



D2N2 Officers Group
Project Update and High Risk

Projects at High Risk are:

Project	Why is this high risk?	Mitigation	Action for IIB
Nottingham City Hub	Funding has been given as pre-compliance because the project is not fully compliant with the Local Assurance Framework	This project will remain at high risk until this is delivered. The promoter will provide the IIB at the November IIB with an update following their submission for planning permission in November.	No action required from the IIB
Gedling Access Road	The promoter has reported that the start date for commencement has slipped by 12 months due to delays in some land being purchased through a Compulsory Purchase Order. Nottinghamshire County Council have asked for the funding profile to change from £5.4m in 17/18 and £5.4m in 18/19 to £5.4m in 18/19 and £5.4m in 19/20.	The promoter will come to the December IIB with a pre compliance funding request to take the project forward.	No action required from the IIB
A61 Corridor and Whittington Moor Roundabout	Failure to provide a Stage 2/Outline Business Case should have been submitted for the rest of the scheme by July.	Derbyshire County Council are currently working on a proposal for the other phases of the project. The LEP have met with the promoter to discuss the project.	To review High Risk proforma and take action

		The High Risk proforma has been completed and will go to the October IIB, see appendix 1.	
Vesuvius	There are queries outstanding around the amount of grant requested. The amount allocated in LGF3 was £5.5m however they had previously requested a lower amount. The viability gap needs to be established before the project can proceed.	The LEP to discuss with the promoter, date confirmed for October. High Risk proforma request sent to promoter and will go to October IIB.	To review High Risk proforma and take action.
Infinity Park	This has been put at high risk due to output targets being missed	Promoter provided revised output profile	Paper to the IIB on the 23 rd November to consider the revised output profile
Newark Southern Link Road	This has been put at high risk due to output targets being missed	Promoter provided update on project and concerns over funding to complete the project.	Paper to the IIB on the 23 rd November to consider the actions

LGF Project Update						
Project	Promoter	Stage 1	Stage 2	17/18 Grant	18/19 to 20/21	Total
Original Programme						
Nottingham City Hub	Nottingham College	Approved £5m - Sep 15	Expected March 2018	4,164,000	25,836,000	30,000,000
A61 Corridor - Phase 2 Onwards	Derbyshire County Council	Overdue July 17	TBC	4,800,000	7,500,000	12,300,000
A61 Whittington Moor	Derbyshire County Council	Overdue July 17	TBC	3,240,000		3,240,000
Gedling Access Road	Notts County Council	Approved May 2015	Pre compliance - Nov 17		10,800,000	10,800,000
A52 Wyvern	Derby City Council	Approved July 2016	Approved July 2017	5,220,000		6,720,000
Becketwell	Derby City Council	Expected October 2018	Expected October 2018		1,000,000	4,000,000
Derby City Cycling and Placemaking	Derby City Council	Approved July 15	Approved March 2017	1,050,000	600,000	1,650,000
A46 Corridor, Rushcliffe phase 3	Rushcliffe Borough Council	Approved March 16	Expected October 2017	4,250,000		4,250,000
Ashbourne Airfield	Derbyshire County Council	Approved April 16	Expected January 2018	1,000,000		1,000,000
Midland Mainline	Network Rail/ LLEP	Approved using LLEPs LAF		5,000,000		5,000,000
				28,724,000	45,736,000	78,960,000
LGF 3						
Project	Promoter	Outline Business Case	Final Submission	17/18 Grant	18/19 to 20/21	Total
Castleward	Derby City Council	Expected October 2017	Expected December 2017	265,000	1,235,000	1,500,000
Woodville - Swadlincote	South Derbys District Council	Expected 18/19	Expected 18/19		6,400,000	6,400,000
Riverside Business Park	Litton Property Group	Expected October 2017	Expected November 2017		3,900,000	3,900,000
Vesuvius	CEG	Expected November 2017	Expected April 2018		5,500,000	5,500,000
Sherwood Visitor Centre	RSPB	Received Sept 2017	Expected November 2017	500,000		500,000
Sherwood Energy Village	Coalfields Regeneration Trust	Approved June 2017	Approved 7th Sept 2017 IIB	500,000		500,000
HS2 Strategic Sites	D2N2	Expected 2020/21	Expected 2020/21		2,400,000	2,400,000
Silk Mill World Heritage Site	Derby City Council	Expected Sept 2017	Expected November 2017	448,000	3,202,000	3,650,000
Derby Performance Venue	Derby City Council	Expected April 18	Expected 19/20	625,000	7,975,000	8,600,000
Southern Gateway	Nottingham City Council	Expected Sept 2017	Expected December 2017		15,000,000	15,000,000
Nottingham Castle	Nottingham City Council	Received Sept 2017	Expected November 2017		5,000,000	5,000,000
N2 Town Centres	Notts County Council	Expected Sept 2017	Expected December 2017	1,000,000	6,625,000	7,625,000
NTU MTIF Centre	Nottingham Trent University	Received Sept 2017	Expected November 2017	1,000,000	7,700,000	8,700,000
Rail Research and Innovation Centre	University of Derby	Expected 18/19	Expected 18/19		900,000	900,000
Derby College Institute of Technology	Derby College	Expected November 2017	Expected December 2017	150,000	1,150,000	1,300,000
						71,475,000

