

**MINUTES** of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 7 September 2017 at County Hall, Matlock.

**PRESENT**

Councillor B Lewis (Derbyshire County Council)

P Gadsby (D2N2 LEP), Councillor C Hart (Erewash Borough Council), Councillor T King (Derbyshire County Council), Councillor M Rawson Derby City Council), D Ralph (D2N2 LEP), P Richardson (D2N2 LEP), Councillor A Syrett (Bolsover and North East Derbyshire District Councils) and Councillor S Webster (Nottingham City Council).

Also in Attendance – M Ashworth (Derbyshire County Council), J Battye (Derbyshire County Council), S Birkinshaw (Erewash Borough Council), C Carter (Nottingham City Council), C Cooper-Smith (Ashfield District Council), T Goshawk (D2N2 LEP), J Homer (Cities and Local Growth) K Hopkinson (D2N2 LEP), A Joshi (Sherwood Energy Village), R Kaur (Highways England), S O'Brien (Sherwood Energy Village), D Swaine (Bolsover and North East Derbyshire District Councils) and S Wainwright (Derbyshire County Council).

Apologies for absence were submitted on behalf of Councillor J Clarke (Gedling Borough Council), Councillor J Collins (Nottingham City Council), Councillor K Cutts (Nottinghamshire County Council) and Councillor D Davis (Ashfield District Council).

**42/17      MINUTES    RESOLVED** to confirm the minutes of the meeting of the Board held on 28 July 2017 subject to the following amendments to minute nos 37/17, 38/17 and 39/17 as detailed below:

**“37/17      PROJECT UPDATES AND HIGH RISK PROJECTS** A project update was attached as an Appendix to the report for the Board's information.

Detailed updates were presented relating to the for Infinity Park, Our City Our River, Nottinghamshire Broadband, Seymour Link, A46 Corridor Phase 1 and Newark Southern Link Road projects. It was noted that all these projects required re-profiling as the project outcomes differed from those originally agreed by the Board. There was strong challenge from members of the Board regarding the need to ensure robust performance monitoring and reporting of individual projects and the overall LGF programme. The Board requested that regular highlight reports be provided to the programme manager for all projects and that escalation reports were received based on those projects causing concern. Progress against planned outputs would be closely monitored at the Board. To assist with this, it was agreed that a standard update template be developed. It was also proposed that the

Derbyshire County Council Scrutiny Section be asked to undertake work on monitoring of outputs.

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

(2) present reports re-profiling the Infinity Park, Our City Our River, Nottinghamshire Broadband, Seymour Link, A46 Corridor Phase 1 and Newark Southern Link Road projects to a future Board meeting;

(3) receive regular highlight reports for all projects and escalation reports on those projects causing concern;

(4) develop a standard update template for re-profiling projects to ensure consistency in the regular reporting of progress by project managers to enable robust discussion around issues, mitigation and proposed re-profiling of outputs; and

(5) agree that the appropriate Derbyshire County Council Improvement and Scrutiny Committee undertake a review of the monitoring of project outputs.

**38/17**                      **LOCAL GROWTH FUND (LGF) TO 2020-21**                      D2N2  
had been successful in attracting £250.7m to deliver a range of infrastructure projects many of which were either completed or on-going, further details of which were presented, including estimated spend profiles to 2020-21.

LGF 3 was announced in March 2017 and details of these projects are also presented. Based on the profiles provided by promoters (of which five were still to be received), an underspend of £9.62m for 2017-18 was anticipated. This underspend assumed that all profiles were met on LGF 1 and 2 projects and that new projects in LGF 3 were approved and work was progressed to evidence spend by 31 March 2018. In 2016-17 the project was underspent by £10.8m and this had been profiled to be returned to the programme by 2018-19.

It was noted that the LEP was due to meet with the Government in the near future regarding the progress made against LGF planned outputs. The Board agreed that demonstration of robust challenge to progress through stronger project and programme reporting, would be critical in helping the discussion. It was noted that work also needed to be undertaken to develop a strong programme of proposed projects over the next five years, alongside a clear assessment process to create a pipeline of future projects.

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

(2) monitor the budget position on a monthly basis, taking action on ensuring delivery and spend in line with profiles as required.

