

# Public Document Pack



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PUBLIC

To: Members of D2N2 Investment Board

Friday, 3 December 2021

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **10.00 am** on **Monday, 13 December 2021**. This meeting will be held via Microsoft Teams and a recording will be published on the LEP's website following the meeting, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

**Helen Barrington**  
**Director of Legal and Democratic Services**

## **AGENDA**

### **PART I - NON-EXEMPT ITEMS**

1. Apologies for Absence  
To receive apologies for absence (if any)
2. Declarations of Interest  
To receive declarations of interest (if any)
3. Minutes

To confirm the non-exempt minutes of the meeting of the Investment Board (IB) held on 14 September 2021

4. Capital Performance Overview
5. Capital Programme Budget
6. Output Performance Update - Quarter 2 2021/22
7. LGF Evaluation - Verbal Report
8. Date of next meeting - TBC
9. Exclusion of the Public

(The Board is asked to move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

## **PART II - EXEMPT ITEMS**

10. Minutes

To confirm the exempt minutes of the meeting of the Investment Board (IB) held on 14 September 2021

11. Growing Places Fund (GPF) update and loan variation

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Agenda Item 3

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 14 September 2021 via Microsoft Teams

**PRESENT**

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council); C Hart (Erewash Borough Council), M Holmes (Derby City Council), B Lewis (Derbyshire County Council), D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative)

Also in Attendance: D Ashcroft (Derbyshire County Council) N Cockrell (Bassetlaw District Council), P Costiff (Countryside Properties (UK) Ltd), J Davies (Gedling Borough Council), D Fletcher (Derby City Council) T Goshawk (D2N2 LEP), J Howell (Countryside Properties (UK) Ltd), J Lake (Derbyshire County Council), W Morlidge (D2N2 LEP), E Robinson (Accountable Body), P Middleton (Derby City Council), I Sankey (Erewash Borough Council), P Seddon (Nottingham City Council) J Seymour (Derbyshire County Council), L Sharp (Chesterfield Borough Council), L Wigley (BEIS), and C Williams (Derby City Council).

Apologies for absence were received from Councillors P Gilby (Chesterfield Borough Council), K Girling (Nottinghamshire County Council), S Webster (Nottingham City Council) and J White (Bassetlaw District Council).

**41/21**        **DECLARATIONS OF INTEREST** There were no declarations of interest

**42/21**        **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 24 June 2021

**43/21**        **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Getting Building Fund programme including an update on progress against the financial targets for this year.

Following the announcement of the Getting Building Fund projects in August 2020, the LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this would be explained further in the budget paper.

Progress was going well with the Getting Building Fund, and the LEP had spent £9.63M to date. Subject to the approval of the MRC and Drakelow Park projects, which are being recommended for approval at this meeting, the LEP would have approved all 10 of their Getting Building Fund projects.

Spend was being continually monitored with projects and all were continuing to deliver in line or close to their projected profiles. Where projects were slipping behind profile the LEP were meeting with the project sponsors to discuss the reasons behind any slippage and mitigations to bring the profile back on track.

The LEP were currently working to undertake a review of the Growing Places Fund to find a new way to utilise the funding that was granted in 2011. The LEP was originally awarded £24.3m of funding to generate economic activity across the D2N2 area and had utilised £17.4m of that to date. As the fund had previously been used for loan awards the money would continue to be recycled back in to the LEP and this had resulted in £10m of funding now being available to be utilised.

The LEP was currently engaging with partners and had consulted other LEPs across the country to look for lessons learnt about how any funding may be utilised in the future. Officers would continue to work with partners on the scoping of potential future funding pots and would also await the outcome of the LEP review before putting a set of recommendations before the LEP Board and Investment Board.

Board Members made a number of comments and asked questions which were duly noted or answered.

**RESOLVED** to note the current position on the Getting Building Fund programmes, and the review of the Growing Places Fund.

**44/21**      **CAPITAL PROGRAMME BUDGET** As confirmed to the Investment Board on 24 June the Local Growth Fund (LGF) programme finished at the end of March 2021. It was confirmed that there had been no change to the previously reported position. All projects were able to demonstrate full LGF expenditure to ensure all the LGF grant had been utilised before the 31<sup>st</sup> March 2021. The £1.78m over commitment remained and as reported would be funded from the Growing Places Fund (GPF).

In relation to the Getting Building Fund (GBF), at the end of June, £9.63m had been spent on projects. The 2021/22 allocation of £22.2m had been received bringing the total GBF grant to £44.4m

Appendix 1 to the report showed the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme was overcommitted by £2.46m which would be funded by using the GPF.

