

Public Document Pack



Helen Barrington
Director of Legal and
Democratic Services
County Hall
Matlock
Derbyshire
DE4 3AG

Direct Dial 01629 538328
Ask for Ivan Walters

PUBLIC

To: Members of D2N2 Investment Board

Wednesday, 30 August 2023

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **10.00 am** on **Thursday, 7 September 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

A G E N D A

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 D2N2 Investment

Board (IB) held on 1 February 2023

4. Capital Programme Update (Pages 7 - 10)
5. Quarter 4 Output Performance Update (Pages 11 - 16)
6. Project for approval- Mine Water Heat pre-compliance request (Pages 17 - 20)
7. Project for approval-Heat Pump and Green Skills Accelerator (Pages 21 - 32)
8. Economic Growth Fund Call (Pages 33 - 42)
9. Date of next meeting - TBC
10. 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

11. Exempt Minutes (Pages 43 - 46)

To confirm the exempt minutes of the meeting of the D2N2 Investment Board (IB) held on 1 February 2023.

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 1 February 2023 via Microsoft Teams

PRESENT

E Fagan (In the Chair)

Councillors W J Clarke (Gedling Borough Council), K Girling (Nottinghamshire County Council), C Hart (Erewash Borough Council), S Hassall (Derby City Council), J White (Bassetlaw District Council) and D Williams (D2N2 LEP)

Also in Attendance: J Battye (DCC) N Cockrell (Bassetlaw District Council), C Durrant (Chesterfield Borough Council) T Goshawk (Faithful & Gould), W Morlidge (D2N2 LEP), P Mayhew (Shakespeare Martineau) M Neal (Nottinghamshire County Council), P Seddon (Nottingham City Council) L Towers (DCC, Audit), M Vieyra (D2N2 LEP), S Wainwright (DCC) and C Williams (Derby City Council)

Observers: N Johnson (D2N2 Board, Inclusion), J Lake (DCC, Audit), Councillor C Renwick (Derbyshire County Council) and N Swaney (D2N2 LEP)

Apologies for absence were received from Councillors P Gilby (Chesterfield Borough Council), B Lewis (Derbyshire County Council), and A Williams (Nottingham City Council)

01/23 **DECLARATIONS OF INTEREST** There were no declarations of interest

02/23 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 26 October 2022.

03/23 **CAPITAL PROGRAMME UPDATE AND MILESTONES** 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 had 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 involved 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 31st 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.

Officers recommended the board to approve the deallocation of the total £2.6m from the Drakelow Park project.

Following discussion amongst Board Members, it was agreed to deallocate the funding from the Drakelow project and that officers from the LEP and Accountable Body be asked to produce options on the reallocation of the funds.

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 was 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 had now been formally adopted and the scheme was ready to proceed. In the meantime, conversations had been progressing with the University's procurement teams to prepare the documentation to issue tenders. These had now been sent out to suppliers with detailed specifications for the equipment and the University team was 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 had been completed and had now received half of the equipment to enable the heating and cooling system. The pipework to connect the heating and cooling systems was being installed to the first units on site. Smartparc were seeing a good level of take up to the

infrastructure and each new lease that had been committed to on site was using the system. The project had 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 had progressed its procurement of the waste collection vehicles in line with the initial schedule presented to the Investment Board and would have completed this by the end of Q4 2022/23. The project sponsor had been informed by the manufacturers that the current economic environment would lead to delays in the delivery. The dual fuel conversion kits were anticipating a delay of up to five months on this equipment. This would 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 had progressed well and manufacturing on certain elements of the infrastructure had 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 were potential slippages upcoming in the programme due to the lead times for equipment delivery as supply was becoming more scarce in the CO2 and H2 markets.

In relation to the Low Carbon Growth fund milestones, the report provided details on each project:

Heat Pump Skills Academy – Bolsover District Council - The Board are recommended to note the milestones and await the final business case for approval in April 2023

The Sixes H2 Buses – Trent Barton - The Board are recommended to note the milestones and await the final decision on funding in March.

