**D2N2 LEP BOARD – AGENDA**
Tuesday, 27th January (10.00am – 12 noon)

By dial in via MS Teams (calendar invitation supplied)

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<tbody>
<tr>
<td><strong>1.1</strong></td>
<td>Welcome and Introductions</td>
<td>Verbal</td>
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<td><strong>1.2</strong></td>
<td>Declarations of Interest</td>
<td>Verbal</td>
<td>10.03</td>
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<td><strong>1.3</strong></td>
<td>Minutes of meeting 24/11/20 and matters arising</td>
<td>Paper</td>
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### 2. Strategic discussion

**2.1** Chair’s Report, including:
- a) Board Recruitment
- b) Recovery and Growth Plan:
  - Focus on Low Carbon
- c) East Midlands Freeports update
- d) Advisory Boards update
- e) Partner engagement

Elizabeth Fagan, Chair
Will Morlidge/Emma Rigler

**2.2** D2N2 Chief Executives Report, including:
- a) Skills Update
- b) Business and Innovation Update
- c) Marketing and Comms Update
- d) ESIF Update
- e) D2N2 Future High Street and Towns Fund Update

Sajeeda Rose

**2.3** Capital Programme Performance Update including:
- a) WASH project **[App 1]**
- b) LGF approval Becketwell **[App 2]**

Sajeeda Rose

**2.4** Midlands Engine Development Corporation Strategic Business Case update

Anthony May

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<td><strong>3.</strong></td>
<td>Any other business</td>
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<td>Freeport Update Presentation</td>
<td>Sajeeda Rose/Dan Aylward-Mills</td>
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5. Date of next meeting: Tuesday, 23 March, 2021 (10 am – 12 noon)
Item 1.3: DRAFT Key Decision/Action Points from Board

D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING

Tuesday, 24 November, 2020

By Teams Dial-In

Chair    Elizabeth Fagan
Minutes    Sally Hallam

1. Present and Apologies

D2N2 Board Members in Attendance

David Williams    Deputy Chair and Business Representative
Andrew Cropley    F E Representative
Cllr Kay Cutts, MBE    Leader, Notts County Council
Michele Farmer    VCS and Inclusion Representative
Tim Freeman    Business Representative
Cllr David Mellen    Leader, Nottingham City Council
Cllr Chris Poulter    Leader, Derby City Council
Emma Rigler    Business Representative
Viv Russell    Business Representative
Cllr Simon Robinson    Rushcliffe Borough Council, N2 representative
Jayne Mayled    Business Representative
David Wright    Area Lead D2N2, BEIS
James Brand    Business Representative
Susan Caldwell    LEP Sponsor, DIT

Also in attendance

Gill Callingham    rep for N E Derbyshire DC
Anthony May    CEO, Nottinghamshire County Council
Kath Marriott    CEO, Rushcliffe Borough Council
Gerry Dawson    rep for Derby City Council
Scott Knowles    CEO, East Midlands Chamber
Nicki Jenkins    rep for Nottingham City Council

Philip Handley    Accountant, HSKS Greenhalgh (auditors)
Philip Hancock    Accountant, HSKS Greenhalgh
Sarah Wainwright    Snr Accountant, Derbyshire County Council

Officer Support

Sajeeda Rose    Chief Executive, D2N2
Tom Goshawk    Head of Capital Programmes, D2N2
Frank Horsley    Head of Business and Innovation, D2N2
Michelle Reynolds    Operations Manager, D2N2
Rachel Quinn    Head of People and Skills, D2N2
Rob Harding    Head of Marketing and Communications, D2N2
Apologies

Apologies were received from Graham Cartledge, Prof Shearer West, Cllr Alex Dale and Cllr Barry Lewis.

1.1 Welcome and Introductions

Elizabeth Fagan welcomed all to the meeting.

1.2 Declarations of interest

The Chair reminded all Members that Declarations of Interest should be stated to be recorded where an interest arose.

No Declarations were made.

1.3 Minutes of last meeting and matters arising

The Minutes of the previous meeting held on 23 September, 2020 were confirmed as a true record and actions were confirmed as having been completed.

2.1 Approval of draft Accounts for D2N2

Sarah Wainwright introduced this item before passing to Philip Handley, Director of Audit and Associated Services at HSKS Greenhalgh and Audit Manager, Philip Hancock. Mr Handley took Board through the requirements of the process of reporting, highlighting particular points from the final draft accounts now presented for approval and summarising the audit adjustments and information on the report to management.

Board was advised that in compiling the accounts, a decision had been taken to include all funding going through the LEP and Accountable Body rather than recording only administrative income as some LEPs had elected to do. For this reason, large companies’ accounts rules applied.

PH highlighted the operating income shown as £26m and confirmed that this figure represented funds transferred from the old, unincorporated LEP on 1.4.19. Reserves amounted to £27m.

The Report to Management included four points:

1. No formal signed document for the GPF loan to Boots, but no issues as to recoverability which was expected in one year; this was being finalised with Nottingham City Council as the former accountable body of the GPF programme.
2. The loan to Lime House had not been adjusted for;
3. Accountants were going to contact HMRC to check possibility of recovering corporation tax on loan interest;
4. Maximum accrual included for possible annual leave outstanding.

The Chair thanked Mr Handley and the audit team for the comprehensive summary and also recorded thanks to Sarah Wainwright for her work in preparing the accounts. Member-Directors were asked to consider and raise any comments prior to a vote on approving.

In response to a request for an update on the Boots paperwork, SW confirmed that this was in train, with a draft Agreement and Schedule currently with Nottingham City Council for approval and return.
Board APPROVED the financial accounts and other documentation required by the auditors. The process would now be completed with presentation of the Accounts to the AGM on 2 December, 2020.

2.2 Chair’s Report

Elizabeth Fagan introduced this report updating members on significant developments since the last meeting, including:

- i) the Economic Recovery and Growth Plan;
- ii) East Midlands Freeport update;
- iii) Advisory Boards update;
- iv) Partner engagement.

i) Economic Recovery and Growth Plan

Work was continuing on the Economic Recovery and Growth Strategy (ERGS), the latest version of which was attached to the papers for approval. The Strategy continued to evolve taking into account priorities within the Government’s now published 10-point plan.

Cllr Poulter raised an issue under low carbon objectives, noting that Derby’s ambition to be a future fuel city had not been referenced. EF responded that we would be fully supportive and would incorporate that into the plan. Directionally, the LEP was working on proposing fewer, bigger asks of Government and focusing on those that would differentiate us as a region. This programme along with others would be the subject of further consideration by each of the Advisory Boards and the outcome would be reported back to the next Board.

Andrew Cropley queried how priority work linked in with Towns bids, noting that overlaps had been identified between his own area of Mansfield and that of Newark. He sought support from the LEP in checking overlaps.

Sajeeda Rose confirmed that all 7 Towns Fund teams had been brought together and additionally, Loughborough had been invited to join. The aim was to support teams to learn from one another and to provide consistency across all areas with common issues such as HS2.

Board ENDORSED the ERGS.

ii) East Midlands Freeport Update

EF drew Members’ attention to the Freeport prospectus bid information that had just been published, highlighting pertinent changes that would shape the local bid. Under previous guidelines, Government had proposed one contiguous site, which had been potentially problematic with the airport and power station sites intersected by the M1 motorway. Now following lobbying, the current report provided for up to 3 sites within 45km of the main site, together with scope for enhancing the proposition. Sites would need to be able to demonstrate a clear strategic and economic rationale for coming together clustered around the airport as the primary port. The Chair confirmed that work would be undertaken with the local authorities to promote this potential opportunity to large landowners.

Cllr Poulter welcomed this clarification, which could bring sites in South Derbyshire as well as Derby’s Infinity Park into consideration.

The Freeport would have a governing body comprising the local authorities who were
planning authorities with landowners, LEPs and local MPs. The current local authorities have agreed in principle to the freeport but work was being done on the wording of endorsement letters signed by their authority Leaders to ensure that commercial sensitivities and planning considerations were appropriately handled.

EF asked for input from the business representatives on the board – specifically Tim Freeman and James Brand on considering how a freeport in the region might support existing businesses that are heavy import/exporters.

EF informed Board that the final bid had to be submitted by 5 February, 2021. If successful, there would then be a year in which to put a full business case together. The Chair sought confirmation that Board was happy with the way this bid was being progressed including the current proposed sites, developed through the Working Group jointly led by both LEPs, with the local authorities and landowners collaborating together.

Board **CONFIRMED AGREEMENT** that the current operating model and governance arrangements were the best way to take the bid forward.

iii) **Advisory Boards Update**

The Chair invited those Advisory Board Chairs present at the meeting to add any comments to link in and show how the LEP was working through its ABs to put priorities into the Recovery Plan.

Viv Russell, Chair of the Business Growth and Innovation Advisory Board, confirmed that the Recovery Plan represented the ‘golden thread’ linking all activity from BGiB to its 5 key themes and further consideration would be given to it at the December meeting.

David Williams, Chair of the Place Advisory Board, confirmed that positive discussions at Place Board had resulted in prioritisation of projects. The task now was how to deliver on them.

iv) **Partner Engagement**

Michele Farmer was invited to update the meeting on work with engaging communities through the voluntary sector. A meeting had been held for more than 60 delegates discussing recovery from the impact of Covid-19. A good initial strategy for inclusion had been developed and further work would take place with a team to formulate a tighter structure. Details would be brought back to a future Board.

Andrew Cropley offered support via links into the college network for this exercise.

Positive meetings had been held with District leaders as well as the region’s Conservative and Labour MP groups. EF highlighted that Mansfield MP, Ben Bradley had raised the Freeport bid in the Commons during the past week.

Board **NOTED** the Chair’s report.

**2.3 Chief Executive’s Report**

Sajeeda Rose presented her report updating Board on items including:

a) Skills Update;
b) Business and Innovation Update;
c) ESIF Update;
d) Marketing and Communications Update.

and referred members to the notes under each item.

On Skills, SR drew Board’s attention again to the importance of digital skills that form part of Government’s lifetime skills guarantee. She informed Members that an offer had now been received from DfE to launch the 12-week digital boot camp pilot in the coming days, which would ensure that digital skills were embedded across all work areas. Further updates would be brought back to future Boards.

Under Business and Innovation, the CEO underlined the continued importance of the Growth Hub in supporting businesses including start ups and a particular current focus on transition arrangements as the UK exited the EU.

Work was under way with DIT on supporting inward investment to the region, whilst for export a dedicated International Trade Advisor post, funded by DIT, was now starting to deliver tailored export support and events across D2N2.

The ESIF programme was now coming to an end and the LEP was waiting for the Chancellor’s announcement on 25 November, 2020 to see what transition funding may be available to support businesses and individuals.

For Marketing and Comms, SR recorded thanks to Luke Stott who had now moved on to work with partner organization, Midlands Engine.

Work was underway led by Jayne Mayled, Rob Harding and Frank Horsley to look at where gaps existed in availability of information on support for businesses and how to plug those and promote appropriately to ensure support reached all of the region’s businesses who needed it.

The agenda for 2 December D2N2 AGM was being finalised for publication. 250 delegates had registered to attend.

LEP Sponsor, Susan Caldwell was invited to add any comments from a Westminster perspective. D2N2 was known in Whitehall but received less overt attention compared to some other LEPs. SC would continue to work with SR to ensure that D2N2’s profile was raised. Meanwhile a new national Office for Investment had been announced by Government to ensure internationally important capital investment was secured as well as to support business and infrastructure opportunities generally, including those pertinent to the D2N2 area.

David Wright echoed SC comments and reiterated the need to continue to build the picture of what this area had to offer by feeding in to all Government departments as they shaped their strategy for delivering the 10-point plan.

Board NOTED the report.

2.4 Capital Programme Performance Update

The Chief Executive introduced a report providing an update on the performance of the D2N2 Capital Programme and detailing the latest updates of all programmes as presented to the Investment Board(IB) on 12 October and 4 November, 2020.
She reminded Board that the IB oversees and approves projects which then come before main Board for final endorsement. Papers from the Investment Board are now sent to all Members for information.

On LGF, Board was informed that spending was on track in the final year of this 5-year programme, with £16m of allocated £40m spent and a contingency overprogramming of £1.8m to allow for slippages.

The mid-year review with BEIS had produced positive feedback on delivery, governance and strategic development.

Four projects were detailed in the report.

The Turbine Innovation Centre project (£572k) and Lindhurst Development (Mansfield project for mixed use including housing - £3m) were approved by the October IB and subsequently ratified by written procedures.

SR invited Tom Goshawk to talk the Board through summary slides including outcomes and numbers of jobs/learners to be created for the other two projects, namely:

1. Chesterfield Centre of Excellence for Modern Construction and Digital Technoologies (£500k Getting Building Fund towards a £875k project targeting emerging sectors of growth to upskill the current local workforce and creating 560 new learners including apprentices)

2. Glossop Municipal Buildings Project (£2.2m GBF towards a £5.48m project for renovation of unused buildings in the town centre, creating 105 new jobs and 20 business assists).

On the Local Assurance Framework (LAF), SR reminded Board that this set out how LEP funding was to be managed, as well as governance and scrutiny arrangements. As a number of elements had changed this year, such as the LEP’s inclusion approach and commitment to sustainable environment, the version now presented for approval had been tightened and refreshed to reflect updates. Members were invited to consider adopting the refreshed LAF.

Board **NOTED** the approvals for the Turbine Innovation Centre project (£572,000) and the Lindhurst Development project (£3,000,000) which were both previously agreed following written procedures.

Board **RATIFIED AND CONFIRMED** the decision of the Investment Board to invest £2,000,000 of Getting Building Fund to the Glossop Municipal Buildings Project.