High Risk-Delivery

Appendix 1

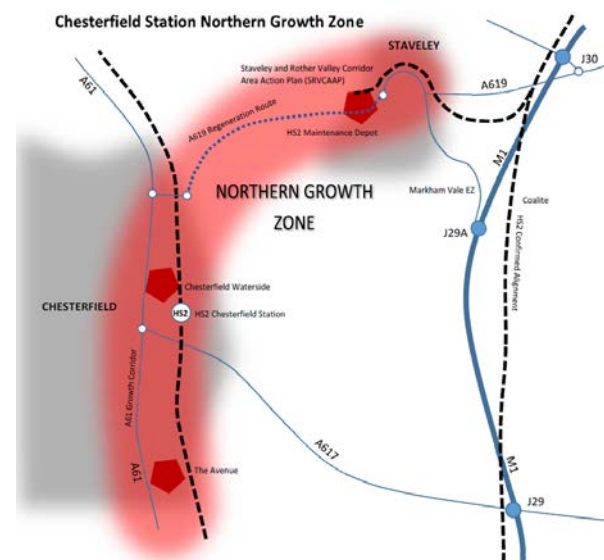
Formal response from Promoter

<u>Name of Project</u>	<u>A61 Growth Corridor</u>
<u>Name of Promoter</u>	<u>Derbyshire County Council</u>
<u>Reason for high risk</u>	Failure to provide a Stage 2/ Outline Business Case for the remaining phases of the A61 corridor strategy.
<u>Brief description of project</u>	<p>The project is currently formed of two distinct infrastructure packages focussed on the A61 between Sheepbridge, north of Chesterfield and Clay Cross:-</p> <ul style="list-style-type: none"> • Site enabling works to unlock developments at three sites (Avenue, Wingerworth; Egstow Park, Clay Cross and former Wagon Works, Chesterfield). • Capacity for growth mitigation measures for the impact of significant employment, housing and leisure growth on highway and transport networks and services which are already under pressure. This package sits alongside a separate project to address the Whittington Moor roundabout on the northern section of the A61. <p>Review of the Project Description Several issues have emerged during the period under which strategy and implementation planning for the A61 corridor have been under development, which has instigated a need to review the A61 Growth Corridor investment strategy to ensure that LGF grant is effectively used to maximise economic outcomes: -</p> <ul style="list-style-type: none"> • There has been considerable uncertainty behind the detailed proposals for development of principal sites for enabling works.