Mine Water Heat - Bolsover District Council - 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.

RESOLVED (1) to approve the deallocation of funding from the Drakelow Park project due to a lack of progress, and that officers from the LEP and Accountable Body be asked to produce options on the reallocation of the funds

(2) to note the progress of the four projects approved by the Low Carbon Growth Fund; and

(3) to note the milestones update on the three current project and approve the individual recommendations that follow each project.

04/23 **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 only project to have submitted claims and received funding is Springvale Hydrogen

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.

05/23 **ENTERPRISE ZONES** Members of the Investment Board were 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

Enterprise Zone policy stated that LEP's were entitled to retain all additional business rates generated within the EZ boundary annually for a period of 25 years. The D2N2 LEP currently had 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)

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 known as the Derby Nuclear Skills Academy.

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.

Further units on Infinity Park were due to open in March 2023 and Summer 2024 which would generate future business rates.

Work was 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 was 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. A discussion had been brokered with Cadent about the potential for the site to be hooked into the proposed East Coast Hydrogen pipeline. The LEP was 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.

RESOLVED 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.

06/23 AUDIT SERVICES REVIEW OF D2N2 LOCAL ENTERPRISE PARTNERSHIP Lee Towers, Principal Auditor, attended the meeting and summarised the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP).

The LEP's governance structures remained 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 had 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 were 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 was a sound system of governance, risk management and control minor weaknesses had been identified which include non-compliance with some control processes. No significant risks to the achievement of system/audit area objectives had been detected. These would 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**).

RESOLVED to note the report and its recommendations.

07/23 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

08/23 **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 26 October 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)).
3. Growing Places Fund (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

Item 4

D2N2 Investment Board – September 2023

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--------------------------------------------	-------------------------------------------------

Meeting and Date	D2N2 Investment Board – 7 th September 2023		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	4

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
--------------------------	-----------------------------------	-------------------------------------	-------------------------------------------------

Summary and Recommendations
<p>The Board are asked to note the progress report on the D2N2 Capital programme.</p> <p>The paper also gives an update on the Early Stage Angel Investment Fund.</p>

Item 4

D2N2 INVESTMENT BOARD

September 2023 D2N2 Capital Programme Update

Introduction

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

Drakelow Park funding deallocation

Following the Investment Board meeting on the 1st of February, the board took the decision to deallocate the funding £2.6m to the Drakelow Park Project. The project had made little progress in bringing the development to fruition and therefore was deallocated from the LEPs Capital programme.

Following this process D2N2 and the Accountable Body has received a formal ministerial confirmation of withdrawal of the funding with £2.34m returned to the Growing Places Fund pot and £253,450 reallocated from the Getting Building Fund to the Springvale Hydrogen project. This allowed for the reallocated funds from the Springvale Hydrogen project to be added to the Growing Places Funding for use in the new Economic Growth Fund call.

Low Carbon Growth Fund progress update

Following the approval of 7 projects on to the Low Carbon Growth Fund capital programme the LEP has to date approved 4 projects through the Investment Board and has a further project for approval at this meeting.

Smartparc Low Carbon Heating and Cooling – The project has progressed well with spend and the infrastructure for the scheme has begun to take shape. The project will be linked to new occupiers on site to establish new low carbon heating and cooling for the developments when they come on site.

PPROHLET – The purchase of specialist equipment has been delayed by ongoing issues with the supply chain for the project. The project as of the latest monitoring claim has not yet spent any of its allocation, however the University have confirmed that spend has now been registered and will be reported at the next monitoring claim. A meeting has been arranged to update on future timelines for the project.

Springvale Hydrogen – The project has seen some delays for the procurement of specialist hydrogen equipment as supply chains continue to delay delivery of procured goods. These however are being resolved and assembly has ramped up in the last 2 months on the project.

Hydrogen Waste Collection – The project has experienced issues in sourcing Hydrogen to power the vehicles after the first supplier of H₂ pulled out of the contract. This has led to some delays in the delivery of the operational phase of the project but will not severely impact delivery and all outputs are expected to be delivered shortly in line with the initial business case.

