

MINUTES of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 24 May 2018 at County Hall, Matlock.

PRESENT

Councillor B Lewis (Derbyshire County Council)

Councillor W J Clarke (Gedling Borough Council), Councillor K Cutts (Nottinghamshire County Council) Councillor C Hart (Erewash Borough Council); Councillor C Poulter (Derby City Council); P Richardson (D2N2); Councillor A Syrett (Bolsover District Council) Councillor S Webster (Nottingham City Council); and J Zadrozny (Ashfield District Council).

Also in Attendance – D Alvery (Gedling Borough Council), M Ashworth (Derbyshire County Council), S Birkinshaw (Erewash Borough Council), M Carr (Nottingham Trent University) L Clare (Department for Transport) C Cooper-Smith (Ashfield District Council); A Dean (Nottingham Trent University); A Everitt (ADE); T Goshawk (D2N2); K Hanson (Bolsover & NE Derbyshire District Councils) C Henning (Nottingham City Council); N Hawks (Nottingham City Council) E Hickman (Derbyshire County Council); D Hughes (Nottinghamshire County Council) J Homer (Cities and Local Growth); R Jackson (Nottinghamshire County Council); G Jennings (Derby City Council); M Rich (Chesterfield Borough Council); S Rose (D2N2 LEP), J Seymour (Derbyshire County Council), S Wainwright (Derbyshire County Council) Cal Warren (Nottingham City Council) Matt Wheatley (D2N2); H White (Nottingham City Council).

Apologies for absence were submitted on behalf of Councillor J Collins, (Nottingham City Council), P Gadsby (D2N2 LEP), Councillor T King (Derbyshire County Council), K Khokar (Highways England), D Liversidge, D Swaine (Bolsover & NE Derbyshire District Councils) and Alison Westray – Chapman (North East Derbyshire District Council)

19/18 DECLARATIONS OF INTEREST A declaration of interest was received from Councillor S Webster as a member of Nottingham City Council in relation to minute reference 24/18 – Projects for Approval: Nottingham Castle. Councillor Webster did not participate in the vote in respect of this item.

20/18 MINUTES **RESOLVED** to confirm the non-exempt Minutes of the meeting of the Board held on 29 March 2018.

21/18 D2N2 PROGRAMME UPDATE Following the last meeting all of the projects across the programme had been reviewed and risks associated with delivering the agreed financial and output targets had been identified.

The update report presented provided information in relation to:-

- details of the four projects deemed to be high risk;
- a progress update of all approved or pre-compliance projects which included a RAG rating;
- a progress update on projects which were still awaiting business case approval; and
- the three measures of outputs for all of the LGF projects on a project by project basis, showing the amount of outputs that had been achieved to date (Q4 17/18), the outputs that should have been achieved to date and finally the amount of outputs the project was contracted to achieve over its lifetime. An overall RAG rating was provided based on performance to date – not the overall contract figure.

The end of year position for 2017/18 was £34.87m representing an underspend of £31.52m. The underspend had been managed by Derbyshire County Council under their section 31 flexibilities, with an agreement for that funding to be returned in future years to be utilised for the LGF programme.

In order to ensure that a similar position did not exist moving forwards this financial year undertaken with all of the projects across the programme in relation to the provision of a clear delivery timetable.

All approved projects had submitted full spend profiles for the next year and any changes would require approval via a formal change control process. With regard to projects awaiting the submission of full business cases, a realistic time table had been devised and was appended to the report.

Based on the information that had been provided, there was confidence that 2018/19 should be an improved year in terms of financial performance and financial targets should be met.

A number of large spend projects had now made significant progress towards delivery – for example the City Hub was approved awaiting a contract and had an estimated spend of £17m this year. Other projects were also coming forward for approval and ready to deliver such as the Southern Gateway.

The current estimate based on assessment of the programme was that the projected end of year spend would be in the region of £69.34m – exceeding the LGF target for the year and recovering all but £5.2m of the £43m underspend from previous years.

