

Public Document Pack



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PUBLIC

To: Members of D2N2 Investment Board

Tuesday, 12 July 2022

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **12.30 pm** on **Wednesday, 20 July 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 - 2)

To confirm the non-exempt minutes of the meeting of the Investment Board (IB) held on 16 March 2022

4. Milestones-Low Carbon Growth Fund
5. Capital Programme Budget
6. Project for Approval-Hydrogen Fuelled Waste Collection
7. Date of next meeting - TBC
8. 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

9. Minutes (Pages 3 - 6)

To confirm the exempt minutes of the meeting of the Investment Board (IB) held on 16 March 2022

10. Project for Approval - Springvale Hydrogen

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)).

D2N2 Investment Board – July 2022

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 – 20 th July 2022		
Subject	Low Carbon Growth Fund – Milestones Update		
Author	W Morlidge	Total no of sheets (Excluding cover sheet)	4

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation(s)
<p>The Board are asked to note the Milestones report on the D2N2 Low Carbon Growth Fund programme.</p> <p>The report shows the Milestones that each project will be held accountable to and will be continuously monitored through to Final Business Case delivery.</p> <p>Recommendations will follow each project and their milestone progress.</p>

Low Carbon Growth Fund Milestones

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
SmartParc Low Carbon Heating and Cooling SmartParc	Green – on target	September 2022	£1.2 million	6 new Jobs 7.6 million KGs of emissions saved 3.9 million kg of CO2 Saved	The project has completed the milestones projected for at the time of acceptance on to the Low Carbon Growth Fund. Planning has been submitted to the Local Authority and is anticipated to be completed in July 2022. The applicant is currently drafting the Final Business case to submit to the LEP.	Planning complete – July 2022 Private Sector Funding Approval – July 2022 Business case to the LEP – August 2022

Recommendation – The Board are recommended to note the milestones and await the final business case for approval in September 2022

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
Heat Pump Skills Academy Bolsover District Council	Green – on target	October 2022	£500,000	100 Jobs Safeguarded 1200 Learners Supported	The applicant has met with the alternative training provider as agreed by the Board at the time of acceptance on to the LCGF Pipeline. The applicant is due to submit their planning application for the project in July. Some minor delays have taken place but the project still intends to be	Planning submission – July 2022 Planning Approval – September 2022 Procurement Complete – September 2022 Build Start – November 2022

				100 Businesses supported	developed in time for a March 2023 opening.	
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Recommendation – The Board are recommended to note the milestones and await the final business case for approval in October 2022

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
PPROHLET University of Nottingham	Green – on target	September 2022	£1.2 million	50 New Jobs 10 Safeguarded jobs 150 Learners supported 713,000,000 kg of CO2 saved	The project has progressed well since being accepted on to the Low Carbon Growth Fund pipeline. The procurement processes for the capital equipment are progressing well and initial scoping is taking place. The business case is due to be submitted to the LEP in August 2022.	Initiation of procurement – June 2022 (Complete) Business Case Delivery – August 2022

Recommendation – The Board are recommended to note the milestones and await the final business case for approval in September 2022

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
<p>The Sixes – H2 Buses</p> <p>Trent Barton</p>	Green – on target	November 2022	£1.5 Million		Progress has been made with the match funding parties with regards to securing their funding for the project and negotiations are taking place with the transport authorities around securing a bus lane opening for the project. Supply of Hydrogen is currently in negotiation for the project also.	<p>Design works on the route begin – March 2022 (Complete)</p> <p>Match funding confirmed by partners – September 2022</p> <p>Business Case submission – October 2022</p>

Recommendation – The Board are recommended to note the milestones and await the final business case for approval in November 2022

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
<p>Mine Water Heat</p> <p>Bolsover District Council</p>	Amber – Slippage in the programme	May 2023	£900,000	<p>196,609 kg of CO2 Saved</p> <p>404MWh of clean energy per annum</p> <p>5 premises with access to clean heat</p>	The programme on this project has slipped due to non availability of the correct officials to investigate the thermal properties of the mine shaft in question, this has led to a delay in a final decision being made to proceed. The Council are working with the University of Derby now to investigate this and will receive results in September. Should this not be the	<p>Concept Design concludes – September 2022</p> <p>Planning submitted – January 2023</p> <p>Planning concludes – April 2023</p> <p>Build out begins – August 2023</p>

					correct outcome then the project may not be able to proceed.	
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Recommendation – The Board are recommended to note the milestones and await the outcomes of the September study deadline before making a decision to proceed with the project.