Board **RATIFIED AND CONFIRMED** the decision of the Investment Board to invest £500,000 of Getting Building Fund to the Centre of Excellence – Modern Construction and Digital Technologies Project.

Board **NOTED** the progress of the D2N2 Capital Programme

Board **ADOPTED** the updated version of the Local Assurance Framework.
2.5 Midlands Engine Development Corporation Strategic Business Case Update

Anthony May introduced this update report. Members were advised that the Development Corporation, a Midlands Engine programme of work to create a single delivery vehicle for strategic sites along the line of HS2, continued to progress well. Public and private stakeholders had been working together on a business case to present to Government early next year.

An interim vehicle, comprising five of the local authorities most affected, was being set up and was to be incorporated as a company limited by guarantee in early 2021, in order to maintain momentum on the project. The links between the work of the Development Corporation and the proposal for a Freeport were understood and acknowledged and AM confirmed that the two would be closely aligned.

A response was now awaited from Government to the request for revenue support for the interim vehicle – this was not expected to figure in the Chancellor’s Spending Review on 25 November.

Cllr Cutts commented that that without HS2 assurity, both the Development Corporation and the proposed Freeport would be less viable and for that reason, it was critical for everyone to continue to support all of the projects to lever funds in to the region as part of the levelling up agenda.

Elizabeth Fagan thanked Cllr Cutts for this timely reminder and endorsed her comments.

Board RECEIVED and NOTED the report.

3. Any other business

None

4. Date of next meeting

D2N2 LOCAL ENTERPRISE PARTNERSHIP
BOARD REPORT

DATE: 27 January 2021
REPORT LEAD: Elizabeth Fagan
AGENDA ITEM: 2.1

TITLE: Chair’s Report

1. INTRODUCTION

This report updates members on significant developments since the last Board meeting, specifically:

a. Board Recruitment
b. Recovery and Growth Plan
c. Advisory Boards Update
d. East Midlands Freeports Update
e. Partner engagement

2. RECOMMENDATION

Board is asked to NOTE the report and delegate approval for final approval of the East Midlands Freeport bid to the Chair.

3 BOARD RECRUITMENT

It is with pleasure that I welcome Clare James to her first Board meeting. Clare was appointed Managing Director of East Midlands Airport (EMA) part of the Manchester Airports Group (MAG) in July 2020. Prior to her appointment, Clare held the position of Operational Excellence Director at MAG, responsible for creating centres of excellence in key functions that underpin the efficient operation of an airport, such as business strategy, security procedures, IT and business resilience. Before entering the private sector in August 2013, Clare had a distinguished career in the Royal Air Force and completed several active tours in the UK and abroad. Clare was awarded an MBE for services to the Royal Air Force in 2007.

Sadly, we say goodbye to Emma Rigler who has taken up a new post outside the D2N2 region and so will step down from the board. Emma has committed to continue to support D2N2 in developing the green energy ambitions within the Recovery and Growth strategy. I would like to thank her for her support of D2N2, and in particular for increasing our engagement in North Nottinghamshire.

I am pleased to be able to report that the Nominations and Renumeration committee have successfully recruited her replacement Becky Rix, who is a business owner of RoadGas, an SME based in the region specialising in low carbon fuel and infrastructure. She brings particular knowledge and expertise on decarbonisation of fuel for transport especially in relation to hydrogen and chairs a national policy committee of the Gas Vehicle Network working with DFT on renewable gas. She will be formally joining the Board at our next meeting in March.
4 RECOVERY AND GROWTH PLAN: ‘THE HEART OF THE UK’S GREEN GROWTH’

Work is underway to develop an action plan for each advisory board based on the Economic Recovery and Growth Strategy that was agreed in November 2020. Advisory Boards will focus on how the priorities identified in the strategy will be delivered. In addition to the advisory boards, we have also asked the inclusion representatives and the Rural Reference Group to offer ongoing scrutiny to ensure that we are delivering on our commitments on improving social mobility and ensuring our services and programmes are as applicable to rural areas as to any other parts of the region.

One of the cross-cutting themes of the strategy is our commitment to green growth. In order to ensure we maximise the potential de-carbonisation opportunities across the region we have undertaken an initial mapping exercise as the basis for identifying priorities and actions to progress delivery of the low carbon ambitions within the strategy. Emma Rigler and Will Morlidge will provide an overview of the work underway at the Board meeting in order to capture the boards input and areas of expertise as part of the next stage of implementation.

On the analytical side, colleagues in Nottingham and Nottingham Trent Universities have refreshed their analysis of the potential future trajectory of the recovery. We continue to work with the Emergent Alliance (led by Rolls Royce) on our project to better understand how Covid-19 impacts on mental health and what this means for services and the economy, and we are pulling together with Midlands Engine a meeting of the various organisations currently looking into mental health in the workplace to ensure resources are being well aligned.

In terms of our asks of Government, we have opened discussions with BEIS about the potential to co-fund our proposed “low carbon energy and growth fund” and will bring recommendations to the Place Board on next steps.

5 EAST MIDLANDS FREEPORT UPDATE

We have continued to develop the bid for an East Midlands Freeport through the working group of partners involved in the bid, which is due to be submitted on 5 February, 2021. (An accompanying presentation on the outline bid will be provided at the board meeting).

At the last meeting, Board approved the call for a third tax site to be included with the Freeport area in line with the new criteria within the bidding prospectus. Following an open call and independent selection process the East Midlands Automotive and Intermodal Park in South Derbyshire has been included as a third tax site in the bid.

I believe we now have a compelling proposition around 3 key sites across the East Midlands based around East Midlands Airport as an inland port which brings together a mix of industries at the heart of the country. It will capitalise on existing sectoral strengths in advanced manufacturing, automotive and logistics and build on emerging opportunities for green growth to unlock jobs and create new skills and training opportunities for local people boosting both productivity and levelling up across the region.

The East Midlands Freeport will be based in heart of the region at the following 3 sites:

- East Midlands Airport and Gateway Industrial Cluster (EMAGIC) in North West Leicestershire
- The Ratcliffe-on-Soar Power Station site in Rushcliffe in Nottinghamshire,
- The East Midlands Automotive Intermodal Park (EMIP) in South Derbyshire.
The sites are strategically located at the heart of the UK with strong existing road and rail freight infrastructure, with plans for enhanced connectivity. There is significant room for growth across the sites which straddle three of the East Midlands counties and are near the urban centres in the region, ensuring access to new job opportunities to the region’s more deprived communities and thereby supporting the wider regeneration of the East Midlands.

Collectively the sites offer unrivalled opportunity for attracting new investment with over 500 hectares of land catalysed for development with Freeport tax site incentives, creating the potential for new jobs and GVA uplift. In addition, the bid will make use of the customs incentives overlaid on these tax sites at adjacent large-scale industrials, such as Toyota UK.

Over the coming weeks work to finalise all elements of the bid are being progressed through the working group and with the support of the appointed consultants Vivid Economics. Work streams underway include completing preliminary infrastructure assessments, an indication of the impact of the freeport, governance and management arrangements which include alignment with the proposal for the East Midlands Development Corporation.

In parallel to the bid development, we have been working with the region’s MPs and businesses to ensure there is strong awareness and support for an East Midlands Freeport. To date we have had very strong and positive support for the bid and its potential to support the wider economic growth and prosperity of the region.

Government is still very committed to announcing successful bids by Spring. Therefore, If the bid is successful, further work will be required to complete a full business case by October of this year.

I am seeking approval from the Board, on the basis of the outline that will be presented at the Board, with delegated authority to approve the final bid in conjunction with LLEP Chair, Kevin Harris.

**RECOMMENDATION:** Board Members are asked to endorse the outline principles of the bid and delegate approval of the final bid submission to the Chair.

### 6 ADVISORY BOARDS

Since we last met as a Board all the Advisory Boards have met and below are highlights from each Board. In addition, I will invite each Advisory Board Chair to provide an update at the meeting. Further details of activity relating to each area are included within the Chief Executive’s Report.

**Business Growth and Innovation**

- Meeting date: 3 December 2020
- Chair: Viv Russell
- Next meeting date: 3 March 2021

**Headlines**

The meeting included an update on the work streams within Business and Innovation including the priorities within the Recovery and Growth Plan. There were also presentations from the British Business Bank on Stimulating Access to Finance to Support Business Growth (as noted below) and a new initiative called Derby “Swap Shop” by Rachel Haywood (Ask the Chameleon).
The following Business Growth and Innovation priorities linked to the Green Growth Strategy were presented and endorsed:

**Business Growth Priorities**

- Deliver streamlined, client focused business support across D2N2 that supports resilience and sustainability and helps exploit opportunities.
- Improve access to finance to support growth companies be investment ready.
- Ensure support is inclusive regardless of location or demography and co-ordinate place promotion.

**Innovation Priorities**

- Focus on diffusion of new ideas and products across the business base and by increasing R&D investment and adoption of new technologies.
- Improve regional innovation partnerships between universities, SMEs and corporates to increase commercialisation and focus on key sectors and enhancing existing R&D strengths (as set out in the Science & Innovation Audit).

Progress against the 5 key themes of the Business and Innovation Advisory Board include:

- **Enterprise/Business Support** - The Growth Hub Executive Board is now strongly linked with the Advisory Board to ensure strategic direction and operational delivery are effectively linked (an update on the Growth Hub is included in the Chief Executives report).
- **Access to Finance** – the theme group is now established, and the Advisory Board received a presentation from British Business Bank on the key issues facing the region.
- **Innovation** – following the visioning sessions, core priorities for strategic focus are now agreed for the theme group to be chaired by Professor Warren Manning. A theme group meeting took place on 18th December to refine priorities and consider the innovation proposition as part of the EM Freeport bid.
- **Place Promotion** – the investment promotion group is now in place which will focus on developing the D2N2 inward investment proposition and build upon the “Invest in D2N2” ERDF project. D2N2 continue to work with DIT in supporting target FDIs for retention and further investment via the D2N2 Investor Development Service.
- **International Trade** - partnership activity in support of DIT is underway and LEP dedicated International Trade Advisor is in post to spearhead new opportunities for exporting following EU exit. Consultants due to be commissioned to develop and publish a D2N2 Trade Strategy by the end of March 2021.

**People and Skills**

- Meeting date: 8 December 2020
- Chair: Shearer West
- Next meeting date: 10 March 2021

**Headlines**

The Board received an update on each of the work streams of the People and Skills theme, including the Careers and Young People sub-group, and work on the Local Skills report being led by the University of Derby.
A draft of the **Skills for Growth strategy** was presented, which includes the following priorities:

- **Delivery of 4 Careers Hubs across D2N2**, replicating the impact seen in North Derbyshire.

  The establishment of 4 careers hubs across D2N2 to co-ordinate activity between schools and employers in each area was approved by the Advisory Board and is progressing well. Hubs will be complemented by the creation of a single online careers gateway to actively facilitate employer engagement and host labour market intelligence. This approach will allow both the existing Enterprise Adviser Network and the new ESF-funded Unlocking Potential project to fully align delivery.

- Continued cross-LEP work with LLEP to **secure an Institute of Technology** for D2N2. (Details of the bid are included in the Chief Executive’s report)

- Work with colleges and university partners to map **low carbon skills** needs for D2N2. A joint meeting between college Principals and university Vice Chancellors is being organised to agree protocols for collaboration and agree initial skills pathways for focus. This work will also develop priorities for future skills capital.

The Advisory Board also received a presentation on the Local Skills Report from the University of Derby who are on track to complete this by the end of February 2021. The report will be presented to the Board for comment prior to publication.

**Place**

- Meeting date: 9 December 2020
- Chair: David Williams
- Next meeting date: 9 February 2021

The Advisory Board received an update from each of its subgroups, focusing particularly on the progress by the Towns Fund areas, delivery of the Energy strategy and plans for delivering sustainable transport infrastructure which are all key elements of the Place ambitions for D2N2 within the Growth and Recovery Strategy.

A key priority for the Place board over the next year is to look at developing key place priorities across the whole of the D2N2 area to ensure that growth and opportunities are maximised across the region.

**Energy Strategy Group update:**

A key strand of work for the Group is a strong D2N2 energy strategy that supports the delivery of the green growth ambition set out in the D2N2 Recovery and Growth Strategy. The group heard that the Pipeline across the region of £400m projects for energy infrastructure is ready to go.

The group were pleased to note that the Midlands Energy Hub has staff based in each LEP area working on individual strategies for their area.

Discussions are underway with BEIS to identify options to match fund a skills, capital, and innovation programme linked to low carbon energy.
An update was received from the N2 environmental strategy working group:

This working group of local authorities was established in Nottinghamshire and Nottingham just over a year ago to support D2N2 fulfil its targets within its energy strategy.

It was agreed that the action plans to meet targets will sit beneath the D2N2 energy strategy.

The group noted that new planning regulations have been brought in to ensure developers are creating more sustainable builds. Work is being undertaken with Western Power to enable electric vehicle charging infrastructure projects.

D2N2 Local Cycling and Walking Investment Plan

A Strategy of preferred active travel routes was presented to the group. The Strategy is a collaborative effort to submit a LEP-wide plan, with all four transport authorities coming together to develop the strategy.

The plan focuses on the key themes of Economic Growth, Visitor Economy, Transport congestion and Climate Change/Environmental improvement, and includes a set of propositions that can be delivered to achieve the outcomes.

7. PARTNER ENGAGEMENT

As part of our ongoing engagement with partners I continue to have meetings with key stakeholders and partners to promote the activities we undertake and ensure greater collaboration on our priorities for D2N2.

Since the November board meeting, I convened a further meeting with the DN2N2 Leaders on 15 December, 2020 and the region’s Conservative MPs on 13 January, 2021 where we shared progress on the Growth and Recovery Plan, the East Midlands Freeport, and the importance of HS2 for the region. I have a meeting scheduled with the Labour Group MPs later this month.