- The development of a Growth Strategy to make the best of the opportunity from the planned high-speed rail (HS2) line serving Sheffield, with some services calling at Chesterfield.
- The inclusion of the whole of the A61 through Chesterfield and North East Derbyshire in the Government's draft Major Road Network (MRN) which would make available additional resources to support the road's role in supporting the Strategic Road Network, operated by Highways England.

A Project Board has now been established (with D2N2 representation) to oversee the review of the investment strategy and to report a detailed revised Investment Strategy to a future IIB meeting, focussed around the concept of the Chesterfield Station Northern Growth Zone and five key investment priority areas:-

- Site enabling.
- HS2 readiness – station enabling, wider connectivity, and destination.
- Sustainable travel corridor.
- Public transport and traffic management.
- Intelligent transport system.
- Interim A61 Whittington Moor improvement.



<p><u>Please set out and when the project is to be delivered</u></p>	<p>The D2N2 LEP IIB has profiled the £12.8 million LGF grant allocations across a five year period from 2016-17 to 2020-21 for the A61 Growth Corridor, and £3.2 million LGF grant allocation to A61 Whittington Moor in 2017-18. Phase 1 (£0.500m) A61 Growth Corridor completed in March 2017. £8 million is profiled across the two projects for 2017-18. An underspend against this is anticipated, but further detail will be provided in the October highlight report.</p>
<p><u>Please set out how you will ensure the project is compliant with the Local Assurance Framework (LAF)</u></p>	<p>Consultants Mouchel have appraised a long list of highways and transport infrastructure options (identified during Stage 1 option identification) for the corridor. Mouchel consulting then completed 'Stage 2 Option Appraisal Sift', which used a version of an Option Assessment Framework for the A61 Growth Corridor to identify the strongest performing interventions. These proposals are being brought together as three separate packages to prepare a business case in compliance with the D2N2 LEP Assurance Framework.</p> <ul style="list-style-type: none"> • Sustainable Travel Corridor – design has commenced on the proposals. Integrated Transport Planning will use the economic model developed for the D2N2 Sustainable Travel Programme to confirm the economic case and BCR. • Public transport and traffic management – AECOM consultants have been commissioned to update the Chesterfield Traffic Model to support appraisal of proposals and establishment of a Department for Transport WebTAG (Transport Analysis) compliant business case. • Intelligent Transport System – AECOM consultants prepared an ITS action plan to support Mouchel's option analysis. A brief to review the action plan and establishment of a compliant business case for the application of

technological solutions in Chesterfield is due for release to AECOM in the autumn 2017 (linked to the review of the Chesterfield Traffic Model).

Site enabling proposals for the Avenue Southern Access and access road are well advanced with detailed design and planning consent programmed for completion by Quarter 4 2017-18. Negotiations with landowners and a developer with an option agreement on the land required have commenced and assembly is programmed to complete by the end Quarter 1. A brief is currently being assembled for preparation of a LAF compliant business case. Discussions are currently taking place with partners to resolve current uncertainties for LGF support for other site enabling proposals e.g. Egstow Park and Former Wagon Works.

Preparation of the HS2 Growth Strategy Masterplan and wider connectivity options report are due to conclude in October 2017. Potential options for a shift in LGF resources to support HS2 readiness will be brought to the A61 Growth Corridor Project Board for consideration and approval to commence business case preparation.

Significant amounts of investigation work has been carried out into potential improvement schemes for A61 Whittington Moor roundabout. Several proposals for signalisation have been ruled out on technical grounds. A proposal for grade-separation is beyond the scope of this project, but could potentially be considered in future should the A61 route be confirmed on the Government's Major Road Network. A brief has been issued to AECOM to design an 'interim scheme' forming a package of traffic management, sustainable travel and public transport