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D2N2 Investment Board Cover Sheet – 20th July 2022

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 20 th July 2022		
Subject	Capital Programme Budget		
Author	S Wainwright	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 ongoing Getting Building Fund (GBF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD**20th July 2022****Capital Programme Budget****Getting Building Fund (GBF)**

By the end of March 2022 £44.15m out of the total grant of £44.4m had been spent on projects.

By utilising the Freedoms and Flexibilities of the GBF grant the remaining project, Drakelow Park, has £0.253m due from GBF, £2.347m from Growing Places Fund and £5.05m from Stoke and Staffs LEP which D2N2 are holding in a reserve. All other projects spent their allocations before the 31st March 2022.

Appendix 1 shows the spend profile for each project.

Appendix 1

Expenditure	Actual 20-21	Actual 21-22	2022-23 expected	Total
Worksop Access to Skills Hub	436,431.33	3,063,568.67		3,500,000.00
Centre for Excellence in Construction and Digital	500,000.00			500,000.00
Digital Turbine Centre, Worksop	356,222.56	235,777.44		592,000.00
Drakelow Park, South Derbyshire			7,650,000.00	7,650,000.00
Food Innovation Parc		12,000,000.00		12,000,000.00
Glossop Town Hall, Glossop	310,311.77	1,689,688.23		2,000,000.00
USP Management		86,549.50		86,549.50
Windhurst, Mansfield	156,093.83	2,846,909.17		3,003,003.00
MRC Midlands, Derby		6,875,000.00		6,875,000.00
Transforming Nottingham's Southside	324,112.55	7,665,887.45		7,990,000.00
UK Electrification of Aerospace Propulsion Facility	3,875,656.40	3,724,343.60		7,600,000.00
	5,958,828.44	38,187,724.06	7,650,000.00	51,796,552.50
Funding	Actual 20-21	Actual 21-22	2022-23	Total
Capital GBF funding	22,200,000.00	22,200,000.00		44,400,000.00
Stoke and Staffs			5,050,000.00	5,050,000.00
Growing Places Fund			2,346,552.50	2,346,552.50
	22,200,000.00	22,200,000.00	7,396,552.50	51,796,552.50
			Balance	-

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D2N2 Investment Board – July 2022

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 – 20 th July 2022		
Subject	Project for Approval – Hydrogen Fuelled Waste Collection		
Author	W Morlidge T Goshawk S Wainwright	Total no of sheets (Excluding cover sheet)	9

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendations
<p>In December 2021, D2N2 allocated £6.5m million of funding from its Growing Places Fund to deliver low carbon priority projects across the region. In total 7 projects were allocated funding and will all receive awards subject to the approval of a Local Assurance Framework (LAF) compliant Green Book Business Case.</p> <p>The delivery of the fund is managed in line with the D2N2 Local Assurance Framework agreed by the LEP Board, which sets out the compliance requirements in relation to the delivery and approval of projects funded through the Low Carbon Growth Fund.</p> <p>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. D2N2 will contract with South Derbyshire District Council and following an approval D2N2 will release £310,000 of funding through the Low Carbon Growth Fund.</p>

D2N2 Investment Board
Final Business Case – Project for Decision

Low Carbon Growth Fund

Project Name	Hydrogen Fuelled Waste Collection	Project Applicant	South Derbyshire District Council
Construction Start Date	July 2022	Construction End Date	February 2023
Low Carbon Growth Fund requested	£310,000	Total Project cost and Sources of funding	£705,800 Total Cost
Gross Value Added/ Benefit Cost Ratio	2.05:1	Expected Outputs	<ul style="list-style-type: none"> • 44,706 kg of CO2 saved per year • 1 new job and 30 jobs safeguarded • £35,800 of private sector leverage • 30 learners supported

1.0 Project Description

This innovation project is to pilot the operational introduction of hydrogen powered refuse collection vehicles (RCVs) to deliver local authority waste collection services. It will include the operational and vehicle performance testing of two hydrogen dual fuel (hydrogen/diesel) powered RCVs and the refuelling infrastructure required.

