

**MINUTES** of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 27 January 2017 at Loxley House, Nottingham.

**PRESENT**

Councillor N McDonald (Nottingham City Council)  
(in the Chair)

Councillors D Collins (Derbyshire County Council), C Corbett (Erewash Borough Council), D Davis (Ashfield District Council), P Dunn (Derbyshire County Council), W J Clarke (Gedling Borough Council), D Meale (Nottinghamshire County Council) and P Gadsby (D2N2 LEP).

Also in Attendance – D Alvey (Gedling Borough Council), M Ashworth (Derbyshire County Council), S Banks (Derby City Council), C Cooper-Smith (Ashfield District Council), D Grier (Trust Utility Management Limited), C Henning (Nottingham City Council), S Powell (Erewash Borough Council), K Sharman (Nottinghamshire County Council), S Wainwright (Derbyshire County Council) and A Westray-Chapman (Bolsover and North East Derbyshire District Councils).

Apologies for absence were submitted on behalf of R Banwait (Derby City Council), J Collins (Nottingham City Council), K Greaves (Nottinghamshire County Council), M Rawson (Derby City Council), A Syrett (Bolsover and North East Derbyshire District Councils) and A Western (Derbyshire County Council); and D Ralph (D2N2 LEP) and P Richardson (D2N2 LEP).

Declaration of interest - Councillor C Corbett in respect of the Foundry Park item (Minute no. 6/17 refers).

**1/17        MINUTES    RESOLVED** to confirm the minutes of the meeting of the Board held on 15 December 2016.

**2/17        MATTERS ARISING**

**(a)        D2N2 Sustainable Transport Programme**

It was noted that Regeneris had now confirmed that this project represented good value for money and the funding could therefore be released.

**(b) A61 Corridor**

It was reported that Regeneris were seeking further clarification on some matters contained in the business case. These queries had been responded to and a decision on value for money was awaited.

**3/17 CHANGES TO THE LOCAL ASSURANCE FRAMEWORK** In November 2016, the Department for Communities and Local Government (DCLG) issued a revised National Assurance Framework (NAF). Local Enterprise Partnerships (LEP's) are required to review, refresh and sign-off their Local Assurance Framework (LAF) in light of this update. This reflected a request from Ministers to remind LEPs that Ministers expected them to follow the principles that applied to Government and local authorities, which prevented public expenditure incurred in retaining the services of lobbyists to influence public officials, MPs, political parties or the Government, to take a particular view on any issue.

The LAF had been reviewed regularly with the last changes being approved at the Board meeting on 7 September 2016. The LEP Board were required to sign-off the revised LAF and Derbyshire County Council's Section 151 officer would be required to write to DCLG by the 28 February 2017 to confirm that D2N2s LAF complied fully with the National Assurance Framework in order to release the 2017-18 profiled Local Growth Funding. The LEP Board on the 20 January 2017 agreed to delegate the final approval of the changes to the IIB. Details of the action plan of the changes being made to the LAF were presented in the report. The action plan included the action to be undertaken, the officer responsible, the implementation date and the status of completion.

Appendix 1 to the report also included revised Terms of Reference for the Board.

It was agreed that the LAF be approved subject to the Board receiving summary reports on projects experiencing problems.

**RESOLVED** to (1) approve the LAF, including revisions to the terms of Reference of the Board, as detailed in Appendix 1 to the report; and

(2) agree that the Board receive summary reports on projects experiencing problems.

**4/17 LOCAL GROWTH FUND (LGF) BUDGET AND PROJECT MONITORING** It was reported that payments totalling £15,052,670 in grants were made during quarter 3 of 2016-17, which was in line the payment schedules for projects approved in 2015-16 and 2016-17. Based on current cash flow information and on the assumption that all projects

listed were approved and funding released, this left a cash flow underspend of £4.46466m of which £0.118254m was real underspend following the reallocation of funds to pipeline projects. Further details were presented in Appendices 1 and 2 to the report.

