

## Agenda Item 9

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### D2N2 Infrastructure Investment Board (IIB) Cover Sheet – 30<sup>th</sup> May 2019

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Thursday 30 <sup>th</sup> May 2019		
Subject	Approval of the Riverside Business Park project		
Author	T Goshawk/S Wainwright	Total no of sheets	8

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper sets out a request for £3.35m of Local Growth Funding to support the Riverside Business Park from Litton Properties Ltd.</p> <p>The project is now compliant with the LAF subject to confirmation of the Value for Money exercise, in light of this D2N2 recommends that the project is approved by the Infrastructure Investment Board subject to the VFM approval.</p>

**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)****30<sup>th</sup> May 2019****Riverside Business 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 51 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. A revised version of the Local Assurance Framework was approved by the LEP Board in March 2019 which aligned with the requirements of the National Assurance Framework.

In April 2015 D2N2 appointed Derbyshire County Council as the Accountable body to administer the Local Assurance Framework. Derbyshire County Council were appointed as the Single Accountable Body for the LEP in January 2019.

**2.0 Scheme Overview**

Riverside Business Park is a major business park of around 225,000ft<sup>2</sup> on a site of 13.83 acres situated around 0.5miles to the north west of Bakewell town centre on site which is bounded to the south of the River Wye and the A6. The scheme is situated on the site of the Arkwright Mill which was burnt down but subsequently re-developed in the 1800's with the site now providing a wide range of buildings which vary from original buildings to modern properties which have been developed over the past few years.

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The site largely comprises of a range of low quality industrial buildings constructed in the early 20<sup>th</sup> century which have been subdivided to create individual industrial units. However the buildings are generally in a poor condition and are not of a suitable specification or condition to support the refurbishment of the properties. There are increasing vacancy levels as buildings become obsolete and incapable of beneficial occupation and there is an ongoing programme of demolitions on the site. The site has 3 main constraints, site access, the condition of the existing properties and being able to meet the needs of businesses.

The lack of delivery of new employment space within the Derbyshire Dales will give rise to both the loss of existing businesses and the inability to attract new investment to the area-which is required to support the major expansion of communities such as Matlock and Bakewell through housing growth. Riverside Business Park provides a major opportunity for redevelopment on a brownfield site to support the demand for new employment space where few alternatives are available to achieve the potential growth in market demand.

The project comprises of a scheme divided into 3 phases together with a proposed new bridge.

The first phase comprises of the eastern area of the site which would be developed for a new hotel (Premier Inn) and two commercial units (36,427 ft<sup>2</sup>). This phase will also include the refurbishment of the Mill Race Building (11,860 ft<sup>2</sup>) which is subject to pre lets by 2 occupiers.

The second phase will comprise the central area (43,000ft<sup>2</sup>) including a refurbishment of the historic Retort House and the extension of the existing Bakewell Bakery premises.

The third phase will provide new industrial premises to the western area of the site which will provide a total of 39,780ft<sup>2</sup> of new build accommodation.

The redevelopment of the central and western sites will be supported by the construction of a new road link and bridge from the A6

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The funding for the project is sourced from the following:

<b>Funding Source</b>	<b>TOTAL</b>
Litton Properties Ltd	£20,382,443
LGF	£3,350,000
<b>TOTAL</b>	<b>£23,732,443</b>

### 3.0 Approvals

Planning permission the project has been given in several stages:

Hotel development-11<sup>th</sup> December 2017

New bridge access-7<sup>th</sup> August 2008

Central Area-12<sup>th</sup> February 2018

Western Area-15<sup>th</sup> July 2016

### 4.0 Procurement

A preferred contractor has now been appointed for the construction of the new Premier Inn hotel, two industrial units, and the refurbishment of the Mill Race Building as well as the construction of the new bridge, following a competitive tendering exercise.

### 5.0 State Aid

The promoter has confirmed that the project is State Aid compliant following advice from Freeths. Independent State Aid advice was also procured by the LEP and the project has been deemed as State Aid compliant as the amount

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of funding sought by the developer is within the acceptable ceiling of 20% of the total infrastructure cost.

### **6.0 Business Case**

An Outline Business Case for the project was approved on the 29th September 2018.

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

### **7.0 Delivery Programme**

Phase 1 Start on site July 2019

Phase 1 completion July 2020

Phase 2 start on site July 2020

Phase 2 completion April 2024

Phase 3 start on site July 2021

Phase 2 complete October 2026

Bridge and access road start on site January 2022

Bridge and access road complete on January 2023

### **8.0 Outputs and Outcomes**

- Creation of 131,567 ft<sup>2</sup> new high quality floorspace
- Creation of new 72 bed hotel
- Creation of 154 net jobs
- Safeguarding of 113 FTE jobs

### **9.0 Spending profile**

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As a private sector promoter the grant will be given in at arrears at a rate of 50% of expenditure claimed, the grant expenditure is estimated as below:

19/20 £2,038,553

20/21 £1,311,447

### **10.0 Local Assurance Framework**

An outline business case was approved on the 29<sup>th</sup> September 2018 and a Business Case has now been submitted in line with the approval process. The Accountable Body and D2N2 have assessed the Business Case submission and approval is recommended.

The viability appraisal of the project was independently tested and approved by the District Valuer to confirm that prices are in line with market values and the level of profit for the scheme is within the correct parameters for a project of this nature.

The IIB are asked to approve the project and to release the £3,350,000 of LGF. The promoter is required to provide evidence of the outstanding requirements for phases 2 and 3, to satisfy the final stage of the LAF to the LEP and Accountable Body. All future phases of the project including the first phase will be subject to clawback and the LGF funding is required to not exceed 20% of the final development costs.

This approval is also subject to the successful outcome of the Value for Money exercise and will be updated upon at the meeting.

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

## Appendix 1

### Local Assurance Framework

#### Final stage Approval Check List:

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	A detailed business case for the project has been submitted to the LEP and follows the Five Case 'Green Book' compliant model.
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	The value for Money case was not received in time for the submission of papers and an update will be delivered to the meeting.
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	All planning permissions have been granted
4. Confirmation that any Section 106 or other agreements have been entered into.	n/a
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	A tender process for Phase 1 (hotel and 2 commercial units) and the demolition and bridge has taken place. Procurement for phases 2 and 3 will take places in later years.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	All contracts will be a JCT contract with contract amendments which provide a fixed contract sum and passes any increase in cost to the contractor

Appendix 1

7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.	It has been confirmed that any cost overruns will be responsible for any cost overruns.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	Both the hotel and bridge have been designed to RIBA stage 4 and the central and western areas of the scheme are designed to RIBA stage 3. It is proposed that the design will be taken to stage 4 in advance of the tender
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	Tender works will be in a position to commence following the approval of funding and the discharge of final pre-commencement planning conditions
10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.	Outputs are split as follows: 113 safeguarded jobs 154 net new jobs
11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.	Funding has been confirmed by the promoter. The project will be funded by loans by Handelsbanken dealt with in a phased approach.
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	The entire site is in the ownership of the promoter
13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the	Phase 1 Start on site July 2019 Phase 1 completion July 2020



Appendix 1

<p>outputs/outcomes that will be delivered on a quarterly basis.</p>	<p>Phase 2 start on site July 2020 Phase 2 completion April 2024 Phase 3 start on site July 2021 Phase 2 complete October 2026 Bridge and access road start on site January 2022 Bridge and access road complete on January 2023</p>
<p>14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.</p>	<p>A risk register has been provided by the promoter and includes mitigations</p>