

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 9 December 2020 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), C Hart (Erewash Borough Council), R Jackson (Nottinghamshire County Council), J White (Bassetlaw District Council, and D Williams (D2N2 LEP).

Also in Attendance: E Alexander (Derbyshire County Council), J Davies (Gedling Borough Council), J Dexter (BEIS), C Durrant (Chesterfield Borough Council), J Batty (Derbyshire County Council), C Evans (Rushcliffe Borough Council) T Goshawk (D2N2 LEP), N Jenkins (Nottingham City Council), K Marriott (Rushcliffe Borough Council) S Rose (D2N2 LEP), I Sankey (Erewash Borough Council), J Seymour (Derbyshire County Council) N Stevens (Nottinghamshire County Council), N Taylor (Chesterfield Borough Council) Sarah Wainwright (Accountable Body) C Williams (Derby City Council).

Apologies for absence were submitted on behalf of Councillors P Gilby (Chesterfield Borough Council), M Holmes (Derby City Council), B Lewis (Derbyshire County Council) and S Webster (Nottingham City Council), and J Bradley-Fortune (Inclusion Representative).

111/20 **DECLARATIONS OF INTEREST** D Williams declared a personal interest in relation to minute reference 113/20 – D2N2 Capital Programme Performance Overview – A61 Hollis Lane, due to a business involvement with the project.

112/20 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 4 November 2020

113/20 **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.

The report also updated the Board on the change requests submitted for the Infinity Park Derby project and the A52 Wyvern.

Also appended to the report was a revised version of the Local Assurance Framework which the Investment Board were asked to note following its approval by the LEP Board on the 24th of November

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 officers were confident this figure could be met.

If the A46 – Chapel Lane project was approved at this meeting, only the Becketwell project would remain to be approved from the Local Growth Fund programme.

Whilst recognising that there were always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects were approved as set out, D2N2 officers believed that the full spend of the Local Growth Fund, would be achieved. Officers had also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown was included within Item 6 at this meeting which included 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.

Two projects were highlighted at the November Investment Board as presenting potential risks to the expenditure profile of the Local Growth Fund programme. These projects were the Chesterfield Station Masterplan project (Hollis Lane Link Road) and the Woodville-Swadlincote project.

Following on from the last meeting, D2N2 had met with the project sponsor to discuss the progress and risk of these projects and as agreed at the November meeting, officers of Derbyshire County Council attended the meeting and presented an update to Board members on the progress of each project. Following the presentation, Board Members were satisfied that the projects were now making progress and that whilst the potential risks to the expenditure profile of the Local Growth Fund programme were low, they remained under constant review.

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 Government's acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project were included within a report to this meeting and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval would be received at the January Investment Board

The LEP continued to have ongoing dialogue with all projects to ensure that progress against forecasted targets was being made. The LEP communicated with all sponsors and monitored specifically the projects it deemed to be at most risk of underachievement. Officers noted that no capital project came without risks and therefore looked to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continued to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility had been granted to the LEP to extend the spend period beyond March 2021. The LEP would continue to monitor that situation and discuss any flexibility with Government but currently was operating to have achieved all spend by the agreed March 2021 deadline.

Following a request from Derby City Council to alter the output profiles of the A52 Wyvern and Infinity Park projects, Derby City had undertaken work to revise the schedule of outputs for the projects and submitted formal project change requests to the LEP for approval. At the meeting in March the Investment Board approved the project change requests subject to a revised Value for Money assessment based on the new output profiles.

Following the independent review by Hatch Regeneris it had been confirmed that both projects still represented 'Very Good Value for Money' based on the assessment and therefore should have their change requests approved. The projects will now deliver the following outputs:

Infinity Park - Within the LGF programme period up to 2035 the project will now deliver 2,956 jobs against a previous target of 4,472. The remainder of the outputs will still be delivered in the long term but not captured in the LGF monitoring period. The project was initially stated to deliver 382 homes but will now deliver 406 homes.