RESOLVED that the report be noted.

22/18 THE N2 TOWN CENTRES PROGRAMME The Board was provided with an update on the progress regarding the N2 Town Centre (N2TC) Programme.

The Programme was approved at the January 2018 meeting of the IIB and since that time, a focus had been retained on realising the requirements of the programme in line with the conditions of award.

The latest position was summarised as follows:-

As a Programme, an inter-related set of agreements were required governing the relationship between the LEP and its accountable body Derbyshire CC and Nottinghamshire CC as the accountable body for the Programme and its relationship thence between it and the project leads. These legal documents had been the subject of lengthy clarification and discussion between the various parties and a suite of legal agreement template documents had now been agreed.

Genecon had now been appointed by Nottinghamshire County Council to support the business case assessments for all the projects within the Programme, in line with the D2N2 LEP's Local Assurance Framework. An inception meeting was being held shortly and in advance of that, the details of all the applications as received to date would be shared with them. An early prioritisation had been offered of the early spending projects, requesting they addressed the business case assessments first, including, Arnold Market, Mansfield Old Town Hall and Beeston town centre. The fullest opportunity had been afforded the consultants to liaise with the individual project sponsors over the details

One of the conditions of the approval from the D2N2 LEP was the establishment of a Programme Board. The Board would oversee the Programme and make recommendations regarding individual projects to the County Council as the accountable body for the Programme, in line with and accounting for the recommendations of the external assessors. A Terms of Reference for the Board had been drafted and was currently the subject of consultation with the respective partners, including the District Councils and the D2N2 LEP. It had been circulated alongside the Governance and Management Arrangements (to be attached as an Appendix to the Terms of Reference) as submitted as part of the wider IIB approval of the programme in January 2018. It was anticipated that a first meeting would be held shortly, subject to the progression and assessment of the individual project cases

The County Council had maintained contact with the applicants over these issues and was seeking to provide the administrative support required to ensure that the overall process, monitoring and reporting arrangements were effectively managed.

RESOLVED that the report be noted.

23/18 **BUDGET UPDATE** The Board was asked to consider a Budget Update report which informed the Board that the final figure for the in-year underspend for 2017/18 was £31,519,696. This had been utilised by Derbyshire County Council (DCC) on its Capital Programme in 2017/18, and would be returned to the LGF in future years.

DCC's external auditors (KPMG) were to raise a recommendation within the ISA260 report stating that D2N2 need to increase pressure on projects to spend in line with agreed profiles.

They had also stated that they want D2N2 to ensure that underspends currently being held by DCC are returned to the programme within 2018/19. Whilst plans were in place to work towards the recommendation, it was unlikely that all funds held by DCC would be returned until 2019/20.

Currently forecast showed that in 2018/19 the programme was overcommitted by £37m. This would be offset by the money being held by Derbyshire County Council to achieve a balanced budget.

The overall programme over commitment was currently forecast to be £8m.

RESOLVED that the report be noted;

24/18 **NOTTINGHAM CASTLE** The Board received a presentation on the Nottingham Castle project. The promoter for this project was Nottingham City Council.

The Nottingham Castle project sought to invest D2N2 LGF funding in to the site to renew the visitor economy experience in Nottingham. The project was built around three key themes:

– Exploring the rich history of Nottingham, its medieval Castle and extensive cave network beneath in a more revealing and accessible way than ever before. Brewhouse Yard Cottages redisplayed and open seven days a week. Castle grounds re-landscaped with themed adventure play in the Castle moat.

- Robin and the Rebels – A brand new interactive Robin Hood Gallery would lead visitors back in time to explore the ballads of Robin Hood and his connections to Medieval Nottingham and the Castle. Nottingham's rebellious past would be revealed through three key episodes in a dedicated gallery, Exploring issues around protest and rebellion.

- Creative City: The Power of Art and Making – A vastly improved layout and visitor experience of the art galleries in the Ducal Palace, with new and prestigious touring exhibitions attracted to the Castle.