Board Members made comments and asked questions which were duly noted or answered.

**RESOLVED** that the report be noted.

**45/21**      **OUTPUT PERFORMANCE UPDATE 2021/22– QUARTER 1** Board Members were informed that as part of the contractual commitment for the £250m of Local Growth Funding, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP were committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which ran up to 2035, which was beyond the financial end of the programme in 2021 recognising that most of the activities would generate impact much later than the initial investment.

The report provided a detailed update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government the LEP were targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2021/22 financial year, delivery since the start of the programme and the lifetime of the programme

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 1 2021/22 and Appendix B shows analysis of the outputs by project.

Board Members made comments and asked questions which were duly noted or answered.

**RESOLVED** to note the update report.

**46/21**      **AUDIT SERVICES REVIEW OF D2N2 LOCAL ENTERPRISE PARTNERSHIP** The Audit Services Memorandum summarised the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of the paper is to provide a summary of the findings to the Investment Board.

As part of its responsibilities as Accountable Body to the D2N2 LEP, Audit Services had also certified grant claims in respect of the Growth Hub and Peer

Networks grant allocations in accordance with grant terms and conditions and requirements.

The LEP's governance structures remained robust with adequate supporting terms of reference. Key policy and procedural documents were in place and have been published on the D2N2 website. The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes had provided regular and appropriate reporting to the D2N2 Investment Board detailing Local Growth Fund (LGF), Getting Building Fund (GBF) and Growing Places Fund (GPF) expenditure, outputs and financial positions. The overriding aims and strategies were detailed within the Vision 2030 Strategic Economic Plan.

As the LGF funding scheme concluded on 31 of March 2021, it had been a significant challenge to ensure funding was fully expended to reduce the risk of grant clawback. Despite the difficulties faced including delays to project progress caused by the COVID-19 pandemic, the funds were expended with an actual overspend of £1.78m that had been funded from the GPF which is permitted within the terms of the GPF agreement. This represented a considerable achievement.

In terms of the GBF allocation of £22.2m for 2020-21, £5.96m had been spent as at 31 March 2021 with the remaining £16.24m utilised as Freedoms and Flexibilities (as set out in the Grant Offer letters) by the Accountable Body in accordance with permission to do so as stated in the grant funding confirmation letter from MHCLG. This would be returned to the GBF during 2021-22 as the programme currently had an overcommitment of £2.45m. After factoring in the commitment to meet the projected GBF overspend and future pipeline projects, there remained over £10m of GPF funds available for further investment.

Based on detailed testing of a sample of four projects in receipt of funding during 2020-21 (two LGF and two GBF), the necessary evaluation, approval, monitoring and reporting procedures were all satisfactorily evidenced.

A number of areas of good practice had been identified and of the four recommendations raised during the previous review, three were fully implemented and one had been partially implemented. This demonstrated a commitment to the Audit process and a strengthening of the control environment.

The current Audit Services review raised three medium priority recommendations which were primarily the responsibility of the County Council as Accountable Body:-

- Ensure that a grant agreement to cover the Growing Places Fund (GPF) loan / grant to Nottingham City Council in relation to the Boots EZ project was finalised and issued for signing as soon as possible.
- Request the GPF loanee in respect of the Lime House project to sign and return the novation document to transfer the original agreement with Nottingham City Council to Derbyshire County Council. Action should be

- taken to recover the overdue loan repayments in respect of this project, and
- Ensure the draft procedures in relation to debt recovery for the Growing Places Fund are reviewed and approved as soon as possible.

**RESOLVED** to note the update report.

**47/21**        **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

**48/21**        **EXCLUSION OF THE PUBLIC FROM THE MEETING RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

### **SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING**

1. To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 10 March 2021 contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
2. Project for Approval - NAMRC (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
3. Project for Approval – Drakelow Park (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).

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**D2N2 Investment Board – December 2021**

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	D2N2 Investment Board – 13 <sup>th</sup> December 2021		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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<b>Summary and Recommendations</b>
<p>The Board are asked to note the progress report on the D2N2 Capital programme.</p> <p>The report highlights the current position on the programme and provides an update of the Getting Building Fund.</p> <p>The paper also sets out the results of the GPF review and the new Low Carbon Growth Fund</p>

## **D2N2 INVESTMENT BOARD**

### **December 2021 D2N2 Capital Programme Update**

#### **Introduction**

This paper provides an overview of the LEPs Getting Building Fund Programme, including an update on progress against the financial targets for this year.

#### **Getting Building Fund progress update**

Following the announcement of the Getting Building Fund projects in August 2020, the LEP has been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this will be explained further in the budget paper.