Item 4

Hydrogen Buses – D2N2 are working with the project sponsor to identify Hydrogen suppliers for the delivery of fuel for the new buses. LEP Officers have a meeting with Trent Barton to discuss the project and will update the meeting.

Both the Heat Pump Skill Academy and Mine Water Heat projects have items for approval at this meeting.

Early-Stage Angel Investment Fund

D2N2 officers have continued to work to develop the scope and requirements of the ESAIF. Officers have worked with the members of the Access to Finance subgroup and legal team appointed to complete the tender documents which were published on 9 August 2023.

Following publication the following timescales have been put in place for the tender process:

Submission of questions and contract commentary by:	17:00, Tuesday 22 August
Response to questions and contract commentary by:	17:00, Tuesday 29 August
Tender response by:	17:00, Monday 11 September
*Initial evaluation by:	21 September 2023
*Due diligence meeting, if required:	Late September 2023
*Due diligence checks (including audit and security checks) completed:	Early October 2023
*Award of contract:	October 2023
*Contract start date:	November 2023

Officers from the LEP team will work alongside Access to Finance Group members and Derbyshire County Council’s procurement team to assess the submissions received. Following the results of this process we will bring an update to the next meeting of the Investment Board

Low Carbon Growth Fund Budget.

Appendix 1 shows the budget for the Low Carbon Growth Fund and the spend that has been recorded to date on the 7 projects.

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		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	At this August 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		Trent Barton
Mine Water Heat			900,000.00	900,000.00	At this August Investment Board	Bolsover District Council
Hydrogen Fuelled Waste Collection	114,305.90	310,000.00		310,000.00	Approved at July Investment Board	South Derbyshire District Council
Springvale Hydrogen	718,009.50	718,009.50		718,009.50	Approved at July Investment Board	Bloom Development Ltd
	2,032,315.40	3,528,009.50	2,800,000.00	6,328,009.50		



D2N2 Investment Board Cover Sheet – 8th August 2023

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
-------------------------	-------------------------------------	-------------------------------------	--------------------------------------------

Meeting and Date	Investment Board 8 th August 2023		
Subject	Output Performance Update-Quarter 4		
Author	S Wainwright	Total no of sheets	6

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
--------------------------	-----------------------------------	-------------------------------------	-------------------------------------------------

Summary and Recommendation(s)
<p>This paper provides an update on the output performance of the Local Growth Fund (LGF) and Getting Building Fund (GBF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD

8th August 2023

Output Performance Update- 2022-23 Quarter 4

Local Growth Fund

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.

The programme so far has achieved 65% of jobs.

We have achieved 28% 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, however now further funding has been secured this project can now re-profile to bring it in line with expected delivery.

411% 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.

	Jobs	Homes	Learners
Contracted Target with Government up to 2035	29,000	10,700	2,000
Actual to Date (Up to and including Quarter 4 22/23)	18,962	2,980	8,234
Percentage	65%	28%	411%

Appendix A shows the outputs achieved compared to the contracted up until Quarter 1 2022/23

Appendix B shows analysis of the outputs by project.

Getting Building Fund

As part of the contractual commitment for the £44.4m of Getting Building Fund, D2N2 have a series of output targets as a mechanism of measuring the impact on the economy. The LEP are committed to deliver 4,880 new Jobs, 3,380 Homes, 860 Learners and 190 businesses assisted.

