

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 10 March 2021 via Microsoft Teams

**PRESENT**

E Fagan (D2N2 LEP) (In the Chair)

Councillors 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: M Barrett (Nottingham City Council), J Battye (Derbyshire County Council), C Deas (Nottingham City Council), E Dennis (Bassetlaw District Council), C Durrant (Chesterfield Borough Council), J Davies (Gedling Borough Council) A Evans (Nottinghamshire County Council) T Goshawk (D2N2 LEP), N Hibberd (Nottingham City Council) K Knowles (D2N2 LEP), C Lowry (BEIS), S Rose (D2N2 LEP), P Seddon (Nottingham City Council), N Stevens (Nottinghamshire County Council), and Sarah Wainwright (Accountable Body)

Apologies for absence were submitted on behalf of Councillor W J Clarke (Gedling Borough Council), C Hart (Erewash Borough Council), and B Lewis (Derbyshire County Council).

**21/21**      **DECLARATIONS OF INTEREST** E Fagan declared an interest in Agenda Item 10 Growing Places Fund, due to a previous interest in one of the organisations under discussion.

**22/21**      **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 11 February 2021

**23/21**      **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 Local Growth Fund concluded on the 31<sup>st</sup> of March and a requirement of the Department of BEIS was for the LEP to have concluded all expenditure of the £250.7m grant received since 2015. Following Quarter 3 monitoring returns D2N2 LEP had registered an actual spend figure of £32,288,122 leaving £7,798,234 to be spent in the final quarter of the year.

All projects had now been approved and the LEP was awaiting their final expenditure figures by the 16<sup>th</sup> of April to guarantee spend. In order to make certain that projects would utilise their full allocations the LEP had requested an interim

expenditure return from projects that had significant expenditure left in Q4. The LEP reported that following the receipt of these returns, they were confident that all LGF would be expended.

It was recognised 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 it was still believed that the LEP would 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 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.

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 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.

Progress was going well with the Getting Building Fund and the LEP had spent £293,963 against a target of £340,034 in Quarter 3. Quarter 4 expenditure was expected to significantly increase and the LEP would report the expenditure figures to the April Investment Board meeting.

Subject to the approval of the Transforming Nottingham Southside project which was being considered at this meeting, the LEP would have approved 7 out of 10 projects, representing 57% of the total funding value.

Milestones for each project were included in a report to be considered at this meeting and there were now only 3 projects to track.

The LEP noted that no capital project comes 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.

Officers continued to have ongoing dialogue with all projects to ensure that progress against forecasted targets was being made. The LEP monitored specifically the projects considered to be higher risk on the basis of value or

timelines. Any significant risks would be highlighted to the board as part of the milestones tracking.

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 for LGF or 2022 for GBF. The LEP would continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed deadline.

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

The Chair thanked Board Members and LEP Officers for their efforts in getting the LGF to the end of the programme.

**RESOLVED** to note the current position on the LGF and GBF programmes

**24/21**      **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund the current forecast showed that in 2020/21 the programme was over committed by £1.77m which would be funded from the Growing Places Fund (GPF).

All projects have been closely monitored in the last few months with an interim expenditure return completed evidencing spend up until the end of February to ensure all the LGF can be utilised before the 31<sup>st</sup> March.

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 and were detailed at appendix 3 in 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 is overcommitted by £2.47m which will be funded by using the GPF.

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

**RESOLVED** that the report be noted.

**25/21**      **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. The project had been further delayed and a final business case would now not be ready for approval by the Investment Board in April due to various delays in the land transfer and permissions needing to be concluded. The delays did not affect the ability to spend by March 2022 and only had a minor effect on this year's spend profile. D2N2 Officers would arrange a meeting with the project sponsor to discuss further.

**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 July 2021.

**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 of comments and asked questions which were duly noted or answered

**RESOLVED** to approve the recommendations above, as detailed in the report.

**26/21**      **SCRUTINY ANNUAL REPORT** A scrutiny working group was established in December 2019 to scrutinise the activities of the D2N2 Local Enterprise Partnership (LEP). The group was made up of representatives invited from the relevant district and borough councils and Derbyshire County Council's Resources Improvement and Scrutiny Committee. It was convened to undertake an overseeing role to ensure the strategic effectiveness of the LEP's stated way of working and it was acknowledged that its function was not to monitor the progress of individual projects and duplicate work conducted elsewhere by LEP officers and the Investment Board. It was also agreed that the scrutiny working group would meet twice a year, be chaired by the Chairman of the County Council's Resources Improvement and Scrutiny Committee and explore a specific theme at each meeting.

The working group had provided members with a detailed summary of the scrutiny activities that had taken place to date and shared their findings with the Investment Board.

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

The Board placed on record its thanks to Councillor Kemp and the Scrutiny Working Group for their report and requested feedback from them on what their post covid programme plan for scrutiny of the D2N2 LEP.

**RESOLVED** to note the update report.

**27/21**      **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

**28/21**      **EXCLUSION OF THE PUBLIC FROM THE MEETING RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING**

1. Project for Approval - Transforming Nottingham's Southside (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
2. Growing Places Fund (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))