

MINUTES of a meeting of the **D2N2 INFRASTRUCTURE AND INVESTMENT BOARD** held on 23 March 2017 at County Hall, Matlock .

PRESENT

Councillor A Western (Derbyshire County Council)
(in the Chair)

Councillor D Collins (Derbyshire County Council), Councillor C Corbett (Erewash Borough Council), Councillor D Davis (Ashfield District Council), Councillor J Hollingsworth (Gedling Borough Council), D Ralph (D2N2 LEP), Councillor M Rawson (Derby City Council) and Councillor A Syrett (Bolsover and North East Derbyshire District Councils).

Also in Attendance – D Alvey (Gedling Borough Council), M Ashworth (Derbyshire County Council), J Battye (Derbyshire County Council), E de Coverly (Ashfield District Council), C Evans (Rushcliffe Borough Council), T Goshawk (D2N2 LEP), J Homer (Cities and Local Growth), K Hopkinson (D2N2 LEP), R Kaur (Highways England), C Saxton (Rushcliffe Borough Council), J Seymour (Derbyshire County Council), D Swain (Bolsover and North East Derbyshire District Councils), S Wainwright (Derbyshire County Council) and V Wheelwright (Cities and Local Growth).

Apologies for absence were submitted on behalf of Councillor J Clarke (Gedling Borough Council), Councillor J Collins (Nottingham City Council), P Gadsby (D2N2 LEP), Councillor N McDonald (Nottingham City Council) and D Meale (Nottinghamshire County Council).

Declarations of interest – Councillor M Rawson in respect of Derby Cycling and Placemaking (Minute no. 21/17 refers).

16/17 **MINUTES** **RESOLVED** to confirm the minutes of the meeting of the Board held on 24 February 2017.

17/17 **PROJECT UPDATES AND HIGH RISK PROJECTS** A project update was attached as an Appendix to the report for the Board's information.

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 were required to submit a full stage 2 business case to the Board by March 2018. This project would remain at high risk until this was delivered. The Colleges had confirmed that they expected to have spent £0.378m out of the £0.800m allocated this financial year.

Secondly, regarding Drakelow Park, officers were working with the promoter on identifying funding for a new road access and progress would be reported to the Board. At this stage however, this project has been removed from the programme.

Finally, in respect of Foundry Park, officers were working with the promoter on preparing a new submission to the LEP Board which would then be presented to Infrastructure and Investment Board for approval.

RESOLVED to note the report.

18/17 BUDGET UPDATE A revised schedule of spend in relation to 2015-16 starts, 2016-17 and beyond and Local Growth deal 2 was presented as detailed in Appendices 1 and 2 to the report.

The underspend for the 2016-17 Local Growth Fund (LGF) was now £10.58m of which £4.150m was real underspend. Using the flexibilities given in the LGF, the Accountable Body would utilise this Section 31 grant to fund other capital expenditure for the Council and return the equivalent amount of funding back to the programme in future years when required. The LGF would fund two schemes from the Derbyshire County Council Capital Programme, the Street Lighting LED Strategic Network scheme and the Accelerated Highways Maintenance scheme.

RESOLVED to note the report.

19/17 LOCAL GROWTH FUND (LGF) 3 In July 2016, D2N2 put forward a funding bid to the Department for Communities and Local Government for Local Growth Fund (LGF) support of £107m for 23 projects throughout the region. Following the March budget D2N2, had been advised that they had been awarded £62.99m.

Although less than requested, the award opens up a number of opportunities throughout the region to build upon the success of rounds 1 and 2 of the LGF programme and over the following weeks, officers would be working on the implementation plan and working with promoters on the delivery, taking into account the £44m shortfall.

The LGF announcement was made as part of the Midlands Engine Strategy, this can be found at:

<https://www.gov.uk/government/publications/midlands-engine-strategy>

As supporting documentation, the Department for Business, Energy and Industrial Strategy had issued a factsheet for D2N2, a copy of which was attached at Appendix 1 to the report.

RESOLVED to note the report.

20/17 **A46 CORRIDOR PHASE 2, COTGRAVE TOWN CENTRE**

This project was 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 were strategically located along the A46 corridor, with good access to the A1 and M1. The recent duelling of the A46 had significantly improved connectivity across the corridor and the development potential of the sites. However, investment in local infrastructure was required to tackle the remaining barriers to delivery and unlock the private sector investment.

Phase 2 was to rejuvenate and regenerate Cotgrave Town Centre with comprehensively refurbished shop units, including upstairs business accommodation, site clearance and new provision of new public realm, landscaping and play provision. There would also be the building of a new multi-service centre comprising Police, Library, Rushcliffe Borough Council contact point, GP's and health centre.

Details of the proposed funding for the project were presented as detailed below:

	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

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

were mitigated through the use of the JCT Design & Build Contract with the contractor taking on design and construction risk post contract.