Spend is being continually monitored with projects and all are continuing to deliver in line or close to their projected profiles. Where projects are slipping behind profile the LEP are meeting with the project sponsors to discuss the reasons behind any slippage and mitigations to bring the profile back on track.

#### **Project progress updates**

Chesterfield College Centre of Excellence – The project was completed within the first two funding quarters of the Getting Building Fund and has been open since Spring 2021. Student numbers on the campus are performing well and the centre has enabled new technologically advanced teaching to take place on site.

Digital Turbine Centre – The project works at the centre have progressed well with the technology installations being put in place. Minor delays have been seen around the installation of 5G technology due to the shortage in supply of this equipment. The centre has however played host to the recent Regional Green Zone event as part of COP26.

Glossop Town Hall – The first phase of the project is nearly complete with minor works still left to undertake. The project is currently out to tender for the final sections of the construction contract and will receive the EOI's shortly. There is an anticipated minor underspend with the project which High Peak have alerted the LEP to, we are currently working with the Borough Council to look at possible catch up on spend.

Item 4

UK Electrification of Aerospace Propulsion Facility – The project works are progressing well at the University of Nottingham’s Jubilee campus. Final elements of the GBF spend need to be achieved still but there has been significant progress both physically and financially.

Worksop Access To Skills Hub – Refurbishment and redevelopment works of the former retail building are currently progressing in Worksop. The project is on track to be completed by March 2022 and will be open and operational with a target date of April 2022 in line with original projections.

NAMRC – The Nuclear Advanced Manufacturing Centre on Infinity Park is beginning construction works in the near future. The project has progressed since its approval in September 2021 and D2N2 have been in close contact to reassure the LEP over achievement of spend. The LEP have assessed the projections and are satisfied that this project can utilise its full allocation before March 2022.

Lindhurst – The project continues to progress with the road infrastructure developing for phase 2 on the site. Housing delivery and construction is continuing, and the project is now moving after some minor delays.

Transforming Nottingham Southside – The LEP has been in discussion with Nottingham City Council who are reporting good progress on the site and construction is going well. The project sponsor has provided assurances that future spend profiles will be met and the project is continuing to develop.

Smartparc – Works on the site are progressing at pace as indicated at the time of the business case approval. Development progress is being made and the funder for the project has been confirmed, the sites developer has confirmed that the first unit is now in progress and will deliver a building capable of housing 400 jobs in Spring 2022.

Drakelow – Delays have been found in the technical approvals process due to certain conditions in and around the infrastructure site. However, D2N2 have met with all parties to discuss progress and these approvals are anticipated to be granted in January to enable a start on site. As heard at the Investment Board at the time of approval, this project will not be able to utilise its GBF allocation in time but BEIS are aware of the situation and D2N2 have the capacity to manage the funding transfer.

## **Growing Places Fund Review**

### **Introduction**

As previously reported the D2N2 LEP has been undertaking a review of its Growing Places Fund to find the best route for reallocation of the funding. This section of the paper sets out the decided funding path and future role of the D2N2 Investment Board for the fund.

### **Background to the fund**

D2N2 was awarded a total of £24,348,668 of funding to generate economic activity in the LEP area in November 2011. The fund was initially established to achieve the following objectives across Derbyshire and Nottinghamshire:

- to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.
- to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies.
- to establish sustainable revolving funds so that funding can be reinvested to unlock further development and leverage private investment.

The fund has run four distinct 'calls' for projects since its inception and has committed £17.4m of the £24.34m to date. The LEP currently is looking to allocate £10.5m of funding through two distinct funding calls.

### **Consultations and Research**

D2N2 concluded a previous independent review of GPF. The recommendations presented to the Investment Board in January 2020 called for loan funding to support the infrastructure to develop new sites and workspace development with a particular focus on funding projects that deliver Grade A office space. This funding mechanism was decided as no longer being applicable and since this review we have conducted further research, and this has resulted in the view that the funding should be primarily directed towards a grant funding mechanism for low carbon projects. Our rationale is that loan finance is historically cheap but is still not being picked up in the East Midlands: Greater Lincolnshire LEP has recently offered a low carbon GPF round as loan which received no interest, and they are re-purposing the programme as capital grant funding.

### **Rationale**

In support of the LEPs Low carbon ambitions from the 'D2N2 Recovery and Growth Strategy' we proposed a Low Carbon Growth Fund to enable new developments which would not be able to develop without direct intervention. The Strategy outlines the LEPs ambition to lead the UK's most ambitious carbon turnaround and this fund aims to enable the delivery of that through a set of strategic interventions. In order to deliver on this ambition, the LEP has a funding pot of £6.5m available to deliver on these projects.

