

**MINUTES** of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 15 December 2016 at County Hall, Matlock

**PRESENT**

Councillor A Western (Derbyshire County Council)  
(in the Chair)

Councillors D Collins (Derbyshire County Council), W J Clarke (Gedling Borough Council), C Corbett (Erewash Borough Council), A Syrett, and P Gadsby (D2N2 LEP) and D Ralph (D2N2 LEP).

Also in Attendance – M Ashworth (Derbyshire County Council), L Clare (Department for Transport), T Goshawk (D2N2 LEP), C Henning (Nottingham City Council), G Jennings Derby City Council), S Parks (Nottinghamshire County Council), S Powell (Erewash Borough Council), J Seymour (Derbyshire County Council), W Sutton (Derbyshire County Council), D Swaine ((North East Derbyshire and Bolsover District Councils), N Taylor (ITP), L Towers (Derbyshire County Council), S Wainwright (Derbyshire County Council) and V Wheelwright (BEIS).

Apologies for absence were submitted on behalf of R Banwait (Derby City Council), J Collins (Nottingham City Council), D Davis (Ashfield District Council), K Greaves ((Nottinghamshire County Council), N McDonald (Nottingham City Council), D Meale (Nottinghamshire County Council) and M Rawson (Derby City Council) and P Richardson (D2N2 LEP).

Declarations of interest - The following declarations of a personal interest were made:–

Councillor A Western in respect of the Drakelow Park item (Minute no 82/16 refers). P Gadsby in respect of the D2N2 Sustainable Transport Programme (Minute no. 80/16 refers).

**76/16        MINUTES    RESOLVED** to confirm the minutes of the meeting of the IIB held on 14 November 2016.

**77/16        AUDIT SERVICES REVIEW OF LOCAL GROWTH FUND**  
**2015-16** The Audit Services Memorandum identified the key issues arising from the Internal Audit review of the D2N2 Local Enterprise Partnership (LEP) Local Growth Fund (LGF) processes and procedures and the services provided by Derbyshire County Council through the Service Level Agreement. A number of areas of good practice had been identified but there were other areas which needed to be strengthened to ensure governance and administrative arrangements were robust and that expenditure incurred by individual projects was in accordance with rules,

regulations and conditions and was accurately reported. These included the need to ensure:

- Members of the IIB gave due consideration during the decision-making process to the issue identified by the National Audit Office (NAO) report whereby pressure on LEPs to spend their LGF allocation in-year created a risk that LEPs would not fund projects most suited to long-term economic development.
- That expenditure incurred was in accordance with grant conditions through the implementation of the agreed pro-active monitoring arrangements.
- Financial information in respect of expenditure incurred was accurately reported to the Board.
- Promoters were reminded regularly of the need to submit accurate and timely quarterly expenditure returns which identified individual expenditure transactions to facilitate selection of samples for further testing and verification.

It was agreed that the Board note the report and consider the Action Plan and recommendations in more detail at meetings in 2017. It was also agreed that a copy of the full report be circulated to members of the Board.

**RESOLVED** to (1) note the report;

(2) consider the Action Plan and recommendations at Board meetings in 2017; and

(3) circulate a copy of the full Audit report to members of the Board.

#### **78/16      CHANGES TO THE NATIONAL ASSURANCE FRAMEWORK**

The Department for Communities and Local Government had issued a revised National Assurance Framework and asked LEP's to review, refresh and sign off their own Local Assurance Frameworks (LAF) in light of this update.

One of the new requirements was that the LEP Board should sign off the revised LAF and a paper would therefore be submitted to the 20 January 2017 LEP Board for any changes to be approved. In addition, the S151 Officer of the Accountable Body must also sign off the revised LAF and write to the DCLG's Accounting Officer by 28 February 2017 certifying that the LAF had been agreed, was being implemented and that it met the revised standards set out in the LEP National Assurance Framework. This was a requirement for the DCLG to release 2017-18 funds.

Officers from the LEP and Accountable Body would review the current LAF and would create an Action Plan for proposed changes and report to the

LEP Board on the 20 January 2017 for approval and the IIB for information on the 27 January 2017.

**RESOLVED** to note the report.

**79/16      LOCAL GROWTH FUND 1 AND 2 – PROJECT UPDATES INCLUDING HIGH RISK PROJECTS**

An update was presented on all projects in the LGF programme. In terms of the projects that were deemed to be high risk and an update was given on their status as follows:

Nottingham Skills Hub - £3.79m had been allocated to this project in 16-17 of which £70,347 had been spent. The Colleges had requested and were granted an allocation of £0.800m for the financial year to contribute to further development costs for the project. This was subject to 100% clawback. The project sponsors were required to submit a full stage 2 business case to the Board by March 2018. This project would remain at high risk until this was delivered.

