

# Public Document Pack



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PUBLIC

To: Members of D2N2 Investment Board

Tuesday, 24 January 2023

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **10.00 am** on **Wednesday, 1 February 2023**. 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 26 October 2022

4. Capital Programme Update
5. Capital Programme Budget
6. Enterprise Zones
7. Audit 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 26 October 2022.

11. D2N2 Early Stage Angel Investment Fund (D2N2 ESAIF)
12. Growing Places Fund (GPF) update

**MINUTES** of a meeting of the **D2N2 INVESTMENT BOARD** held on 26 October 2022 via Microsoft Teams

## **PRESENT**

E Fagan (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), S Hassall (Derby City Council), and J Bradley-Fortune (Inclusion Representative).

Also in Attendance: J Battye (DCC) N Cockrell (Bassetlaw District Council), C Durrant (Chesterfield Borough Council) T Goshawk (Faithful & Gould), F Horsley (D2N2 LEP) N Johnson (D2N2 Board) R Kercyku (BEIS), W Morlidge (D2N2 LEP), P Mayhew (Shakespeare Martineau) T Najuk (Gedling Borough Council), M Vieyra (D2N2 LEP) and S Wainwright (DCC)

Observers: N Johnson (D2N2 Board, Inclusion) Councillor C Renwick (Derbyshire County Council)

Apologies for absence were received from Councillors K Girling (Nottinghamshire County Council), C Hart (Erewash Borough Council), B Lewis (Derbyshire County Council) A Williams (Nottingham City Council) and D Williams (D2N2 LEP)

**17/22**      **DECLARATIONS OF INTEREST** There were no declarations of interest

**18/22**      **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 20 July 2022.

**20/22**      **CAPITAL PROGRAMME BUDGET** In relation to the Low Carbon Growth Fund (LCGF), The Investment Board approved funding to be made available from the Growing Places Fund in December 2021. Funding was expected to be spent by March 2024. The first payment had recently been made to the Springvale Hydrogen project.

Appendix 1 shows the spend profile for each project.

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

**RESOLVED** that the report be noted.

**21/22**      **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

**22/22**      **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 20 July 2022 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).
2. D2N2 Early Stage Angel Investment Fund (D2N2 ESAIF) (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).



D2N2 Investment Board Cover Sheet – 1<sup>st</sup> February 2023

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 1 <sup>st</sup> February 2023		
Subject	Capital Programme Update and Milestones		
Author	W Morlidge Tom Goshawk, Faithful+Gould	Total no of sheets	6

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input checked="" type="checkbox"/>	Information <input checked="" type="checkbox"/>
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<b>Summary and Recommendation(s)</b>
<p>The Investment Board are asked to approve the deallocation of funding from the Drakelow Park Getting Building Fund project due to a lack of progress and discuss options for the funding. The funding is split £253,450 Getting Building Fund and £2,346,549 of Growing Places Fund.</p> <p>The Investment Board is asked to note the progress of the four projects approved by the Low Carbon Growth Fund</p> <p>The Investment Board is asked to note the milestones paper and approve the individual recommendations that follow each project</p>

## **D2N2 INVESTMENT BOARD**

**1<sup>st</sup> February 2023**

### **Capital Programme Update and Milestones**

#### **Drakelow Park Deallocation**

In July 2020, D2N2 was awarded £44.4m of funding through the Getting Building Fund to deliver ten projects across Derbyshire and Nottinghamshire. The fund was intended to create jobs, support learners and build new homes. As part of this funding round, Drakelow Park was selected to be delivered and allocated a total grant amount £2.6m made up of £253,450.50 from the Getting Building Fund and £2,346,549.50 Growing Places Fund reserves.

The project involved funding to help develop key infrastructure provision around the site to enable the development to proceed, this included upgraded roads in the proximity of the area and a new bridge to cross the River Trent enabling smoother access for residents and traffic easing. In return for D2N2's investment the site intended to deliver 2,046 homes.