## Item 4

In the D2N2 area we have 28% higher carbon emissions per capita than the UK average due to our concentration of energy intensive industries. We need direct strategic interventions across the economy to rebalance this and assist in our ambitions for carbon reduction. The LEP is not seeking to replicate other funding available to the market and will host an open approach towards a variety of projects which deliver on carbon reduction and low carbon growth.

The funding round support national and sub regional policy including HM Government's "Net Zero Strategy: Build Back Greener" and the "The Ten Point Plan for a Green Industrial Revolution". Both of which set out ambitious targets for carbon reduction and incentivising investment in both the public and private sector in to Green and carbon saving projects.

In the light of COP26 and a fundamental shift towards low carbon in D2N2's strategy we will also be seeking to focus on low carbon and green focused projects. Alok Sharma was quoted on the need for green finance, saying:

*"...to meet the commitments made in the Paris Agreement and keep 1.5 alive, we need developed countries to deliver on public finance, and to unleash the trillions required in private investment to create a net zero future and protect lives and livelihoods from the devastating effects of climate change."*

Following this, all projects which are applying to the fund will be required to unleash match funding alongside any funding they apply for.

### **What will submissions need to deliver?**

All submissions will be required to deliver on the following principles to allow them to be funded:

#### Strategic alignment:

- Align with the core principles of D2N2 Strategy
- Show a need for external intervention for funding
- Projects require capital and not revenue funding

#### Impact:

- Demonstrate sustainable carbon reduction through the project through the reduction of current or prevention of future emissions or through carbon sequestration
- Assist in economic growth by creating new jobs (including apprenticeships) or businesses through the intervention

#### Commitment and deliverability:

- A demonstration of match funding towards any project of up to 50%
- Projects must be able to deliver in the 2022/23 financial year

Bids for a portfolio of related projects will be allowed, subject to the £1.5m cap for the total of the portfolio.

### **Proposal**

Item 4

The LEP is aiming to create a grant fund to deliver a set of key strategic investments in the Low carbon sector across D2N2. All projects must involve capital expenditure which delivers an end asset related to Low Carbon Growth, no revenue submissions will be accepted to this funding round. Funding will be capped at £1.5m of D2N2 funding per project to enable the pot to invest in numerous key strategic investments and all funding is for capital interventions.

The LEP is proposing the following timelines for the funding call (Subject to change):

- Expression of interest documentation publicised, and consultation process opened to potential bidders – **1<sup>st</sup> December 2021**
- Consultation for project sponsors to be closed – **12<sup>th</sup> January 2022**
- Submission deadline for all bids to the LEP – **28<sup>th</sup> January 2022**
- Scoring process finalised – **11<sup>th</sup> February 2022**
- Projects informed of outcomes – **14<sup>th</sup> February 2022**

#### **Ask of the Investment Board**

As has happened with previous capital programmes at D2N2, the Investment Board will be presented the assessed Expressions of Interest from LEP partners who submit to the funding round. We anticipate this to take place in February and the Investment Board will be required to agree to all projects before any funding is released.



D2N2 Investment Board Cover Sheet – 13<sup>th</sup> December 2021

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 13 <sup>th</sup> December 2021		
Subject	Capital Programme Budget		
Author	E Robinson	Total no of sheets	3

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper delivers an update on the final budget position of the ongoing Getting Building Fund (GBF).</p> <p>The Investment Board are requested to note the information.</p>

**D2N2 INVESTMENT BOARD****13<sup>th</sup> December 2021****Capital Programme Budget****Getting Building Fund (GBF)**

At the end of October, £16.16m had been spent on projects from a total GBF grant allocation of £44.4m.

Appendix 1 shows the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme is overcommitted by £2.46m which will be funded by using the GPF.