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

The business case had been submitted to Regeneris and they had confirmed the project represented good value for money.

Specifically for Phase 2 of the project, the delivery programme was as set out below:

January 2017	Demolition and preliminary works begin
May 2017	Contractor to start on site
October 2017	Refurbishment of units starts
May 2018	Refurbishment of units and new build complete
January 2019	Public Realm improvements completed

In terms of outputs for the overall scheme, 2,800 jobs would be created, 27 hectares of employment land would be utilised and 1,600 houses would be built. Specifically for Phase 2 of the project, 70 gross jobs would be created.

The spending profile for the overall scheme was £2m in 2016-17 and £4.25m in 2017-18. Specifically for Phase 2, the profile was £200k in 2016-17 and £1m in 2017-18.

Stage 1 approval was granted on 2 March 2016 and a full Business Case had been submitted in line with Stage 2 of the approval process. The Accountable Body and D2N2 had assessed the Business Case submission and approval was therefore recommended.

RESOLVED to approve the project and release the Phase 2 funding as detailed.

21/17 DERBY CYCLING AND PLACEMAKING

It was reported that there are a number of structural difficulties and problem locations that were limiting economic growth in Derby city centre. These included macro-economic changes to consumer behaviour and declining

‘high street’ footfall alongside more local challenges including vacant land and buildings, limitations to pedestrian and cyclist movement into and around the city centre and a fragmented public realm. Footfall in St Peter’s Street had seen a particular decline in the last five years, which was of particular concern given the pivotal role of this route as the traditional ‘high street’ within the city centre, linking the north and south boundaries, and linking the might of Intu Derby with the niche and character of the Cathedral Quarter.

In response to these challenges, Derby City Council had defined a fifteen year City Centre Masterplan which refreshed previous strategic approaches to city centre regeneration and identified high quality public realm and encouraged active travel as two key activities influential in creating a fit-for-purpose city centre. Both of these strands were complementary means of ‘Placemaking’, within the direct control of the Local Authority, and highly deliverable on the back of many years of project experience in these fields.

The detailed programme of works was as follows:

Phase 1-Placemaking and Connected Cycle City ‘St Peters Street’

- Delivers a further element of the City Centre Masterplan under the theme of ‘Connected City’.
- Transforms the public space to enhance and maximise the potential for placemaking.
- Cycle access legalised for time period before 10am and after 5pm to manage vehicle access into the pedestrianised area.
- New street furniture zones to include, seating, litter bins, street lighting and cycle parking, on slightly raised platforms to provide a ‘tapping edge’ for blind and partially sighted people, five in total containing ten cycle stands
- Extends the enhanced public realm from St Peters Cross providing harmony of design approach between Babington Lane and Victoria Street

Phase 2-Placemaking ‘Albion Street’

- Investment will attract new major retailer, securing jobs and leverage.
- Strengthen physical connectivity between Intu and the Market Hall
- Cycle access legalised for time period before 10am and after 5pm to manage vehicle access into the pedestrianised area.
- Establish Derby’s ‘Walk of Fame’ route, celebrating the people of Derby
- New street furniture zones to include, seating, litter bins, street lighting and cycle parking, on slightly raised platforms to provide a

‘tapping edge’ for blind and partially sighted people, two in total containing four cycle stands

Phase 3-Placemaking ‘Exchange Street’

- Strengthen physical connectivity between Intu and the Market Hall
- Establish Derby’s ‘Walk of Fame’ route, celebrating the people of Derby.
- Cycle access legalised for time period before 10am and after 5pm to manage vehicle access into the pedestrianised area.
- New street furniture zones to include, seating, litter bins, street lighting and cycle parking, on slightly raised platforms to provide a ‘tapping edge’ for blind and partially sighted people, two in total containing four cycle stands..

Phase 4-Placemaking ‘Osnabruck Square’

- Enhances the setting of the Grade 2 listed Market Hall
- Creates a new ‘on-street’ food and retail space, to include a new permanent structure and flexible space for ‘pop up’ market stalls
- Maximises the visual image of the Market Hall
- First of other phases of development in this area of the city centre
- Strengthen physical connectivity between intu and the Market Hall
- Cycle stands for at least twenty cycles, up to ten in total.

