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PUBLIC

To: Members of D2N2 Investment Board

Tuesday, 8 March 2022

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **10.00 am** on **Wednesday, 16 March 2022**. 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 (Pages 1 - 6)

To confirm the non-exempt minutes of the meeting of the Investment Board (IB) held on 13 December 2021

4. Capital Programme Overview (Pages 7 - 12)
5. 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

6. Exempt Minutes (Pages 13 - 14)

To confirm the exempt minutes of the meeting of the Investment Board (IB) held on 13 December 2021

7. Low Carbon Growth Fund Pipeline (Pages 15 - 32)
8. Date of Next Meeting - TBC

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 – **1st December 2021**
- Consultation for project sponsors to be closed – **12th January 2022**
- Submission deadline for all bids to the LEP – **28th January 2022**
- Scoring process finalised – **11th February 2022**
- Projects informed of outcomes – **14th 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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D2N2 Investment Board – March 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 – 16 th March 2022		
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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Summary and Recommendations
<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 Low Carbon Growth Fund process</p>

D2N2 INVESTMENT BOARD

March 2022 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, the project will record learner outputs in Q2 2022/23.

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 project will have a completed spend profile in year. The project is delivering well against contracted outputs with 64 businesses assisted.

Glossop Town Hall – All works on phase one have now been verified as completed. Some issues have become apparent in the procurement process for the second phase of works however these are now resolved. The works will now start in April. As previously mentioned there was potential for minor underspend on the project but D2N2 and HPBC have worked

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together to mitigate this and the project will utilise its full funding package. The project is due to deliver its first outputs in Q4 2022/23 when the project has completed the physical works.

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. The project has minimal spend to achieve and will utilise all its funding in Q4. The project is delivering well against its learner targets with 137 of the total 150 learners delivered so far, the project is expected to record job outputs in Q3 2022/23.

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 April 2022 and will be open and operational in line with original projections. Project sponsors have reassured the LEP on final spend for the project. As the new centre has yet to open there has been no outputs delivered so far, we anticipate first learner and job outputs to be received in the next financial year.

NAMRC – The Nuclear Advanced Manufacturing Centre on Infinity Park is beginning construction works in this quarter. Derby City Council continue to provide assurances around the project spend and will utilise the full £6.875m in Quarter 4 of this year. Once the project has completed the construction works the outputs will begin to be delivered from Q4 2023/24.

Lindhurst – The project continues to progress with the road infrastructure developing for phase 2 on the site. Sectional completion has been achieved and allows the residential developer access to begin their groundworks on the site. The remainder of infrastructure completes in August 2022 and all project expenditure has been met. In terms of outputs the project will begin delivering its housing outputs in the 2022/23 financial year.

Transforming Nottingham Southside – After some delays to earlier phases of the programme the works to demolish the site are now performing well. Final master planning continues to take place on the site and the results of the process are expected later in the year. NCC have stated that all expenditure for the project will be met by the end of the financial year. The project will begin to deliver outputs after the demolition works are completed and the master planning has taken place.

Smartparc – Works on the site continue to progress at pace and are in line with the projections agreed at the Final Business Case stage. The first occupier for the site was

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announced as Hello Fresh who will take up a major unit on the site with 400 jobs being provided to the local economy from the development. D2N2 is working with the new occupier to provide support for them and their move to the site and will continue to assist in anyway possible. The site is gaining interest and enquiries on an ongoing basis.

Drakelow – Delays remain around some of the technical approvals for the project, the bridge has now been granted final approval of the technical designs but some issues remain around the sign off of the road specifications. Following conversations with the developer and approving body, they are both confident that a resolution can be found and approvals can be made to deliver an early summer start date. 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.

Budget.

Getting Building Fund (GBF)

By the end of December £32.86m out of the total grant of £44.4m had been spent on projects.

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 £2.44m which will be funded by using the GPF.

D2N2 is currently anticipating an underspend of around £350,000 on the GBF programme due to the delays in the Drakelow Park programme. The BEIS local team are aware of this issue and due to the nature of the project which has been delayed are comfortable for Derbyshire County Council as the Accountable Body to carry the funding over to Quarter 1 in the 2022/23 Financial Year.

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Appendix 1

Getting Building Fund											
	20/21			2021/22					Grand Total		
Project name	Q3 Actuals	Q4 actual	Total £m	Q1 actual	Q2 actual	Q3 actual	Q4	Total £m	£m	Status	Promoter
Workshop Access to Skills Hub		0.44	0.44	0.47	0.82	1.53	0.24	3.07	3.50	Approved	Bassetlaw District Council
Centre for Excellence in Construction and Digital	0.11	0.39	0.50			0.00		0.00	0.50	Approved	Chesterfield College
Digital Turbine Centre, Worksop	0.01	0.35	0.36	0.00	0.23	0.00		0.24	0.59	Approved	Nottinghamshire County Council
Drakelow Park, South Derbyshire			0.00			0.00	2.60	2.60	2.60	Approved	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	0.25	0.69	1.68	2.00	Approved	High Peak Borough Council
LEP Management		0.08	0.08			0.00	0.20	0.20	0.28		
Lindhurst, Mansfield	0.06	0.10	0.15	0.64	1.55	0.65		2.85	3.00	Approved	Nottinghamshire County Council
MRC Midlands, Derby			0.00			0.00	6.88	6.88	6.88	Approved	Derby City Council
Transforming Nottingham's Southside		0.32	0.32	0.60	2.01	1.78	3.28	7.67	7.99	Approved	Nottingham City Council
UK Electrification of Aerospace Propulsion Facility		3.88	3.88	1.41	1.53	0.67	0.09	3.70	7.58	Approved	University of Nottingham
Freedom and Flexibility to DCC		16.24	16.24			-4.70	-11.54	-16.24	0.00		
Total GBF Commitments	0.29	21.98	22.27	3.60	6.53	12.07	2.44	24.64	46.92		
Capacity funding			0.09								
Capital GBF funding			22.20								
Total GBF funding			22.29					22.20	44.49		
Annual (under)/over commitments			-0.01					2.44			
								Overall overspend	2.43		

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MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 16 March 2022 via Microsoft Teams

PRESENT

E Fagan (In the Chair)

M Introna (Nottinghamshire County Council), S Hassall (Derby City Council), J White (Bassetlaw District Council) and D Williams (D2N2 LEP)

Also in Attendance: T Goshawk (D2N2 LEP), W Morlidge (D2N2 LEP), P Seddon (Nottingham City Council), L Sharp (Chesterfield Borough Council) and C Williams (Derby City Council).

Apologies for absence were received from Councillors C Hart (Erewash Borough Council) Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), B Lewis (Derbyshire County Council), S Webster (Nottingham City Council) and J Bradley-Fortune (Inclusion Representative).

01/22 **DECLARATIONS OF INTEREST** There were no declarations of interest

02/22 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 13 December 2021

03/22 **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 along with details of the Low Carbon Growth Fund process.

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 was explained further in the budget section of the report.

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.

In relation to the GBF Budget, by the end of December 2021 £32.86m out of the total grant of £44.4m had been spent on projects.

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 is overcommitted by £2.44m which would be funded by using the GPF.

D2N2 is currently anticipating an underspend of around £350,000 on the GBF programme due to the delays in the Drakelow Park programme. The BEIS local team are aware of this issue and due to the nature of the project which had been delayed were comfortable for Derbyshire County Council as the Accountable Body to carry the funding over to Quarter 1 in the 2022/23 Financial Year.

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 and budget.

04/22 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

05/22 **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 13 September 2021 contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
2. Low Carbon Growth Fund Pipeline (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).