**Strategic Programme Management Group**

**Tuesday 4th May 2021**

**Getting Building Fund: Drakelow Park project update**

**Background**

1. The Drakelow Park project within the Getting Building Fund is the only remaining project to move through the final due-diligence processes and into the contracting stage with associated payment mechanism/profile for defraying the grant funding by the end of March 2022. This is not unexpected given the complexity of any strategic scale physical infrastructure project and is in line with timescales considered when the project was initially selected for GBF in Summer 2020.
2. The land is now under the control of Countryside Properties following a successful sale agreement by Drakelow Park Group in January 2021 that came about as a result of the GBF public intervention (and Homes England support) to resolve the longstanding development viability issues.
3. A multi-agency project team has been established to ensure cross-border co-ordination for the relevant authorities responsible for the final bridge designs and associated alignment with planning permission planning obligations and development phasing triggers.
4. Following the most recent project team monthly meeting (held 1 April 2021) the following key project milestones comprise:

* Section 73 amendments to the planning to be progressed between Countryside Properties and South Derbyshire District Council – working towards a Planning Committee at the end of April 2021.
* Derbyshire County Council to begin work on approvals of the bridge – likely to be around May 2021.
* Completion of the s278/s38 agreements – August 2021.
* Funding Contracts agreed by D2N2 LEP and SSLEP to support a start on Site – September 2021.

1. The SSLEP SPMG, Audit & Finance Committee and Executive Board are monitoring the progress of this project and SPMG advised that they would start fleshing out the alternative options in more detail in preparation for early Autumn in case the Drakelow project faced any unforeseen delays. A high-level summary of the options is provided below.

**Options to mitigate against any potential GBF project underspend**

1. The following options provide an overview of how the GBF grant might be administered or reallocated if the Drakelow Park project was delayed:
2. **Freedoms and Flexibilities/Capital Switching**. The Local Growth Fund grant conditions included UK Government (c/o CLGU) issued formal Covid-19 related ‘Freedoms & Flexibilities’ in order to deal with delays. It is not anticipated this will be an option as forthcoming for GBF given the nature of the programme was a policy designed to accelerate development in the initial recovery period following Covid-19, albeit a series of further regional and national lockdowns followed over the next 12 months with the current road map out of lockdown including four steps that started in March 2021 and scheduled to end ‘not before’ 21 June 2021. However, this position should be checked before making a final decision in late Summer/Autumn. Furthermore, once the project is confirmed and contracted, as the funding grant is passed over to D2N2 LEP as per the agreement on this process with CLGU, the timing responsibilities can be placed on the D2N2 LEP should they be able to demonstrate they have a credible plan to defray the funding and willingness to use any policy levers such as freedoms & flexibilities and capital switching.
3. **GBF Contingency list and extension to existing GBF projects**. The GBF contingency project list (and wider Skills Equipment Fund) still contains several projects, the financial value dependant on the outcome of Item 5 within this meeting agenda pack. Furthermore, the ic7 project at Keele University and the Shirehall project at Stafford reduced their original GBF ask and could provide added outcomes/employment type metrics. In particular, the ic7 Phase 2 could accommodate the full £5 million currently allocated to the Drakelow project.
4. **i54 Enterprise Zone**. The i54 EZ is key policy intervention for the SSLEP and has the potential to provide the LEP with strategic long-term revenue income. The additional funding could bring the payback period forward substantially.
5. **Revisit the original GBF project list**. A shortlist of 30 projects was submitted to MHCLG as part of the original ‘Call for Sites’ stage as a precursor to the GBF. These could undergo a further assessment and prioritisation exercise, albeit the time constraints to award, contract and delivery projects before 31st March 2022 would most likely be challenging.
6. **New call for projects**. The LEP could make a new call for projects and undergo a new assessment and prioritisation exercise, possibly linking in with the new Levelling Up Fund (LUF) process announced by MHCLG and HM Treasury in March 2021.
7. It is also important to note that the LUF was announced alongside the UK Government’s review of LEPs, and the outcome of the review is scheduled for July 2021. This should be considered as part of any final decisions around GBF.

**Recommendations of the LEP Technical Advisor**

**I recommend that:**

1. The LEP Secretariat continue to engage as a member of the Drakelow Project Team with late Summer/early Autumn noted as the key point in time for establishing a pathway/payment mechanism to defray the GBF funding before 31 March 2022.
2. SPMG continue to consider the feasibility of the alternative options as circumstances evolve alongside the LEP Review and any further guidance around the use of any potential Covid-19 related ‘freedoms and flexibilities’ / capital switching methods.
3. That the Countryside Properties project team member(s) are invited to the next SPMG meeting to provide an update on progress in securing bridge design permissions and construction timetable.
4. SPMG advise the Executive Board that they will provide a formal update (e.g. report) for the Audit & Finance Committee in July 2021 on how the Drakelow Park scheme is progressing / any need to pursue alternative options to reallocate GBF funding.

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