Phase 5-Placemaking, East Street Bridge

- Derby City Council capital investment used to encourage the new owner of the Audley Centre to invest in a new bridge as part of its overall re-development, thus enhancing a key DCC asset.
- Improve the visual image of this unsightly, but necessary over bridge
- Help accelerate investment in improving the Audley Centre, bringing new retail and job opportunities to this strong ‘anchor’ location at St Peters Cross

Phase 6-Connected Cycle City ‘World Heritage Site’ gateway

- Strengthen cycle connectivity and access between the Derwent Valley and City Centre

The cost of the project was £1.9m to be funded as follows:

Phases	LGF	Derby City Council	TOTAL
St Peters Street (Start May 2017)	725,000	50,000	£775,000
Albion Street	50,000	50,000	£100,000
Exchange Street	50,000	50,000	£100,000
Osnabruck Square	705,000	40,000	£745,000
East Street Bridge	0	30,000	£30,000
WHS Gateway	120,000	30,000	£150,000
TOTAL	£1,650,000	£250,000	£1,900,000

The St Peter's Street, Albion Street and Exchange Street works did not require planning permission and could be delivered under permitted development. Osnabruck Square might require some form of permissions, however this would only be known when a full design process had been carried out.

For the St Peters Street phase, the Council would use the Derby and Nottingham City Council's Framework Services Contract. For the other five phases, Derby City Council resources would be used, where capacity allowed and where it didn't they would use another EU compliant Framework.

The promoter had confirmed that the project was State Aid compliant. The business case had been assessed by Regeneris who had confirmed that project represented good value for money. Only the first phase was fully compliant with the LAF and therefore the recommendation was to approve the whole project and release funding for the first phase. Any future years funding would only be released once evidence of the outstanding requirements to satisfy Stage 2 of the LAF was provided to the LEP and Accountable body.

The outputs and outcomes of the project included:

- over 1000m of new and improved cycle route
- legalised cycling through the city centre via St Peter's Street, before 10am and after 5pm
- 3000m² of public realm improved
- the creation of 35 net additional jobs

The spending profile for the project is set out in the table below:

Phase	2017-18	2018-19
Phase 1- St Peters Street	£0.725m	
Phase 2 Albion Street	£0.050m	
Phase 3 Exchange St	£0.050m	
Phase 4 Osnabruck Square		£0.705m
Phase 6 WHS Gateway	£0.010m	£0.110m
Total	£0.835m	£0.815m

Stage 1 approval was granted on 9 July 2015 and a 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 subject to the project achieving a good VFM report.

RESOLVED to approve the project and release the Phase 1 funding with any future years funding only being released once evidence of the outstanding requirements to satisfy Stage 2 of the LAF was provided to the LEP and Accountable body.

22/17 MONITORING OUTPUTS D2N2 was required by Central Government to provide quarterly updates on how projects are progressing against the agreed outputs and outcomes. Quarter 3 reporting was submitted to Government in March and the results were that a number of our key projects were falling behind with output targets being missed,

Output targets (for example, jobs and homes) were approved at the Board as part of the Local Assurance Framework (LAF) process and the profile of these outputs was later agreed with the Accountable Body when completing the grant offer agreement. Promoters had been completing monitoring returns against these output targets.

The Board needs to hold the projects and project sponsors accountable for the outputs and any delay or changes need to be managed correctly. The LAF currently states that the Board would be provided with quarterly performance reports by the project monitoring officer. If it was reported that a project was delayed (commencement/completion/outputs/outcomes) by twelve months or more, the project would be reported as a high risk project. In this instance, the Board would write to the promoter requesting a written response detailing why the project was delayed. If the Board were not satisfied with the response then it could request that the funds already paid be repaid to the LEP or decide not release any future years funding.

In order to provide greater assurance it was now recommended that:

1. The Board receives a quarterly report on the monitoring.
2. The Board would then be required to satisfy themselves of progress on the project and where the Board had concerns due to the monitoring then it requests the sponsor attend the next Board meeting.

RESOLVED to approve this process and amend point 7 within Appendix 1 of the Terms of Reference of the Board to so that a project was reported at high risk if it was delayed (commencement/completion/outputs/outcomes) by three months not twelve.

23/17 SKILLS HUB UPDATE It was reported that a new external project management arrangements had been put in place for the project. A fully compliant business case was required and the Hub was working with the LEP to achieve this. This was necessary to provide assurance to the bank that the funding for the project could be secured.

The merger of the Colleges was likely to take place on either 1 April or 1 May 2017. A more detailed a wider estates strategy was required confirming the local agreement to close a third of the Colleges' estate and the efficiency savings to be achieved.

Concern was expressed that no representatives of the Skills Hub had attended the meeting to update the Board on the progress of the project. It was agreed that the Skills Hub be placed on the agenda for the next Board meeting and that they be advised that they must attend this meeting. In the meantime, a written progress report on the project would be circulated to the Board.

RESOLVED to note the report.

24/17 DATE OF NEXT MEETING To be confirmed.

25/17 EXCLUSION OF THE PUBLIC FROM THE MEETING

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 AFTER THE PUBLIC HAVE BEEN EXCLUDED FROM THE MEETING

1. To confirm the exempt minutes of the meeting of the Board held on 24 February 2017.

26/17 **EXEMPT MINUTES** **RESOLVED** to confirm the exempt minutes of the meeting of the Board held on 24 February 2017.