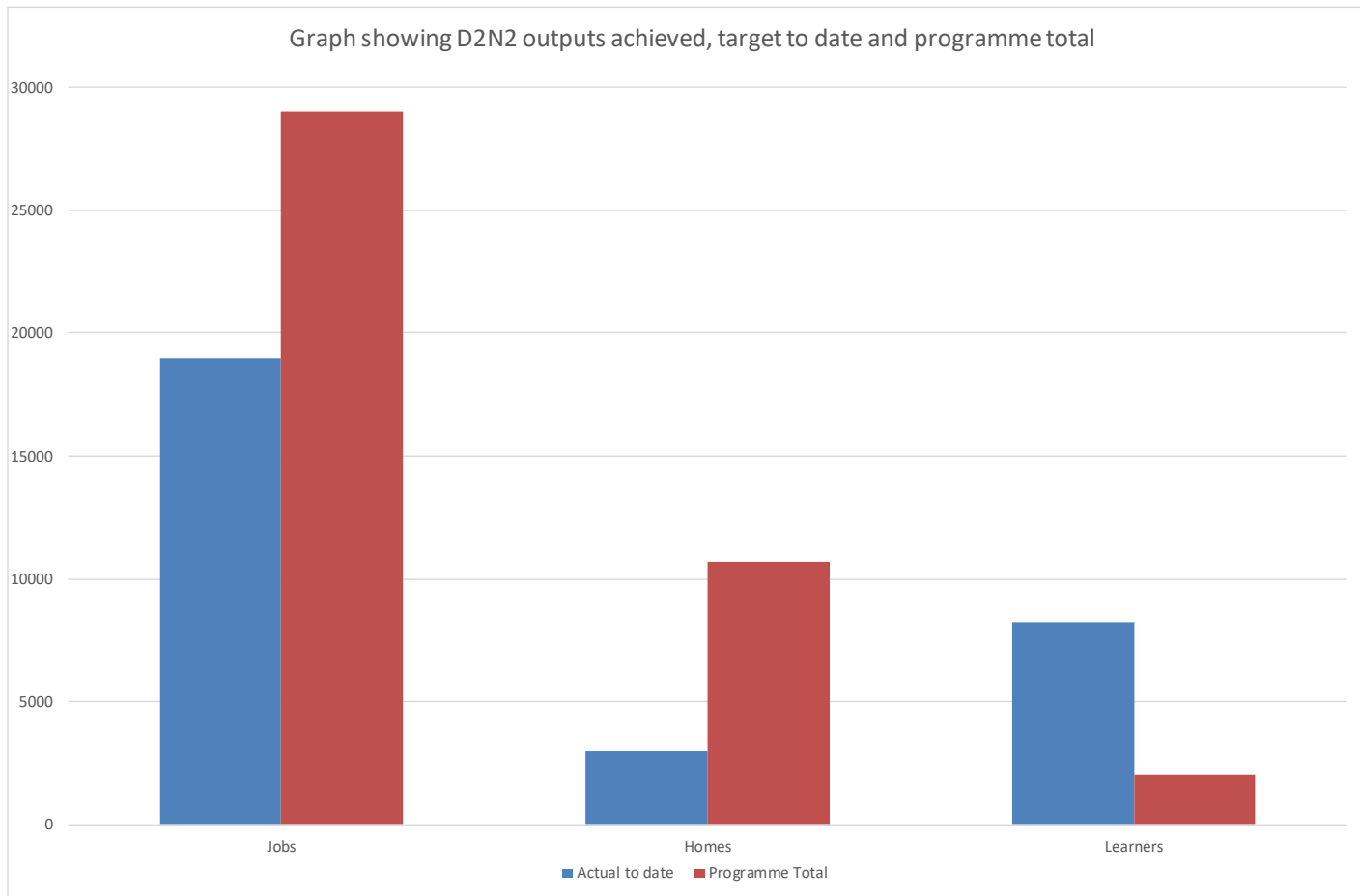
Overall Programme

These figures show the output targets and delivery for the entirety of the Getting Building Fund. These targets will be delivered over the lifetime of the Getting Building Fund.