As an innovation project the Council will monitor and track the performance of:

- The hydrogen/diesel hybrid fuelled RCV in a large rural geographical district and compare this with the current diesel powered RCV.
- The hydrogen infrastructure and the additional operational adaptations required for hydrogen RCVs, compared to the current diesel RCVs.

South Derbyshire District Council (SDDC) has 21 RCVs in its fleet that currently services an area of 131 square miles. As a rural District there is a need to pilot the operational capability of Hydrogen RCVs as potentially they are better suited than other low emission vehicles (such as electric) for rural geographies with long distance collection routes.

The performance, operational capability and good practice learnings from this pilot will be useful to other rural Districts in the D2N2 area that are looking to transition to zero carbon emission vehicles. The trial will identify the feasibility of hydrogen fuel use in rural area, the benefits of the specific hydrogen technology required and will provide an opportunity to identify any challenges prior to wider adoption and potential next steps.

The overall responsibility for the delivery of this innovation project is South Derbyshire District Council who will work in collaboration with three supporting partners:

- Toyota Motor Manufacturing (UK) Ltd – supplying the dual fuel RCV base in the north of the district.
- ULEMco – consultants and suppliers of the RCV dual fuel conversion
- Hydrogen refuelling supply – the hydrogen supply service will be procured through a tendering process. Potential suppliers have already been identified and their indicative supply solutions and costings are part of this bid application.

2.0 Summary of Strategic Case/Fit

The Hydrogen Fuelled Waste Collection project fits with multiple strategies at a local and national level including:

D2N2 Recovery and Growth Strategy

Low carbon growth and innovation: this innovation pilot to Hydrogen powered RCV shows low carbon leadership, supports the potential hydrogen infrastructure that is being developed across the D2N2 region and promotes decarbonising growth by promoting alternative fuels.

Productivity: brings together the growing hydrogen jobs, skills, training, and innovation that are being developed in collaboration with high profile business partners (Toyota, ULEMco and Hydrogen Fuel Suppliers) that will support local businesses and services to thrive and make the region an attractive place for future hydrogen investment.

Connectivity & Inclusion: the investment in both the hydrogen economy and skills in a rural district supports the quality of life for residents, workers and visitors and supports the levelling up of rural economies that South Derbyshire represents.

UK Government Strategy

This project also meets the objectives of the UK's path to net zero as set out in the landmark Net Zero Strategy. As part of this UK Government strategy there is commitment to invest in Hydrogen Revenue Support schemes to accelerate green

hydrogen projects and innovation projects. One of the ambitions of this strategy is to work with the transport sector to develop a low carbon fuel strategy for transport and for growing the hydrogen economy and skills sector.

Assessors Comments	The project has been demonstrated to align with and have strong strategic fit with D2N2's strategies and those of Central Government.
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3.0 Summary of Economic Case and expected outcomes

Options analysis

SDDC has taken in to account a variety of different options to deliver this project and the decarbonization of its waste collection fleet. The options exercise has delivered four shortlisted options which include:

1. Remain as is – This option would keep the status quo and requires no additional cost however gets SDDC no closer to achieving its carbon neutral target of 2030 and therefore is not a viable option to take forward.

2. Zero Emission vehicles - Replacing SDDC's current RCV fleet with fully electric or hydrogen powered vehicles is prohibitively expensive, as these replacement vehicles are currently double the costs of equivalent diesel power RCV's. This scale of investment would be beyond the current budget capacity of most local authorities. It is likely that the future cost of fully electric and hydrogen RCV's will significantly reduce as they go from the research and development early adoption stage to mainstream and established. However Local Authorities like SDDC who currently have twenty diesel RCV's to decarbonise and eight years to deliver on their carbon neutral commitments need a cost-effective option.

3. Outsourcing – This option has been discounted due to management at SDDC not seeing this as the way forward. This option does not also help with the removal of emissions as these would still count towards the Local Authorities Scope 3 emissions.

4. Dual Fuel Option – The hydrogen dual fuel option which can be retrofitted to both new and existing RCV's, cost effectively supports the RCV fleet replacement strategy. Dependant on the outcomes of this Project, there is a potential for all existing RCV's to be retrofitted with the benefit of tail pipe emissions being significantly reduced until their end of life. This would give Local Authorities similar to SDDC a cost-effective solution to reducing RCV emissions until zero carbon emission vehicles become established.