	enhancements to improve the operation of the existing roundabout and encourage the use of more sustainable modes of travel. AECOM consultants have been commissioned to update the Chesterfield Traffic Model to support appraisal of proposals and establishment of a Department for Transport WebTAG (Transport Analysis) compliant business case.	
<u>Please set out your timescales for compliance with the LAF</u>	To be provided in the October highlight report.	
<u>Please identify what you foresee as the risks of delivery and how these will be mitigated</u>	Key risks to delivery are:-	
	Risk	Mitigation
	Preparation of compliant business cases	Establishment of Project Board (first meeting in October 2017) with D2N2 representation. Appointment of dedicated Project Manager (October 2017)
	Land assembly – notably for the Avenue Southern Access	Working Group established - DCC Economy & Regeneration, DCC Property, DCC Legal and NEDDC Economic Regeneration. Negotiation commenced, and currently preparing for CPO in parallel.
	Community/ stakeholder support for proposals.	Stakeholders have been engaged during the option development stage and are being engaged during development and preparation of proposals.

	Unforeseen ground conditions		Early engagement with appropriate organisations and technical surveys where required.	
	Securing relevant permissions and consents.		Early engagement with appropriate organisations and technical surveys/ stakeholder involvement.	
<u>Risk Rating</u>	<u>Red</u>	<u>Amber</u>	<u>Green</u>	

High Risk Delivery

Formal Response from Promoter

<u>Name of Project</u>	Former Vesuvius Works, Worksop
<u>Name of Promoter</u>	Commercial Estates Group (CEG)
<u>Reason for high risk</u>	Understood to be due to uncertainties from a LEP Board perspective around the scale of LGF funding required to enable delivery and the justification for this. Please note that separately we are developing a viability appraisal to justify the minimum level LGF investment required to enable delivery and this will be provided to the LEP in due course (aiming to have this completed by 13 th October). We have appointed DWF to provide a formal State Aid opinion, although this will not be available for a couple of weeks. The initial indicative legal view is that State Aid will not be an issue with this scheme.
<u>Brief description of project</u>	CEG is seeking LGF investment to contribute towards the delivery of site wide abnormal infrastructure works to unlock the private sector led redevelopment of the brownfield former Vesuvius Works site in Worksop. The redeveloped site could provide 36,700 sqm (395,000 sqft) of new employment floorspace with the potential to accommodate a significant number of new net additional jobs within the D2N2 LEP economy (to be calculated as part of the emerging business case but jobs are likely to exceed those set out at the Pipeline Application stage). The latest scheme proposes a foodstore, non-food retail floorspace and SME industrial floorspace in small units to meet identified occupier needs (with ancillary leisure uses). The site has significant site wide abnormal infrastructure requirements that have for the past decade prevented the site being redeveloped for new employment uses. The scale of these means that the scheme has not and remains not viable and without public sector funding support through LGF to contribute towards the capital costs of the site wide strategic infrastructure requirements, the redevelopment of the site will remain unviable and be retained as a derelict brownfield site and in its current state for the foreseeable future.
<u>Please set out how and when the project is now going to be</u>	CEG started business in 1989 and now has a portfolio which covers 9 million square feet, with a capital value of around £800 million. We are a well-established leading national property development businesses with significant experience of redeveloping brownfield sites. For example,