I am continuing to strengthen collaboration with our neighbouring East Midlands LEPs, working closely with my counterparts in Lincolnshire and Leicestershire. We are jointly developing areas of opportunity to collaborate at a cross-LEP East Midlands level to complement the work underway at the Midlands Engine level. This includes areas such as our shared ambition on clean growth, opportunities for promoting best practice on digitalisation in our shared industrial sectors and jointly addressing common challenges across our business base such access to finance, building on the work of the East Midlands Growth Hub Cluster.

Elizabeth Fagan
Chair
27 January 2021
1. INTRODUCTION

1.1 This report updates Board on the following:

- Skills Update
- Business and Innovation Update
- Marketing and Communications Update
- ESF update
- D2N2 Future High Street and Towns Fund Update

2. RECOMMENDATIONS

2.1 Board is invited to

a. NOTE the report

3. SKILLS UPDATE

Kickstart

The Kickstart Scheme is helping young people at risk of long-term unemployment get into the job market by providing government funding for employers to create six-month job placements. The East Midland Chamber was successful with Kickstart opportunities in the D2N2 area and has confirmed that 852 placements have been approved. It is in the process of mapping to identify trends. East Midlands Chamber now has the funding needed to complete job descriptions and had secured 1400 job placements so far.

Digital Skills

The recent bid submitted to Department for Education to deliver 12-week digital ‘bootcamp’ pilots has been successful. Up to 520 adults will benefit from the £1m pilot to participate in an intensive 12 week digital up/reskilling to assist progression into higher digital roles. Employers have been directly involved in the project development and the model is expected to actively fill existing digital skills gaps. Delivery commenced at the end of December and a proposal to extend for a further 12 months is currently under negotiation with Department for Education.

Skills for a Low Carbon Economy

Under the ‘Skills for Growth’ strand of the D2N2 People & Skills Strategy, work has commenced to map potential sector growth across D2N2, and what skills are required to capture low carbon developments as part of that growth. This will be used to frame the focus of work to improve technical skills pathways between HE and FE in D2N2 whilst also contributing to delivery of low carbon objectives within the Recovery and Growth Plan.
Institute of Technology (IoT)

A phase 1 bid has now been submitted jointly by Loughborough and Derby colleges and universities with the support of Bombardier, Bloc Digital and Uniper amongst other business sponsors. This represents a cross LEP bid between D2N2 and LLEP and was endorsed by the D2N2 People & Skills Advisory Board.

If successful the IoT will deliver employer led skills pathways from Level 2/3 (GCSE/A-level) through to postgraduate levels with a focus on construction, engineering and manufacturing and cross-cutting digital, ICT and data science needs.

It will also provide a template for the rest of the region for improved skills pathways between FE and HE delivery with a particular focus for upskilling to support local developments in the south and east of D2N2. This will include the areas identified within the EM Development Corporation and EM Freeport.

4. BUSINESS AND INNOVATION UPDATE

D2N2 Growth Hub

The D2N2 Growth Hub continues to provide a central vehicle for supporting businesses across the region, delivering a vital service in combatting the continued impact of Covid-19 and managing transition following EU exit.

Core Support - SME Engagement

Most of the Growth Hub engagement with SMEs continues to relate to Covid-19 support and recovery. The average monthly enquiry numbers are around 1,000, which is four times higher than pre-Covid levels. Although a resource challenge, the pandemic has helped to increase the level of engagement. In addition, the early decision to move to a virtual webinar programme has proved highly effective and continues to engage SMEs on a wide variety of topics and has reached many clients previously unaware of Growth Hub services.

Our flagship grant programme, D2N2 Business Investment Fund, continues to receive healthy levels of interest. Qualifying SMEs can access up to 35% of project costs where there will be clear improvements in business productivity. Since its launch in August 2019, the programme has received over £1.9m worth of grant applications and contracted out nearly £800,000 worth of grant payments until the end of December 2020. The programme has been used to support businesses in considering resilience and future growth. The take up indicates positive intent from our local SMEs despite current challenges. We are currently seeking an increase to the maximum grant level to be able to support larger investments by SMEs.

We continue to work closely with our East Midlands cluster partners, Greater Lincolnshire LEP and Leicester & Leicestershire LEP. The ongoing Business Resilience Programme is helping companies to consider longer term opportunities and their future resilience through webinars and 1-2-1 advice. The programme has been flexible enough to meet current pandemic challenges as well as pro-actively preparing companies for the implications of EU Transition.

Uplift Funding

To complement the D2N2 Growth Hub core offer, HM Government has allocated both uplift funding and specific allocations to deliver activity at the local level demonstrating a confidence in the Growth Hubs to deliver.
As well as providing support to further enhance Growth Hub capabilities in digital marketing, promotion and social media, funding has been used to reach out to a wider business base, notably through an additional BAME advisor resource.

Below is a summary of the three additional areas of activity being delivered through the enhanced funding:

a) **Peer Network (BEIS)** – a programme supporting sector-based cohorts of SMEs in D2N2 to undertake an action-learning programme within a facilitated peer network to boost their business performance post-Covid-19

b) **Covid-19 Recovery Grant Scheme (MHCLG)** – an allocation of £983,986 top sliced from the ESIF national reserve to provide small grants to SMEs to supplement national Covid-19 business support including a ringfenced allocation to support visitor economy businesses.

c) **EU Transition Support (BEIS)** – a one off allocation to support businesses through EU transition into new trading arrangements including dedicated advisory services on-demand.

The D2N2 ‘B5’ Local group – which brings together the key Business Representative Organisations (CBI, FSB, Chamber, IOD and Make UK) is now well established and meeting monthly to ensure D2N2 maximises business engagement. The meeting in December included a focused session on skills and careers.

**Access to Finance**

To deliver the productivity ambitions as set out in the D2N2 Green Growth Strategy, a key priority will be to improve the performance of our businesses in accessing finance for growth. The British Business Banks Equity Tracker indicates that East Midlands currently stand at 12th out of 13 regions for the number of SME equity deals with a value of less than 1% of all investments against an SME business base of 6%. The regional weakness is long established and centred on several issues such as a cultural business mindset geared against alternative financing, a lack of a major regional financial centre and no established business angel or investor networks being active in the area.

Access to Finance has been identified as key theme by the Business Growth & Innovation Board and D2N2 is working with British Business Bank, ICAEW and the Growth Hub intermediary network to identify interventions to improve the levels of business investment, notably early-stage equity, and debt finance, in our SME base.

The key focus is to support businesses to be “investment ready” and maximise access to key investment programmes such as the Midlands Engine Investment Fund; working with supply side partners to simplify and promote the advantages of longer-term institutional business investment options and providing targeted grant support to promote growth e.g., D2N2 Business Investment Programme. In addition, further activity will look to engage with investor networks and develop a pipeline of high growth business propositions to stimulate this market – the “dragon’s den” effect. We are also looking at opportunities to collaborate across the East Midlands through the work of the Growth Hub cluster given that this is a common issue across the region.

5. **MARKETING AND COMMUNICATIONS**

The focus over the last few months has been delivering the D2N2 AGM, production of the Annual Review and Economic Recovery and Growth Strategy. With these now delivered, attention is on the development and delivery of the D2N2 marketing strategy.
December was a busy month with six press releases, including coverage of our four Getting Building Fund Projects - Lindhurst Development, Chesterfield College, Glossop Town Centre, and Worksop Innovation Centre – and Digital's launch Bootcamps.

Following Luke Stott's departure, we have appointed Kay Knowles as our new Digital Marketing and Comms Officer, who took up the post on 4 January, 2021.

KEY UPDATES

D2N2 AGM

The D2N2 AGM was held on 2 December, 2020. At its peak, over 200 people attended the conference, with 99% of attendees saying they found the event engaging and useful. This was the best attended annual conference since we were established. It was also our first public meeting since we were incorporated as a company limited by guarantee and included formal adoption of our audited accounts.

The meeting included a summary of our projects and achievements over the last year and the launch of our economic recovery and growth plan, outlining our ambitions for our region to build back better, stronger, and faster. The event included three keynote speakers including Board Members Tim Freeman from Toyota who shared Toyotas vision for Beyond Zero, and Cllr Simon Robinson from Rushcliffe Borough Council who talked about the role of local authorities in achieving carbon reduction, and finally from John Williams from Maritime on their commitment and investment to the East Midlands. Finally, we hosted a panel discussion with our Advisory Board Chairs answering questions put to them by our audience.

A full round-up of the event including poll results, can be found here.

Marketing strategy action plan

The marketing strategy focuses heavily on raising the LEP profile using digital channels to engage pro-actively.

Work is underway to sharpen its focus and ensure key messages, and focus are in line with the strategic themes that have emerged from our new recovery and growth strategy and the outcome of the East Midlands Freeport bid.

Our action plan is as follows:

- Jan – Feb 2021: Refine key messages and priorities
- Feb – March 2021: Share with key partners for feedback
- 23 March 2021: Submission to board for sign off.

Digital and media reach

2020 was the LEP’s most the successful year for social media and media engagement and reach. Our focus continues to be to provide timely communications to build confidence in us and our impact in supporting the economic growth and prosperity of the region.
2020 Summary:

MORE PEOPLE: Website traffic has increased by 44% because of targeting key stakeholders - Govt, Board, MPs, SMT in private sector.

MORE VIEWS: Over the last 12 months, our social media posts have had over 3m views. This is 3.5 times higher than last year.

MORE INTERACTION: Our social posts have received 2.5 times more likes, shares and comments than in 2019

MORE PRESS RELEASES: We have sent out nearly 50 press releases to local, regional and nation outlets with a cumulative total reach of over 1.5m

6. European Social Fund latest Update

D2N2 ESF open calls

Applications for the following calls have now been agreed by the ESIF subcommittee and have moved to funding award for project commencement early in the new year

- STEM Skills in D2N2 for £1,078,302 of ESF Funding
- Leadership and Management Training for SME's for £1,931,656 of ESF Funding

There are now 2 final local call applications being considered by the ESIF subcommittee with the expectation that both will move quickly to project commencement.

- Healthy Work for £4,149,878 of ESF - Futures Advice Skills and Employment Limited
- Nottingham Works4You for £1,421,198 of ESF – Nottingham City Council

Based on the above applications, we will see a total of £8,581,034 of ESF being invested into D2N2 early this year providing employment and skill support.

ESF Reserve Fund calls

Following the initial impact of the Covid-19 crisis, DWP paused all Call Proposals from LEPs to the ESF Reserve Fund. DWP are now seeking Call Proposals which specifically respond to the local impacts of Covid-19 and address the priorities contained in the LEP Recovery Plan. The intention is to bring forward programmes which respond directly to the employment and skills impacts of Covid-19 which complement existing ESF provision.

Call proposals will contain an analysis of the economic and people impacts of Covid-19 and the support needs this has created. The D2N2 People and Skills Board have approved the local calls
to be made under the national ESF Reserve fund (see below) and LEP officers are now working with the DWP Reserve Fund Board to agree the content for the local call schedule

- Investment Priority 1.1 COVID-19 unemployment programme - £2m of ESF
- Investment Priority 1.2 – COVID-19 Youth programme - £2m of ESF
- Investment Priority 2.1 and 2.2 The D2N2 Apprenticeship and Jobs Hub - £2m of ESF
- Investment Priority 2.1 Skills for Productivity and Growth in D2N2 - £2m of ESF

9. FUTURE HIGH STREETS AND TOWNS FUND UPDATE

Future High Streets Fund

The Government has made a formal announcement on the outcome of bids to the Future High Street Fund approving plans to invest £830 Million into Towns.

72 of the 101 places that applied for the Future High Streets Fund have been awarded or given an allocation of funding. Within this 15 of the successful 72 achieved a full funding award from what they bid for and notably only one town (Sunderland) was awarded the full £25m maximum offer.

None of the D2N2 Towns that applied received the full amount that they bid for. The remaining 57 towns have been granted provisional funding offers totalling £576m and these towns will now be required to submit a revised proposal which reflects the lower offer made by Government and ensure that it still hits the 2:1 Benefit Cost Ratio.

The revised bids are required to be submitted to Government by the 28th of February and will be determined by the end of March.

Below is a summary of the applications made from our area with the amount applied for and the amount received:

<table>
<thead>
<tr>
<th>Town</th>
<th>Council</th>
<th>Amount bid for (£m)</th>
<th>Award Amount (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heanor</td>
<td>Amber Valley BC</td>
<td>£13</td>
<td>£8.592</td>
</tr>
<tr>
<td>Derby – St Peters Cross</td>
<td>Derby CC</td>
<td>£23.7</td>
<td>£15.034</td>
</tr>
<tr>
<td>Nottingham – West End Point</td>
<td>Nottingham CC</td>
<td>£18.082</td>
<td>£12.523</td>
</tr>
<tr>
<td>Sutton</td>
<td>Ashfield DC</td>
<td>£9.2</td>
<td>£6.2</td>
</tr>
<tr>
<td>Buxton</td>
<td>High Peak BC</td>
<td>£9.56</td>
<td>£6.608</td>
</tr>
<tr>
<td>Mansfield</td>
<td>Mansfield DC</td>
<td>£25</td>
<td>£0</td>
</tr>
</tbody>
</table>

Towns Fund

D2N2 continues to bring together all 7 of the Districts and Boroughs in the LEP area that were invited to submit a Town Investment Plan (TIP) by the Government in November 2019. Alongside our 7 authorities, we have also invited Charnwood Borough Council as the only authority in the Leicestershire LEP area to attend the meeting and share best practice. The group aims to support the town areas in the development and delivery of their respective Town Implementation Plans by addressing common challenges and sharing best practice to deliver the best possible outcomes for their towns and maximise the impact for the wider region.