The project sponsor has carried out a benefit cost ratio analysis for the project which gives a BCR of 2.05:1, this relies on assumptions of 15% optimism bias and 3.5% Net present value on costs which are both deemed to be fair assumptions.

Assessors Comments	A detailed options analysis has been submitted for the project and the reasoning behind the authorities preferred option has been well thought out and demonstrated as to why this would
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	be the optimum choice. The economic case analysis shows that the benefits provided from the project will deliver good value for money against the LEPs investment.
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4.0 Summary of Commercial Case

The purpose of the Commercial Case is to assess the best way of delivering the preferred Hydrogen Fuelled Waste collection project and setting out the structure of the arrangements.

i. Market Analysis

Financing - Match funding from SDDC will be part of the current vehicle replacement strategy.

Asset Prices – Asset price for dual fuel RCV is likely to be similar to vehicles that are being replaced.

Capacity – Waste sector collection capacity for a low or zero carbon fuel alternative is growing as local government gears up for carbon neutral targets.

Consumer Demand – Waste sector market is stable, although as South Derbyshire's population is growing, the demand for low carbon collection services will increase.

Business Demand – Increasing demand for hydrogen vehicle solution and for hydrogen fuel supply.

Employment – increasing demand for hydrogen employment roles and skills. Hydrogen market demand and supply is likely to grow over the next decade. The retail cost per kg is currently much higher than diesel and is likely to remain that way for the next few years. It is expected that the cost differential will reduce as demand and supply of hydrogen increases.

ii. Delivery Arrangements

The business case clearly sets out the responsible parties who will be in charge of delivering the scheme and key lines of responsibility. Further information is included in section 6.0 of this business case.

Assessors Comments	The submitted business case is considered to address market demand for the less environmentally damaging refuse collection service. The delivery arrangements for the project are well thought out and show clear lines of responsibility.
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5.0 Summary of Financial Case

Subsidy Control

The project will not be considered a prohibited subsidy as South Derbyshire District Council is acting as the project sponsor and providing a service which is not otherwise provided by the private sector. Therefore the use of this grant has no effect on a competitive market or undermines competition.

Assessment of Risk

The principal risks that are relevant to the funding include:

- Site conditions – The site for hydrogen refuelling and storage may not be suitable for delivery. The project sponsor is working with TMUK and utilising the expertise of Hydrogen Suppliers to ensure that alternative locations are in place should conditions not be suitable.
- Procurement issues – Timescales for procurement and costs for equipment may either be delayed or increased. The project sponsor has engaged with the suppliers in pre-procurement to ensure that costings and timings are accurate.
- Cost of Hydrogen – Potential increases to the cost of Hydrogen which may affect the delivery of the project. This will be negotiated in the procurement process and guarantees over price will be sought.

Key equipment costs

Key components	Cost £
2 x RCV's	360,000
2 x Dual Fuel Conversion units	100,000
Performance analysis software	50,000
Site Welfare Unit and infrastructure	80,000
Hydrogen use, supply and refuelling	40,800
Site Civils Works (security and power supply)	10,000
Project Resource	30,000
Operator, Health, and Safety Training *	25,000
Site cost provision*	10,000

<p>Assessors Comments</p>	<p>The project makes a good case for intervention and does not go against subsidy control measures. The principal risks are around the site and delivery of Hydrogen, these have been recognised early and show sound mitigations to combat any issues should they arise.</p>
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6.0 Summary of Management Case

The Management Case sets out the governance arrangements for the delivery, monitoring and evaluation of the Hydrogen Fuelled Waste collection project.

i. Governance and Management arrangements.