The site has made little progress since its initial allocation in 2020 and several matters remain outstanding including technical approvals not being in place for the bridge infrastructure. Contracts between the developer responsible for the delivery and D2N2 have also been delayed by the above issues and therefore the LEP has decided to remove the allocation of the full £2.6m from the site and reallocate this to other purposes.

The next steps for deallocation involve a written change request being made to the Department for Business, Energy and Industrial Strategy (BEIS) who are the overarching governing authority for this funding. Subject to their approval to deallocate, the LEP will seek new ways to reallocate both the £253,450.50 of Getting Building Fund before 31<sup>st</sup> March 2023 and the £2,346,549.50 of Growing Places Fund (this funding has no strict deadlines for spend).

The project was also part funded by the Stoke and Staffordshire LEP who have agreed to remove their funding for the project.

**Recommendation** – The D2N2 Investment Board are recommended to approve the deallocation of the total £2.6m from the Drakelow Park project. Members of the Investment Board are asked to discuss potential options for the funding at this meeting, following this discussion officers will bring back a proposed option at the next meeting.

## Low Carbon Growth Fund - Approved projects update

In December 2021 the D2N2 Investment Board chose to allocate £6.5m of funding from the Growing Places Fund to deliver low carbon priority projects from across the region. As a result of this process seven projects were allocated funding to accelerate investment in new technologies and innovative projects. To date the Investment Board has approved four projects in the programme and a brief update is included below to inform the Investment Board of the progress that they are making:

### **PPROHLET** - University of Nottingham - £1.2m LCGF allocation

The legal documentation for the project has now been formally adopted and the scheme is ready to proceed. In the meantime conversations have been progressing with the University's procurement teams to prepare the documentation to issue tenders. These have now been sent out to suppliers with detailed specifications for the equipment and the University team is having weekly meetings to ensure the timely delivery to enable the project.

### **Smartparc LC Cooling and Heating** – Smartparc Ltd - £1.2m LCGF allocation

The Energy Centre infrastructure on site has been completed and has now received half of the equipment to enable the heating and cooling system. The pipework to connect the heating and cooling systems is being installed to the first units on site. Smartparc are seeing a good level of take up to the infrastructure and each new lease that has been committed to on site is using the system. The project has enough expenditure to account for the D2N2 Grant and will be claimed this quarter.

### **Hydrogen Waste Collection Vehicles** – South Derbyshire DC - £310k LCGF allocation

The project has progressed its procurement of the waste collection vehicles in line with the initial schedule presented to the Investment Board and will have completed this by the end of Q4 2022/23. The project sponsor has been informed by the manufacturers that the current economic environment will lead to delays in the delivery. The dual fuel conversion kits are anticipating a delay of up to five months on this equipment. This will slightly delay the expenditure on the programme but not outside of the agreed timelines in the grant offer letter.

### **Springvale Hydrogen** – AqSorption Ltd - £971,460 LCGF allocation

The design and procurement of the system has progressed well and manufacturing on certain elements of the infrastructure has begun. The preliminary works for the site have started on site and are on target to complete in time to enable the site infrastructure to be developed. There are potential slippages upcoming in the programme due to the lead times for equipment delivery as supply is becoming more scarce in the CO2 and H2 markets.





### Low Carbon Growth Fund Milestones

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
<b>Heat Pump Skills Academy</b>  Bolsover District Council	Green – on target	April 2023	£500,000	100 Jobs Safeguarded  1200 Learners Supported  100 Businesses supported	The project is still progressing with tender documentation being formulated presently. The project will now work in partnership with Vision West Nottinghamshire College and NTU to deliver a more expanded set of outputs. We expect the business case to the LEP in March 2023.	Tenders sent out – <b>January 2023</b>  Tenders Received – <b>March 2023</b>  FBC approval – <b>April 2023</b>

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**Recommendation** – The Board are recommended to note the milestones and await the final business case for approval in April 2023