## Appendix 1

Getting Building Fund											
	20/21			2021/22							
Project name	Q3 Actuals	Q4 actual	Total £m	Q1 actual	Q2 actual	Q3	Q4	Total £m	Grand Total £m	Status	Promoter
Workshop Access to Skills Hub		0.44	0.44	0.47	0.82	0.96	0.81	3.06	3.50	Approved	Bassetlaw District Council
Centre for Excellence in Construction and Digital	0.11	0.39	0.50					0.00	0.50	Approved	Chesterfield College
Digital Turbine Centre, Worksop	0.01	0.35	0.36	0.00	0.23			0.24	0.59	Approved	Nottinghamshire County Council
Drakelow Park, South Derbyshire			0.00			1.20	1.40	2.60	2.60		Private Sector
Food Innovation Parc			0.00		0.11	11.89		12.00	12.00	Approved	Derby City Council
Glossop Town Hall, Glossop	0.12	0.19	0.31	0.47	0.28	0.35	0.59	1.69	2.00	Approved	High Peak Borough Council
EP Management		0.08	0.08				0.20	0.20	0.28		
Windhurst, Mansfield	0.06	0.10	0.15	0.64	1.55	0.65		2.84	3.00	Approved	Nottinghamshire County Council
MRC Midlands, Derby			0.00			4.60	2.28	6.88	6.88		Derby City Council
Transforming Nottingham's Southside		0.32	0.32	0.60	2.01	2.02	3.03	7.67	7.99	Approved	Nottingham City Council
UK Electrification of Aerospace Propulsion Facility		3.88	3.88	1.41	1.53	0.78		3.72	7.60	Approved	University of Nottingham
Freedom and Flexibility to DCC		16.24	16.24			-16.24			16.24		
<b>Total GBF Commitments</b>	<b>0.29</b>	<b>21.98</b>	<b>22.27</b>	<b>3.60</b>	<b>6.53</b>	<b>6.21</b>	<b>8.31</b>	<b>24.66</b>	<b>46.93</b>		
Capacity funding			0.09								
Capital GBF funding			22.20								
<b>Total GBF funding</b>			<b>22.29</b>					<b>22.20</b>	<b>44.49</b>		
<b>Annual (under)/over commitments</b>			<b>-0.01</b>					<b>2.46</b>			
								<b>Overall overspend</b>	<b>2.45</b>		

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D2N2 Investment Board Cover Sheet – 13<sup>th</sup> December 2021

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 13 <sup>th</sup> December 2021		
Subject	Output Performance Update-Quarter 2		
Author	T Goshawk/E Robinson	Total no of sheets	7

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper provides an update on the output performance of the Local Growth Fund (LGF).</p> <p>The Investment Board are requested to note the information.</p>

**D2N2 INVESTMENT BOARD**

**13<sup>th</sup> December 2021**

**Local Growth Fund Output Performance Update- 2021-22 Quarter 2**

As part of the contractual commitment for the £250m of Local Growth Funding, D2N2 have a series of output targets as a mechanism of measuring the impact on the economy. The LEP are committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which runs up to 2035, which is beyond the financial end of the programme in 2021 recognising that most of the activities will generate impact much later than the initial investment.

This paper provides an update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government we are targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics will be shown for the 2021/22 financial year, delivery since the start of the programme and the lifetime of the programme

**Delivery to Date – Up to Q2 2021/2022**

These figures show the Contracted target and delivery for the programme from 2015 to Q2 2021/22.

	<b>Jobs</b>	<b>Homes</b>	<b>Learners</b>
Contracted Target to Q2 2021/22	17,409	5,300	3.334
Actual to Date (Up to and including Q2 2021/22)	17,387	2.074	3,274
<b>Percentage</b>	<b>99.9%</b>	<b>39.1%</b>	<b>98.2%</b>

The programme so far has achieved 99.9% of jobs.

We have achieved 39.1% of Homes. Overall, this actual figure is still low due to the large numbers contracted but yet to be delivered at the Newark Southern Link Road due to the previous funding gap which was present in the project. Following the recent Levelling Up Fund announcement, the project now has no funding gap and will therefore begin to deliver more housing output. We will engage with the project sponsor to reprofile the outputs going forward.

98.2% of the learner target has been achieved to date.

### Overall Programme

These figures show the output targets and delivery for the entirety of the Local Growth Fund Programme. These targets will be delivered over the lifetime (To 2035) of the Local Growth Fund.

	<b>Jobs</b>	<b>Homes</b>	<b>Learners</b>
Contracted Target with Government up to 2035	29,000	10,700	2,000
Actual to Date (Up to and including Quarter 2 21/22)	17,387	2,074	3,274
<b>Percentage</b>	<b>60.0%</b>	<b>19.4%</b>	<b>163.7%</b>

### Lifetime Contracting

These figures show D2N2's contracted output targets with projects against the lifetime target agreed with Government through the three Local Growth Deals.