A52 Wyvern – The project will now deliver 1,335 against the original target of 3,300 jobs due to the change in land usage by the developer.

The Investment Board were requested to note the review of the two projects Value for Money Assessments and accept the changes based on the recommendation from the March 2020 meeting.

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;

(2) to approve the change requests from the Infinity Park and A52 Wyvern based on the recommendation from the March 2020 meeting; and

(3) to note the revisions to the Local Assurance Framework in version 8 following its approval at the LEP Board on the 24th of November 2020.

114/20 **PROJECT FOR APPROVAL – A46 CORRIDOR, CHAPEL LANE BINGHAM** Members were informed of a request for £750,000 from Rushcliffe Borough Council from the Getting Building Fund to support the A46 Corridor, Chapel Lane Bingham offices 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 Bingham Chapel Lane Project would enable the delivery of 869m² of lettable space in 12 'own front door' offices by Rushcliffe borough Council (RBC). The offices would be used to enable local businesses to grow. To facilitate this growth additional support would be offered to businesses within the centre via one-to-one support from a business advisor as well as further information, brokerage and diagnostic support via workshop sessions hosted on the site.

These offices formed part of a wider delivery plan for the site which included a new leisure centre and community hall. This new on-site leisure centre would provide meeting space, training space and networking space that could be accessed by tenants.

A study by Gleeds Advisory Ltd in 2018 into the business case for a mixed leisure and commercial development at Chapel Lane reported good indicators for offices at competitive rents but with insufficient financial returns for commercial office developers. And therefore, this type of development would require to be public sector led but grant funding to fill a viability gap.

It was hoped delivery of local employment space will help towards a sustainable growth plan for the town of Bingham. It would provide local employment opportunities, reduce out-commuting, support entrepreneurs and provide employment opportunities for local people.

The newly created floorspace was being designed to create new office space which had minimal impact to the environment and uses energy efficient technologies. The new facility was expected to achieve BREEAM 'Very Good' standards and will include PV Panels for energy usage and electric car charging points.

In response to the Covid pandemic, an independent report was commissioned by Pinders and the project design was altered to remove shared-space elements and would now provide 12 own front door offices. The business case had also taken into account that demand maybe lower than expected in the short term and so RBC had reprofiled their rates of occupancy to reflect this.

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

Katherine Marriot, Chief Executive and Catherine Evans, Head of Transformation (Rushcliffe 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.

Strategically the project aligned with regional ambitions for economic growth. In particular the project supported proposition 3.3 of the Emerging Recovery Strategy in supporting the growth of our towns and economic corridors.

The grant funding requested for this intervention unlocks the delivery of new commercial space for job creation in the LEP area.

The project had been tested against the conditions of the Local Assurance Framework and complied with all apart from Cabinet approval and confirmation of the match funding sources.

Cabinet approval for the scheme had been granted for the scheme on 8 December. Secondly, the match funding contribution for the development through ERDF was currently out for written procedures decision, this approval was anticipated on the 14th of December.

Following a review of the business case alongside the independent assessment of the market evidence, officers would recommend the Investment Board to approve the request of £750,000 of Local Growth Fund to be released to Rushcliffe Borough Council, subject to the confirmation of cabinet approval and the ERDF Match funding contribution.

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

RESOLVED to approve the project and to release the £750,000 of GBF grant to Rushcliffe Borough Council, subject to the conditions listed in the report.

115/20 **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.

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.

116/20 **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.

Getting Building Fund

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

Drakelow Park (Drakelow Developments Limited) - The Investment Board were recommended to note the milestones and await the final business case for approval in February 2021. The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

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

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

MRC Midlands (Derby City Council) - The Investment Board were recommended to note the delay in the milestones and await the final business case for approval in June 2021. The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be requested to provide a full formal update to the Investment Board including next steps.

SmartParc (Derby City Council) - The Investment Board were 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.

117/20 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 13 January 2021 at 10.00am

118/20 **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 4 November 2020 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
2. 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)).