

Agenda item 7

**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)**

**7 September 2017**

**Sherwood Energy Village**

**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 52 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**

The Sherwood Energy Village project is a proposal to develop 32,000 ft<sup>2</sup> of high quality commercial floor space suitable for B1 and B2 use on land located in Ollerton, Nottinghamshire.

The floor space will be provided over 3 separate blocks and will be subdivided into 10 units, ranging from 2,000 ft<sup>2</sup> to 3,500 ft<sup>2</sup>.

The area has a higher proportion of low paid/low skilled jobs which is reflected in the lower than average weekly earnings. With less disposable income to spend on local businesses, the area is constrained by lack of opportunity and less resilient to changes in market forces as retail and health/social care are the largest employment sectors.

The provision of new floor space has been identified as a result of discussions between the promoter and inward investment agencies within local authorities, D2N2 and commercial property agents.

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Development of floor space will allow businesses to locate to the area which will bring employment opportunities and safeguard existing jobs in the area.

The specific objectives for the project are:

- To provide new industrial accommodation to stimulate local business growth.
- To provide local people with new opportunities to find employment
- The development of 0.93 ha of commercial development land.

The promoter for this scheme is Coalfields Regeneration Trust Property Investments Ltd.

The total project cost is £3,301,083 and is funded as follows:

<b>Funding Source</b>	<b>TOTAL</b>
CRT Property Investments Ltd	£2,801,803
LGF	£500,000
<b>TOTAL</b>	<b>£3,301,083</b>

### **3.0 Approvals**

The project was approved by the company's Board.

Planning Permission was granted in April 2016.

### **4.0 Procurement**

The scheme has 5 possible contractors who have bid for the work on a competitive tender basis, these are currently being appraised and finalised.

### **5.0 State Aid**

The promoter has confirmed that the project is State Aid compliant.

### **6.0 Business Case**

The business case has been assessed by Regeneris who have confirmed that project represents high value for money.

## **7.0 Delivery Programme**

- Start on site, September 2017
- All substructure for the scheme to be complete by 31<sup>st</sup> December 2017
- Works to be complete April 2018

## **8.0 Outputs and Outcomes**

- 32,000 ft<sup>2</sup> of high quality commercial floorspace
- 0.93 ha of land brought into use
- 38 jobs created
- 26 jobs safeguarded

These job outputs are different to the original submission because the figure of 64 which the project was accepted into the programme on included safeguarded jobs which we cannot count towards our job targets. Therefore the jobs created output has changed from 64 to 38 which is more than 10%.

## **9.0 Spending profile**

2017-18 Local Growth Fund £500,000

## **10.0 Local Assurance Framework**

A Stage 1 business case was approved on the 27<sup>th</sup> April 2017 and a Business Case has now been 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.

As per the Terms of Reference of the IIB, the IIB are asked if they accept the change in outputs as detailed above. If they do then:

The IIB are asked to approve the project and to release the £500,000 of LGF.



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

## Appendix 1

### 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	Regeneris have confirmed the project represents high 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>The shortage of suitable premises has resulted in the lack of choice for businesses to expand or relocate to this area. This has been identified through discussions with local authorities, the LEP and commercial property agents. The speculative development of commercial floorspace in the Ollerton area creates financial viability issues as a result of the cost of development against projected values.</p> <p>The outputs are:</p> <ul style="list-style-type: none"> <li>-32,000 sq ft high commercial floorspace</li> <li>-0.93 ha of land brought into use</li> <li>-38 jobs created/26 safeguarded</li> </ul>
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.	CRT Property Investments Ltd have confirmed they are responsible for any cost overruns.

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4. A statement confirming that the project is State Aid compliant.	State Aid advice has been sought from Andrew Uprichard Solicitors 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 was submitted by the Chief Executive of CRT Property Investments Ltd
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.	The site has been granted full planning consent (15/01979/FULM) on 28 <sup>th</sup> April 2016. Condition 1 requires the scheme to be implemented within three years. Condition 17 requires the units to be for B1 & B2 use only. All other conditions relate to construction works and responsibility is to be passed to the contractor for discharge.
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 promoter has confirmed that all funding is in place.

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the other funders confirming the funds are agreed and available.	
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.	Tender submissions are currently being appraised and finalised. The form of contract is the JCT Design and Build. All risk is to be priced and taken on by the contractor.
11. All land assets purchased and vacant possession obtained (if applicable)	The site is owned by CRT Property Investment Ltd.
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 the project represents high value for money.
13. How the risks will be managed?	The promoter has provided a copy of the risk register showing risks and mitigations.