<p><u>delivered. Please provide dates for completion</u></p>	<p>we are currently delivering the transformational redevelopment of the Kirkstall Forge brownfield site in Leeds with public sector funding support from both the LEP and Leeds City Council. This comprises 1,050 new homes, 300,000 sq ft of office space and a further 100,000 sq ft of retail floorspace with the public sector funding delivering £15m of infrastructure serving to open up a site that had lain derelict for 12 years. CEG have subsequently delivered 109,000sqft of Grade A office space (now 75% let) with a planning application submitted for the first phase of residential development. The site has also delivered a new train station, new highways junctions and bridges together with wholesale land remediation.</p> <p>CEG will procure a contractor to deliver the required site infrastructure works, most likely through a single contract for purposes of efficiency and securing optimum value for money. This will create serviced employment land/plots which will then either be disposed to occupiers or directly developed in response to occupier requirements (under this latter option it may either lease and sell completed buildings to the investment market, dispose of freehold units to occupiers or lease and retain the freehold as part of its own investment portfolio. The key will be to offer a totally flexible product to the market).</p> <p>It is intended that subject to planning, the infrastructure works will start on site in May 2017 and be completed by February 2018. This timeframe has been developed by external cost consultants/project managers RPS. All LGF funding would therefore be spent and drawn down within FY 2018/19. It is anticipated that construction of the commercial floorspace would also commence in FY 2018/19 and this would be developed out over a phased period following the delivery of the infrastructure in accordance with occupier demand.</p>
<p><u>Please set out how you will ensure the project is compliant with the Local Assurance Framework (LAF)</u></p>	<p>The project will be compliant with the LAF through the following:</p> <ul style="list-style-type: none"> - Has an appointed Single Responsible Officer within CEG (Finance Director) - A Stage 2 business case is currently being developed in accordance with the HM Treasury Five Case approach and the LAF requirements. Subject to this being approved, this will then be developed into a Stage 3 business case once planning and cost certainty has been secured as per the LAF requirements.

	<ul style="list-style-type: none"> - The scheme supports a number of the LEP's strategic objectives particularly in relation to supporting key sectors and also promoting it as a sustainable and competitive business location - The project will deliver a 'high' value for money outcome' - CEG will commit to an agreed monitoring and evaluation process in accordance with the LAF
<u>Please set out your timescales for compliance with the LAF</u>	<p>We are seeking to provide a Stage 2 business case to the LEP for officer review in early November. Subject to comments/feedback, we are then proposing to submit a Stage 3 Full Business Case by March/April 2018. Eligible project spend will commence in FY 2018/19 and all of the LGF investment would be spent and drawn down on a defrayed basis in this financial year.</p>
<u>Please identify what you foresee as the risks of delivery and how these will be mitigated</u>	<p>Key risks and mitigation measures at this stage include:</p> <ul style="list-style-type: none"> • Planning <p>In March 2014, the Council granted planning permission for the mixed use redevelopment of the c.44 acre (18ha) former Vesuvius Works site. The planning permission gave consent for a 70,000sqft (6,503 m2) food store and up to c.188,500 sqft (17,520 m2) of B2 employment space. The latest scheme has changed since then as a reflection of changing market conditions, but the fact that it has previously received permission for a scheme with very similar use types assists to de-risk it from a planning perspective and based on discussions with the Local Planning Authority, it is fully supportive of the latest scheme.</p> <p>What is important to note is that the site infrastructure works for which an LGF contribution is being sought therefore have full planning consent with a Section 278 Agreement in place. CEG has submitted an application under Section 96(a) of the Town and Country Planning Act 1990 to seek minor non-material amendments to reflect minor changes to the consented highways/access layout. A revised planning consent will be required to vary the existing consent to allow non-food retail uses on the site as proposed. It should be noted that the non-food retail uses do not replace the existing B2 floorspace quantum and are in addition to this, reflecting the latest site masterplan. In the unlikely scenario that the application for change of use to deliver the proposed non-food</p>

