

**MINUTES** of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 26 July 2018 at County Hall, Matlock.

**PRESENT**

Councillor B Lewis (Derbyshire County Council)

Councillor W J Clarke (Gedling Borough Council), Councillor C A Hart (Erewash Borough Council), Councillor T Hollis (Ashfield District Council), Councillor T King (Derbyshire County Council), Councillor C Poulter (Derby City Council), Councillor A Syrett (Bolsover District Council) and Councillor S Webster (Nottingham City Council).

Also in Attendance – N Antonopoulos (University of Derby), M Ashworth (Derbyshire County Council), J Battye (Derbyshire County Council), S Birkinshaw (Erewash Borough Council), G Davis (University of Derby), J Fearon (Derby College), T Goshawk (D2N2), D Hodgson (CEG), J Homer (Cities and Local Growth), B Pretty (Cushman and Wakefield), S Rose (D2N2 LEP), J Seymour (Derbyshire County Council), D Swaine (Bolsover and NE Derbyshire District Councils), S Wainwright (Derbyshire County Council), C Williams (Derby City Council).

Apologies for absence were submitted on behalf of Councillor J Collins, (Nottingham City Council), Councillor K Cutts (Nottinghamshire County Council), K Khokar (Highways England), P Richardson (D2N2 LEP), M Wheatley (D2N2 LEP) and J Zadrozny (Ashfield District Council).

**Peter Richardson**

Peter had stepped down as Chair of the LEP Board. Councillor Lewis wanted to thank Peter for his hard work and to pass the Board's best wishes. Elizabeth Fagan who is the Vice-President and Managing Director of Boots had now been appointed as his successor.

**30/18      DECLARATIONS OF INTEREST**      A declaration of personal interest was received from Councillor C Poulter as a member of Derby City Council in relation to minute reference 32/18 – Programme Performance Update (Derby Cycling and Placemaking). Councillors T King and B Lewis Webster declared personal interests as members of Derbyshire County Council in relation to minute reference 37/18 – A61 Pre-Compliance Request.

**31/18      MINUTES      **RESOLVED**** to confirm the non-exempt Minutes of the meeting of the Board held on 24 May 2018.

**32/18      PROGRAMME PERFORMANCE UPDATE** All the projects across the programme had been reviewed and risks associated with delivering the agreed financial and output targets identified. Appendix A to the report detailed the projects deemed to be High Risk and Appendix B provided an update on progress of all approved or pre-compliance projects and included a RAG rating. Appendix C provided an update on projects still awaiting full business case approval, highlighting key risks.

Quarter 1 returns from approved projects were still awaited therefore the estimated of spend would be updated once the returns had been processed. The current programme forecast for 2018-19 was £68.98m against a target of £32.36m. The overspend took into account funding carried forward from previous years which currently stood at £40m.

It was noted that new projects were not being sought. The LEP were however, looking at current projects which were able to demonstrate that they could bring forward and accelerate spend on projects.

Good progress was being made in bring forward projects for approval with three new projects ready for consideration at the meeting representing significant progress in moving the D2N2 LGF programme forward. Several more projects were anticipated to come forward in quarter 2.

Unsurprisingly with large capital projects, there were a number of delays which might impact on the programme. For example, both the MTIF and Southern Gateway projects have had issues through the procurement process which had meant that the final business case wouldn't be ready for approval until later in the year. The LEP were working with all the projects to understand the impact on delivery and spend and a further update would be made at the next meeting. At the same time, the LEP were also looking at how other projects could be accelerated in terms of their delivery to offset any underspends. In terms of the risk assessments, there were no additional high risk projects, with the Vesuvius high risk project now ready for approval.

The following three projects were identified as Amber risk:

- Vision Centre Mansfield due to output delays,
- A46 Rushcliffe Phases 3 and 4 due to delays in bringing forward these phases as a result of finalising S106 agreements,
- Infinity Park due to known delays to the output profile.

Work would continue with all the projects and the risks associated with delivery affecting the programme would be monitored. Given that the quarter 1 monitoring returns had not been received, there were no new outputs to report.

As previously reported, any changes to approved projects now required formal approval of a change request. Since the last meeting a change request had been received from Derby Cycling and Placemaking to re-profile £94,329.68 from 2018-

19 into 2019-20. The reason for the request was that significant works to the Derby Market Hall would postpone any work to the remaining phase on Osnabrick Square past the duration of the LGF funding period, therefore an alternative project was to be incorporated in to the programme which delivered the same output benefits to the LEP.

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

(2) approve the request from Derby Cycling and Placemaking to re-profile £94,329.68 from 2018-19 into 2019-20..

**33/18      BUDGET UPDATE**      Current forecast shows that in 2018-19 the programme is overcommitted by £36m. This will be offset by the money being held by Derbyshire County Council to achieve a balanced budget. The remaining balance held by DCC would then be returned to the programme in 2019-20.

Current indications showed that there was going to be a possible over commitment in 2019-20 of £26m. Whilst this was subject to change, it was unlikely that it would reduce entirely and as such plans should be put in place early as to how this was going to be managed. Discussions would take place between the Accountable Body and the LEP on a suitable way forward.

