

PUBLIC

MINUTES of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 20 December 2018 at County Hall, Matlock.

PRESENT

Councillor B Lewis (Derbyshire County Council)

Councillors W J Clarke (Gedling Borough Council), C A Hart (Erewash Borough Council), R Healy (Nottingham City Council), T King (Derbyshire County Council), C Poulter (Derby City Council), R Sears - Piccavey (Ashfield District Council), A Syrett (Bolsover District Council) S Webster (Nottingham City Council) and E Fagan (D2N2 LEP) & P Gadsby (D2N2 LEP).

Also in Attendance – D Ashcroft (Derbyshire County Council), M Ashworth (Derbyshire County Council), S Birkinshaw (Erewash Borough Council), C Cooper-Smith (Ashfield District Council), J Davies (Gedling Borough Council) C Deas (Nottingham City Council), G George (Nottinghamshire County Council), T Goshawk (D2N2), S Rose (D2N2 LEP), E Stewart (Highways England), D Swaine (Bolsover and NE Derbyshire District Councils), S Wainwright (Derbyshire County Council), C Williams (Derby City Council), C Henning (Nottingham City Council)

Apologies for absence were submitted on behalf of Councillor J Zadrozny (Ashfield District Council).

52/18 DECLARATIONS OF INTEREST Declarations of personal interest were received from:

Councillors S Webster & R Healy in relation to minute reference 56/18 'Project Approval – Southern Gateway as members of, Nottingham City Council – The applicant)

Councillor B Lewis a member of Derbyshire County Council in relation to minute reference 54/18 – D2N2 Programme Performance Update - A61 Corridor

P Gadsby in relation to minute reference 54/18 – D2N2 Programme Performance Update – Infinity Park Derby.

Councillors W J Clarke (Gedling BC) and R Sears – Piccavey (Ashfield DC) in relation to minute reference 57/18 - N2 Town Centres Update.

53/18 MINUTES RESOLVED to confirm the non-exempt Minutes of the meeting of the Board held on 13 September 2018.

54/18 D2N2 PROGRAMME PERFORMANCE UPDATE All the projects across the programme had been reviewed and risks associated with delivering the agreed financial and output targets identified. Annex A of the report detailed the

projects deemed to be High Risk, Annex B provided an update on progress of all approved or pre-compliance projects and included a RAG rating, Annex C provided an update on projects still awaiting full business case approval, highlighting key risks and Annex D provided an update on the outputs delivered to date by approved projects.

The current programme forecast for 2018/19 was £52.13m against a target of £32.36m. The overspend took into account funding carried forward from previous years which currently stood at £40m.

Good progress is being made with this year's spend with £23m of funding being delivered to projects so far and the LEP was confident that this year's allocation of funding would be not only spent but surpassed to utilise underspend from previous years.

Regular meetings were continuing to take place between LEP officers and project sponsors to ensure that delivery timescales are being kept to and ensuring that projects with financial allocations in 2018/19 were spending to profile. Projects such as the NTU MTIF Centre and the Riverside Business Park had had issues to be resolved in their development phases and the LEP were working with the project sponsors to ensure that a final business case was delivered for both projects before the end of the financial year.

At the same time we are also looking at how other projects can be accelerated in terms of their delivery to offset any underspends that may arise.

High risk projects in the Local Growth Fund had been identified in Annex A alongside the mitigations that D2N2 would put in place to solve these, the remainder of the programme is RAG rated and was included in Annex B.

In terms of projects with an Amber risk for this meeting they were the following two projects:

- Vison Centre Mansfield due to output delays.
- A46 Rushcliffe Phase 3 due to delays in bringing forward phase 4 as a result of finalising S106 agreements,

Work continued with all the projects and the risks associated with delivery affecting the programme would continue to be monitored.

Output delivery had been monitored for Quarter 2 2018/19 and a full breakdown on a project by project basis was included in Annex D of the report. On a programme level, Job delivery was currently strong across the programme with 91% of all forecast jobs having been delivered thus far. Housing delivery was at 46% of the forecast target, most projects delivering housing targets were delivering in line with their expected profiles but the Newark Southern Link Road's missed targets provided a large proportion of this missed output target. A similar story was apparent for the learner target, 31% of learners have been achieved, the Chesterfield HLS

project was delivering ahead of schedule currently but the issues around Vision University Centre create the missed output targets.

The Annual Performance Review with Government was scheduled to take place on January 15th 2019. This was the formal process by which the Government and each LEP met annually: to discuss and review the contribution the LEP had made towards driving forward local economic growth; its governance and assurance processes; progress with delivery on key local growth programmes; priorities and challenges for the year ahead; and how it was focusing activities on strategy, branding, communications, allocation of funds, co-ordination and Advocacy.

A formal response had been provided in advance of the meeting on progress against each area and work continued with relevant partners and accountable bodies to prepare this. Following the review process an action plan was put in place to address each of the issues and actions from the review which was acknowledged and recognised by Government as demonstrating good progress at a follow up meeting in April 2018.

Members made a number of comments and asked questions which were duly noted or answered.

RESOLVED to note the progress on the D2N2 LGF programme.