We are currently working with Towns areas to develop a clear narrative on the implications and opportunities of HS2 on the Town Investment Plans. The group are also working with the
Department for Business, Energy, and Industrial Strategy to look at opportunities for additional capacity to support the towns to implement the strategies once successful.

The table below shows the progress of each Town Investment Plan (TIP):

<table>
<thead>
<tr>
<th>Town</th>
<th>Local Authority</th>
<th>TIP Submission Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirkby and Sutton In Ashfield (Joint Submission)</td>
<td>Ashfield District Council</td>
<td>Due to submit in Cohort 3 – January 2021</td>
</tr>
<tr>
<td>Newark</td>
<td>Newark and Sherwood District Council</td>
<td>Submitted in Cohort 1 – July 2020 awaiting a decision</td>
</tr>
<tr>
<td>Mansfield</td>
<td>Mansfield District Council</td>
<td>Submitted in Cohort 2 – October 2020 awaiting a decision</td>
</tr>
<tr>
<td>Clay Cross</td>
<td>North East Derbyshire District Council</td>
<td>Submitted in Cohort 2 – October 2020 awaiting a decision</td>
</tr>
<tr>
<td>Long Eaton</td>
<td>Erewash Borough Council</td>
<td>Due to submit in Cohort 3 – January 2021</td>
</tr>
<tr>
<td>Stapleford</td>
<td>Broxtowe Borough Council</td>
<td>Due to submit in Cohort 3 – January 2021</td>
</tr>
<tr>
<td>Staveley</td>
<td>Chesterfield Borough Council</td>
<td>Submitted in Cohort 2a – December 2020 awaiting a decision</td>
</tr>
</tbody>
</table>

Following on from the last LEP Board on 24 November, 2020 LEP Officers took an action away to cross reference and review all the emerging TIPs to identify any areas of overlap or opportunities for greater alignment. Following this exercise a few examples have been identified within the TIPs and these are being shared with Local Authority Officers to maximise the wider benefits and impacts for the region as a whole.

**Some examples are as follows:**

- Synergy was found between the Automated Distribution Manufacturing Centre in Ashfield and the Smart Innovation, Supply chain and logistics EZ in Newark. Both projects are looking to enable innovation and productivity increases in the logistics sector.
- Multiple authorities are proposing new developments which propose delivery of skills training in the construction sector and therefore can be linked to share best practice. Three areas in particular focus on this with Ashfield, Newark and Staveley all proposing interventions in this sector.
- The Long Eaton, Clay Cross and Staveley TIPs are all putting forward projects which create a new cultural asset within the town centre and could be linked together to share ideas and knowledge.

*Sajeeda Rose
Chief Executive
27 January 2021*
1 Introduction

This paper provides an update on the performance of the D2N2 Capital Programme and details the latest updates of all programmes as presented to the 9 December, 2020 and 13 January, 2021 Investment Board Meetings, including recommendations for the Board’s approval.

2 Recommendations

- The Board is recommended to note the progress of the D2N2 Capital Programme and in particular the upcoming Annual Performance Review.

- The Board is recommended to note the approval of the A46 Corridor – Chapel Lane Bingham project by written procedures in December 2020.

- The Board is recommended to ratify and confirm the decision of the Investment Board to invest £3,500,000 of Getting Building Fund to the Worksop Access to Skills Hub project.

- The Board is recommended to ratify and confirm the decision of the Investment Board to invest £8,100,000 of Local Growth Fund to the Becketwell Project and finalise the completion of the conversion from a Pre-compliance agreement to the final contract.

- The Board is recommended to allow written procedures for projects to be approved at the February and March Investment Boards to enable projects to progress spend before the end of the 2020/21 Financial Year.

3 Local Growth Fund (LGF)

3.1 Performance Update

Coming into the last year of the Local Growth Fund programme the LEP has £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the
March 2021 deadline. Of the £40m allocated within this year, D2N2 have recorded £16,617,586 of actual spend in the first two financial quarters of the year and have made payments of £18.5m in Quarter 3. LEP Officers are working closely with project sponsors for all projects that are ‘live’ and still ‘awaiting approval’ to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure can be met.

At this moment in time based on the current assessment of the programme and if all the projects are approved as set out, we believe we will be on track to deliver the full programme target by the end of this financial year. We have also over-profiled by £1.8M to provide a buffer against any underspends.

3.2 Annual Performance Review

D2N2 are scheduled to hold their Annual Performance Review with the Department for Business, Energy, and Industrial Strategy (BEIS) on 2 February, 2020. The meeting is a joint discussion between the LEP and BEIS to discuss the progress of the LEP in 3 areas over the past year, the key areas of focus for the discussion are Strategy, Governance and Delivery.

The meeting will be attended by the D2N2 Chair, CEO and senior officers along with the Section 151 officer and accountant from the Accountable Body.

Following the meeting any notable outcomes will be reflected back to the next LEP Board on 23 March, 2020.

3.3 Projects for Approval

D2N2 is responsible for delivering the Local Growth Fund and Getting Building Fund allocated to the area. The allocation of funding is subject to each of the initial LGF and Getting Building Fund projects submitting a business case that is fully compliant with the D2N2 Local Assurance Framework (LAF).

In order to support D2N2 and the Accountable Body, independent expertise has been procured from Thomas Lister Ltd and Amion consultants to assess each of the projects against the requirements of the local assurance framework.

In line with the agreed delegation of D2N2 project decisions, once the business case is assessed to be satisfactory it is presented to the D2N2 Investment Board for consideration and once approved it is then recommended to the D2N2 board for final approval.

Therefore the following projects are now being put before the D2N2 Board for final approval based on their full compliance with the LAF and recommendations of the D2N2 Investment Board.

Full details of the project business cases were previously shared with the board for all projects and are re-attached again as annexes.
3.3.1 A46 Corridor – Chapel Lane Bingham, projects for approval

At the 9 December, 2020 meeting of the Investment Board, Rushcliffe Borough Council presented the Chapel Lane Bingham project for approval from the Local Growth Fund. The Chapel Lane project was presented to deliver a new small office development for £750,000 of LGF contribution. Following the meeting on 9 December, the project was circulated to the LEP Board Members for final ratification of the Investment Board decision. Following the window for responses, no board members sought to decline either funding ask and therefore the decision was ratified, and funding can now be released to the project.

The Board is RECOMMENDED to note the release of £750,000 of Local Growth Funding to the A46 Corridor following the conclusion of written procedures to all Board members.

3.3.2 Worksop Access to Skills Hub – Project for Approval

Bassetlaw District Council presented a project to the January Investment Board requesting £3.5m of Getting Building Funding towards the renovation of the former Bridgecourt building in Worksop Town Centre.

The project will involve the renovation of the former Bridgecourt building to create a new state-of-the-art skills and educational Hub in Worksop. The project will be delivered in partnership with the RNN Group and the University of Derby who will help to provide skills and training along with access to Higher Education in Bassetlaw. The finished facility will offer a mix of Higher Education and further education qualifications in the following area:

- Health Care
- Enterprise Leadership and Management
- Digital sectors and transformation
- Green tech and Low Carbon
- Construction and Engineering

The total project cost is £3.95m with the match funding contributions coming from Bassetlaw District Council who have confirmed their allocation for the project is secure. Works are due to start in February 2021 and the building will be complete by March 2022.

The project will deliver 300 new learners, 50 new jobs and create 37 construction jobs.

Following an independent assessment and testing of the projects Final Business Case, the Board is RECOMMENDED to approve the release of £3.5m of Getting Building Funding to Bassetlaw District Council for the Worksop Access to Skills Hub.

3.3.3 Becketwell, Derby – Project for Approval

Derby City Council presented a project to the January Investment Board requesting £8,100,000 of Local Growth Funding towards land purchases, demolition works and
construction of civic spaces to enable the delivery of new Residential and Employment space in Derby City Centre.

D2N2 are contributing £8.1m towards the development with the remainder of funding agreed by Derby City Council. The project aims to deliver in 3 main phases:

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

The Becketwell project had previously been granted a pre-compliance approval by the Infrastructure and Investment Board and has fully spent its allocation of funding. Any approval via the LEP Board will formally convert the pre-compliance agreement into a final grant offer.

The project will deliver 224 new residential units and 250 new FTE Jobs.

**Following an independent assessment and testing of the projects Final Business Case, The Board is RECOMMENDED to approve the conversion of £8.1 million of Pre-Compliance Funding to a full Local Growth Fund Grant award for the Becketwell project.**

### 4.0 Written Procedures Approval

Two projects are anticipated to be approved in the remaining Investment Board meetings this financial year from the D2N2 Getting Building Fund. These projects are the UK Electrification of Aerospace Propulsion Facility and the Drakelow Park project. In order to be able to qualify as much expenditure as possible within this financial year and meet the target set by government, we are requesting to ratify these projects via written procedures to The Board following any recommendation for approval by the Investment Board. Full details of the project will be shared to Board members as part of any written request.

**Board is RECOMMENDED to approve that any project that is brought before the Investment Board at the February or March Investment Board will be able to gain a final approval from the LEP Board by Written Procedures.**
In July 2020, D2N2 was allocated £44.4 million from the governments Getting Building Fund towards the delivery of a range of projects across the region to stimulate economic activity and aid recovery from the impacts of Covid-19 on the region. The funding is subject to each of the 10 identified projects submitting a business case that is fully compliant with the D2N2 Local Assurance Framework (LAF).

In order to support D2N2 and the accountable body, independent expertise has been procured from Thomas Lister Ltd and Amion consultants to assess each of the projects against the requirements of the local assurance framework.

This project being put before the Investment board has now been assessed and is being recommended for consideration and approval based on its full compliance with the LAF. Following an approval D2N2 will release £3.5 Million of Getting Building Fund to Bassetlaw District Council.
D2N2 Investment Board

Final Business Case – Project for Decision

Getting Building Fund

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Worksop Access to Skills Hub (WASH)</th>
<th>Project Applicant</th>
<th>Bassetlaw District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Start Date</td>
<td>February 2021</td>
<td>Construction End Date</td>
<td>March 2022</td>
</tr>
<tr>
<td>Getting Building Fund Requested</td>
<td>£3,500,000</td>
<td>Total Project cost and Sources of funding</td>
<td>£430,000 from Bassetlaw District Council</td>
</tr>
</tbody>
</table>
| Gross Value Added/ Benefit Cost Ratio | Initial Assessment is a Benefit Cost Ratio (BCR) of 6.18 Net GVA of £20,207,377 | Expected Outputs | • 300 new learners  
• 50 jobs created/safeguarded  
• Public sector investment leverage £430,000  
• New businesses created 60.  
• 37 construction jobs.  
• 2,520 sq m of floorspace refurbished. |

1.0 Project Description

Bassetlaw District Council has submitted an application for Getting Building Fund (GBF), to meet the cost of refurbishing an existing building in Worksop known as Bridge Court, to create the Worksop Access to Skills Hub (WASH).

Bassetlaw District Council (BDC) acquired the long-term vacant building during 2019 and since that time have completed all feasibility, including detailed design and secured planning permission, to convert the building to create a state-of-the-art skills and educational hub in the town centre. The project will be delivered in partnership with the RNN Group (of Colleges) and the University of Derby, who will occupy the building by way of a five year lease, to provide skills and training along with access to higher education and for communities and businesses. Training will be provided in the health and care sectors, and the digital and low carbon growth industries.

The subject building extends to 2,520 sq m and requires complete refurbishment and some internal configuration to provide the following facilities;

• Classrooms
• Auditorium
• Mock Hospital Ward
• Office Space
• Breakout Informal Study Areas

The completed building will therefore offer a mix of higher education and further education qualifications across the following areas;

• Health
• Enterprise Leadership and Management
• Digital and Digital Transformation
• Green Technologies and Low Carbon
• Construction
• Engineering Facilities

In addition, the WASH will offer business courses supporting new business start-ups and job creation. Specifically, the courses which will be provided in the centre are summarised as follows;

Qualifications Offered by the RNN Group

• Foundation Degree in Professional Practice in Health and Social Care
• L5 Higher Apprenticeship (Assistant Practitioner)
• L4 Team Leader in Adult Care Apprenticeship
• CMDA in Business and Management
• L4 Construction Design and Build Technician Apprenticeship
• L4 Engineering Technician Apprenticeship
• L5 Operations Department Manager
• Foundation Degree Early Childhood Studies
• Access to HE

Courses to be provided by the University of Derby are as follows;

• Construction Management Degree
• Engineering & Environmental Science
• Health and Care Graduate Roles
• Digital Hub Online Learning at Degree Level

As referred earlier, the College has secured planning permission for the works and has appointed Lindum Group to undertake the works. Lindum were appointed in accordance with the Public Contract Regulations 2015, following a tender under BDC’s contract procurement rules being also in accordance with BDC’s contract procedure rules. A direct award of Lindum was made using the Pagabo Refit and Refurbishment Framework, which is also OJEU compliant.

Lindum Group working with the appointed architect are currently progressing the detailed design of the scheme to RIBA stage 4, and it is understood that this process is around 80% complete.
Lindum Group have confirmed however, that they are in a position to commence with the strip-out works required within the building immediately followed by the delivery of the initial works packages, which can be undertaken while the final elements of the detailed technical design are completed.

Once the refurbishment works have completed, the fitout of the building with specialist equipment will be undertaken, which concludes the works to be undertaken within the building.

Upon completion, the building will be occupied by RNN and University of Derby to provide the aforementioned educational and training courses.

The café is likely to be let to a private operator and will be done so by way of a formal lease in accordance with market terms.

The project is therefore at an advanced stage, being shovel ready and capable of early delivery following approval of the GBF requested.