	<p>retail floorspace is not approved CEG would be able to revert back to the extant consent and deliver SME industrial accommodation as a fallback option, thus mitigating any planning risk.</p> <p>From a Local Plan perspective, Policy DM7 in the adopted Core Strategy DPD protects existing employment sites such as the Vesuvius Works site (and those vacant and underused former employment sites) for 'economic development' purposes, where 'economic development is defined within Planning Policy Statement 4: Planning for Sustainable Economic Growth, which states (paragraph 4) that: ...economic development includes development within the B Use Classes, public and community uses and main town centre uses. The policies also apply to other development which achieves at least one of the following objectives:</p> <ol style="list-style-type: none"> 1. provides employment opportunities 2. generates wealth or 3. produces or generates an economic output or product <p>The policy also says that non-economic development uses may be appropriate, and this means mixed use but ensuring that the minimum of non-economic development uses are proposed to support and deliver the site for economic development purposes.</p> <ul style="list-style-type: none"> • Infrastructure costs <p>A preliminary cost plan has been developed by external cost consultants (RPS) to indicate the scale of the infrastructure costs which in turn is informing the site viability appraisal. This is based on a remediation strategy and infrastructure delivery plan that has been developed by professionally qualified engineers and technical advisors. This provides a degree of certainty on the infrastructure costs at this stage and includes a 5% contingency which is considered wholly reasonable given the level of due diligence prepared by the applicant. A value engineering exercise has also already been undertaken. The intention is to tender the infrastructure works as a single package to a single contractor however to accelerate delivery of the benefits it may provide prudent to undertake the remediation works earlier through a negotiated position with a contractor that has been advising on the site since acquisition. Regardless of the route taken it is CEG's intention is to appoint a preferred contractor to deliver the works whom it has worked with</p>
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	<p>previously and has a strong track record of delivering on time and to budget. CEG will appoint an external and professionally qualified cost consultant with a duty of care to the LEP to undertake an independent certification of the contractor's tendered costs to confirm that they are considered reasonable.</p> <ul style="list-style-type: none"> • Market demand <p>The ultimate success of the scheme and its ability to deliver the proposed economic outputs will be reliant upon levels of market demand and commitment to occupy the floorspace. The proposed Asda foodstore on the site (contracts due to exchange at the end of October) will significantly enhance occupier confidence over all aspects of the market across the entire site. CEG has national and local agents (Rapleys and CPP) appointed to market the site and a number of significant enquiries have already been received from both industrial and non-food retail occupiers, albeit delivery is clearly reliant upon the provision of serviced employment land. Marketing will be intensified and occupier interest will increase further as the scheme progresses and site works commence, although this is wholly reliant on the awarding of an LGF grant to enable this. There is a lack of available serviced employment land in the area and with improving levels of occupier demand, the shortage of available good quality, modern property has been an issue for the market. Occupiers are often faced with having to remain in existing premises or opting for a split site solution which will inevitably restrict business growth. Moreover, the lack of availability has affected the ability to attract inward investors and retain indigenous businesses within the region who may be forced to look elsewhere. Indeed on the back of the strength of the location of the site, CEG have entertained a number of employment use enquiries, even being selected as one of two preferred options for a 100,000sqft user around 24 months ago. Ultimately the lack of serviced land at the subject site meant the occupier located to a site outwith the D2N2 LEP area. Such a user was an exception however as the vast majority do not consider the site given a reputation in the market for being stymied by high abnormal development costs before any development can occur.</p>
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<u>Please detail any impacts this has e.g., on grant profile, timescales etc.</u>			
<u>Risk Rating after mitigation</u>	<u>Red</u>	<u>Amber</u> It is considered that “Amber” is an appropriate and honest risk rating for this scheme at this stage. This reflects the fact that tendered/certified costs are required and so is a planning consent to deliver the required scheme. Both of these will be in place to inform the submission of a Stage 2 business case to the LEP as per the LAF requirements. However, the infrastructure works for which LGF funding is being sought have full planning consent and have been costed by professional external cost consultants, based on a range of technical advice and site investigation works. The intention is to appoint a contractor and to have these tendered costs independently certified. The original scheme has full planning consent and the	<u>Green</u>

		<p>latest scheme reflects this albeit with additional non-food retail floorspace. Pre-application discussions with Bassetlaw Council have been wholly positive as have recent public consultation events showcasing the latest scheme as proposed. Whilst there is inevitably a degree of planning risk, this is considered to be very low.</p> <p>All other delivery/funding risks are considered to be low. CEG has a significant track record in the delivery of schemes of this scale and nature and has the required match funding secured to enable scheme delivery. Further examples and site visits can be arranged should that prove of use. Additionally as commercial landlords of circa 1,000 tenants across the UK, there are few companies that understand occupier requirements and are able to deliver to the proposed scale and quality of scheme.</p>	
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