

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 13 January 2021 via Microsoft Teams

**PRESENT**

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council), S Webster (Nottingham City Council), J White (Bassetlaw District Council, and D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative).

Also in Attendance: J Battye (Derbyshire County Council), J Beresford (Bassetlaw District Council J Davies (Gedling Borough Council), B Dawe (Derby City Council) E Dennis (Bassetlaw District Council), J Dexter (BEIS), C Durrant (Chesterfield Borough Council), T Goshawk (D2N2 LEP), R Harding (D2N2 LEP), J Harrison (Bassetlaw District Council), T Mace - Ackroyd (RNN Group), J Player (PRB Architects), S Rose (D2N2 LEP), I Sankey (Erewash Borough Council), J Seymour (Derbyshire County Council) P Seddon (Nottingham City Council), N Taylor (Bassetlaw District Council) Sarah Wainwright (Accountable Body) C Williams (Derby City Council) and D Wright (BEIS)

Apologies for absence were submitted on behalf of Councillors C Hart (Erewash Borough Council) and B Lewis (Derbyshire County Council).

**01/21**      **DECLARATIONS OF INTEREST** D Williams declared a personal interest in relation to minute reference 06/21 – Project for approval – Becketwell, due to a business involvement with the project.

**02/21**      **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 9 December 2020

**03/21**      **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 Our City our River project.

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 and had

made payments of £18.5m in Quarter 3, an actual spend figure would be presented to the next meeting once third quarter claims had been reviewed. LEP Officers were working closely with project sponsors for all projects that are 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure could be met.

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, LEP officers still believed that they would will be able to achieve full spend of the Local Growth Fund. The LEP had also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown was included within Item 5 on the Agenda for 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. These projects delivered an update to the December meeting which provided reassurances of spend by the March 31<sup>st</sup> deadline. Officers from DCC confirmed at the meeting that both projects were on track to meet this deadline.

Following the announcement of the Getting Building Fund projects in August, D2N2 have now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25<sup>th</sup> 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 for consideration as a separate agenda item at 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 this meeting.

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 monitors specifically the projects it deemed to be at most risk of underachievement. They 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 will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline. LEP Officers were expecting to receive Quarter 3 monitoring returns in the middle of and these would be reported at the next meeting.

During 2019 the LEP carried out a mid-term evaluation of the Local Growth Fund Programme which looked at 20 of the projects which had progressed in the earlier stages of the programme. An impact analysis of these project was presented to the LEP Investment Board and the data had been used to inform the overall monitoring of the programme.

In line with Government best practice and the LEPs own commitment to monitoring and evaluation the LEP would be undertaking their first end of programme evaluation in the next financial year and would look to gain an understanding of the overall impact that its investments had had on the D2N2 Economy and the people that the funding has impacted.

Following a request from Derby City Council to alter the output profile of the Our City Our River project, Derby City had undertaken work to revise the schedule of outputs for the project and submitted formal project change requests to the LEP for approval.

Following the independent review by Hatch Regeneris it had been confirmed that the project still represented 'Very Good Value for Money' based on the assessment. The change request was appended to the report.

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 request from Derby City Council to the Our City Our River project as appended to the report.

**04/21**      **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 31<sup>st</sup> 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 was shown in Appendix 2.

In relation to the Getting Building Fund on the 25<sup>th</sup> 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 £2.44m 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.

**05/21**      **D2N2 MILESTONES - UPDATE** The Board were asked to note the Milestones report on the D2N2 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.

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

**06/21**      **PROJECT FOR APPROVAL – BECKETWELL** Members were informed that this project had previously been granted £8.1m in pre compliance funding by the Investment Board and was therefore requesting with this Final Business Case that the funding was converted in to a grant.

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.

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. Planning approval was confirmed at the meeting by Derby City Council.

Becketwell comprised an identified regeneration area extending over 1.9 hectares in Derby City Centre. Becketwell comprises Duckworth Square, the former Debenhams building on Victoria Street, Becket Street and Colyear Street.

Over the past four decades, the Becketwell area had been in a spiral of decline following the closure of the former Duckworth Square shopping centre in the 1980s, the eventual relocation of Debenhams into the newly built Intu centre and the ongoing deterioration of the nightclub, offices and hotel buildings on Colyear Street due to increasing vacancy rates and lack of investment. Over time, the vacant and poor quality building have created environmental blight within this area of the city, the market had been unable to deliver the sustainable regeneration of this part of the city.

In March 2018, St. James Securities Ltd (SJS), were selected as the preferred developer for the former Debenhams department store and a Masterplan for the whole of Becketwell has subsequently been developed. At this time, there was also an opportunity for Derby City Council to acquire property located on Colyear Street

comprising offices, car parking, former nightclub and hotel, which facilitated the assembly of a comprehensive regeneration site.

Since this time, SJS had secured outline planning permission for the comprehensive regeneration of Becketwell, following a resolution to grant permission in February 2020. On 7<sup>th</sup> September 2020, a hybrid planning application including a reserved matters application for Phase 1 was submitted for a residential led development to be delivered alongside a new public square. Confirmation was given at the meeting that the he planning application was approved by Derby City Council's Planning Committee on 7<sup>th</sup> January 2021.