Updates in respect of the following projects were presented:

- Chesterfield Higher Level Skills Centre
- The Bioscience Expansion
- Nottingham City Cycle
- Derbyshire Broadband
- Infinity Park
- Derby Placemaking - “The Spot”
- Broadmarsh
- Our City Our River
- A57/A60 Worksop
- Nottingham Broadband
- Seymour Link
- HS2 Toton Feasibility Studies
- HS2 Staveley
- Newark Southern Link Road
- Phase 1 of A46 Corridor
- Ada Lovelace House
- The Southern Growth Corridor
- EZ Sustainable Transport
- The Institute for Advanced Manufacturing
- Harworth Access Road
- Tudor Cross (formerly Coalite)

A summary of the project outputs was presented at Appendix 3 to the report.

**RESOLVED** to note the report.

**4/17      OUR CITY, OUR RIVER**      Our City, Our River (OCOR) was the major flood alleviation and regeneration infrastructure project for the City of Derby and included a range of interventions along 13km stretch of the River Derwent and was forecast to cost somewhere in the region of £95m to complete.

The project was split into three packages of works geographically , the first being to the north, upstream of the city centre, providing increased level of flood protection to the highest number of residential dwellings ( min

1200) for this package . This work was underway and the project was attempting to progress further elements of the overall project.

Construction is underway for the package 1 area. Some outputs had already been achieved and evidence to support further outputs (see below) being delivered was being gathered for formal submission to the LEP. The project team was also committed to the progress of the delivery of further elements of the overall project.

As part of the ESIF 2014-2020 European Funding Programme, Derby City Council had submitted a full application for £3.2m of ERDF Structural funding under the Priority Axis 5 Climate Change element of the ESIF programme. The project was in the latter stages of appraisal and a formal offer letter was expected in the near future. This funding would provide the OCOR project to have a real presence in the city centre and help to raise the profile. The funding would support interventions to include: landmark flood gate across Derwent St adjacent to the Council House, and provide some significant environmental enhancements and biodiversity benefits.

The Masterplan of the North Riverside was almost complete and presented an alternative option for the alignment of the flood defence wall in the area of the city. The costs for the alternative option were being assessed and a delivery plan for both options was being explored, including a funding strategy for the effective delivery of the masterplan objectives.

Work was underway for a planning application to be submitted for the initial section of enhanced Derwent riverside multiuser route upstream of the city centre. Officers were also exploring opportunities for the provision of new or enhanced cycling provision for the remainder of the City's River Derwent corridor.

**RESOLVED** to note the report.

**5/17      PROJECT UPDATES AND HIGH RISK PROJECTS**      With regard to Nottingham Skills Hub, the Colleges had now been approved an allocation of £0.800m for this financial year to contribute to further development costs for the project. This was subject to 100% clawback. The project sponsors are required to submit a full stage 2 business case to the Board by March 2018 and this project would remain at high risk until this was delivered. The funding would be provided to the Colleges' as a merged entity. Discussions regarding the merger were on-going and it was hoped an agreement would be reached in the near future.

In respect of Drakelow Park, the promoter had been given until the January Board meeting to finalise the loan arrangement with Derbyshire

County Council and to become fully compliant with Stage 2 of the Local Assurance Framework.

It was reported that the Derbyshire County Council had still not received the final District Valuer's report. A further report would therefore be submitted to the February meeting of the Board. If a loan was not possible and the project did not proceed, this potentially left a £4m underspend for 2016-17.

**RESOLVED** to note the report.

**6/17      FOUNDRY PARK** Foundry Park was the redevelopment site for the former Stanton Ironworks Foundry site in Ilkeston. The approved masterplan for the Foundry Park site would be delivered through a six phase scheme. This business case sought LGF investment to support Phase 1. Phase 1a would see the creation of new employment floor space through the refurbishment of the former Foundry building to create new business park/incubator unit facilities, together with the construction of new employment units and the provision of associated services and internal access roads and Phase 1b would see the creation of a southern access road linking the Foundry Park site to Lows Lane.

Due to constraints on the Green Belt, the availability of suitable opportunity sites to meet demand for employment growth in Erewash was limited. This situation was likely to become more pronounced in coming years due to factors such as:

- Sub-prime employment land within the borough coming under increased pressure of redevelopment for alternative uses such as housing.
- Construction of the HS2 high speed rail line to the HS2 Hub Station at Toton displacing Long Eaton businesses.