<table>
<thead>
<tr>
<th>Assessors</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The project is at an advanced stage of design with planning permission in place and Lindum appointed as contractor. Therefore, the scheme is considered to be shovel ready and able to proceed subject to funding under the GBF being secured.</td>
</tr>
</tbody>
</table>

2.0 Summary of Strategic Case/Fit

The strategic fit of the project is presented below;

i. D2N2 Strategic Economic Plan (SEP)

The project would directly support three priority areas identified in the SEP as follows;

- The Health Care Sector
- Digital Technologies and Data
- Low Carbon Technologies

The project will assist in developing knowledge and innovation, along with enhancing skills and enabling a greater choice of the current and future workforce.

The project will also help those people into work through the apprenticeship provision that will be delivered and helping those hard-to-reach communities to upskill and reskill, in order to provide a highly adaptable workforce that are equipped with the skills needed to drive forward a modern economy.

ii. D2N2 Local Industrial Strategy (LIS)
This strategy identifies the businesses within the D2N2 area are upskilling more slowly that the country average, with GVA 14% below the UK average, because of low productivity. This gap has continued to widen over the last five years.

The project therefore supports a number of goals identified within the strategy including:

- Providing access and skills programmes to the local population, especially those identified as vulnerable.
- Providing a labour force that is more adaptable and incentivised to upskill.
- Creation of a high-quality labour pool which business can recruit from.
- A more balanced labour market with mid-high skill wages.
- Provision of exemplary business support to local businesses.
- Training providers align offers to the D2N2 labour markets.
- An expanding labour force with a good skills set to align to opportunities in clean energy sector.
- Manufacturing businesses to share innovation and expertise to support other business sectors across D2N2.

iii. D2N2 Economic Recovery and Growth Strategy

The project supports the priorities in the recently approved Economic Recovery Strategy focusing on the fact that the COVID-19 pandemic has escalated the need and speed to respond to the priorities relating to productivity, connectivity and clean growth.

This project supports this strategy through providing skills within sectors where there is an acute shortage of skilled labour force, thereby enabling opportunity to be linked to employment.

iv. D2N2 People and Skills Advisory Boards Priorities

The WASH is intending to work with this Board across its three strategic priorities to 2024;

- By creating sustainable skills pathways for the development of digital skills access, and providing online digital courses through the University of Derby from the Digital Suite at the WASH.
- COVID-19 recovery – the project will help to address the impacts of COVID-19 by working with employers to re-engage with apprenticeships, provide opportunities for residents to move out of sectors in decline and reskill within those sectors experiencing growth.
- Skill for growth – providing the long-term skills needs for high impact sectors within D2N2 being digital, engineering, low carbon, construction and health.

v. Bassetlaw District Council Local Plan

This project supports the strategic priorities of investing in place and investing in communities through helping to deliver vibrant town centres and supporting
communities, with a focus on raising skills levels, improving health and wellbeing and supporting those most vulnerable residents.

vi. Bassetlaw District Council Regeneration and Growth Strategy

The project supports this strategy through;

- Repurposing a vacant building in Worksop town centre in a gateway location, introducing new non-retail uses to help revitalise the town.
- Improving skills levels within the local population, which are not well matched to current and projected workforce demands.
- Helping the cohort of older economically active residents who are struggling to access suitable employment opportunities.
- Help to address the acute skills shortage and labour pool within the local health sector.
- Improving accessibility for local people to be able to undertake training and educational courses.

vii. North Nottinghamshire Skills and Employment Board

The work of the Board is heavily influenced by the skills priorities of D2N2 and the People and Skills Advisory Board, with a place based focus to ensure there is a golden thread between what is happening at LEP and district level.

The project clearly supports the remit and priorities of the Board and will be able to link opportunities to need through representation on the Board of public, private and third sector organisations.

<table>
<thead>
<tr>
<th>Assessors Comments</th>
<th>The rationale for the project has been clearly identified within the Business Case and it is demonstrated that there is a clear alignment to D2N2’s strategic objectives, those of Bassetlaw District Council and associated partner organisations.</th>
</tr>
</thead>
</table>

3.0 Summary of Economic Case and expected outcomes

A report has been prepared by Carney Green (“The Bridge Court Higher Education Campus GBF Application Economic and VfM Appraisal”) and was appended to the main Bridge Court Business Case. This report features the calculation of a Benefit Cost Ratio (BCR), a quantitative assessment of net additional Gross Value Added (GVA) and sensitivity testing.

The expected outcomes of the project are summarised within the appraisal and include:

- **Improved visitor perceptions** with an enhanced northern gateway into the town centre
- **Catalyst for town centre regeneration**, with the WASH supporting a sense of ‘place’, attracting other non-retail uses and increasing footfall
- **Increase access and upskilling** for young people and carers returning to work, with increased engagement of local people in higher education and higher aspirations for residents
- **Contribution to levelling up** via exploitation of employment opportunities in low carbon technologies
- **Enterprise, innovation, and growth** for businesses
- **Improved digital connectivity** for isolated and rural areas through digital training courses and business support provision aimed at rural locations
- **Health outcomes** and improved well-being

With respect to the total project cost of £3,900,000, it has been assumed that the refurbishment cost allocation will occur in 2021/22.

The benefits considered within the economic appraisal are job creation, new firm formation and learner numbers. Taking these individually:

i. **Job creation**

A total of 37 jobs will be created by the construction activities linked to the Bridge Court refurbishment in 2021/22. Construction jobs were estimated based on ready reckoner from ‘Calculating Cost Per Job, Best Practice Note (2015), Homes and Communities Agency’.

Jobs will also be created through the operation of the WASH – 10 new jobs will be created in 2022/23 and 5 jobs will be safeguarded in both 2022/23 and 2023/24 (i.e. 10 in total). A further 30 jobs will accrue through partners employing staff to deliver new learning programmes over the period 2022/23 – 2026/27. Overall, this means there are **50 operational jobs** to be created or safeguarded in the operational phase in total.

ii. **New firm formation**

According to the Carney Green report, **60 new businesses** are projected to be created by the project over a 5-year period from 2022/23 – 2026/27.

iii. **Learner numbers**

Annual new learners will be generated by both the RNN Group and the University of Derby. Carney Green has provided a breakdown of the new learners over the period 2022/23 – 2026/27 and according to specific types of learners and courses. It is commented that these figures have been underinflated and are likely to increase as provision of the WASH is expanded. Overall, **301 new learners** will be engaged.

Carney Green’s economic appraisal has assessed the sub-regional (D2N2) net GVA and employment impacts of the project, applying **deadweight, leakage and displacement factors of 24%, 10% and 25%**, respectively. It is considered that a small proportion of expenditure related to job creation is likely to occur outside the region because the business beneficiaries are expected to be clustered locally due
to the targeted nature of the educational support. Moreover, it is commented that displacement will be low because of the significant focus on local resident beneficiaries.

Overall, after the application of Additionality Factors it is estimated that there will be 135 net jobs (26 during construction and 109 otherwise). The projected 5-year (2022/23 - 2026/27) net sub-regional GVA = £20.2 million (NPV) in total.

By comparing the total benefit of £20.2 million with the total cost of £3.3 million, a BCR = 6.18 being generated for the project.

Sensitivity testing has considered two scenarios where there is either a 15% or 30% reduction in benefits. In the former scenario, reducing the total NPV benefit to £17.2 million leads to a decline of the BCR to 5.26. Instead, a 30% reduction of benefits to £14.1 million results in a BCR of 4.33.

Overall, the economic appraisal highlights that, even after sensitivity testing, the project results in a substantial net sub-regional GVA contribution, a clear employment contribution and a strong BCR score over 5 years.

Assessors Comments

The economic appraisal prepared by Carney Green provides independent validity of the Bridge Court proposals. Carney Green’s method of assessment is set out in an appendix to Business Case, which includes the economic and value for money appraisal, providing transparency and clarity with respect to the modelling used.

The approach broadly follows the principles in the new Green Book (2020) and BEIS Appraisal Guidance (2018).

Appropriate adjustments for additionality at local and sub-regional (D2N2) levels has been made to calculate benefits and clear rationale is provided as to how and why deadweight, leakage and displacement rates have been chosen. It is the view of the Assessor that that these adjustments are appropriate and reasonable.

The BCR = 6.18 represents “Very Good” value for money. Sensitivity assessments have confirmed that this assessment holds true even when quantifiable benefits are reduced.

4.0 Summary of Commercial Case

The Commercial Case is presented to assess the optimum means to deliver the preferred option, along with setting out delivery and procurement arrangements. The Commercial Case is summarised as follows;

i. Market Assessment
The market assessment has utilised local data and statistics gathered by BDC in relation to its area and these are as follows:

- The District of Bassetlaw faces significant economic challenges, including reliance on low wages, low skills employment, with low educational null attainment levels prevalent within its communities.
- The District has significant health inequalities, which have a detrimental impact on life outcomes and experiences, mainly due to social and environmental factors including education and employment.
- The District has lower levels of life expectancy and higher levels of long-term illness. There are additional challenges relating to child poverty, children born to teenage mothers, and other medical conditions prevalent within the District. Public Health England confirms that people with severe and multiple disadvantages including poor health are likely to be the furthest from the labour market, have fewer qualifications and lower skills levels. These most vulnerable sectors of the community require the most support around education, training and employment.
- A strength of the District is its connectivity to major road and rail routes, particularly the A1, East Coast Main Line and the Sheffield to Lincoln railway. There is also good road connectivity with easy access to the M1 motorway, the A57 and A60 routes. The Robin Hood and Doncaster Sheffield Airport is located just outside Bassetlaw’s boundary, offering international flights to a range of destinations. The East Coast Main Line also runs through the District providing a fast direct rail link to London with other services also proposed. The town will also benefit from the delivery of the High Speed 2 rail link with its proposed station at Toton.
- Positively, the area also has a strong track record in attracting new investment, this includes the facilities for the Cerealto Sio, the Harry Needle Railroad Company, Wilkinson, DHL and more recently Butternut Box. The District is also home to major companies including B&Q, Laing O’Rourke, Greencore, Samworth Brothers and Irizar. This is an opportunity to be capitalised upon.
- It has also been established that D2N2 area has a major mismatch in skills particularly in occupations such as IT engineers and technicians, where advertised demand is high but qualifications being produced through the existing skills system were much lower than required.
- Bassetlaw Integrated Care Partnership Workforce Strategy has identified that workforce growth has not kept up with the increasing demands that the NHS has, particularly with it having an aging workforce and more people retiring from roles than are qualifying and applying for posts vacated.
- It is also confirmed that residents in Bassetlaw who undertake higher education do so outside of the district and as such are generally retained in roles where they have trained, rather than returning to the District.
- It is indicated that next year, Doncaster and Bassetlaw hospitals and NHS teaching hospitals will create more than 200 jobs in a variety of roles. It is anticipated there will be difficulties in being able to fill these posts.
In terms of digital skills, recent analysis of the needs of businesses engaging with the Growth Hub identified that a lack of digital literacy and baseline digital skills contribute to productivity shortfall within D2N2. This is a major constraint to the growth and sustainability of local businesses.

In terms of the low carbon sector and local green jobs, the Accelerating a Sustainable Economic Recovery Report completed in 2020, states that Bassetlaw is estimated to require 3,027 jobs by 2030 and 5,263 jobs by 2050, in order to support growth of this sector. Therefore, providing an appropriately skilled workforce will be crucial if these targets are to be met.

ii. Procurement Strategy

The College have progressed these projects through the procurement strategy, through having appointed Lindum Group utilising the Pagabo Refit and Refurbishment Framework, which is both OJEU compliant and in accordance with Public Contract Regulations 2015 and BDC’s own contract procedure rules.

Lindum will deliver this project on a design and build basis and are currently working with the architect to complete the detailed design of the WASH. As referred earlier, Lindum will be able to proceed with the initial strip-out works for the building and initial work preparation to prepare for the full refurbishment works to be undertaken, and can undertake this once GBF funding has been secured and the project is in a position financially to be able to proceed.

iii. Delivery of the WASH

Upon completion of the refurbishment works and fitout of the building, the RNN Group and Derby University will occupy the space to provide various education and skills training by way of a formal five year lease.

Similarly, the occupation of the café will be by a private operator also occupying by way of a formal lease arrangement.

iv. State Aid

State Aid advice has been obtained from Freeths Solicitors who have confirmed that:

- The provision of the centre and occupation by educational institutions is a non-economic activity and does not therefore constitute State Aid.
- The acquisition and refurbishment of the building by BDC does not infringe State Aid Regulations if all activities are undertaken at market rates. Similarly, the letting of the building, providing that this is also on market terms does not constitute State Aid.
- The letting of the café to an operator will not constitute State Aid, if this is also in accordance with market terms.

On this basis there is not deemed to be any State Aid issues arising with this project.
### 5.0 Summary of Financial Case

The Financial Case presented for this project primarily identifies that funding from D2N2 under the GBF will be the primary funder for this project. The GBF will be expended on the full extent of the refurbishment works in order to enable the building to be occupied for the proposed uses.

The cost for the refurbishment of the building has been identified by Lindum Group working with the architect through the feasibility and design stage of the project to RIBA stage 3 and currently 80% of the way through RIBA stage 4.

The Business Case has been supported by scheme drawings produced by the architects and a high level schedule of itemised costs, which will be utilised to prepare a fully costed specification, once RIBA stage 4 has been completed.

It is therefore anticipated that the costs for delivering the project should be relatively robust given that these have been costed by independent consultants and contractor and are based on a good level of design and intelligence on the building.

The balance of funding for this project comes from BDC and has already been expended through the purchase of the Bridge Court building for £300,000 along with further expenditure of £100,000 for feasibility and essential maintenance works. In addition, BDC will be funding fitout of the capital equipment within the building at a further £30,000 taking their total match funding to £430,000. The acquisition of capital equipment for the project will be completed by the operating partners of the project.