	<b>Jobs</b>	<b>Homes</b>	<b>Learners</b>
Contracted Target with Government up to 2035	29,000	10,700	2,000

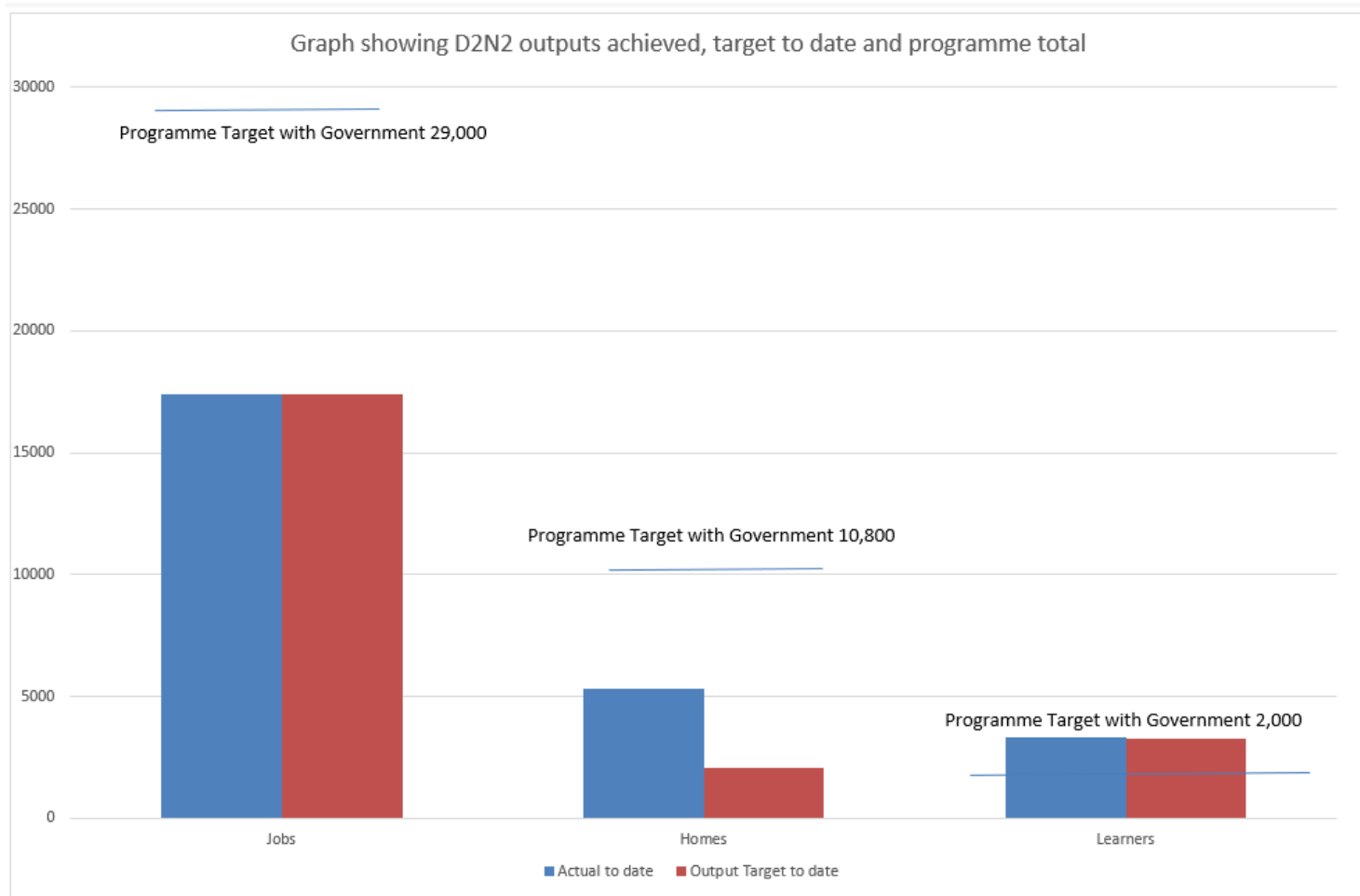
Contracted Target with Projects	46,776	11,810	9,393
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Analysis has been undertaken by the Accountable Body and the LEP to review each project's outputs and we believe that the targets set by Government can be achieved by all the projects including the unapproved projects.

Appendix A shows the outputs achieved compared to the contracted up until Quarter 2 2021/22.

Appendix B shows analysis of the outputs by project.