This request for funding would enable the first phase of this development and provide appropriate employment space which was not currently available in the area. The cost of Phase 1 is £13.315662m and is funded as follows:

D2N2 LGF	£3.624
Private Sector Investment	£9.692
Total	£13.315662m

The project had planning permission granted by Erewash Borough Council and the business case had been approved by Trust's Chairman and signed by the Board.

The promoters, Trust Utility Management, were in the final stages of procurement with four potential contractors. Following evaluation of the tenders, the selected contractor would be provided with a design and build contract. The promoter had confirmed the project was State Aid compliant. The business case had been forwarded to Regeneris but, to date, the Value for Money (VFM) case had not yet been completed.

The entire site would take six years to complete with each development phase taking approximately one year to complete. Therefore Phase 1 would be completed by December 2017.

The project outputs were:

- 2.3ha of employment land remediated and redeveloped
- 7,844m<sup>2</sup> of new employment space
- 97 jobs

The spend profile of the project was £0.45m in 2016-17 and £3.174m in 2017-18. Erewash Borough Council would act as the scheme promoter and would release funding to Trust Utility Management at agreed milestones.

Stage 1 approval was granted on the 24 November 2016 and a business case had been submitted in line with Stage 2 of the approval process.

Members of the Board questioned whether the business case complied with LGF requirements. Prior to approval being granted, the Board would need to see a more robust business case, including technical criteria and clarification of project costs.

**RESOLVED** to defer a decision on this project pending the production of a more robust business case, including technical criteria, and clarification of project costs.

**7/17      SUTTON INDOOR MARKET** The Sutton-in-Ashfield Indoor Market was located within the Idlewells Shopping Centre, at the hub of the Town Centre and the market hall is currently in need of refurbishment, to bring it up to date, to meet health and safety requirements and make it a more effective and attractive destination.

This project sought to bring forward 19,500sqft of high quality floor space and would deliver the complete redevelopment of the trading floor, refreshing the offer available, to accommodate and support aspiring

entrepreneurs, to start new businesses and widening the appeal of indoor markets to new customers.

Although the District of Ashfield had three towns, each of which had an outdoor market, Sutton-in-Ashfield was the only town that had an indoor market. Over the years, the indoor market had proved to be popular with traders and shoppers alike and the refurbishment was expected to generate more demand from shoppers, including those from professionals and from younger people, and thus create more diversity and choice of goods offered by traders. It was also expected that new traders would be encouraged to establish businesses. The project would help to improve the vitality of Sutton town centre and increase wider investor confidence in the area, building on the impetus for town centre improvements which had already been seen through the relocation of the Outdoor Market onto Portland Square. The wider economic impacts of this regeneration project for the town were threefold:

(1) The refurbished indoor market would attract more visitors and customers to the market and wider town centre businesses;

(2) The new businesses in the indoor market would create jobs in the local area; and

(3) Demand for retail space within the town centre would be increased, creating a more prosperous and attractive environment for shoppers and visitors.

The LEP contribution would secure a number of added value items which were essential in changing the culture of the indoor market, further details of which were presented.

The Council wished to start on site on 30 January 2017 at the latest to enable them to have completed the upgrade by October for the run-up period to Christmas. The total cost of the project was £1.6m and was funded as follows:

D2N2 LGF	£0.375m
Landlord, Ellandi	£0.050m
Ashfield District Council	£1.175m

The project gained approval at Ashfield District Council's Cabinet on the 28 April 2016. Only a minor planning application was required, for the installation of a roof light and for alterations to the entrance into the Indoor Market and approval was granted on 27 December 2016.

The project had been procured utilising the East Midlands Property Alliance (EMPA) framework which had been tendered through OJEU processes and procedures. The EMPA appointed contractor had tendered individual work packages and the final contract cost was determined before Christmas 2016.

The promoter had confirmed 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 been completed. Details of the delivery programme were presented in the report along with details of the outputs and outcomes and the spend profile.

This was a combined Stage 1 and Stage 2 submission 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.

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

**8/17      DATE OF NEXT MEETING**      The date of the next meeting of the Board would be held on Friday 24 February 2017 at 10.00am.