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
<b>The Sixes – H2 Buses</b>  Trent Barton	Amber – Slippage in the programme	April 2023	£1.5 Million	10 Hydrogen Buses  Hydrogen Refuelling Infrastructure	The project has seen lengthy delays to the initial programme forecast. The match funding contributions from the project sponsor have been agreed. However, the match funding from other sources is yet to be confirmed and a final deadline of March has been set for this otherwise funding may be reallocated.	Decision to be made around funding by partners - <b>March 2023</b>

**Recommendation** – The Board are recommended to note the milestones and await the final decision on funding in March

Project Details	RAG Rating	FBC Approval to Board	LCGF Funding	Outputs	Current Position	Milestones to track
<b>Mine Water Heat</b> Bolsover District Council	<b>Amber – Slippage in the programme</b>	May 2023	£900,000	196,609 kg of CO2 Saved  404MWh of clean energy per annum  5 premises with access to clean heat	The University of Derby has confirmed that the project is economically viable to provide energy to up to 100 homes. Further work has been commissioned to test the assumptions further and look at designs for the project. Bolsover DC are considering an ask of the Investment Board for up front funding to further develop the demonstrator.	Concept Design concludes – <b>September 2022</b>  Planning submitted – <b>January 2023</b>  Planning concludes – <b>April 2023</b>  Building works begins – <b>August 2023</b>

**Recommendation** – The Board are recommended to note the milestones and await the outcomes of the further modelling, for an update at the next Investment Board meeting.



D2N2 Investment Board Cover Sheet – 1<sup>st</sup> February 2023

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 1 <sup>st</sup> February 2023		
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 Low Carbon Growth Fund (LCGF).</p> <p>The Investment Board are requested to note the information.</p>

**D2N2 INVESTMENT BOARD****1<sup>st</sup> February 2023****Capital Programme Budget****Low Carbon Growth Fund (LCGF)**

The Investment Board approved funding to be made available from the Growing Places Fund in December 2021. The only project to have submitted claims and received funding is Springvale Hydrogen. Funding is expected to be spent by March 2024.

Appendix 1 shows the spend profile for each project.

Appendix 1

Low Carbon Growth Fund	Actual to date	Budget	Budget			
Project		2022/2023	2023/2024	Total	Status	Promoter
SmartParc Low Carbon Heating and Cooling		1,200,000.00		1,200,000.00	Approved at September Investment Board	SmartParc Segro Spondon Ltd
Heat Pump Skills Academy		100,000.00	400,000.00	500,000.00	Expected at April Investment Board	Bolsover District Council
PPROHLET		1,200,000.00		1,200,000.00	Approved at September Investment Board	University of Nottingham
The Sixes-H2 Buses			1,500,000.00	1,500,000.00	Expected decision on whether progress by March 23	Trent Barton
Mine Water Heat			900,000.00	900,000.00	Expected	Bolsover District Council
Hydrogen Fuelled Waste Collection		310,000.00		310,000.00	Approved at July Investment Board	South Derbyshire District Council
Springvale Hydrogen	971,460.00	971,460.00		971,460.00	Approved at July Investment Board	Bloom Development Ltd
	971,460.00	3,781,460.00	2,800,000.00	6,581,460.00		
					Funding available from Growing Places Fund	6,500,000.00
					overcommitment	81,460.00

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D2N2 Investment Board Cover Sheet – 1<sup>st</sup> February 2023

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 1 <sup>st</sup> February 2023		
Subject	Enterprise Zones		
Author	S Wainwright	Total no of sheets	2

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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<b>Summary and Recommendation(s)</b>
<p>The Investment Board are asked to approve the ringfencing of business rates generated at Infinity Park to be spent on projects at Infinity Park with the first call on the monies to repay the £2.2m Growing Places funding.</p>