**39/17**                      **QUARTER 1 2017-18 MONITORING OUTPUTS** Local Growth Fund payments totalling £7,750,771 were made to promoters in quarter 1 of 2017-18.

A summary of the output forecast and actuals was presented.

For Quarter 1, only 36% of the job target was met, 190 new homes delivered and 107 new learners. Overall for the Local Growth Fund, only 30% of the job target had been met and 33% of the housing target. This level of performance was of serious concern to the Board. Although the reasons for limited progress were fully understood, especially in relation to the short timescale available for developing robust business cases and fully considered target setting in the earlier LGF projects, the proposed strengthening of project and programme management was now agreed to be essential if further slippage was to be prevented and mitigation was to be more effective.

From the projects which had targets this quarter the promoters had provided an update as set out below:

Infinity Park	No further update provided
Seymour Link	Delays with completing legal agreements with private sector businesses had and would result in delays for the delivery of outputs (jobs). The BILSTEIN Ferdinand building was completed but was in the fit-out stage, 5 employees had been recruited but larger numbers would be recruited during the summer.
Bulwell Market	There had been problems with collecting data by the promoter. Further data was due to be provided next quarter.

Our City Our River had reported this quarter 93 jobs had been delivered which was an update from their output target which was missed in quarter 4 of 2016-17. Some projects had delivered outputs earlier than forecast namely:

- Ada Lovelace House had delivered 5 jobs in quarter 1. Within a month of completion, 3 out of the 7 offices had been let which meant they had met their jobs target for the end of 2018-19 within their first quarter.

- Chesterfield Centre for Higher Level Skills had reported 21.8 FTE jobs this quarter which was being reported earlier than expected. They had a target of 15FTE's in quarter 2 of 2017/18.
- A46 Corridor-Employment Units were reporting a higher than expected housing figure, they had a target of 100 homes in quarter 4 of 2016-17, but reported a nil return at the time. The information had now been provided by the third party and Rushcliffe Borough Council had reported there were 190 new homes.
- The Institute for Advanced Manufacturing had delivered 6 jobs in quarter 1 and their forecast was 5.
- Medicity had delivered 12 jobs from a company which had moved into the new facility in quarter 1 and their forecast was 5.

**RESOLVED** to note the report.”

**43/17      PROJECT UPDATES AND HIGH RISK PROJECTS**    A full project update was attached as an Appendix to the report for the Board's information.

In respect of the A61 Corridor and Whittington Moor Roundabout projects these were highlighted as High Risk because they have failed to submit an Stage 2/Outline Business Case by July. A full presentation would be made to a future meeting of the Board detailing potential changes to the project outputs and outcomes.

The Vesuvius project was also highlighted as High Risk due to queries over the viability assessment and was subject to further discussions regarding funding viability gap before the project could proceed. However, it was hoped that these matters would be resolved in the next few weeks and a report would be presented to the Board.

The Derby College Institute of Technology had been highlighted as High Risk but since papers were written Derby College have now confirmed the match funding is in place and therefore this can be removed from the High Risk report.

The promoter of the Infinity Park, OCOR, Newark Southern Link Road, Nottinghamshire Broadband, Seymour Link and A46 Corridor-phase 1 was due to provide a revised output profile by 8 September and approval to these was due to be sought at the Board meeting on 28 September 2017.

**RESOLVED** to note the report.

**44/17      LOCAL GROWTH FUND BUDGET UPDATE**    The latest budget was attached at Appendix 1 to the report. The current profile underspend for 2017-18 was £12.83m, with the overall programme being overcommitted by £10.7m which was to be funded from Growing Places Fund and contributions from the four

upper tier authorities. Spending profiles re still required from Riverside Business Park, Vesuvius and Derby College Institute of Technology.

It was proposed that as in the previous financial year, the underspend for the 2017-18 Local Growth Fund (LGF) would be utilised under section 31 grant by the Accountable Body to fund other capital expenditure for the Council and return the equivalent amount of funding back to the programme in future years when required.