55/18 AUDIT SERVICES REVIEW OF LOCAL GROWTH FUND 2017/18
2017-18 The Audit Services Memorandum identified the key issues arising from the Internal Audit review of the D2N2 Local Enterprise Partnership (LEP) Local Growth Fund (LGF) processes and procedures and the services provided by Derbyshire County Council through the Service Level Agreement.

A number of areas of good practice had been identified and nine of the previous eleven Audit recommendations had been implemented which demonstrated a commitment to the Audit process and to deliver improvements in the control environment. One recommendation which related to the review of sanctions used by the IIB where promoters failed to provide satisfactory information was under consideration and would be included in the revised Local Assurance Framework.

The Audit Services review raised eight recommendations, two of which were considered to be 'high' priority and included the need to ensure:

- that clear plans were in place to spend the 2018/19 LGF allocation in full as well as previous years' underspends. This should be supported by robust governance through the IIB regarding project profile change proposals which request a change in finance draw down;
- that in addition to the monitoring exercise undertaken by the Senior Accountant and Project Monitoring Officer - D2N2, the consequences for

those promoters who continually fail to submit adequately completed and timely quarterly monitoring returns was reviewed by the Infrastructure and Investment Board. Consideration should be given to sanctions available to the Board in order to achieve widespread compliance with reporting requirements and ensure that all potential underspends are identified promptly.

RESOLVED to note the report.

55/18 BUDGET UPDATE The current forecast showed that in 2018/19 the programme was overcommitted by £19.77m. This would 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.

The LEP and Accountable Body were currently reviewing the final two years grant profile to ensure a workable cash flow position.

The overall programme was currently showing an over commitment of £7.45m, which at the June 2017 IIB meeting was agreed to be funded by a £4m contribution from the Growing Places fund and the balances to be shared on an equitable basis by the 4 Upper Tier Authorities.

RESOLVED that the report be noted.

56/18 PROJECT APPROVAL – SOUTHERN GATEWAY The report set out a request for £15m of Local Growth Funding to support the Southern Gateway project from Nottingham City Council.

Representatives of Nottingham City Council attended the meeting and provided members with a presentation outlining their request for funding.

Phase 1 of the project was approved by the IIB in November 2015 which allocated £10.3m of LGF. The promoter had now brought together phase 1 and 2 in a business case which had been submitted to the LEP and Accountable Body.

The programme, known as the Southern Gateway, brought together proposals for redevelopment and improvement in the southern part of Nottingham City centre. The programme was also aimed at addressing of Nottingham citizens by helping to create a prosperous, clean environment in which to work and live.

Phase 1 of the project was approved by the IIB in November 2015 which allocated £10.3m of LGF. The promoter had now brought together phase 1 and 2 in a business case which had been submitted to the LEP and Accountable Body.

The Southside Transport Strategy which was funded as phase 1 of the project, was an integrated package of measures to help support the regeneration

and growth of the Southern Gateway regeneration area and to tackle the challenges presented by the Broadmarsh area. At the heart of this was redevelopment of the INTU Broadmarsh shopping centre and connectivity between the recently upgraded and refurbished Nottingham Station and city centre. Works to improve junctions along the Southern Relief Route are now complete as well as works to convert Station Street to public realm, with further works continuing.

Phase 2 would build on the Southside Transport Strategy to provide further improvements to the new areas of public space created by phase 1. Phase 2 will also deliver active frontages to increase activity at ground level on the street including a new library along the key routes of Collin Street and Carrington Street. It would support the visitor economy by delivering a brand new Broadmarsh car park and bus station, incorporating a modern façade and high quality retail space.

The project aimed to change the Southern Gateway of the city opening the area up to new inward investment opportunities through the regeneration works taking place. Alongside the works directly to the South of the Broadmarsh Centre, the incorporation of the library in to the new car park facility would allow the existing library space to be upgraded in to new office space in Angel Row.

The costs for phase 1 and 2 of the project were detailed in the report and totalled £55.52m and the funding sources were also listed.

At the Nottingham City Council Executive Board on 31st July 2018 recommendations were made to proceed with the construction of the new bus station and car park.

A revised planning application was granted on the 21st November 2018

Approval had been given by the Executive Board at it's meeting on the 18th December 2018.

The business case had been forwarded to Regeneris and any approval given would be on the basis that the project reported good Value for Money (VFM)

In terms of the delivery programme the car park construction was due January 2019-July 2020; the New library open April 2021; and the Road transformation programme June 2018-April 2021.

From the phase 1 development of the Southern Gateway/Broadmarsh area 2,300 indirect jobs were associated with the redevelopment and investment to the area as a catalyst for new inward investment as approved in November 2015. From the total investment now including Phase 2 delivery the project will now deliver a total of 532 direct FTE's as a result of the holistic Southern Gateway Regeneration.

The project would therefore deliver:

- 532 FTE Jobs
- 2,300 Indirect Jobs
- A newly constructed library
- New modernised car park with 1,208 spaces and a new bus station

7,000m² of public realm transformed

An outline business case was approved on the 23rd of March 2018 and a Final business case had now been submitted in line with the Local Assurance Framework. The Accountable Body and D2N2 had assessed the Business Case submission and an approval would be recommended subject to the outcome of the Value for Money assessment.

