

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

27 January 2017

Foundry Park

1.0 Background

In February 2015 DCLG awarded D2N2 Grant Funding to deliver the approved schemes on the Local Growth Fund (LGF).

The LGF comprises of 36 schemes and runs until March 2021.

In March 2015 D2N2 and Derbyshire County Council issued the LGF Local Assurance Framework which sets out the procedures for managing and approving projects.

In April 2015 D2N2 appointed Derbyshire County Council as the Accountable body to administer the Local Assurance Framework.

This project is being brought forward from the pipeline on the basis of deliverability and alignment to D2N2's SEP. The project was approved onto the pipeline in April 2016, it is therefore proposed to accelerate this project into 16/17 using the profile underspend. With confirmation of LGF3 funding this allows us the flexibility to do this. At the August IIB this project was placed as a reserve project should any further underspend become available.

2.0 Scheme Overview

Foundry Park is the redevelopment site for the former Stanton Ironworks Foundry site in Ilkeston.

The approved masterplan for the Foundry Park site will be delivered through a six phase scheme. This business case seeks LGF investment to support Phase 1. Phase 1a will 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 will 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 is limited.

This situation is 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 will enable the first phase of this development and provide appropriate employment space which is not currently available in the area.

The cost of Phase 1 is £13.315662m and is funded as follows:

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

3.0 Approvals

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

4.0 Procurement

The promoters, Trust Utility Management, are in the final stages of procurement with 4 potential contractors. Following evaluation of the tenders, the selected contractor will be provided with a design and build contract.

5.0 State Aid

The promoter has confirmed the project is State Aid compliant.

6.0 Business Case

The business case has been forwarded to Regeneris and at the time of writing this report the Value for Money (VFM) case has not yet been completed. Any approval given will be on the basis that the project reports good VFM.

7.0 Delivery Programme

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

8.0 Outputs and Outcomes

The outputs are:

- 2.3ha of employment land remediated and redeveloped
- 7,844m² of new employment space
- 97 jobs

9.0 Spending profile

2016/17 £0.45m

2017/18 £3.174m

Erewash Borough Council will act as the scheme promoter and will release funding to Trust Utility Management at agreed milestones.

10.0 Local Assurance Framework

Stage 1 approval was granted on the 24th November 2016 and a Business Case was submitted in line with Stage 2 of the approval process. The Accountable Body and D2N2 have assessed the Business Case submission and approval is recommended subject to the project achieving a good VFM report.

The IIB are asked to approve the project and release funding subject to the project achieving a good VFM report.

Sarah Wainwright, Accountable Body, Derbyshire County Council
Tom Goshawk, D2N2 LEP

Local Assurance Framework

Stage 2 Approval Check List:

1. A Value for Money assessment carried out in accordance with the Local Assurance Framework and concluding that the project overall provides at least a good value for money score	At the time of writing this report the VFM report was not available from Regeneris, therefore approval will be recommended based on the report showing the project represents good value for money.
2. Evidence supporting the need for the project and the how the outputs in the Business Case will be delivered/guaranteed. This will also include evidence identifying when the outputs will be delivered.	<p>There is insufficient employment floor space in Erewash to meet demand due to constraints on Green Belt land. The situation is likely to become more pronounced with the construction of the proposed HS2 line from Birmingham to Leeds via the East Midlands hub at Toton. Due to the constraints of Green Belt land, as poorer quality employment land is lost for alternative uses there is a lack of developable land available to replace it.</p> <p>The outputs are:</p> <ul style="list-style-type: none"> -2.3ha of employment land remediated and redeveloped -7,844m² of new employment space -97 jobs
3. A statement confirming that the funds are in place and that adequate safeguards have been taken in regards to any cost over-runs. Examples of this could be confirmation that contingency has been secured for the project and/or that all risk have been passed to the contractor/developer.	The Chairman has provided a statement confirming funds are in place for this phase. Any cost overruns will the responsibility of Trust Utility Management
4. A statement confirming that the project is State Aid compliant.	Advice has been sought from Erewash Borough Council's legal team who have confirmed the project is State Aid compliant.

5. Full design and specification to RIBA Stage 4 (if applicable)	The promoter has confirmed the project is at RIBA stage 4
6. A detailed Business case submitted by the Section 151 officer, Finance Director or Chief Executive Officer.	The business case has been submitted by the Chairman of Trust Utility Management.
7. Confirmation that all Planning consents and other consents in relation to the delivery of the project have been granted. The promoter is also required to confirm that all pre-commencement conditions have been met along with details regarding how and when the remaining planning conditions will be discharged.	<p>The detailed planning application for phase 1 of the Foundry Park development (Appendix 5b) was submitted on 24 April 2016. Planning permission was granted by Erewash Borough Council on 16 August 2016 (Application ref. ERE/0416/0054).</p> <p>An outline planning application covering the remaining area of the Foundry Park masterplan (Appendix 5c) was submitted on 24 April 2016. Planning permission was granted by Erewash Borough Council on 7 October 2016 (Application ref. ERE/0516/0047).</p> <p>Planning permission for the refurbishment of the former foundry building (Appendix 5d) was granted on 11 November 2016 (Application ref. ERE/0916/0043).</p>
8. A statement from the promoter confirming how the project aligns with the LEP'S sustainability and local procurement framework (if applicable)	The promoter has confirmed the project aligns with the LEP's sustainability and local procurement framework

9. Confirmation that all funding is approved and in place to deliver the project along with written confirmation from the other funders confirming the funds are agreed and available.	Confirmation that the funding is in place has been provided by the Chairman of Trust Utility Management
10. Confirmation that a delivery contract is in place (JCT or equivalent) and confirmation of how cost/programme overruns to be managed. The LEP will require promoters to either confirm that any cost over-runs are the risk of the developer or additional funds have been set aside.	A Contractor will be secured through a formal procurement process whereby the scope of works will form the basis for tenders from suitably qualified companies. Following evaluation of tenders the final price for the works will be negotiated, after which the selected contractor will be provided with a design and build contract.
11. All land assets purchased and vacant possession obtained (if applicable)	Trust Utility Management acquired the freehold on the land in 2013
12. Value for Money report carried out by a suitably qualified and experience professional with at least a 'Good' score. The LEP and the Accountable body will seek confirmation on the conclusions of the report from external consultants.	At the time of writing this report the VFM report was not available from Regeneris, therefore approval will be recommended based on the report showing the project represents good value for money.
13. How the risks will be managed?	The promoter has provided a list of the key risks and mitigations.