	New Jobs	Homes	Learners	Businesses Assisted
Target with Government	4,897	1,141	860	190
Actual to Date (Up to and including Quarter 4 22/23)	254		1143	707
Percentage	5%	0%	133%	372%

Appendix C shows analysis of the outputs by project

Appendix A



Appendix B

Quarter 4 2022/23 monitoring													
Project	Quarter 4 2022/23						Cumulative to date						
	Jobs		Homes		Learners		Jobs		Homes		Learners		
	Forecas	Actual	Forecas	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	
A46 Corridor Employment Units	86						532	47	463	463			
A46 Cotgrave Town Centre							70	89					
A46 Chapel Lane	24						24						
A52 Wyvern							515						
A57/A60 Worksop							981	904	758	510			
A61	6						6						
Ada Lovelace House							11	11					
Ashbourne Airfield	46						82						
Automation and Robotics					100		2	2			180	710	
Becketwell			224						224				
Bioscience Expansion, Nottingham							210	377					
Broadmarsh Southern Gateway	900						2,100	17					
Bulwell Market							75	27					
Buxton Crescent							140	106					
Castleward			227	174					413	319			
Chesterfield Higher Level Skills							42	60			1,049	1,241	
Coalite	831						1,468	-					
Daykene St							8	5					
Derby Cycling and Placemaking							35	35					
Derbyshire Broadband	400	38					1,000	4,595					
Gedling Access Road	51		55				200		435	390			
Harworth			-	50			2,066	1,107	240	502			
Infinity Park				56			220	113	-	56			
Institute of Advanced Manufacturing							60	74			200	285	
Medicity	115						295	404					
MTIF	30						53	25					
Mushroom Farm	-	6					5	6					
N2 Town Centres	185		176				488	368	176	126			
Newark Southern Link Road							3,118	-	3,150	486			
Nottinghamshire Broadband		102					388	4,139					
Nottingham Castle	250						421	171					
Nottingham Skills Hub							40	103			283	3,459	
Nursing and Allied Provision					170	233	-	20			313	449	
OCOR							4,305	4,438	128	128			
OMICS	3				119		5	7			171	2	
Revitalising the Heart of Chesterfield	22	58					146	58					
Riverside	41						229	-	61				
Seymour Link		30					1,235	994					
Sherwood Energy Village							64	67					
Sherwood Visitor Centre	3						30	45					
Sutton Indoor Market	-	3					57	68					
SWIFt							5	6					
Technology Hub					268		7	10			590	223	
The Silk Mill	56	89					141	202					
The Spot							11	11					
Toll Bar House	65						71	-					
Top Wighay Farm			134						134				
Vision University					480		-	-			1,685	1,865	
Vesuvius							154	273					
Woodville/Swadlincote route			122						198	-			
YMCA Activity Village	52	9			-	100	111	38			200		
	3,157	326	888	230	-	1,037	233	21,224	18,962	6,319	2,980	4,671	8,234

Appendix C

Quarter 4 2022/23 Monitoring	Actuals at Quarter 4 22/23												Cumulative to date																	
	Jobs						Homes		Learners		Businesses Assisted		Jobs						Homes		Learners		Businesses Assisted							
	New jobs		Safeguarding Jobs		Construction jobs		Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	New jobs		Safeguarding Jobs		Construction jobs		Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
Project	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
Worksop Access to Skills Hub	10	13	5								116	6	5	349	10	19	5	37	31			116	80	5	615					
Centre for Excellence in Construction and Digital												20			3	3							190	80						
Digital Turbine Centre, Worksop		6	8								25		20		0	8.50							100	706	75	92				
Springvale Hydrogen	10	16	18	15										10	16	18	15													
Food Innovation Parc																172														
Glossop Town Hall, Glossop	20		20											20			20													4
Lindhurst, Mansfield	24					47		475						47					93		475									
MRC Midlands, Derby						94													94											
Transforming Nottingham's Southside														0							41	0								
UK Electrification of Aerospace Propulsion Facility		35										140		80	35				45	41			100	277						
	64	70	51	15	141	0	475	0	141	166	29	349	170	253.5	43	15	269	113	475	0	506	1143	84	707						

D2N2 Investment Board – September 2023

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--------------------------------------------	-------------------------------------------------

Meeting and Date	D2N2 Investment Board – 7 th September 2023		
Subject	Project for Approval – Mine Water Heat Project Pre- Compliance Request		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	2

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	----------------------------------------------	-------------------------------------	--------------------------------------

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>Bolsover District Council have requested £200,000 of funding from a pre-compliance mechanism to enable the project to progress</p>

1.0 Overview

Project Name	Mine Water Heat	Project Applicant	Bolsover District Council
Pre-Compliance Request	£200,000	Low Carbon Growth Fund Grant	£900,000

2.0 Background to the project

The Mine Water Heat project was submitted and accepted on to the D2N2 Low Carbon Growth Fund capital programme in March 2022. The project will work to generate a district heating network in Cresswell, Derbyshire. The project will be powered using Mine water from disused mineshafts in the area to form a closed loop system which will be able to generate heat for over 100 homes in the area from renewable and clean energy sources. The system will also act as a local testbed and proof of concept for other development sites in the area.