With regard to the operation of the completed facility, as referred, BDC will be letting this to the RNN Group, University of Derby and private operator for the café by way of a five year lease on market terms. A copy of the leases to these third party organisations has not been provided and it is recommended as a condition of investment that copies of leases for the letting of the completed building are provided.
to confirm disposal and operation of the building as proposed within the Business Case.

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<th>Assessors Comments</th>
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<tbody>
<tr>
<td>The project has progressed to an advanced stage of design, has planning permission in place with BDC being the owners of the building. Given the level of intelligence that is available for the scheme and the fact that an architect and building contractor have been appointed, that the scheme should be delivered in accordance with the budget set for the project. With regard to the future operation of the building, given that this will be undertaken by the RNN Group and University of Derby, this is very low risk given that both are highly established education and skills training providers with expertise in their respective fields. The primary risk is that at the end of the five year lease term, that RNN Group and University of Derby decide to discontinue providing education and training from the facility and the project would only be sustained in the short term. As such it is therefore recommended that a copy of the lease to be in place with the respective third parties is provided to ensure that this is on market terms and secondly, to enable D2N2 to be able to instigate clawback measures if the scheme does not proceed beyond the first five year period.</td>
</tr>
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6.0 Summary of Management Case

The Management Case for the project detailed within the Business Case is summarised as follows;

i. Programme Management and Governance

The project will have the following management structure in place;

- A Project Team is in place led by the Growth and Enterprise Manager and includes the Project Manager, Construction Manager and Principal Architect.
- The Growth and Enterprise Manager will oversee the governance of the project and will have the authority to agree changes and make decisions on the direction of the project and associated outputs. In turn the Project Team will report to senior managers, members and committees to communicate all progress, decisions and changes.
- BDC will retail overall responsibility for the project’s delivery, which has already been approved at senior level through the committee report process. The senior responsible officer will be in place to ensure delivery of the programme and will liaise with the Project Team and project manager.
- The project will operate within the Framework of Financial Regulations of the Council, which sets out instructions and guidance for processing business transactions. This guidance covers budgetary control, procurement of goods and services, management, retention, security and disposal of records, payments for goods, services and works, risk management, insurance, protection of public funds and audit. These
financial regulations are fully compliant with EU and UK public procurement directives.

- Once the WASH opens, BDC will oversee the day-to-day management of the building and provide service space to the RNN Group, University of Derby, the café and other providers that may use the facility. A governance document will outline the services the Council will provide to partners, detailing provision from the centre and to confirm roles and responsibilities on each side. As noted, service space lease agreements will be put in place.
- A steering group is also to be established for delivery partners, to focus on the qualifications/skills provision, to plan future curriculum, coordinate space requirements, focus on marketing, communication and business development for the WASH to maximise positive outcomes. The steering group will comprise partners from the local authority, health sector, education sector and voluntary sector with individuals for the steering group from these sectors already appointed.

ii. Project Monitoring

The Project Manager for the scheme will implement a monitoring framework to record outputs and fulfil the reporting requirements of D2N2. In addition, once the WASH is in operation, the Growth and Enterprise Team and Economic Development Team will implement a monitoring framework to record outputs with regard to the new jobs created and safeguarded, learners supported and the businesses assisted and created.

iii. Risk Management

A full risk register has been provided for this project that fully identifies all potential risks with the delivery of the scheme through the final procurement and delivery stages. Given the advanced stage of the scheme, the overall risks associated with the project is low and there are no issues identified in this regard.

| Assessors Comments | The Full Business Case demonstrates that BDC have established project management, governance and risk management strategies in place that was established at the inception stage of this project. No issues are therefore identified in relation to the Management Case. |

7.0 Sustainability and Inclusion impacts

The WASH will reduce the dependency on low skill and low paid employment and level up the economy by providing new opportunities to access learning and thereby employment. The Council, North Nottinghamshire Skills and Employment Board and Partnership Group have a strategic priority on inclusive employment within the skills delivery plan to open up opportunities to all residents to access skills to improve their employment prospects and progression in employment.
The development of this centre allows the above strategic objective to be achieved by supporting both people leaving full-time education to access higher skills and mature individuals that have been displaced due to Covid-19 as they were working within a declining sector to retain and gain new skills for sectors that are experiencing growth e.g. health and care, digital and low carbon.

Further to the economic benefits already outlined, the project will have a significant and positive impact on the health and wellbeing of the communities of Bassetlaw. Communities in Bassetlaw experience health inequalities which have a detrimental impact on life outcomes and experiences, many due to social and environmental factors such as education and work.

8.0 Officer’s Recommendations

The recommendation is for £3,500,000 of GBF to be approved for this project, subject to compliance with the following conditions;

i. BDC to provide a copy of the final contract sum agreed with Lindum Group to demonstrate that the project can be delivered within the allocated budget for the scheme.

ii. A detailed programme for delivery of the scheme to be provided once Lindum are formally appointed and once Lindum have prepared a construction programme for the delivery of the refurbishment works through to practical completion.

iii. A copy of the lease agreements in place with third parties occupying the completed building are to be provided, to demonstrate these are in accordance with market terms and arrangements that will take effect at the end of the lease term.
### Getting Building Fund Checklist

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Details</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>A detailed ‘Green Book’ compliant business case has been completed detailing the project and its alignment to the 5 case model. ‘The Checklist’ published by HM Treasury is a useful one page guidance paper.</td>
<td>Bassetlaw District Council have submitted a green book compliant business case which aligns to the requirements of HM Treasury’s guidance and the D2N2 Local Assurance Framework.</td>
</tr>
<tr>
<td>2.</td>
<td>A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of ‘High’.</td>
<td>Amion have carried out an independent assessment of the projects Value for Money and can confirm that the project represents ‘Very Good’ Value for Money</td>
</tr>
<tr>
<td>3.</td>
<td>Details confirming that all planning consents have been granted and that all pre start conditions have been met.</td>
<td>Planning consent has been approved for the project in August 2020 by Bassetlaw District Council (planning reference 20/00696/COU)</td>
</tr>
<tr>
<td>4.</td>
<td>Confirmation that any Section 106 or other agreements have been entered into.</td>
<td>No section 106 obligations are linked with this planning permission.</td>
</tr>
<tr>
<td>5.</td>
<td>Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)</td>
<td>The Lindum Group were awarded a ‘direct award’ contract for the project through the PAGABO refit and Refurbishment framework which is a recognised and OJEU compliant procurement framework.</td>
</tr>
<tr>
<td>6.</td>
<td>Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs</td>
<td>Demolition Works begin – 22nd February 2021 Main Construction works begin – 5th April 2021 Main construction works end – October 2021 Internal Works complete – February 2022</td>
</tr>
<tr>
<td>7.</td>
<td>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. The promoter should submit a</td>
<td>Bassetlaw District Council have confirmed that they are responsible for any cost overruns to the construction contract.</td>
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<td>separate letter appended to the Business Case which confirms this from their Financial Director or equivalent.</td>
<td></td>
</tr>
<tr>
<td>8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</td>
<td>Bassetlaw District Council have confirmed that the project is designed to RIBA Stage 4.</td>
</tr>
<tr>
<td>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</td>
<td>There are no specific outstanding points that will delay the start up of the contract.</td>
</tr>
<tr>
<td>10. Details of any changes for the project form the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.</td>
<td>No substantial changes to the business case have been made from the EOI.</td>
</tr>
<tr>
<td>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.</td>
<td>Full confirmation has been received from Bassetlaw District Council that they have all the match funding available for the project.</td>
</tr>
<tr>
<td>12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project</td>
<td>Bassetlaw District Council are in full control of the land and have all of the appropriate accesses and permissions to deliver the entirety of the project.</td>
</tr>
<tr>
<td>13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.</td>
<td>A phasing plan for the development has been submitted to the LEP as part of the Final Business Case submission from Bassetlaw District Council.</td>
</tr>
<tr>
<td>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.</td>
<td>A full and updated risk register has been provided by Bassetlaw District Council.</td>
</tr>
<tr>
<td>15. The project sponsor must provide details of how this intervention will deliver on sustainability and inclusion outcomes, including through the procurement and construction of the project.</td>
<td>Details of the projects sustainability and inclusion impacts are included in section 7 of the main report.</td>
</tr>
</tbody>
</table>
D2N2 Investment Board – January 2021 ITEM 2.3 Appendix 2

Confidentiality Level

<table>
<thead>
<tr>
<th>Restricted</th>
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Meeting and Date

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<th>D2N2 Investment Board – January 2021</th>
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Subject

Project for Approval - Becketwell, Derby

Author

T Goshawk and Rachel Lister, Thomas Lister Limited

Total no of sheets (Excluding cover sheet) 15

Papers are provided for:

<table>
<thead>
<tr>
<th>Approval</th>
<th>Discussion</th>
<th>Information</th>
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Summary and Recommendations

D2N2 has an allocation of £250M of Local Growth Fund to support delivery of economic growth across the D2N2 region. The funding started in 2015 and comes to an end in March 2021.

The delivery of the fund is managed in line with the D2N2 Local Assurance Framework agreed with Government, which sets out the compliance requirements in relation to the delivery and approval of projects funded through the Local Growth Fund.

The project has previously been granted £8.1m in pre compliance funding by the Investment Board and is therefore requesting with this Final Business Case that the funding is converted into a grant. Following an independent review of the Business Case, officers would recommend the Investment Board to approve the request of £8.1 million of Local Growth Fund to be approved to Derby City Council, subject to the confirmation of a planning approval by Derby City Council.
1.0 Project Description

Becketwell comprises an identified regeneration area extending over 1.9 hectares in Derby City Centre. Becketwell comprises Duckworth Square, the former Debenhams building on Victoria Street, Becket Street and Colyear Street.

Over the past four decades, the Becketwell area has been in a spiral of decline following the closure of the former Duckworth Square shopping centre in the 1980s, the eventual relocation of Debenhams into the newly built Intu centre and the ongoing deterioration of the nightclub, offices and hotel buildings on Colyear Street due to increasing vacancy rates and lack of investment. Over time, the vacant and poor quality building have created environmental blight within this area of the city.
the market has been unable to deliver the sustainable regeneration of this part of the city.

In March 2018, St. James Securities Ltd (SJS), were selected as the preferred developer for the former Debenhams department store and a Masterplan for the whole of Becketwell has subsequently been developed. At this time, there was also an opportunity for Derby City Council to acquire property located on Colyear Street comprising offices, car parking, former nightclub and hotel, which facilitated the assembly of a comprehensive regeneration site.

Since this time, SJS has secured outline planning permission for the comprehensive regeneration of Becketwell, following a resolution to grant permission in February 2020. On 7th September 2020, a hybrid planning application including a reserved matters application for Phase 1 was submitted for a residential led development to be delivered alongside a new public square. Determination of the planning application is due to be considered by Planning Committee on 7th January 2021, with a recommendation by officers for approval. (A verbal update on the outcome will be provided at the meeting).

D2N2 are contributing £8.1m of Local Growth Funding towards land purchases and demolition costs on the Becketwell site which will enable the delivery of new jobs and residential units in Derby City Centre. Which will enable the delivery of;

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

It is confirmed that Phase 2 is proposed as a managed workspace scheme and will deliver 250 new jobs, which are being claimed as an output against the LGF. Phase 2 is however excluded from this LGF financial application as construction of the centre will be outside of the LGF programme. Land acquisition terms have been agreed for this phase and it is expected to be delivered in a 5 year period.

The scheme therefore currently proposed to be delivered and subject to the Business Case submitted by Derby City Council is Phase 1 comprising 1a, 1b and 1c being the 259 residential build to rent units, new public square ancillary ground floor retail/commercial uses and car parking.

Phase 1 is subject to Planning Committee decision on the 7th January 2021, following which terms with the build to rent investor can be finalised and the development brought forward for implementation, anticipated for a start on site for the residential units in April 2021 and practical completion in November 2022. The public square will commence on site in September 2022 and complete in March 2023.
2.0 Summary of Strategic Case/Fit

The project is recognised to support a number of strategies by various organisations and these are summarised as follows;

i. D2N2 Strategic Economic Plan (SEP)

   The project clearly supports the theme of enhancing quality of places where people can live and work. Phase 2 of the scheme is intending to provide a new supply of good quality business space that is short in supply within the city and will therefore support productive and growing businesses through the proposed managed workspace scheme.

ii. Local Industrial Strategy (LIS).

   The LIS has not been referred to within the Business Case; however, the project is considered to fit with various strategic objectives including the ability to potentially target marginalised sectors of the community in one of the most deprived areas of Derby. The scheme will provide much needed new residential accommodation, providing opportunities for those residents, which may be unable to buy a new home and for who would be better suited to the rental market. In addition, the potential creation of new jobs within the scheme may also provide opportunities for unemployed residents, including those who may have been made redundant during the COVID-19 pandemic.

iii. National Policy.

   The project fits with the Industrial Strategy – Building a Britain Fit for the Future (updated 2018). The redevelopment of Becketwell will make a substantial contribution to improving productivity through attracting new business investment to an area that benefits from a major enhancement to public realm, retail and commercial infrastructure.


   The Becketwell regeneration proposals are consistent with planning policy, which aligns to the core principle of sustainable development. The proposals for Becketwell have been designed to create an attractive and diverse place where people want to live, visit and work along with the generation of local employment and complimentary mix of housing.

v. Local Policies.

   Becketwell accords with a number of policies within Derby City Council’s Local Plan and the Economic Growth Strategy 2018-2022. The underlying theme
across all of these policies is delivering the renaissance of the city centre, alongside sustainable regeneration, created by a mixed-use scheme. The delivery of Becketwell will support economic growth, balanced communities set within a quality environment.

