

## **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)**

**14<sup>th</sup> November 2016**

**Dakeyne Street**

### **1.0 Background**

In February 2015 DCLG awarded D2N2 Grant Funding to deliver the approved schemes on the Local Growth Fund (LGF).

The LGF comprises of 35 schemes and runs until March 2021.

In March 2015 D2N2 and Derbyshire County Council issued the LGF Local Assurance Framework which sets out the procedures for managing and approving projects.

In April 2015 D2N2 appointed Derbyshire County Council as the Accountable body to administer the Local Assurance Framework.

### **2.0 Scheme Overview**

The project is made up of two components, completion of units at Dakeyne Street and the renovation of 58 Carlton Road. The first element is to complete the fit out of an old factory unit on Dakeyne St, now called Space 2. The smaller areas in the spaces have been renovated to a shell and core fit out standard using funding from ERDF. The market has shown potential tenants for the smaller spaces cannot afford to fit out the premises to a usable standard so there has been little or no demand for this space. The investment from D2N2s LGF will complete the fit out to a full usable standard and will stimulate demand in the space creating new jobs and attracting new businesses.

The second element is to renovate the building at 58 Carlton road which is adjacent to the Space 2 building. This property requires a full internal renovation and once complete will provide accommodation for Creative businesses.

The total cost of the project is £360,000 which is funded by:

D2N2 LGF £180,000

Nottingham City Council £180,000 (which was used to purchase 58 Carlton Road)

### **3.0 Approvals**

The project does not require planning permission.

### **4.0 Procurement**

The contractor has been selected from the Scape Framework which is an OJEU compliant framework for building services.

The contractor has agreed to a fixed fee contract thus putting the risk of any overrun costs onto them.

### **5.0 State Aid**

Nottingham City Council's internal legal section has confirmed this project is State Aid compliant.

### **6.0 Business Case**

The business case has been forwarded to Regeneris and at the time of writing this report the Value for Money (VFM) report had not been completed. Any approval given will be on the basis that the project reports good VFM.

### **7.0 Delivery Programme**

November 2016 – Works begin

March 2017- Full completion of works

### **8.0 Outputs and Outcomes**

The new investment in to the Dakeyne Street/Carlton Road project will deliver:

- 7.5 FTE jobs (gross) will be safeguarded/created
- 91 M<sup>2</sup> of fitted out ready to move in space in Space 2
- 216.73 M<sup>2</sup> of fitted out ready to move in space in 58 Carlton Rd.

As the initial fit of Space 2 has been funded by ERDF, any jobs generated there have to be counted towards the Council's ERDF and not the LGF jobs target.

The project will also result in other indirect and wider impacts specifically:

- Redundant space brought back into use.
- A further expansion of the Creative Quarter showing how it is growing across the East of Nottingham city centre

## **9.0 Spending profile**

2016/17 £180,000

## **10.0 Local Assurance Framework**

Stage 1 approval was granted on the 5<sup>th</sup> October 2016 and a full Business Case was submitted in line with Stage 2 of the approval process. The Accountable Body and D2N2 have assessed the Business Case submission and approval is recommended.

The IIB are asked to approve the project and release the funding on the condition that the Regeneris report confirms this project represents good value for money.

1. A Value for Money assessment carried out in accordance with the Local Assurance Framework and concluding that the project overall provides at least a good value for money score	At the time of writing this report the VFM report was not available from Regeneris, therefore approval will be recommended based on the report showing the project represents good value for money.
2. Evidence supporting the need for the project and the how the outputs in the Business Case will be delivered/guaranteed. This will also include evidence identifying when the outputs will be delivered.	Nottingham has an expanding creative business sector with prospective new tenants wanting to establish themselves in the area. There is currently a lack of high quality business space suitable for this use in the creative quarter and more needs to become available to the market. Tenants have been interested in the spaces at Space 2 but the partial fit out of the building space is turning away potential tenants therefore this redevelopment is required to provide adequate premises. The outputs for the project are: - 7.5 FTE Jobs - Full renovation of 308m <sup>2</sup> of Creative Workspace
3. A statement confirming that the funds are in place and that adequate safeguards have been taken in regards to any cost over-runs. Examples of this could be confirmation that contingency has been secured for the project and/or that all risk have been passed to the contractor/developer.	The match funding for the project is in place and has been evidenced through receipts and land purchases. Land ownership documents were included in the stage 2 submission for this project.
4. A statement confirming that the project is State Aid compliant.	Nottingham City Council have confirmed that the project is state aid compliant. Nottingham City Council provided this advice from their internal departments.
5. Full design and specification to RIBA Stage F (if	RIBA design and specification is not applicable to this project.

applicable) (Appendix 4)	Full design for this project has been included in the Stage 2 submission.
6. A detailed Business case submitted by the Section 151 officer, Finance Director or Chief Executive Officer.	The detailed business case was submitted by the Section 151 officer at Nottingham City Council
7. Confirmation that all Planning consents and other consents in relation to the delivery of the project have been granted. The promoter is also required to confirm that all pre-commencement conditions have been met along with details regarding how and when the remaining planning conditions will be discharged.	The project does not require planning permission as the works taking place in the project are all internal to the building. There are no pre commencement conditions.
8. A statement from the promoter confirming how project aligns with the LEPS sustainability and local procurement framework (if applicable)	Nottingham City Council (NCC) procurement processes meet the requirements of the LEP sustainability and local procurement framework. NCC has developed a Business Charter. A copy of this has been provided. This calls upon businesses that do work for NCC to follow best practice in their work including applying sustainable processed and using local labour, apprentices , local companies etc.
9. Confirmation that all funding approved and in place to deliver the project along with written confirmation from	Nottingham City Council have confirmed that the match funding for the project is available and has been allocated to the

the other funders confirming the funds are agreed and available.	project.
10. Confirmation that a delivery contract is in place (JCT or equivalent) and confirmation of how cost/programme overruns to be managed. The LEP will require promoters to either confirm that any cost over-runs are the risk of the developer or additional funds have been set aside.	The contractor has been selected from the Derby and Nottingham City Council Joint Highways Framework which is an OJEU compliant framework for building services. The contractor has agreed to a fixed fee contract thus putting the risk of any overrun costs onto them. There has been an exchange of communications appointing them to the contract and their acceptance. This will be built into a full contract once funding is secured.
11. All land assets purchased and vacant possession obtained (if applicable)	All land assets involved in the works are owned by Nottingham City Council.
12. Value for Money report carried out by a suitably qualified and experience professional with at least a 'Good' score. The LEP and the Accountable body will seek confirmation on the conclusions of the report from external consultants.	At the time of writing this report the VFM report was not available from Regeneris, therefore approval will be recommended based on the report showing the project represents good value for money.
13. How the risks will be managed?	Nottingham City Council have produced a risk register and have provided mitigations should these issues arise.