Members made a number of comments and asked questions which were duly noted or answered

The representatives of Nottingham City Council adjourned the meeting whilst Board members considered the request.

RESOLVED (1) to approve the project and to release the £15m of LGF subject to the outcomes of the VFM assessment; and

(2) subject to an agreement between Nottingham City Council and intu being agreed and signed which demonstrates that the redevelopment of the Broadmarsh shopping centre be delivered alongside the Southern Gateway programme.

57/18 N2 TOWN CENTRE UPDATES Members were provide with a presentation on the N2 Town Centre Programme 'Unlocking Growth in Nottinghamshire's Town Centres'.

The project was developed as a strategic response as set out by the N2 EPC. It was aligned with wider ambitions in the Industrial Strategy and MH&CLG ambitions and was supportive of D2N2 LEP and of wider partner ambitions.

The programme identified the Key issues impacting on town centres and their relevance, adaptability, attractiveness and overall mix of service offer. It was seen as a re-purposing of town centres that were locally driven.

Details were given of the Programme approach; the £7.625M LAF award; the 665 jobs to be created (with additional outputs) and at least £13M additional investment leverage.

In terms of progress, a Governance Board had been established; agreements aligned and external consultants had been appointed. A work programme in line with LAF had been established. There were an Initial 3 projects –£1.95M + LGF for 2018/19

There had been call for projects to the N2 Economic Prosperity Board and there was further potential with the Future High Street Fund.

There were a number of challenges including: Project slippage and changes between EoI and Business Case; reports / monitoring to NCC and to LEP & DCC; the Business Case / LAF requirements; outputs and verification and new call.

Examples were given of the projects in Arnold Town Centre, Mansfield Old Town Hall, and Beeston Town Centre.

Next Steps included continued Business Case development; tightening of process, procedures and reporting; Collective partner review of monitoring and impact assessment; call for new projects; and alignment and potential of Future High Street Fund.

Members made a number of comments and asked questions which were duly noted or answered with the general consensus being that this was a very welcome worthwhile programme.

RESOLVED to note the update on the N2 Town Centres Programme

58/18 BROADBAND UPDATE The report set out an enhancement to the Derbyshire and Nottinghamshire Broadband Projects as funded through the Local Growth Fund.

Both the Derbyshire Broadband and Nottinghamshire Broadband projects were approved by the IIB in August 2015. Both projects were due to run until the end of March 2018, however they had now entered into new agreements with BT to roll fibre broadband to more homes and businesses.

Current Outputs

	SME's with access to superfast broadband		Fibre enabled premises	
	Target	Actual to date	Target	Actual to date
Nottinghamshire Broadband	6,250	7,403 to June 18	80,000 by March 2018	80,134 to June 2018
Derbyshire Broadband	10,000 by March 2019	Information yet to be made available	92,362 by June 2020	15,078 to September 2018

Both areas had a target of 98% coverage for 24mbps, Derbyshire currently have 94.4% and Nottinghamshire 97.7%.

Nottinghamshire Broadband

A new contract had been entered into with BT which started in April 2018, this would run until September 2026. The value of the contract was £2.7m of which £0.72m was from

BDUK, £0.6m from Nottinghamshire County Council and £1.4m from BT. The new outputs are as follows:

	SME's with access to superfast broadband	Premises connected to fibre broadband
Additional Target by March 2020	233	2,361

Derbyshire Broadband

A contract extension was agreed with BT in March 2018 to extend the delivery of the Digital Derbyshire programme until June 2020. The contract extension is funded through underspend (£6.29m) from the first contract and an early clawback payment of (£2.41m) resulting in a reinvestment fund of £8.7m. When added to the original contract 2 capital expenditure of £5.65m which is made up of £2.19m from BDUK, £2.19m from D2N2 and £1.27m from BT, the revised contract value is £14.35m. The new outputs were as follows:

	Fibre enabled premises (Contract 2)	Fibre enabled premises above 24 Mbps (Contract 2)	Fibre enabled premises (Combined)	Fibre enabled premises above 24 Mbps (Combined)
Additional Target by June 2020	28,257	22,145	120,619	104,755

The extension would provide fibre broadband services to an additional 9,855 premises, taking the total under this contract to 28,257. When combined with the first Digital Derbyshire contract, once delivered, the total number of Derbyshire premises receiving fibre broadband will be 120,619 of which 104,755 will be able to receive a download speed in excess of 24Mbps.

RESOLVED to note the report and the additional outputs to be agreed, achieved from the Derbyshire and Nottinghamshire Broadband Projects.

59/18 **DATE OF NEXT MEETING** The meeting arranged for Thursday 31 January 2019 had been cancelled and the next meeting was scheduled for 28 February 2019 at 10:00 am at County Hall, Matlock.

60/18 **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 13 September 2018

61/18 **EXEMPT MINUTES RESOLVED** to confirm the exempt Minutes of the meeting of the Board held on 13 September 2018.