The specific objectives for the project are:

- Preserve the heritage of Nottingham Castle.
- Increase the number of visitors to Nottingham and the East Midlands, and therefore boost expenditure in the local economy.
- Raise the profile of Nottingham and leave a positive impression of Nottingham to visitors.
- Create a financially sustainable operating model that does not require on-going subsidy

The total project cost was £31,300,000 of which £5,000,000 had been requested from the LGF.

Board members were given the opportunity to ask questions and also raised a number of areas of concern which were duly noted and would be included in relevant discussions going forward

RESOLVED that (1) the Board approves the project and the release of £5,000,000 funds; and

(2) further consideration needed to be given to collaborative working with regards to advertising/marketing the many visitor attractions within the D2N2 area in order to encourage visitors to stay in the area longer.

25/18 NOTTINGHAM TRENT UNIVERSITY MEDICAL TECHNOLOGY INNOVATION FACILITY The Board received a presentation on the Medical Technology Innovation Facility. The promoter for this project was Nottingham Trent University.

The request was for the Board to allocate a further £1.0m of LGF3 funding to its Medical Technology Innovation Facility (MTIF) project, which is being part funded by the LEP. If approved, this would enable the University to present its Full Business Case (FBC) for the MTIF Clifton site for formal approval in July 2018. The University was aware that the final approval of this funding would be subject to a compliant business case being approved by the Board.

The original LGF Expression of Interest document for MTIF, submitted in October 2015, described a multifaceted, multi-partner project that would provide the LEP with UK leading specialist Medical Technologies research and commercialisation capacity. The project, based on two sites including the Nottingham Boots Enterprise Zone (NBEZ), had a total budget of £24.7m. Within this, a contribution of £14.3m was requested from the LEP.

Following discussions ahead of the LGF3 submission to Government, the then LEP Chief Executive requested that the University suggest a minimum LEP contribution to the project for it to be viable. Following partner discussions, the total budget was then scaled back to £22.9m. The University also chose to up its contribution from £10.4m to £12.9m against a requested minimum contribution of £10m LGF3 funding from the LEP.

Following the LGF3 announcements in 2017, where the LEP did not achieve its full requested funding allocation, the MTIF project was allocated a sum of £8.7m subject to completion of the funding application process. This left a shortfall of £1.3m against the £10m minimum contribution requested by the University.

Since that time, the University had been working with the LEP and Nottinghamshire County Council to fill this funding gap as it was an essential and key contribution to the success of this project. Without the further allocation of £1.0m of funding, there was a high likelihood that the project would not go forward. The University was also investigating with the LEP alternative means by which the balance of £0.3m was to be funded.

The Board noted that this request was not due to project cost slippage. It was requested to make good most of the shortfall in the minimum LEP contribution to make the project viable.

It was now anticipated that the MTIF Clifton building would be open in December 2019 and the MTIF BEZ building in April 2020. Subject to approval to allocate further funding, it was noted that the University would do everything in its control to achieve these dates and improve on them, if at all possible.

RESOLVED to approve the additional allocation of £1,000,000 to the MTIF project, to be funded by a reduction of £1,000,000 in the funding allocation to the Vesuvius project.

26/18 INFRASTRUCTURE PLAN The Board were informed that work was continuing with the LEP and discussions taking place with LA representatives around issues such as delivering jobs and local housing.

A draft plan would be brought to the Board at a later meeting.

RESOLVED to note the report.

27/18 DATE OF NEXT MEETING The next meeting was scheduled for Thursday 28 June 2018 at 10:00 am at County Hall, Matlock.

28/18 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 a report on Pre Compliance Request – HS2 Strategic Sites (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)). The Chairman at the outset of the meeting informed the Committee that the presentation on Pre Compliance Request – HS2 Strategic Sites would be considered in the exempt part of the meeting to avoid the disclosure of any potentially exempt information.