In addition, the scheme also accords with Derby City Centre’s Masterplan to 2030, of which Becketwell is explicitly identified as a priority scheme for the city.

Becketwell also supports the Council’s Transport Policy, which seeks to provide and promote a greater choice of equality and opportunity for all, through delivery of alternative means of transport being, walking, cycling and use of public transport networks, whilst also maintaining appropriate access for car users.

vi. COVID-19.

The COVID-19 pandemic has had a deep and immediate impact on the UK economy in 2020, with the UK currently being in recession after GDP declined by 20.4% in quarter two of this year. The response to the pandemic has resulted in a series of Government policy measures being introduced to support the economy through the pandemic, which incorporates financial support in the form of grants and the furlough scheme. Other fiscal measures including the reduction of VAT for some sectors and deferring payment of tax.

It is also noted that COVID-19 has served to exacerbate the decline of many city and town centres throughout the country, which were already suffering with changing patterns of retail behaviour through the growth of internet shopping. Permanent vacancy rates in the city centre have therefore increased nationally, with vacancy rates of retail property in Derby City Council, now estimated to be in the region of 33%.

Becketwell is wholly in accordance with the above policies, in seeking to assist with addressing the decline of a deprived part of the city centre and in attracting new investment, to bring forward a development that will be fit for purpose and sustainable post the pandemic, and in accord with socio-economic and market conditions.

| Assessors Comments | The Full Business Case has demonstrated that the Becketwell project has strong strategic fit with D2N2 strategic objectives, those of Central Government and Derby City Council’s policy objectives and Local Plan. |

3.0 Summary of Economic Case and expected outcomes

The Economic Case provided briefly considers options for delivery of Becketwell, in context with options that have previously been studied in relation to the delivery of the scheme and following investment aid by the City Council to undertake a comprehensive site assembly exercise.
Given that options have previously been studied in relation to delivery of the regeneration scheme, following investment by the City Council to complete a comprehensive site assembly exercise, fully utilising Local Growth Fund and the appointment of SJS as preferred developer, the options presented within the Business Case are the short list of options in context with current circumstances.

The options assessment within the Full Business Case is therefore summarised as follows;

- **Option 1 – Do nothing.** This would result in the existing properties falling into further disrepair, contributing to the ongoing spiral of decline and limited economic activity taking place within the area. Overall, the scale of the Becketwell scheme would continue to blight the surrounding areas of the city.

- **Option 2 – Reduced investment and piecemeal development.** A number of options have been pursued over the years for the regeneration of Becketwell, including purely focusing on the demolition and redevelopment of the Debenhams building in isolation. It has long been established that a piecemeal approach to Becketwell will have much lesser impact and the presence of obsolete land and buildings and poor environmental quality, will not address the long-term decline of this part of the city and much needed sustainable regeneration of the area.

- **Option 3 – The preferred option.** Given the aforementioned complexities of the Becketwell area, the Council has sought to assemble the site to enable comprehensive investment and development. The site assembly process de-risks the project to enable private sector investment, resulting in the comprehensive regeneration of this part of the city.

The proposed scheme therefore also enables the opening up of the site through the demolition of the former Debenhams building and United Reformed Church and ground floor retail to create a new public square and build to rent residential scheme. The substantial vacant properties on Colyear Street, which effectively blight the area are to be demolished, making way for high-quality mixed-use development to be brought forward in accordance with market conditions.

Whilst it is anticipated the preferred option will see the site delivered across five phases, Phase 1 can now be brought forward, pending the decision on the planning application to deliver 259 build to rent units with the ground floor accommodation and ancillary parking.

The key economic benefits assessed comprise of land value uplift, amenity benefits, employment impacts and distributional benefits. In order to assess the outputs and benefits, the modelling undertaken within the Full Business Case has been based on the full outputs that the scheme may deliver across five phases.

The outputs against which the economic assessment has been undertaken are summarised as follows:
- 224 Residential Units
- Net additional GVA per annum (present value) £143.4 million
- Land value uplift £15.3 million
- Net additional construction jobs 282.
- Amenity benefits 0.7 million
- Distributional benefits 6.7 million.
- 250 Jobs Created

The economic analysis presented in accordance with the outputs and benefits detailed in the table, show an initial BCR of 2.4 and an adjusted BCR of 2.9, both of which identify as generating high value for money.

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<th>Assessors Comments</th>
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<tr>
<td>The Economic Case is focused upon outputs and benefits deliverable against the scheme pending determination by the Local Planning Authority of the Phase 1 scheme and future delivery of Phase 2. The total outputs deliverable by Becketwell are less certain at this time, give the scale of the scheme to be delivered across five phases. Given this uncertainty, outputs assessed have been limited to residential units delivered within Phase 1, land value uplift, amenity benefits, employment impacts in terms of construction jobs from Phase 1 and permanent jobs from Phase 2, along with distributional benefits arising. The approach undertaken is an alternative to focusing on the type of floorspace that may or may not be delivered across a series of additional phases, which as referred is evolving and likely to change over time. Overall, therefore, the approach taken to assessing the Economic Case shows that the scheme will deliver high value for money and this is considered to be a reasonable assessment given the position of the scheme at this time.</td>
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4.0 Summary of Commercial Case

The Commercial Case has been presented to demonstrate the best way of delivering the preferred Becketwell Regeneration Scheme and that this is in accordance with property market conditions, is viable and in accordance with procurement regulations.

The summary of the Commercial Case is presented as follows;

i. Market Assessment

The market assessment has concentrated upon residential, office, hotel and retail use, which are all envisaged to be delivered across the five phases identified within the outline planning permission. Importantly the assessment
The key findings of the market assessment are as follows:

- **Residential Market** – Property market activity was forced to halt during the first lockdown in early 2020; however, quickly returned to pre-pandemic levels in terms of market activity and values being achieved. An assessment has been undertaken across a number of schemes delivering new units in the city, with the consensus being that many units are being sold off-plan with limited incentives being offered.

  Given the shortage of housing supply within the city, the housing market has remained buoyant. There are concerns that with the onset of the recession and subject to how severe and protracted this may be, there may be an adjustment to the housing market; however, at this moment in time, there are no signs of any adjustment taking place. The short to medium term position of the housing market remains difficult to forecast pending the state of the economy in a post pandemic era.

- **Office Market** – There is an identified lack of Grade A office accommodation within the city centre, which has been a prevalent factor of the office market for the last 20 years. This is because the main focus of office development in the last 20 years has primarily been at Pride Park, outside of the city centre. There have been a number of sites and schemes proposed for major Grade A office development; however, these have failed to materialise even with the existence of public sector funding being available to support viability.

  The primary issue with the office market is not due to a lack of demand, in fact, the converse position exists with many office occupiers being in premises that are no longer fit for purpose and in a poor condition. The barrier to new office development relates to the fact that the majority of office occupiers within the city, require shorter term flexible leasehold arrangements typically between three to five years. Developers of new build schemes require to let completed properties on institutional type lease terms typically of a minimum of fifteen years, which is necessary to be able to secure loan finance required to meet costs of delivering a scheme. The potential for new office development to be delivered in accordance with market conditions therefore remains within Derby City.

- **Retail** – As referred earlier the retail market throughout the country has been undergoing significant changes over the last few years with a change in consumer habits and the predominance of shopping now being undertaken through the internet. The pandemic has also accelerated the downturn in the retail sector, this is evidenced through many companies both large and small filing for administration and disappearing from the high street.
The exception to the retail position is that food retailers are the best performing at present, given that they supply essential goods. It is noted that the retail element of the Becketwell scheme is small scale in context with current economic and property market conditions, and likely only to be small convenience retail provided to service the local residents and immediate surrounding communities to the Becketwell area.

ii. Viability Assessment

Consultants, Thomas Lister Limited and Aspinall Verdi have been appointed by Derby City Council and SJS respectively, in order to prepare development appraisals to justify the investment of public sector funding in that this will ensure that a viable scheme is deliverable by the private sector developer.

The Business Case has concentrated on the development appraisal produced by Thomas Lister, which is based upon the outline planning permission for the entire scheme, including the new public realm. The development appraisal prepared was to derive a profit level that would be generated, using an agreed land value between the Council and SJS. The appraisal also incorporated benchmark build costs taken from BCIS to identify total costs of delivering the scheme.

The appraisal demonstrates that the scheme in accordance with the outline planning application is marginally viable. This profit level is considered to be acceptable albeit at the lower end of profit range given that SJS will not be building out the scheme but will be procuring a developer/operator to undertake this directly and therefore will be disposing of land in accordance with planning approvals in place.

Fundamentally, it is acknowledged that the scheme would not be viable without the £13.37 million to be invested by D2N2 LGF and the City Council, which has been factored into the development appraisals. Therefore, the scheme would not be viable without this investment.

iii. Procurement and Contractual Arrangements.

DCC has undertaken an assessment of the proposed procurement and contractual arrangements, based upon the previous developer competition, which saw the appointment of SJS as preferred developer. The delivery of the subsequent phases of the scheme will also be based upon land disposal at market value, with development appraisals produced for each scheme, to justify land value.

SJS have therefore, under the terms of the preferred developer acquired the Debenhams building at market value as assessed by independent consultants. With regard to the public square, this element of the scheme will be transferred to SJS who will be responsible for tendering the works and delivering the scheme. A waiver has been secured to award SJS the public square contract.
by Derby City Council and this contract is now in place. It is confirmed that the value of the public square works are below the OJEU tendering threshold.

iv. Implementation Timescales.

It is noted that the acquisitions of the number of buildings within Becketwell has completed as has the subsequent sale of the Debenhams and Colyear Street buildings to SJS.

The demolition of Debenhams is underway and the demolition of the former Pennine Hotel on Colyear Street is due to take place in 2021.

SJS are intending to start Phase 1 works during 2021 along with the demolition of the United Reformed Church building and to commence construction of the public square. It is currently anticipated that Phase 1 residential will be completed by November 2022 and the Public Square by March 2023, although timescales in this regard are still indicative and a detailed programme for delivery required to be provided once planning approval is in place and terms with the investor of the build to rent scheme in place.

v. State Aid

Derby City Council have obtained legal advice from the Council’s inhouse legal team and external State Aid specialist. The scheme is deemed to be State Aid compliant because the Council is either disposing or acquiring the land in accordance with market terms or facilitating the delivery of public facilities, which are not considered to be an economic activity for the purposes of State Aid.

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<tr>
<td>It is recognised that market conditions are extremely challenging at this time given the COVID-19 pandemic. Phase 1 of the Becketwell scheme will deliver build to rent housing that does not substantially exist within the city and should therefore meet a gap in market conditions. This also applied to Phase 2 and the provision of managed workspace, which will provide much needed new office stock to the city centre.</td>
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<td>The later phases of Becketwell whilst incorporating those sectors which have been particularly hard hit by the pandemic, are likely to be delivered at a time post pandemic when more normal economic, social and market conditions have returned.</td>
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<td>The viability of the scheme has been tested by appraisals undertaken by Thomas Lister Limited and Aspinall Verdi. The findings of this viability testing are to confirm that the scheme is viable with all of the public sector investment from D2N2 LGF and Derby City Council, which should ensure the scheme is deliverable.</td>
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In terms of procurement and State Aid, the Council has sought legal advice as appropriate both in the procurement of SJS and bringing forward Becketwell to implementation stage.

5.0 Summary of Financial Case

The Financial Case as presented primarily focuses upon the public sector investment that has been made and continues to be made in order to undertake the site assembly exercise and enable Phase 1 of the scheme to be delivered.

Total public sector investment into the Becketwell scheme is in the region of £13.4 million. The breakdown of public sector expenditure across the various elements of this scheme is summarised below as follows;

- Land acquisitions and purchases: £7,868,000
- Project Management and Professional: £1,218,000
- Demolition Costs: £2,506,000
- Construction of the Public Square: £1,500,000
- Obtaining Possession of the Retail Units: £279,000

Total: £13,371,000

It is noted that the site assembly of the Becketwell Scheme is 100% public sector funded. LGF is therefore sought £8,100,000, with the balance of £5.3 million being invested by Derby City Council.

With regard to funding and delivery of Phase 1, SJS have progressed with securing an investment purchaser for which Heads of Terms have been agreed for the purchase of the build to rent units on a forward funding basis. This means that the purchaser will agree to acquire the completed scheme and will bankroll the construction of the scheme to provide interim finance enabling the development to take place. It is further confirmed that solicitors are instructed on the draft agreement with the intention being that these are exchanged next year. Upon exchange of the agreements there will be a commitment to deliver the Phase 1 scheme, meaning that D2N2 will then have a commitment to the delivery of the residential housing units.

This also removes financial uncertainty with the delivery of Phase 1, given that SJS will be obligated to deliver the scheme on behalf of the investment purchaser.

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<td>It is acknowledged that the information within the Financial Case relates to the site assembly process which is completed and the enabling demolition works, these will be fully funded utilising LGF from D2N2 and match funding from Derby City Council, which has been secured. Cost overruns on all future phases have been confirmed as the responsibility of SJS or the Council. Heads of Terms have been acquired for the purchase of the build to rent units on a forward funding basis. Solicitors are instructed on the draft agreement with the intention being that these are exchanged next year. Upon exchange of the agreements there will be a commitment to deliver the Phase 1 scheme, meaning that D2N2 will then have a commitment to the delivery of the residential housing units.</td>
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agreed for an investment purchaser for phase 1 which decreases the risk of phase 1 outputs.

It is acknowledged that Becketwell is intended to be delivered as a series of phases over a number of years. It is further recognised that once Phase 1 is on site, the impending completion of this scheme will help to begin to establish Becketwell as a more desirable location to live and work, which will help encourage further investment and development in later phases of the scheme.

The main risk to D2N2 at this time relates to the ability to deliver jobs from the Phase 2 scheme within the programme of the LGF funding. Clawback arrangements will be included within the contracting for the project.

