

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

29 September 2016

A46 Corridor, Rushcliffe

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.

2.0 Scheme Overview

This project is to be delivered over 4 phases:

1. Cotgrave Employment Site- plans to deliver 4.6 hectares of employment land on a former colliery site.
2. Cotgrave Town Centre- plans to fund the regeneration of the town centre
3. Land North of Bingham- plans to fund flood mitigation works and electricity servicing to enable the delivery of 1050 houses and 15.6 hectares of employment land by the private sector
4. RAF Newton- plans to fund road widening infrastructure works to enable the delivery of 550 houses and 6.45 hectares of employment land by the private sector.

All four sites are strategically located along the A46 corridor, with good access to the A1 and M1. The recent duelling of the A46 has significantly improved connectivity across the corridor and the development potential of the sites. However, investment in local infrastructure is required to tackle the remaining barriers to delivery and unlock the private sector investment.

	LGF £m	Other £m	Total £m
Phase 1	1.8m	850k	2.64m
Phase 2	1.2m	4.66m	5.86m
Phase 3	2.5m	2.5m	5m
Phase 4	750k	250k	1m
Total	6.25m	8.26m	14.5m

3.0 Approvals

The project has been approved by Rushcliffe Borough Council's Cabinet on the December 2015 and Full Council on the March 2016.

4.0 Procurement

Any cost overruns are mitigated through the use of the JCT Design & Build Contract with the contractor taking on design and construction risk post contract. Interviews for a preferred contractor are being undertaken on the 5th of September. The preferred build contractor will be appointed with a build start date of end of October 2016.

5.0 State Aid

State Aid advice has been sought for the Cotgrave project from Geldards and they have advised that the appropriate State Aid cover for the grants to the Council is the block exemption for aid for local infrastructures, found in article 56 of the General Block Exemption Regulation (GBER).

6.0 Business Case

A Value for Money (VFM) assessment has been carried out by Regeneris who have confirmed that the project is good value for money.

7.0 Delivery Programme

Phase 1 Construction start-end of October 2016

Phase 1 Practical completion-May 2017

Phase 2-LAF compliant February 2017

Phase 3-LAF compliant September 2017

Phase 4-LAF compliant December 2017

8.0 Outputs and Outcomes

-2800 jobs

-27 hectares of employment land

-1600 houses

9.0 Spending profile

£2m 2016/17

£4.25m 2017/18

10.0 Local Assurance Framework

Stage 1 approval was granted on the 2nd March 2016 and a full 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.

The IIB are asked to approve the project and release this year's funding.

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

Local Assurance Framework

Stage 2 Approval Check List:

<p>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</p>	<p>Regeneris have confirmed that investment is good value for money.</p>
<p>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>	<p>The former Cotgrave colliery employment land, Cotgrave town centre, land north of Bingham and at RAF Newton have all been highlighted as key strategic sites within Rushcliffe Borough Council's core strategy. In particular the Cotgrave Employment Site has been constrained by market failure in the provision of industrial units. Without public funding, there is evidence that the developments will either be delayed or not go ahead. Despite the schemes having consents in place, the private sector has proved unwilling to accept the risks and costs involved with the associated enabling works which front load their investment cases and which substantially increase the financial risks of the projects. The combined project will deliver:</p> <ul style="list-style-type: none"> - 2,800 jobs - 27Ha of employment land - 1,600 houses
<p>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</p>	<p>Any cost overruns are mitigated through the use of the JCT Design & Build Contract with the contractor taking on design and construction risk post contract.</p>

project and/or that all risk have been passed to the contractor/developer.	
4. A statement confirming that the project is State Aid compliant.	State Aid advice has been sought for the Cotgrave project from Geldards and they have advised that the appropriate State Aid cover for the grants to the Council is the block exemption for aid for local infrastructures, found in article 56 of the General Block Exemption Regulation (GBER).
5. Full design and specification to RIBA Stage F (if applicable) (Appendix 4)	The promoter has confirmed that the Cotgrave employment land has reached RIBA Stage 4 design.
6. A detailed Business case submitted by the Section 151 officer, Finance Director or Chief Executive Officer.	The section 151 officer from Rushcliffe Borough Council has formally submitted the Business Case to the LEP.
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.	Full planning consent for the project was granted on the 25 th of July 2016. Rushcliffe Borough Council Cabinet considered the business case for investment in the Cotgrave elements of the scheme at its meeting in December 2015 and has allocated £2.5m of prudential borrowing to the scheme.
8. A statement from the promoter confirming how project aligns with the LEPS sustainability and local procurement framework (if applicable)	Rushcliffe Borough Council has partnered with the Construction Industry Training Board for the Cotgrave schemes and as such is delivering apprentice and employment outputs with the contractor on all elements of the scheme. As part of

	this commitment we encourage local procurement of subcontractors.
9. Confirmation that all funding approved and in place to deliver the project along with written confirmation from the other funders confirming the funds are agreed and available.	Rushcliffe Borough Council Cabinet considered the business case for investment in the Cotgrave elements of the scheme at its meeting in December 2015 and has allocated £2.5m of prudential borrowing to the scheme.
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.	Any cost overruns are mitigated through the use of the JCT Design & Build Contract with the contractor taking on design and construction risk post contract. Interviews for a preferred contractor are being undertaken on the 5 th of September. The preferred build contractor will be appointed with a build start date of end of October 2016.
11. All land assets purchased and vacant possession obtained (if applicable)	The land for phase 1 is in ownership of the Housing and Communities Agency (HCA)
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.	Regeneris have confirmed that investment is good value for money.
13. How the risks will be managed?	The key strategic risks have been identified and categorised in to 3 areas: pre-construction, construction and operational risks. For Phase 1 the Cotgrave employment units a specific risk

	register has been created, identifying risks and mitigations.
--	---