The project sponsor Bolsover District Council has worked with the University of Derby and the Coal Authority to complete initial feasibility studies to test whether the system will be able to be applied to this site. It is now requested on the basis of the initial feasibility feedback that a demonstrator is put in place to test the real life performance of the system against the outcomes of the feasibility study.

The project is now at a point where the next stage of demonstration needs to take place to show that the heating system can be implemented on the scale that the project partners predict. To enable the delivery of this testing the Investment Board are requested to release £200,000 of funding through a pre compliance mechanism which will allow the project partners to progress the development past proof of concept.

3.0 Challenge and Context

Bolsover District lies on the former coalfields alongside a number of neighbouring authorities in Derbyshire and Nottingham. This means there is a number of disused mining systems that are flooding now they are no longer pumped and typically this water is at warmer temperatures below ground than surface temperatures in winter and cooler during the summer.

We have seen examples of how this mine water energy has been captured but these examples demonstrate that the process of exploiting this energy can be high risk in terms of potential costs and viability and difficult operationally. The costs and risks attached to these systems mean that typically mine water energy would only be viable for large housing schemes of around 1500 houses or more.

These systems typically extract water from one part of the underground mine system and inject the used water back into the system in a different location to allow the water to be 'reheated' (system b -below). This system requires two sets of drilled holes which are done

at risk of missing the water giving rise to large but abortive costs. The cost of drilling is expensive in its own right – around £2500 - £3000 per metre.

Operationally, these systems also require high levels of maintenance because of the salinity and other contaminants in the mine water. Abstraction of water also gives rise to issues around the consenting regime, which are avoided by using a closed loop system.

4.0 Request for Funding

The demonstrator project is split in to four distinct phases which will each cost in the region of £50,000, final costings are currently being sought but the applicant is confident that the estimates will not exceed the budget stated. The four distinct phases are:

- Stage 1 - Closed loop design and monitoring
- Stage 2 – Assembly of the demonstrator heat pump and testing
- Stage 3 – Energy Centre optimisation and testing
- Stage 4 – Deployment of the demonstrator to the selected district

The aim of this demonstrator project is to test these results and demonstrate how a closed loop system could reduce costs and risk and open up the use of mine water energy for retrofit or smaller housing schemes to accelerate decarbonisation of existing housing stock across the wider region but in the first instance, support the delivery of high energy efficiency future homes on two identified sites within Bolsover District.

5.0 Outputs of the overall project

The end project will look to deliver the following outputs:

Output Description	Total
Emissions Saved	194 tonnes of CO2
Renewable Energy Generated	404 MWh per annum
Jobs Created	3
Infrastructure provided	Energy Centre created Heat pumps for 5 connections
Homes with access to Low Carbon Heating	100

6.0 Recommendation

The Investment Board are recommended to approve the release of £200,000 of funding as a pre-compliance funding award to Bolsover District Council. This funding will enable the delivery of the demonstrator project and subsequently lead to the deliver of the main project.

Any funding advanced to the project will be subject to clawback and the same contractual terms as other D2N2 Funding agreements, meaning that if the end asset of the whole district heating system is not delivered then the project applicant will be liable to return the funding. The further £700,000 of the allocation to the project will only be released on the delivery of a Final Business Case to the LEP and Investment Board.