The overall programme was currently showing an over commitment of £8m.

**RESOLVED** that the report be noted.

**34/18      ANNUAL ACCOUNTS 2017-18**      The Annual Accounts 2017-18 had been prepared and a summary of the financial decisions and transactions that had occurred during the 2017-18 period was presented.

Against the target of £66.4m of grant available, grants of £34.9m had been released to contracted projects. The Government had confirmed that if it was not possible to spend all of the 2017-18 allocation on Local Growth Fund (LGF) projects, then funding could be spent in 2017-18 with the agreement of the Accountable Body's Section 151 Officer, against Derbyshire County Council Capital Schemes and reimbursed completely against the LGF programme in a future year when required.

A payment was made to the sum of £31,519,637 to Derbyshire County Council, for use against its Capital Programme.

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

(2) approve the Annual Accounts for 2017-18.

**35/18      RAIL RESEARCH INNOVATION CENTRE (RIC)**      The applicant for this project was the University of Derby and the Rail Research and Innovation Centre project would establish a new centre for rail supply chain businesses in the

D2N2 area. The Rail RIC was intended to increase productivity within the D2N2 rail supply chain, by stimulating the adoption of new technologies and techniques amongst businesses in the D2N2 rail sector and supply chain.

The RIC would provide local support infrastructure for existing rail supply businesses and would also enhance the inward investment offer in the D2N2 area with the target of attracting new rail supply businesses to the region.

The RIC aimed to encourage innovation and collaboration between businesses and the knowledge base by providing access to:

- Three related Technology demonstrators
- Facilities for collaborative project working
- Innovation support and expertise
- Upskilling and training opportunities for the rail workforce.

Local Growth Funding (LGF) was required for investment in capital equipment to purchase the three proposed technology demonstrators. After an extensive stakeholder and industry consultation, the following demonstrators had been selected:

- Advanced composite design and manufacturing
- Data integration and analytics
- Future Rail propulsion

The total project cost of the three demonstrators was £1,400,426 and was made up of:

<b>Funding Source</b>	<b>TOTAL</b>
D2N2 Local Growth Fund	£902,600
University of Derby Match Funding	£497,826
<b>TOTAL</b>	<b>£1,400,426</b>

The promoter had confirmed that the project had been approved by the University of Derby to release match funding for the project.

All three phases of the project would be procured using the University's competitive tendering process that aligned with EU procurement legislation. All tenders submitted would be reviewed by a panel of specialists within the University to assure the quality of the submissions. All procurement process and tenders will be reviewed by the LEP for phases 2 and 3 to guarantee best value was achieved from all phases of the project. The promoter had confirmed that the project was State Aid compliant.

The Business Case had been assessed internally by D2N2 and had been deemed compliant with the Local Assurance Framework, as well as the Treasury's Green Book. External Value for Money assessments had also been carried out by Regeneris and the project had been deemed VFM compliant.

Details of the delivery programme were presented in the report.

The following outcomes were set to be delivered by 2022:

- 80 Supply chain businesses supported
- 15 New collaborative research projects created
- 20 companies supported through innovation funding applications
- 80 rail sector employees upskilled

The business plan assessment had taken in to account that the above outputs were not traditional measures of LGF investment, however, this project contributed towards the emerging SEPs objectives around improving productivity in one of the key sectors in the economy.

The 2018-19 LGF spending profile was £902,600. The project complied with all elements of the D2N2 Local Assurance Framework.

**RESOLVED** to approve the whole project with the first phase of funding to be released with subsequent phases released following compliance with the Local Assurance Framework in terms of procurement and this would be assessed by D2N2 and Derbyshire County Council as the Accountable Body to confirm compliance.

**36/18      DERBY COLLEGE TECHNOLOGY HUB** The applicant for this project was Derby College.

The investment in the Technology Hub would allow a proactive response which would support employers and individuals to raise the level of higher skills within their future workforce in the areas of Engineering and Construction. The project responds to Government initiatives which included Higher Apprentices to increase pathways for in work learning up to post graduate degree level.

The case for investment consisted of two key areas. The first was the ability to deliver the technical skills demanded by business now and into the future, further details of which were presented. The second area was a growth in capacity to respond to the need for higher level training in the growth areas of Engineering (Rail, Food and Drink, Manufacturing) and Construction.

LEP investment would contribute towards the fit out of dedicated learning space and the purchase of specialist capital equipment to deliver higher level skills provision.

The total project cost was £1,750,000 and was funded as follows:

<b>Funding Source</b>	<b>TOTAL</b>
D2N2 Local Growth Fund	£1,300,000
Derby College Match Funding	£450,000
<b>TOTAL</b>	<b>£1,750,000</b>

The project received Outline Business Case approval from D2N2 on 3 April 2018

The project had been split in to numerous work packages that had been procured by Derby College. The main package of works undertaken on the Stephenson Building where the new facility would be housed, went to an open tender process for the reconfiguration of the building and the contractor was awarded on best value.