**RESOLVED** to note the report.

**45/17      FOUNDRY PARK – CHANGE OF OUTPUTS** Foundry Park was originally submitted as an application to the D2N2 Capital Programme Pipeline in October 2015 and assessed and ranked as part of the Pipeline process. The project requested £4.1m to deliver 688 jobs. However, after further investigation these outputs were for the entire six phased project and the Local Growth Fund (LGF) was only being requested for Phase 1a of the project. Therefore only the outputs relating to the phases funded by LGF could be claimed by the LGF.

Under the Local Assurance Framework, any project which had significantly changed (by 10% or more) from what was originally proposed, would be written to formally by the IIB requesting a written response from the promoter detailing why the project had changed. Following receipt of the response, the IIB might decide to proceed with the amended project, might request that the project revert back to what was originally approved, might release only part of the funding or might delete the project from the programme.

The revised business case submitted from Erewash Borough Council and Trust Utility Management as their written response sought £3.444m investment to support Phase 1a which would see the refurbishment of the former Foundry building to create new business park/incubator unit facilities, together with the provision of associated on site infrastructure.

Specifically Phase 1 a will provide:

- 2.3ha employment land remediated and redeveloped
- 1,452m<sup>2</sup> of new employment floor space created
- 79 new jobs created

Comparatively to the original business case that was submitted and other similar LGF interventions, this project provided a low job output figure for the amount being awarded, further details of which were presented. As a result, the Board were recommended to remove the projects current allocation, therefore decreasing the programme overspend. The LEP would continue to engage with the sponsor in future to work towards a stronger offer from this project or alternative projects.

**RESOLVED** to remove the project from the current LGF allocation.

#### **46/17      PROJECT FOR APPROVAL – SHERWOOD ENERGY VILLAGE**

The Sherwood Energy Village project was a proposal to develop 32,000 ft<sup>2</sup> of high quality commercial floor space suitable for B1 and B2 use on land located in Ollerton, Nottinghamshire. The floor space would be provided over three separate blocks and would be subdivided into ten units, ranging from 2,000 ft<sup>2</sup> to 3,500 ft<sup>2</sup>.

The area had a higher proportion of low paid/low skilled jobs which was reflected in the lower than average weekly earnings. With less disposable income to spend on local businesses, the area was constrained by lack of opportunity and less resilient to changes in market forces as retail and health/social care were the largest employment sectors.

The provision of new floor space had been identified as a result of discussions between the promoter and inward investment agencies within local authorities, D2N2 and commercial property agents. Development of floor space would allow businesses to locate to the area which would bring employment opportunities and safeguard existing jobs in the area.

The specific objectives for the project were:

- to provide new industrial accommodation to stimulate local business growth.
- to provide local people with new opportunities to find employment
- the development of 0.93 ha of commercial development land.
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The promoter for this scheme was Coalfields Regeneration Trust Property Investments Ltd.

The total project cost is £3,301,083 and is funded as follows:

<b>Funding Source</b>	<b>TOTAL</b>
CRT Property Investments Ltd	£2,801,803
LGF	£500,000
<b>TOTAL</b>	<b>£3,301,083</b>

The project was approved by the

company's Board and planning permission was granted in April 2016. The scheme had five possible contractors who had bid for the work on a competitive tender basis and these were currently being appraised and finalised.

The promoter had confirmed that the project was State Aid compliant. The business case had been assessed by Regeneris who had confirmed that project represented high value for money.

The project aimed to deliver:

- 32,000 ft<sup>2</sup> of high quality commercial floorspace
- 0.93 ha of land brought into use

- 38 jobs created
- 26 jobs safeguarded

These job outputs were different to the original submission because the figure of sixty four which the project was accepted into the programme on, included safeguarded jobs which could not be counted towards job targets. Therefore the jobs created output had changed from sixty four to thirty eight which was more than 10%.

The spend profile for 2017-18 Local Growth Fund was £500k.

A Stage 1 business case was approved on 27 April 2017 and a Business Case had now been 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.

**RESOLVED** to approve the (1) change in outputs for this project; and (2) project and to the release of LGF funding of £500k.

**47/17      DATE OF NEXT MEETING**      The next meeting would take place on Thursday 28 September 2017 commencing at 10.00am in Committee Room 1, County Hall, Matlock.