### 6.0 Summary of Management Case

The Management Case for this project has been detailed in the Full Business Case as follows;

**i. Governance and Management Arrangements**

The Becketwell project is being overseen by a Project Board, which is managed by an experienced project delivery team, project manager and project sponsor.

The project board and project management team have defined Terms of Reference, which are regularly reviewed and provide formal governance structure for the project. These arrangements have been put in place to ensure that there is full accountability for the project and that it can progress in accordance with the project brief agreed with the Council’s leadership. The governance structure is based on PRINCE2 principles, which is a standard management tool for the delivery of major projects.

In addition, as a major project, Becketwell will also be subject to governance by the Council’s Programme Management Office (PMO), which incorporates a ‘project gateway’ process, being a series of independent reviews at key stages of the project lifecycle aimed at ensuring that the project is successfully delivered.

**ii. Risk Management**

A risk register is being maintained and updated for the Becketwell scheme. The risk register is utilised to monitor the scheme and to identify measures to mitigate risk throughout the life of the project. The overall level of risk at this stage with the scheme is considered to be medium. The proactive management and monitoring of the scheme by the Becketwell board will ensure that earlier identification of risk and mitigation measures are also identified wherever possible.
iii. Benefits Realisation Plan (BRP)

A BRP is to be developed to inform the delivery and implementation of the scheme with a focus on delivery, brokering commitment and joint ownership on the part of the key partners.

The aspects of the scheme that have the greatest potential to deliver substantial net benefits, are the creation of employment opportunities and leveraging additional private sector investment.

The BRP will therefore focus on local employment opportunities, adopting a local procurement strategy and engaging with local communities to ensure that benefits generated by Becketwell are disseminated to the immediately surrounding communities and wider city area.

iv. Monitoring and Evaluation

A Monitoring and Evaluation Plan has been established for the project. The plan will review the following matters;

- Progress on financial expenditure and claims
- Progress on output and results
- Audited accounts
- Evaluating performance

A financial schedule will be completed on a quarterly basis along with progress on outputs and outcomes based upon agreed Key Performance Indicators.

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<td>The Full Business Case and supporting information provided demonstrates that the scheme is subject to rigorous management, monitoring and evaluation based upon the project board that has been put in place and established process, protocol and procedures that will remain in place throughout the life of the project. No issues have therefore been identified in relation to the Management Case for this project.</td>
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7.0 Sustainability and Inclusion Impacts

DCC in working with SJS, have demonstrated a strong focus and sustainability and inclusion, given that Becketwell is within one of the most deprived areas of the city and has been in long-term decline.

Therefore, the following principles are being implemented within the scheme, which are summarised as follows;
The scheme is to be a high-quality design so that Becketwell and the wider city area can evolve as a modern city, improving the life of its communities and residents.

The Council is committed to realising the vision of a thriving, sustainable economy, that contributes to a more prosperous, better connected and increasingly resilient and competitive city over the long-term.

The Derby Recovery Plan focuses on developing a holistic approach based on people, place and partnership with local coordination of services, supporting the wider health and wellbeing of its residents.

The introduction of new uses into the city centre, including residential, will assist in diversifying and repurposing this particular area of the city.

The Transport Policy also has the ability to impact on sustainability and inclusion through providing an alternative means of transport to those who do not own a car and are dependent on public and other means of transport. Connectivity and accessibility to Becketwell is key if residents and businesses are to be able to get to and from, live and work within this part of the city.

**8.0 Officer’s Recommendations**

The recommendation is for £8,100,000 of LGF to be finally approved for the project, subject to compliance with the following condition:

i. Planning permission to be granted by Derby City Council on the 7th of January 2021.

The LEP Officers will also ensure that the following commitments are adhered to as the scheme progresses;

i. A detailed programme to be provided for the delivery of the Phase 1 scheme, once legal agreements have been agreed with the investment purchaser.

ii. Any further viability issues arising on Phase 1 are to be underwritten by the Council/SJS to ensure delivery of the scheme as proposed.

iii. The Council to keep D2N2 informed with the delivery of Phase 2, programme for construction and delivery of outputs.
## Getting Building Fund Checklist

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| **1.** | A detailed ‘Green Book’ compliant business case has been completed detailing the project and its alignment to the 5 case model. ‘The Checklist’ published by HM Treasury is a useful one page guidance paper.  
Derby City Council have submitted a Green Book compliant Business Case for the Becketwell project which aligns the 5-case model. |
| **2.** | A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of ‘High’.  
The Value for Money assessment has confirmed that the project offers a score of High Value for Money |
| **3.** | Details confirming that all planning consents have been granted and that all pre start conditions have been met.  
Hybrid planning permission was granted in September 2020. A Reserved Matters planning application for Phase 1 has been submitted and a decision is expected on the 7th January 2021 following a Planning Control Committee meeting. |
| **4.** | Confirmation that any Section 106 or other agreements have been entered into.  
Not applicable to this project |
| **5.** | Confirmation of the results of the procurement exercise detailing:  
-the tenders received (along with detailed costs)  
-the tender accepted (along with timescales/conditions)  
In March 2018 St James Securities were selected as the preferred bidder for the former Debenhams building. |
| **6.** | Details of the construction contract to be entered into by the promoter detailing:  
-start date  
-completion date  
-liquidated damages/cost over runs  
The demolition of the Debenhams building has already taken place with the demolition of the Pennine Hotel to take place in early 2021 following the award of that contract. |
| **7.** | Confirmation that the promoter will be responsible for any variations to the contract price and overruns  
Derby City Council are the project promoter and have confirmed they will be responsible for any variations in price. |

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<td>8.</td>
<td>Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</td>
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<tr>
<td></td>
<td>Phase 1 of the project is fully designed and beyond RIBA stage 4.</td>
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<td>9.</td>
<td>Details of any outstanding points preventing/delaying the start-up of the construction contract.</td>
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<td>No current delays. Any possible delays due to impact of Covid are being monitored.</td>
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<tr>
<td>10.</td>
<td>Details of any changes for the project form the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.</td>
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<td></td>
<td>At the OBC stage it was proposed that this project would be delivered in five phases. It is now understood from the developer that as the scheme evolves, the phases and outputs are not likely to be delivered in accordance with the outline planning consent and will be delivered based on the market and on the most viable scheme.</td>
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<td>11.</td>
<td>Confirmation that all funding is now in place with details of the sources of funding.</td>
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<tr>
<td></td>
<td>Derby City Council have confirmed the funding is in place for the project.</td>
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<td>12.</td>
<td>Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project</td>
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<td>The Council acquired Duckworth Square in 2014 and the former Debenhams building in 2017 (together with miscellaneous properties on Green Lane and Macklin Street). In October 2019, properties on Colyear Street were acquired by the Council. The Council will sell the land within its ownership on a phased basis to SJS.</td>
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<tr>
<td>13.</td>
<td>A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.</td>
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<td>A phasing plan for the delivery of the individual site elements has been provided by Derby City Council.</td>
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<td>14.</td>
<td>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.</td>
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<td>The project promoter has submitted an up to date risk register which includes mitigations to the issues identified.</td>
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<td>15.</td>
<td>The project sponsor must provide details of how this intervention will deliver on sustainability and inclusion outcomes, including through the procurement and construction of the project.</td>
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<td>This has been provided and included in section 7 of the main report.</td>
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Item 2.4
The Alchemy Project – Development Corporation
Briefing Note – January 2021

1. Introduction
At its meetings in July and October 2020, the ‘Alchemy Project’ Board which is overseeing the work agreed to:

1. The establishment of an interim vehicle in principle, subject to the approval of the five directly affected local authorities.
3. Continue to develop the business case ahead of submission to Government in March 2021.
4. Work on a Prospectus for the regional applications of some of the emerging themes including connectivity, energy, natural capital, skills and health.

2. Background & Progress to date
The establishment of an Interim Vehicle and Company Limited by Guarantee (EMDevCo) will enable progress and momentum to be maintained whilst the legislative processes to establish the new model of Locally Led Urban Development Corporation (LLUDC) are navigated.

The Business Case for the LLUDC model for the East Midlands is due to be submitted to Government in March for their consideration. Amion have been appointed to ‘hold the pen’ for the business case, pulling together the last two year’s work from Arup, Grant Thornton and Pinsent Masons to ensure that the business case is clear, compelling and aligned with other regional activity i.e. the Freeport proposition. The business case will reflect the Treasury Five case approach to encompass the Strategic; Economic; Commercial; Financial and Management Cases.

Alongside the Business Case development, strong engagement has been maintained with Government regarding funding requirements and the legislative processes for establishing the LLUDC.

The five local authorities with responsibilities covering the three initial sites at Toton, Chetwynd Barracks, East Midlands Airport Area and the power station at Ratcliffe on Soar include:

- Broxtowe Borough Council
- Leicestershire County Council
- North West Leicestershire District Council
- Nottinghamshire County Council
- Rushcliffe Borough Council

Each has taken reports through their respective governance arrangements to gain the necessary approvals to establish the Company:

EMDevCo will take forward the detailed work required to bring forward the development and infrastructure plans alongside appropriate commercial, funding and financing structures. It
will mirror the intended form of the Statutory Development Corporation that it will transition into, this will consist of:

- An Oversight Authority comprising the 5 Local Authorities who will be the guarantee holders and corporate ‘Members’ of EMDevCo;
- An independent led skills-based board of directors, including up to 11 directors; and
- Local delivery vehicles/ special purpose vehicles or joint ventures as appropriate.

Subject to consideration at the Alchemy Board on the 29th January, it is proposed that the local authority Chief Executives (or their representatives) of the five directly affected authorities charged with establishing EMDevCo will continue to work with the Programme Director and consultant team to finalise the case for submission to Government. Subject to Board approval, and proposed delegation, the business case will be signed off for submission to government by the Senior Responsible Officer, Anthony May and the Chairman of the Alchemy Board, Sir John Peace.

EMDevCo will continue to update the Alchemy Board of progress. In the meantime, it is proposed to carry out a review of the governance for the wider Project Alchemy initiative and ensure that it is fit for purpose. At the October Alchemy Board meeting a Prospectus was agreed to develop regional initiatives linked to five themes including connectivity; natural capital; zero carbon; health; and skills. It is recommended that the governance review includes a review of membership to ensure that we have all appropriate areas represented, for example, the potential inclusion of Health and Environmental representatives, and extending membership to all the region’s universities.

3. Working Groups and Other Developments

There are several working groups established to support the work of the development corporation programme and the EMDevCo moving forward. These groups (listed below) are made up of a diverse range of partners and cover a range of topics, some of which are core to the development corporation, and others which are aligned. The focus of the groups is to explore the respective projects and/or issues from the perspective of both the development corporation, and the wider East Midlands region.

- **Connectivity**
  
  This working group brings together statutory transport bodies, public sector and economic stakeholders to address connectivity issues and drive infrastructure delivery across the region, most recently demonstrated through the launch of ‘Access to Toton’. The group have been considering the implications of the National Infrastructure Commission Rail Needs Assessment, which was published in December, and are now preparing for the Government’s imminent publication of the Integrated Rail Plan.

- **Natural Capital Net Gains**
  
  This is a group focused on ensuring the programme delivers net gains in natural capital across and between the three sites, and that developments are shaped and planned to maximise the benefits to natural capital. The Group brings together a range of stakeholders including the Wildlife Trust with representation from the Environment Agency, local authorities and industry partners. The working group is currently working to document the main Natural Capital features across the 3 Development Corporation sites and identify key opportunities to enhance and increase in the area.
- **East Midlands Airport Freeport Enterprise Zone**  
  Jointly chaired by the two Local Enterprise Partnerships (LEPs) the group brings together the public and private sector. Freeport bids need to be submitted to Government by 5 February 2021, with bids assessed by a MHCLG chaired assessment panel in March 2021 and decisions expected in Spring.  
  
  NB: The Alchemy Board continues to take a keen interest in initiatives across the region i.e. beyond the three initial sites within the development corporation. In relation to Freeport’s this includes additional proposals relating to Immingham in Lincolnshire.

- **Communications and Engagement**  
  Communications teams are collaborating with Baker Baird involving local authorities, LEPs, Midlands Connect, Universities, the Chambers of Commerce as well as private sector stakeholders such as EMA. This group is overseeing the delivery of the communications and engagement strategy, ensuring consistent messaging and alignment with other regional and national strategic priorities. A media launch for the Development Corporation proposition took place on 28th October, which received positive coverage on BBC local news and media outlets.

- **ZERO – the UK National Centre for Zero Emissions**  
  A group set up to take forward work to develop an International Centre for Zero Carbon Futures. The working group has continued moving forward with input from the region’s universities, industrial partners and local authorities. A proposition has been developed, which details the vision and ambition for the site at Ratcliffe. This includes the positive impact it will have on the current climate challenge and how it will support the Government in achieving Net Zero by 2050. The initiative is currently subject to a review being undertaken by Turner and Townsend with the support of the Midlands Engine Observatory and further updates will be provided in due course. The work will inform the ‘innovation’ narrative for all aspects of the development corporation.

Other areas of interest and joint working include Planning, skills and Health with preliminary discussions taking place with NHS leaders in the region with the support of the NHS Confederation. The latter is part of a wider recognition of the potential importance of development and infrastructure to the future of the NHS.

4. **Future Project Governance Meetings**  
   - **Executive Group Meetings**  
     Thursday 11 February 2021  
     Thursday 11 March 2021  

   - **Alchemy Board Meetings**  
     Thursday 29th April 2021  
     Thursday 15th July 2021  
     Thursday 7th October 2021  
     Thursday 20th January 2022

5. **Further Information**
If you require any further information, please contact Ken Harrison, Programme Director.

Ken.Harrison@nottscc.gov.uk