This page is intentionally left blank

D2N2 Investment Board – September 2023

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--------------------------------------------	-------------------------------------------------

Meeting and Date	D2N2 Investment Board – 7 th September 2023		
Subject	Project for Approval – Heat Pump and Green Skills Accelerator		
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 type="checkbox"/>
--------------------------	----------------------------------------------	-------------------------------------	--------------------------------------

Summary and Recommendations
<p>In March 2022, D2N2 allocated £6.5 million from the remaining allocation of the Growing Places Fund to utilise on grant based capital projects which will help to deliver the LEPs Low Carbon Agenda. The funding is subject to each of the 7 identified projects submitting a business case that is fully compliant with the D2N2 Local Assurance Framework (LAF).</p> <p>The delivery of the fund is managed in line with the D2N2 Local Assurance Framework agreed with Government, 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 Bolsover District Council and following an approval D2N2 will release £0.5 Million of funding through the Low Carbon Growth Fund.</p>

D2N2 Investment Board
Final Business Case – Project for Decision
Low Carbon Growth Fund

Project Name	Heat Pump and Green Skills Accelerator	Project Applicant	Bolsover District Council/ West Nottinghamshire College
Construction Start Date	November 2023	Construction End Date	June 2024
Getting Building Fund requested	£500,000	Total Project cost	£5.4m with match contributions from NTU, WNC, ESFA, Ashfield Town Fund and Green Skills Flagship
Gross Value Added/ Benefit Cost Ratio	2.6: 1	Expected Outputs	<ul style="list-style-type: none"> • 99 Businesses Supported • 3,200 Qualifications over 10 years • 5 New Jobs • 250m² of additional training space • New training and assessment space

1.0 Project Description

In a unique partnership between Bolsover District Council, West Nottinghamshire College, Nottingham Trent University and leading construction companies, this project aims to develop a flagship skills centre and demonstrator site for low-carbon construction and retrofit in the D2N2 LEP region. The project will develop a new training and assessment centre at Pleasley Mill and facilities that allow onsite practical learning of heat pumps and low-carbon building methods that support their installation, this will be in a mix of new build and retrofits.

The project centres around:

- A further training assessment centre will be developed in Bolsover at Pleasley Mill to grow the capacity to meet the skills and competencies needed in heat pump installation.
- along with a project to work in partnership with Bolsover to provide practical experience on site of low carbon construction and heat pumps installation.

- The project will also partner with JTL, the leading national building services training organisation and NAPIT a leading body in terms of building regulation compliance and certification of competencies.

The D2N2 £0.5m investment supports an overall project of £5.4m, which seeks to make a step change in the delivery of construction skills to support green skills and low carbon building methods. This project will drive the early adoption of low-carbon technologies to make D2N2 LEP businesses in the construction sector and its associated supply chain more competitive and productive. In doing so, it will help to grow the region's economy.

The D2N2 investment joins up investment from the Ashfield Towns Fund – £2.734m (approved Towns Fund projects at agreed business case stage; ESFA – £0.233m, DLUHC £1.5m and from NTU and WNC – £0.4425 (met from capital funds and future revenue to support the project).

2.0 Summary of Strategic Case/Fit

The proposed grant supports a number of priorities for D2N2

- £0.5m investment would support levelling up in D2N2, supporting growth in the construction sector as it adapts to low-carbon products, a key part of the local economy,
- Supporting D2N2's contribution to the target of delivering 300,000 high quality and affordable homes. Increasing the supply of workers able to work on new modern methods of construction and low-carbon technology assists the industry in meeting this target.
- Investing in these growth areas of construction will also assist the D2N2 to Build Back Better, increasing employment and earnings, whilst stimulating investment.
- D2N2's Growth and Recovery Strategy recognises the potential to grow high-quality skilled jobs within the low-carbon sector; this project supports the capacity of D2N2 to train more skilled workers in heat pumps and the associated competencies needed to switch from a historic gas-focused heating market to a net zero heat pump model.
- The project supports D2N2 ambition to achieve growth through low carbon.

This project will drive the early adoption of low-carbon technologies to make D2N2 LEP businesses in the construction sector and its associated supply chain more competitive and productive. In doing so, it will help to grow the region's economy.