Other building works and procurement processes were undertaken using the College's existing procurement frameworks. All frameworks used by Derby College were subject to EU procurement laws and had identified suppliers through OJEU tendering processes. The project had been deemed state aid compliant.

The Business Case had been assessed internally by D2N2 and had been deemed compliant with the Local Assurance Framework as well as the Treasury's Green Book. External Value for Money assessments were currently being concluded by Regeneris approval was subject to this assessment.

The following outputs and outcomes were proposed:

- Upgrade of 3,000m<sup>2</sup> of floor space
- Provides capacity to deliver over 2,500 higher skills learners over the 20 lifecycle. Equating to a target of 125 new learners per year.
- Provide 7 additional FTEs

The Local Growth Fund spend profile for the project in 2018- 19 was £1.3m.

The project complied with all elements of the D2N2 Local Assurance Framework. The D2N2 LEP recommended the IIB to approve the project and release funding of £1.3m, subject to a successful Value for Money appraisal.

**RESOLVED** to approve the project and release funding of £1.3m, subject to a successful Value for Money appraisal being received.

**37/18      A61 COMPLIANCE REQUEST** The inclusion of the A61 Growth Corridor within the D2N2 Local Enterprise Local Growth Fund (LGF) programme is two-fold; the acceleration of land-use development at a number of key sites along the corridor, and the

introduction of measures to help mitigate the highway impacts of this development to create the conditions for housing and employment growth.

The A61 Growth Corridor strategy comprised five projects:-

- Chesterfield Station Masterplan
- Avenue Southern Access and Link Road
- A61 Whittington Moor Roundabout Improvement
- 21<sup>st</sup> Century Transport Corridor
- Standard Gauge for Sustainable Travel

The promoter for this scheme was Derbyshire County Council and the total project cost was £20.86m, funded as follows:

<b>Funding Source</b>	<b>TOTAL</b>
Public Sector Contributions	£2.486
Private Sector – including developer contributions through S106	£2.334
LGF	£16.040
<b>TOTAL</b>	<b>£20.860</b>

The County Council and its partners were making good progress to prepare and develop the five projects for implementation and were on track to meet the agreed deadlines for bringing forward Stage 3 business cases for these. The first one of these for the A61 Whittington Moor roundabout, was now well advanced and was on track for submission to the D2N2 Infrastructure and Investment Board in November 2018, following completion of public consultation and detailed design.

The A61 Growth Corridor Project Control Board presented to the March 2018 IIB, a commitment to bring forward £2.112m LGF grant spend during the 2018-19 financial year, from the overall £16.040m LGF grant available to 2021. This request for pre-compliance funding would ensure that this spend commitment was met, and recognised the complex nature of project development and multi-faceted nature of the projects that needed to be completed before the Stage 3 business cases could be brought forward.

The request for pre-compliance funding was therefore two-fold. Firstly, the two projects (Chesterfield Station Masterplan and the Avenue), that accelerated land use development and delivered new jobs and housing outcomes, required further preparation and design during 2018-19 to enable the projects to achieve planning approval by Spring 2019, and ensure negotiations for land assembly could be concluded at an early stage. The transport mitigation projects were multi-faceted and required the preparation and development of the whole programme of interventions to be fully complete before the Stage 3 business case submission.

To enable delivery against the 2018-19 LGF commitment, the applicant had requested £2.112m pre-compliance funding facility in support of four of the A61 projects:-

- Chesterfield Station Masterplan £0.300m
- Avenue Southern Access and Link Road £0.280m
- 21<sup>st</sup> Century Transport Corridor £0.613m
- Standard Gauge for Sustainable Transport £0.919m

The LGF Pre-compliance would all be spent in 2018-19.

The agreed target dates for Stage 3 business case consideration were:-

- November 2018 – A61 Whittington Moor Roundabout
- September 2019 – Avenue Southern Access, 21<sup>st</sup> Century Transport Corridor and Standard Gauge for Sustainable Travel.
- March 2020 – Chesterfield Station Masterplan

The County Council had recently appointed specialist transport and business case consultants to assist with the preparation of all of the Stage 3 business cases for the A61 Growth Corridor projects to ensure that the above target dates were met. The A61 Project Control Board had agreed that the consultants would commence with preparation of the economic case for the A61 Whittington Moor roundabout, which would be submitted to D2N2 ahead of the full Stage 3 business case submission.

**RESOLVED** to approve the request for pre-compliance to enable the project to continue to make progress towards a full business case and delivery of the scheme. It will also support the delivery of the LGF programme spend.

**38/18      DATE OF NEXT MEETING** The next meeting was scheduled for Thursday 13 September 2018 at 10:00 am at County Hall, Matlock.

**39/18      EXCLUSION OF THE PUBLIC RESOLVED** that the public be excluded from the meeting during the consideration of the remaining items on the agenda to avoid the disclosure of the kind of exempt information detailed in the following summary of proceedings:-

**SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC WERE EXCLUDED FROM THE MEETING**

1. To consider the exempt minutes of the meeting of the Board held on 24 May 2018.
2. To consider a report on Vesuvius Works (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).