D2N2 were contributing £8.1m of Local Growth Funding towards land purchases and demolition costs on the Becketwell site which would enable the delivery of new jobs and residential units in Derby City Centre. Which would enable the delivery of;

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

It was confirmed that Phase 2 was proposed as a managed workspace scheme and would deliver 250 new jobs, which were being claimed as an output against the LGF. Phase 2 was however excluded from this LGF financial application as construction of the centre would be outside of the LGF programme. Land acquisition terms had been agreed for this phase and it was expected to be delivered in a 5 year period.

The scheme therefore currently proposed to be delivered and subject to the Business Case submitted by Derby City Council was Phase 1 comprising 1a, 1b and 1c being the 259 residential build to rent units, new public square ancillary ground floor retail/commercial uses and car parking.

Following the granting of planning consent on 7<sup>th</sup> January 2021, terms with the build to rent investor could now be finalised and the development brought forward for implementation, anticipated for a start on site for the residential units in April 2021 and practical completion in November 2022. The public square would commence on site in September 2022 and complete in March 2023.

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

Councillor M Holmes, C Williams, Head of Regeneration, and B Dawe, Project Manager (Derby City 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 and the delivery milestones

The LEP Officers would also ensure that the following commitments were adhered to as the scheme progresses;

- (a) A detailed programme to be provided for the delivery of the Phase 1 scheme, once legal agreements have been agreed with the investment purchaser.
- (b) Any further viability issues arising on Phase 1 are to be underwritten by the Council/SJS to ensure delivery of the scheme as proposed.
- (c) The Council to keep D2N2 informed with the delivery of Phase 2, programme for construction and delivery of outputs.

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

**RESOLVED** to approve the project and to release the £8,100,000 of Local Growth Fund grant to Derby City Council, subject to the conditions listed.

**07/21**      **PROJECT FOR APPROVAL – WORKSOP ACCESS TO SKILLS HUB** Members were informed of a request for £3.5m from Bassetlaw District Council from the Getting Building Fund to support the Worksop Access to Skills 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.

Bassetlaw District Council has submitted an application for Getting Building Fund (GBF), to meet the cost of refurbishing an existing building in Worksop known as Bridge Court, to create the Worksop Access to Skills Hub (WASH).

Bassetlaw District Council (BDC) acquired the long-term vacant building during 2019 and since that time had completed all feasibility, including detailed design and secured planning permission, to convert the building to create a state-of-the-art skills and educational hub in the town centre. The project would be

delivered in partnership with the RNN Group (of Colleges) and the University of Derby, who would occupy the building by way of a five year lease, to provide skills and training along with access to higher education and for communities and businesses. Training would be provided in the health and care sectors, and the digital and low carbon growth industries.

The subject building extends to 2,520 sq m and required complete refurbishment and some internal configuration to provide the following facilities;

- Classrooms
- Auditorium
- Mock Hospital Ward
- Office Space
- Breakout Informal Study Areas

The completed building would therefore offer a mix of higher education and further education qualifications across the following areas;

- Health
- Enterprise Leadership and Management
- Digital and Digital Transformation
- Green Technologies and Low Carbon
- Construction
- Engineering Facilities

In addition, the WASH will offer business courses supporting new business start-ups and job creation. Details of the Qualifications Offered by the RNN Group and Courses to be provided by the University of Derby were detailed in the report.

The College had secured planning permission for the works and had appointed Lindum Group to undertake the works. Lindum were appointed in accordance with the Public Contract Regulations 2015, following a tender under BDC's contract procurement rules being also in accordance with BDC's contract procedure rules. A direct award of Lindum was made using the Pagabo Refit and Refurbishment Framework, which is also OJEU compliant.

Lindum Group working with the appointed architect were currently progressing the detailed design of the scheme to RIBA stage 4, and it was understood that this process is around 80% complete.

Lindum Group had confirmed however, that they were in a position to commence with the strip-out works required within the building immediately followed by the delivery of the initial works packages, which could be undertaken while the final elements of the detailed technical design were completed.



Once the refurbishment works had completed, the fit out of the building with specialist equipment would be undertaken, which concluded the works to be undertaken within the building.

Upon completion, the building would be occupied by RNN and University of Derby to provide the aforementioned educational and training courses.

The café was likely to be let to a private operator and would be done so by way of a formal lease in accordance with market terms.

The project was therefore at an advanced stage, being shovel ready and capable of early delivery following approval of the GBF requested.

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

N Taylor, Chief Executive and J Beresford, (Bassetlaw District Council), attended the meeting along with Joe Player (PRB Architects), and T Mace –Ackroyd (RNN Group) and provided a presentation to compliment the report in terms of the Strategic, Economic, Financial, Commercial and Management case for the project.

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 £3.5m of Getting Building Fund (GBF) to be released to Bassetlaw District Council subject to

- (a) BDC providing a copy of the final contract sum agreed with Lindum Group to demonstrate that the project can be delivered within the allocated budget for the scheme.
- (b) A detailed programme for delivery of the scheme to be provided once Lindum are formally appointed and once Lindum have prepared a construction programme for the delivery of the refurbishment works through to practical completion.
- (c) A copy of the lease agreements in place with third parties occupying the completed building are to be provided, to demonstrate these are in accordance with market terms and arrangements that will take effect at the end of the lease term.

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

**RESOLVED** to approve the project and to release the £3.5m of GBF grant to Bassetlaw District Council, subject to the conditions listed.

**08/21**      **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 11 February 2021 at 2.00pm.

**09/21**      **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 9 December 2020 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

**10/21**      **EXEMPT MINUTES RESOLVED** to confirm the exempt Minutes of the meeting of the D2N2 Investment Board held on 9 December 2020