**Appendix A**



**Appendix B**

Project	Quarter 2 2021/22						Cumulative to date					
	Jobs		Homes		Learners		Jobs		Homes		Learners	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
A46 Corridor Employment Units	100						446	47	463	463		
A46 Cotgrave Town Centre							70	89				
A52 Wyvern	515						515					
A57/A60 Worksop		400		30			981	1284	758	369		
Ada Lovelace House							11	11				
Automation and Robotics	1	1					2	2			80	233
Bioscience Expansion, Nottingham							210	377				
Broadmarsh Southern Gateway	900						1200					
Bulwell Market							75	28				
Buxton Crescent							140	106				
Castleward			132	50					186	104		
Chesterfield Higher Level Skills							42	60.37			1049	1241
Coalite												
Daykene St							7.5	5				
Derby Cycling and Placemaking							35	35				
Derbyshire Broadband							400	4212				
Gedling Access Road			20	27					325	300		
Harworth	431	486	50	11			2497	1222	290	467		
Infinity Park	110						220	107				
Institute of Advanced Manufacturing							60	74.25			200	285
Medicity							180	349				
MTIF							23	22				
Mushroom Farm	6	6					6	6				
N2 Town Centres	12	8					303	9		45		
Newark Southern Link Road							3118		3150	198		
Nottinghamshire Broadband							388	3676				
Nottingham Castle	125	43					171	83				



Nottingham Skills Hub	13				283		13				283	
Nursing and Allied Provision					123		0	20			143	20
OCOR	19						4305	4287	128	128		
OMICS	2				52		2				52	0
Revitalising the Heart of Chesterfield							102	0				
Riverside	25						188	91				
Seymour Link		10					1235	732				
Sherwood Energy Village							64	67				
Sherwood Visitor Centre							23.37	41.47				
Sutton Indoor Market							56	73				
SWIFt		1					4	2				
Technology Hub					134		8	10			322	194
The Silk Mill							85	14				
The Spot							10.6	11				
Vision University											1205	1301
Vesuvius	59	29					154	227				
YMCA Activity Village	56	3					59	7				
	<b>2374</b>	<b>987</b>	<b>202</b>	<b>118</b>	<b>592</b>	<b>0</b>	<b>17409</b>	<b>17387</b>	<b>5300</b>	<b>2074</b>	<b>3334</b>	<b>3274</b>

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PUBLIC

Agenda Item 3

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 13 December 2021 via Microsoft Teams

**PRESENT**

D Williams (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), C Hart (Erewash Borough Council), B Lewis (Derbyshire County Council), and J White (Bassetlaw District Council).

Also in Attendance: N Cockrell (Bassetlaw District Council), T Goshawk (D2N2 LEP), C Henning (Derbyshire County Council) W Morlidge (D2N2 LEP), M Neal (Nottinghamshire County Council) M Reynolds (D2N2 LEP), E Robinson (Accountable Body), P Seddon (Nottingham City Council), L Sharp (Chesterfield Borough Council), L Wigley (BEIS), and C Williams (Derby City Council).

Apologies for absence were received from E Fagan (D2N2 LEP) Councillors K Girling (Nottinghamshire County Council), S Hassell (Derby City Council) S Webster (Nottingham City Council) and J Bradley-Fortune (Inclusion Representative)

**52/21**        **DECLARATIONS OF INTEREST** There were no declarations of interest

**53/21**        **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 14 September 2021

**54/21**        **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Getting Building Fund programme including an update on progress against the financial targets for this year.

Following the announcement of the Getting Building Fund projects in August 2020, the LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this would be explained further in the budget paper.

Spend was being continually monitored with projects and all were continuing to deliver in line or close to their projected profiles. Where projects were slipping behind profile the LEP were meeting with the project sponsors to discuss the reasons behind any slippage and mitigations to bring the profile back on track.

Progress updates were given on the 10 ongoing projects, which were detailed in the report.

As previously reported the D2N2 LEP had been undertaking a review of its Growing Places Fund to find the best route for reallocation of the funding. Board members were informed of the decided funding path and future role of the D2N2 Investment Board for the fund.

D2N2 was awarded a total of £24,348,668 of funding to generate economic activity in the LEP area in November 2011. The fund was initially established to achieve the following objectives across Derbyshire and Nottinghamshire:

- to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.
- to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies.
- to establish sustainable revolving funds so that funding can be reinvested to unlock further development and leverage private investment.

The fund had run four distinct 'calls' for projects since its inception and has committed £17.4m of the £24.34m to date. The LEP currently is looking to allocate £10.5m of funding through two distinct funding calls.

D2N2 concluded a previous independent review of GPF. The recommendations presented to the Investment Board in January 2020 called for loan funding to support the infrastructure to develop new sites and workspace development with a particular focus on funding projects that deliver Grade A office space. This funding mechanism was decided as no longer being applicable and since this review we have conducted further research, and this has resulted in the view that the funding should be primarily directed towards a grant funding mechanism for low carbon projects. The rationale was that loan finance was historically cheap but was still not being picked up in the East Midlands: Greater Lincolnshire LEP has recently offered a low carbon GPF round as loan which received no interest, and they are re-purposing the programme as capital grant funding.