## **D2N2 INVESTMENT BOARD**

**1<sup>st</sup> February 2023**

### **Enterprise Zones**

- 1.1 Enterprise Zone policy states that LEP's are entitled to retain all additional business rates generated within the EZ boundary annually for a period of 25 years. The D2N2 LEP currently have 5 sites, 4 located in Nottingham and 1 in Derby:
  - Nottingham Science Park (2.1ha)
  - Nottingham MediPark (3.7ha)
  - Boots site (90.7 ha)
  - Beeston Business Park (19.1ha)
  - Infinity Park (101 ha)
- 1.2 Currently only the Infinity Park site has generated business rates which currently total £675,230.65. These have been collected from businesses at the IHub, now know as the Derby Nuclear Skills Academy.
- 1.3 The Investment Board approved £6.875m from the Getting Building Fund and £2.2m from the Growing Places Fund for the Nuclear Advanced Manufacturing Research Centre (NAMRC). The £2.2m is to be repaid using business rates earned from the Enterprise Zones.
- 1.4 Further units on Infinity Park are due to open in March 2023 and Summer 2024 which will generate future business rates.
- 1.5 Work is now underway to drive further investment into Infinity Park through a group comprising Rolls Royce, Derby University, NAMRC, Derby City Council, D2N2 and Composite Braiding, representing the SMEs on the site. The group is currently identifying potential funding sources for developments including new manufacturing, R&D and educational facilities focused primarily on nuclear, but with other related sectors such as hydrogen also being encouraged. We have brokered a discussion with Cadent about the potential for the site to be hooked into the proposed East Coast Hydrogen pipeline. We are also looking to ensure a strong social value ethos and to learn from our KAM project to ensure excellent aftercare for investors is built into the IPD offer.
- 1.6 The Investment Board are asked to approve the ring fencing of business rates generated at Infinity Park to be spent on projects at Infinity Park with the first call on the monies to repay the £2.2m Growing Places funding for the NAMRC.



## D2N2 Investment Board – 1<sup>st</sup> February 2023

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	01 February 2023		
Subject	Audit Services Review of D2N2 Local Enterprise Partnership (LEP)		
Author	D Ashcroft	Total no of sheets (Excluding cover sheet)	1

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendations	
This paper provides a summary of findings following the Audit Services review of the D2N2 LEP for 2021-22.	

## D2N2 INVESTMENT BOARD

01 February 2023

### Audit Services Review of D2N2 Local Enterprise Partnership

This Audit Services Report summarises the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP).

The LEP's governance structures remain robust with adequate supporting terms of reference with policy and procedural documents in place. The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes has provided regular and appropriate reporting to the D2N2 Investment Board detailing project and scheme expenditure, outputs and financial positions. Based on detailed testing of a sample of two Getting Building Fund projects in receipt of funding during 2021-22, the necessary evaluation, approval, monitoring and reporting procedures are being satisfactorily evidenced. The two recommendations raised during the previous Audit Services review, had been implemented.

As part of its responsibilities as Accountable Body to the D2N2 LEP, Audit Services have also certified grant claims in respect of the Growth Hub and Peer Networks grant allocations in accordance with grant terms and conditions.

Based on the findings detailed within this Report, associated recommendations and areas of good practice identified, **Management may draw substantial assurance over the adequacy and effectiveness of the systems and controls in place.** Whilst there is a sound system of governance, risk management and control minor weaknesses have been identified which include non-compliance with some control processes. No significant risks to the achievement of system/audit area objectives have been detected. These will be further improved by the implementation of the recommendations detailed within this Report.

The current Audit Services review raised three recommendations which are primarily the responsibility of the D2N2 LEP.

- 'Lessons learned' are established from recent website issues and that satisfactory controls are in place to mitigate the risk of similar issues arising again (**Medium Priority**).
- Board members signed Declarations of Interest and Codes of Conduct are brought up to date and published to the new D2N2 LEP website as soon as possible (**Medium Priority**).

- Written notice of the one-year extension to the Accountable Body Service Level Agreement is retrospectively made to Derbyshire County Council (**Low Priority**).

**Daniel Ashcroft**  
Audit Manager  
Derbyshire County Council (Accountable Body)

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