Clear governance and management arrangements are set out for the delivery of the project and the evaluation period to determine the success of the scheme. SDDC have provided a hierarchical structure of named individuals who will own the project and assure the LEP that the outcomes promised are met. This includes both officers of the council and representatives from the partnering organisations as part of the project resource team. SDDC's Section 151 officer will be responsible for overseeing the expenditure on the project.

ii. Programme Plan

The project sponsor has provided an overarching programme for the delivery of the programme alongside target dates for the completion of each section of the procurement. The programme is currently:

- Procurement Completion – July 2022
- Supply chain engagement and delivery – December 2022
- Programme Launch – December 2022
- Programme Delivery – Jan 2023 – December 2023
- Final reporting – March 2023

iii. Risk Management

The business case provided by SDDC has taken into account multiple risks which are identified by the sponsor related to the scheme. These include both internally and externally affected risks to the project, the sponsor has provided mitigations to help solve potential issues.

iv. Monitoring and Evaluation

The Project Outputs will be the information, monitoring data, analysis and detailed learnings of the RCV performance, Operational use of Hydrogen and Operational

Behaviour of this complete Project lifespan from inception to delivery end. The main components of the Project output and reporting are shown below:

RCV Performance	Operational Use of Hydrogen	Operational Behaviours
Comparisons between diesel and hydrogen dual fuel. *	Supply, storage and use of Hydrogen. *	Driver and team behaviour changes. *
Fuel used and mpg	Unit costs and service prices*	Training delivered
Distance travelled	Amount used/stored	Mpg comparisons
Number of pickups	Refuelling time	Scheduled operator feedback
Time taken for collections	Refuelling issues	Feedback changes
Carbon emissions	Supply chain timeframes	Customers feedback
Downtime	Supply chain issues	Suppliers feedback
Maintenance time	Maintenance time	Partners feedback
Number of breakdowns	Number of breakdowns	Back-office feedback

In addition to the final Project Output Reporting, SDDC will deliver a quarterly return report that will set out the spend, output achievements and progress of the Project against the agreed profile.

Assessors Comments	The project sets out good management arrangements with named individuals who will own and manage risk. The projects programme is well thought out and sets out realistic timescales for delivery. As well as the information about the infrastructure delivery, the applicant has also planned how the project will be monitored well and given details into the evaluation of the project to demonstrate success.
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7.0 Assessors and Officers Recommendation

The following recommendations are proposed as a condition of any award of Low Carbon Growth Fund from D2N2 LEP to this project;

- i. Confirmation that the project provides Value for Money from the external economic case assessment.
- ii. A profile of drawdown of Low Carbon Growth Funding

Low Carbon Programme Fund Checklist

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5-case model. 'The Checklist' ¹ published by HM Treasury is a useful one-page guidance paper.	<i>South Derbyshire District Council have prepared a green book compliant business case which aligns to the standards set out by HM Treasury.</i>
2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	<i>SDDC have carried out economic analysis which shows the project provides a BCR of 2.05:1 which demonstrates 'High' value for money</i>
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	<i>All planning permissions are in place for the project.</i>
4. Confirmation that any Section 106 or other agreements have been entered into.	<i>Not applicable to this development</i>
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	<i>The project is due to be tendered through a variety of separate frameworks which SDDC has direct access to. The individual elements of the project will be either procured through mini tender or direct negotiation through suppliers found through these frameworks.</i>
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	<i>The project has begun in May 2022 with the carbon capture equipment starting to be installed. This enables the other components to be installed in the following timeframes: - Package 1 – Commences July 2022 - Package 2 – Commences October 2022 - Package 3 – Commences December 2022</i>
7. 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	<i>SDDC has provided the D2N2 LEP with assurances that they will not be liable for any cost overruns and the project sponsor will accept these should they arise.</i>

<p>the details submitted. The promoter should submit a separate letter appended to the Business Case which confirms this from their Financial Director or equivalent.</p>	
<p>8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.</p>	<p><i>RIBA Stage 4 is not applicable for this project however the designs have been completed by industry experts.</i></p>
<p>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</p>	<p><i>The project team have given no indication of any reasons for delay at the time of submission.</i></p>
<p>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.</p>	<p><i>No significant changes are in place from the original EOI submission.</i></p>
<p>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.</p>	<p><i>The business case sets out all match funding for the project which has been confirmed by letters from the applicant.</i></p>
<p>12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project</p>	<p><i>Toyota Manufacturing UK have provided 3 identified and suitable locations at their Burnaston site which will be finalised on completion of the grant agreement.</i></p>
<p>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.</p>	<p><i>The project sponsor has provided details of when the project phases will start and finish for the scheme. Outcomes are profiled for the LEP to monitor on an ongoing basis.</i></p>
<p>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.</p>	<p><i>A risk register has been prepared by the project sponsor and has set out mitigations which will solve any issues that may arise.</i></p>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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