In support of the LEPs Low carbon ambitions from the 'D2N2 Recovery and Growth Strategy' we proposed a Low Carbon Growth Fund to enable new developments which would not be able to develop without direct intervention. The Strategy outlined the LEPs ambition to lead the UK's most ambitious carbon turnaround and this fund aimed to enable the delivery of that through a set of strategic interventions. In order to deliver on this ambition, the LEP has a funding pot of £6.5m available to deliver on these projects.

In the D2N2 area there was 28% higher carbon emissions per capita than the UK average due to the areas concentration of energy intensive industries. Direct



strategic interventions were needed across the economy to rebalance this and assist in our ambitions for carbon reduction. The LEP was not seeking to replicate other funding available to the market and would host an open approach towards a variety of projects which delivered on carbon reduction and low carbon growth.

The funding round support national and sub regional policy including HM Government's "*Net Zero Strategy: Build Back Greener*" and the "*The Ten Point Plan for a Green Industrial Revolution*". Both of which set out ambitious targets for carbon reduction and incentivising investment in both the public and private sector in to Green and carbon saving projects.

In the light of COP26 and a fundamental shift towards low carbon in D2N2's strategy the LEP would also be seeking to focus on low carbon and green focused projects.

Following this, all projects which are applying to the fund would be required to unleash match funding alongside any funding they apply for.

All submissions will be required to deliver on the following principles to allow them to be funded: strategic alignment; impact and commitment and deliverability

Bids for a portfolio of related projects would be allowed, subject to the £1.5m cap for the total of the portfolio.

The LEP was aiming to create a grant fund to deliver a set of key strategic investments in the Low carbon sector across D2N2. All projects must involve capital expenditure which delivers an end asset related to Low Carbon Growth, no revenue submissions will be accepted to this funding round. Funding would be capped at £1.5m of D2N2 funding per project to enable the pot to invest in numerous key strategic investments and all funding is for capital interventions.

The LEP was proposing the following timelines for the funding call (Subject to change):

- Expression of interest documentation publicised, and consultation process opened to potential bidders – **1<sup>st</sup> December 2021**
- Consultation for project sponsors to be closed – **12<sup>th</sup> January 2022**
- Submission deadline for all bids to the LEP – **28<sup>th</sup> January 2022**
- Scoring process finalised – **11<sup>th</sup> February 2022**
- Projects informed of outcomes – **14<sup>th</sup> February 2022**

As has happened with previous capital programmes at D2N2, the Investment Board will be presented the assessed Expressions of Interest from LEP partners who submit to the funding round. It was anticipated that this would take place in February and the Investment Board would be required to agree to all projects before any funding is released.

Board Members made a number of comments and asked questions which were duly noted or answered.

**RESOLVED** to note the current position on the Getting Building Fund programme, the outcome of the review of the Growing Places Fund and the details of the new Low Carbon Growth Fund

**55/21**      **CAPITAL PROGRAMME BUDGET** In relation to the Getting Building Fund (GBF), At the end of October 2021, £16.16m had been spent on projects from a total GBF grant allocation of £44.4m.

Appendix 1 to the report showed the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme was overcommitted by £2.46m which would be funded by using the GPF.

Board Members made comments and asked questions which were duly noted or answered.

**RESOLVED** that the report be noted.

**56/21**      **OUTPUT PERFORMANCE UPDATE 2021/22– QUARTER 2** Board Members were informed that as part of the contractual commitment for the £250m of Local Growth Funding, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP were committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which ran up to 2035, which was beyond the financial end of the programme in 2021 recognising that most of the activities would generate impact much later than the initial investment.

The report provided a detailed update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government the LEP were targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2021/22 financial year, delivery since the start of the programme and the lifetime of the programme

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 1 2021/22 and Appendix B showed analysis of the outputs by project.

Board Members made comments and asked questions which were duly noted or answered.

**RESOLVED** to note the presentation

**57/21**      **LGF EVALUATION** Heather Frecklington, Focus Consultants, attended the meeting and provided a presentation giving an end of programme evaluation of the D2N2 LGF Programme. The presentation provided an overall impact summary and detailed a number of case studies that highlighted the overall success of the programme.

Board Members made a number of comments and asked questions which were duly noted or answered.

**RESOLVED** to note the update report.

**58/21**      **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

**59/21**      **EXCLUSION OF THE PUBLIC FROM THE MEETING** **RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING**

1. To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 14 September 2021 contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
2. Growing Places Fund Update and DSF Loan (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

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