.

Following a review of the business case alongside the independent assessment, officers would recommend the Investment Board to approve the request of £2,000,000 of Getting Building Fund to be released to High Peak Borough Council.

D2N2 officers would ensure that the project was held to a contractual obligation to fulfil the delivery of phase 2 of the project. These conditions would include ensuring that High Peak Borough Council continue to progress the development through to delivery of the phase two elements and track significant milestones such as Listed Building Consent, procurement of the private sector

operator and procurement of the phase 2 contractor. These conditions would be guaranteed within the Grant Offer letter and tracked through the monitoring processes of the programme.

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

RESOLVED to approve the project and to release the £2m of GBF grant to High Peak Borough Council, subject to the conditions listed in the report.

107/20 PROJECT FOR APPROVAL – CENTRE OF EXCELLENCE, MODERN CONSTRUCTION AND DIGITAL TECHNOLOGIES Members were informed of a request for £500,000 from Chesterfield College from the Getting Building Fund to support the Centre of Excellence, Modern Construction and Digital Technologies project

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd and Amion consultants

This project being put before the Investment board had now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF.

The proposals for this scheme were for Chesterfield College to develop a centre of excellence for modern construction techniques and digital technology, to provide a higher level of skills within the industry to meet employer demand.

Key areas of skills development would include;

- Building Information Modelling (BIM)
- Modern construction techniques
- Augmented/Virtual Reality (AR/VR)

The development at BIM and modern construction techniques would provide progression routes for level 2 students and apprentices to progress to level 3. In addition, opportunities would be provided for the existing workforce to upskill to higher levels to move up the skills escalator into more productive, better paid jobs, future proofing skills and to meet the growing demand of new technologies and methods by employers

The college already had an advanced manufacturing and building technologies facility and have established partnerships and collaboration with high profile companies and local businesses within the construction sector.

It was through this collaboration that a range of gaps in the provision of courses and education at the college and within the workforce had been identified.

New and refined courses were proposed to be provided within the new Centre of Excellence.

Delivery of the project would involve the redevelopment of existing premises owned by the college within their campus, which will involve the following works;

- Clearing out of the existing building and ensuring all utility provision to the building is sufficient and in appropriate locations. Testing of ground composition to ensure that the floor is of suitable bearing capacity to take the installation of the proposed equipment.
- Construction of a mezzanine floor.
- Installation of equipment including;
 - * A CAD workstation
 - * VR Headsets
 - * VR Cave
 - * 3D Scanner (Scan Arm)
 - * Laser Scanner
 - * Wacom Tablets
 - * Design Workstation
 - * 3D Printer
 - * 3D Scanner

The college had confirmed that the refurbishment of the building does not require planning approval and all works are now ready to proceed subject to D2N2 funding being secured.

Detailed summaries were given of the Strategic Case/Fit; Economic Case and expected outcomes; Commercial Case; Financial case and Management Case along with the assessors comments in each area and their recommendation

David Malone (Chesterfield College), 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.

Strategically the project aligned with various parts of the D2N2 Emerging Recovery and Growth Strategy and looked to contribute to multiple aims of this. In particular the investment would deliver on Guiding principle 1, proposition 3 to enable a focus on skills for life and an inclusive and productive workforce for the D2N2 Economy. The new centre and capital equipment would enable Chesterfield College to offer specialised training to not only provide skills to new learners but also to reskill and upskill the existing workforce of D2N2 to higher educational standards which would be key to covid recovery. This in turn related directly to Guiding principle 3, proposition 2 by providing access to these skills and employment opportunities right across the D2N2 Region and focusing on a key town of Chesterfield for this provision.

The project had been tested against the conditions of the Local Assurance Framework and fully complies with the document and is therefore eligible for funding to be released.

Following a review of the business case alongside the independent assessment, officers would recommend the Investment Board to approve the request of £500,000 of Getting Building Fund to be released to Chesterfield College

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

RESOLVED to approve the project and to release the £500,000 of GBF grant to Chesterfield College.

108/20 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 9 December 2020 at 1.00pm

109/20 **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)).