Drakelow Park - The promoter had been given until the December Board meeting to finalise the loan arrangement with Derbyshire County Council and to become fully compliant with Stage 2 of the Local Assurance Framework.

D2N2 Sustainable Transport - A replacement business case was being presented for approval at the December Board meeting.

A61 Corridor- A full business case was being presented for approval at the December Board meeting.

**RESOLVED** to note the report.

**80/16      D2N2 SUSTAINABLE TRANSPORT PROGRAMME**

The project was to create new cycling and sustainable transport infrastructure across the D2N2 area and it would introduce new cycling infrastructure across the LEP area to increase the amount of cycling trips made and aid businesses and commuters to travel sustainably to and from places of employment.

The primary objectives of this project were to:

- Significantly improve access to priority locations for housing and job growth as identified in the Strategic Economic Plan (SEP). New cycle routes would facilitate access to key destinations such as Queens Medical Centre, University of Derby, Derby Teaching Hospital NHS Trust, Nottingham City Hospital, Nottingham University, Mansfield town centre, the Lindhurst and Gedling Colliery residential

developments, Newark town centre, Chesterfield's A61 corridor and the Ilkeston Gateway.

- The routes would improve access by sustainable transport to existing residential areas, employment and education opportunities, key local services, and leisure destinations.

Project outcomes included:

- Increasing the amount of cycle ways in the D2N2 area
- Improving sustainable transport access to residential and employment sites.
- Various health and economic benefits as a result of the development.

The overall cost of the total package was £10.542m, funded as follows:

Local Authority Match	£3.595m
D2N2 Local Growth Fund	£5.8m
Third Party funding (S106)	£1.147m

In terms of the necessary approvals:

**Derby City Council** - Gained approval from Cabinet to approve the bid and match funding contribution from developer contributions paid to the Council for sustainable transport improvements.

**Derbyshire County Council** - The programme had in principle approval from Cabinet subject to a further report confirming Local Growth Fund allocations.

**Nottingham City Council** - The Council had all approvals in place to deliver the Ring Road Major scheme of which this was an element.

**Nottinghamshire County Council** - Match funding for the West Bridgford strategic cycle network improvements was approved at March 2016 and September 2016 Transport and Highways Committees.

The proposed improvements to be delivered during 2016-17 were approved at November 2016 Transport and Highways Committee. Match funding for the Mansfield, Newark and Arnold/Carlton strategic cycle improvements (to be delivered during 2017-18) was approved at the November 2016 Transport and Highways Committee.

The procurement strategies for the projects were as follows:

**Derbyshire County Council** – The procurement process had been initiated and all works within the highway would be undertaken directly the County Council's Highways Service.

**Nottingham City Council** - The schemes contained within the bid would be delivered either by Nottingham City Council's own in-house direct labour organisation, or by a contractor from Lot 12 of the Nottingham City Council and Derby City Council joint framework contract (CPU765).

**Nottinghamshire County Council** - The scheme would be project managed by the new Teckal company, Via East Midlands Limited, acting on behalf of the County Council with responsibility for the design, procurement and delivery of Nottinghamshire County Council highway schemes.

**Derby City Council** – The Council's in-house direct labour organisation would deliver the works. Procurement of supplies and materials for the project would follow normal supply chain contracts.

Nottinghamshire County Council had sought advice from Geldards LLP on behalf of all authorities who had confirmed the project was State Aid compliant. The business case had been forwarded to Regeneris and the Value for Money (VFM) report had not yet been completed. Any approval given would be on the basis that the project reports good VFM.

A detailed delivery programme had been supplied to the LEP and this complied with the spending profile for the project.

The outcomes and outputs of the project were identified as:

- 143km of new cycle ways
- An average of 7,000 new cyclists
- Sustainable transport support to 15,670 Jobs.

The spending profile was £2.485m in 2016-17, £2.365m in 2017-18 and £0.95m in 2018-19.

Stage 1 approval was granted on the 30 June 2016 and a full Business Case was submitted in line with Stage 2 of the approval process. The Accountable Body and D2N2 had assessed the Business Case submission and approval was recommended.

In order to strengthen feedback to the Board, it was agreed that the Board should look in detail at projects which had received LGF funding to identify the outcomes and the benefits that had resulted.

**RESOLVED** to (1) approve the project and the release this year's funding on the condition that the Regeneris report confirmed that the project represented good value for money; and

(2) for officers to work together to create a D2N2 sustainable transport plan

**81/16      A61 CORRIDOR** The A61 Corridor project was due to be completed over the next five years and was made up of several phases. The first phase was to provide sustainable infrastructure along the A61 South of Chesterfield Town Centre and this formed part of a broader strategy to help mitigate the impacts of land use development along a constrained corridor which was already subject to significant levels of congestion. This first phase would deliver:

- A61 Derby Road cycle infrastructure
- Rother Washlands Gateway public realm
- A61 Alma traffic signal upgrade/bus/cycling/walking
- First element of A61 cycle wayfinding strategy

The cost of Phase 1 was £325k to be funded as follows:

D2N2 LGF	£300k
Derbyshire County Council	£25k
Total	£325k

The promoter had formally requested a pre-compliance grant for Phase 2 of the project. Phase 2 included the continuation of the sustainable transport across land outside of the highway and also the provision of a second principal access to the Avenue site. This phase needed design and preparation works and land assembly of which this funding would go towards. It was then requested that the promoter be compliant with stage 2 of the Local Assurance Framework within twelve months for the rest of this project. The request for pre-compliance funding for phase 2 was £200k

No planning permission was required for Phase 1 of the project and the A61 Strategy was approved by Derbyshire County Council's Cabinet on the 24 March 2015. Works on phase 1 would be delivered using Derbyshire County Council's in-house All Roads team. The promoter had also confirmed that the project was State Aid compliant.

The business case had been forwarded to Regeneris but to date the Value for Money (VFM) report had not yet been completed. Any approval given would be on the basis that the project reports good VFM Details of the delivery programme were presented in the report.

In terms of outputs and outcomes, the project would deliver:

- 0.67km upgraded cycle and walking route, including 0.3km full segregation between pedestrians and cyclists and four junctions

improved to alter priority for traffic approaching the A61 at side road junctions to give-way to pedestrians and cyclists.

- One upgraded traffic controlled junction to include technology for providing priority to buses, future proofed in readiness for introduction of urban traffic management control, and enhanced crossing facilities fully connected to segregated routes.
- One new cycle and walking gateway with enhanced public realm.
- Comprehensive signing strategy to assist user interpretation for seamless journeys.

The spending profile for phase 1 of the project was £300k in 2016-17 along with pre-compliance grant funding of £200k also in 2016-17.

Stage 1 approval was granted on 17 October 2016 and a Business Case was submitted in line with Stage 2 of the approval process. The Accountable Body and D2N2 had assessed the Business Case submission and approval was recommended subject to the project achieving a good VFM report.

The IIB were asked to approve the project and release funding for Phase 1 subject to the project achieving a good VFM report and also to approve the release of £200k of pre compliance funding for Phase 2 of the project

Concern was expressed regarding the overall programme and the identification and achievement of realistic project outcomes and this would be raised at a meeting of the LEP Board where the promoter will be invited to address this. The promoter would come to a future IIB to request funding for the further phases. A copy of the report presented to the September meeting of the Board would be circulated.

**RESOLVED** to approve the project and release funding for Phase 1 subject to the project achieving a good VFM report and also to approve the release of £200k of pre compliance funding for Phase 2 of the project.

(Voting: For 5, Against 0, Abstentions 2).

**82/16      UPDATE ON DRAKELOW**      It was reported that the County Council and Drakelow Developments had agreed a financial package, although issues remained over the security of loan relating to the valuation of the land had not yet been resolved and . The District Valuer had agreed to undertake the valuation although they could not guarantee the report being completed by 23 December 2016. It was more likely to be ready by early January 2017. It was agreed to defer the decision on the project pending the report from the District Valuer.

**RESOLVED** to defer the decision on the project pending the report from the District Valuer and finalisation of the funding agreement is in place.

**83/16**      **FOUNDARY PARK** This project would be presented at the January IIB for approval

**84/16**      **LOCAL GROWTH FUND (LGF) 3**      It was reported that the Government had announced that it had allocated £392m LGF to the Midlands Region. The amount allocated specifically to the D2N2 LEP had not yet been announced.

**RESOLVED** to note the report.

**85/16**      **DATE OF NEXT MEETING**      The date of the next meeting of the Board would be confirmed as soon as possible.