The project will impact D2N2 but will significantly impact nine districts: Bolsover, Mansfield, Ashfield, Chesterfield, Newark and Sherwood, Amber Valley, Bassetlaw, Gedling, and Northeast Derbyshire. These areas have been used for the economic overview. This area has a population of 1,024,839 (2021), with 369,775 in

employment. Though employment has remained high, this has been through the growth of lower-skilled and lower-paid roles. This has seen deprivation rise and leads to poor social mobility. Indeed, eight districts ranked in the bottom 25% of local authority (LA) areas in the country, according to Grant Thornton's Sustainable Growth Index 2018. For example, out of 324 areas, Mansfield ranked 315, Bolsover 299, Ashfield 294, Bassetlaw 296, and NE Derbyshire 293. Construction is the area's sixth largest employment sector, with over 23,000 individuals, with local employment in this sector one-third greater than the national average. This sector provides a significant opportunity to grow well-paid, skilled jobs in the area and surrounding areas.

The skills focus of the project will address the need to skill and reskill the local population: only 29% hold a Level 4 or above qualification and 19% Level 3. With various Government opportunities being made available for decarbonisation projects there will be an increase in demand for sector employment in construction and a need for skilled individuals to take on these roles. Therefore, the project is looking to proactively address some of these needs through skilling/ reskilling people.

The project has 4 routes to engage with smaller businesses.

1. we acknowledge that most employment opportunities sits with smaller firms, the majority of our apprentices are employed by smaller business and the existing networks we have will provide good access to these businesses. Particularly as new apprenticeship standards develop to meet modern methods of construction.
2. We have highlighted major main contractors as these still provide a good route to access the businesses we need to support. For example, one larger regional firm has indicated that they have over 1,000 active sub-contractors. We will work with main contractors to support their supply chain. They are highly motivated to support this as a shortage of skilled labour leads to delays, increased costs for labour and the risk of poor-quality work on site.
 - a. On some schemes, particularly public sector, the main contractor has also made commitments to support training of local people
3. Work with Social Housing is vital as they are currently the lead organisations in delivering new build homes and retro fits which support the move to low carbon. By working with them we can help them build initiative into the letting of contracts which will support training and again work with their main contractors to support the supply chain.
4. Particularly relevant to also supporting demand is the Green Skills Boot camps, we are a delivery partner for D2N2 LEP who run a contract across D2N2, Leicestershire and Lincolnshire.
 - a. This provides a route to run short(60hr) focused programmes to meet demand for new labour.

<p>b. It also supports the cost of training for the employed offering small employers a 90% discount and large employers a 70% discount on training.</p>	
<p>Assessors Comments</p>	<p>The project demonstrates good strategic fit with both D2N2 and National policies covering a breadth of areas which will help to benefit the locality and our economy. The business case shows good credentials around upskilling and reskilling individuals to make the area a more prosperous economic geography and demonstrates initiatives to deliver on the Low Carbon agenda for the region.</p>

3.0 Summary of Economic Case and expected outcomes

The project looked at 4 main options for the delivery of the project which are summarised as the following:

Option 1 – do nothing: no investment will see no growth in training for green skills and risk a reduction in employment rather than the benefit of predicted growth in employment.

Option 2 – reduces the investment from DLUHC by removing the activity on civil/land management. The grant would be £1.202m, and the overall project would be £5.112m. The impact of this is to reduce the number of outputs linked to civils qualifications. This project would support 2,930 qualifications and four jobs.

Option 3 – is essentially the same project as option 4 but with a new training centre constructed in Shirebrook. This has a higher capital cost of £6.136m (DHULC grant £1.5m). The number of qualifications supported is 3,085, and the number of jobs is five. There is significant risk within this option:

- The site has yet to secure detailed consent.
- This has delayed the start of outputs.
- The risk of rising new-build costs.
- The level of support required by WNC for the lease acquisition is not approved.

Option 4 – is broadly similar to Option 3 but utilises premises that have been vacant for over eight years. This reuse of facilities is a significant carbon gain within the project. It also de-risks the planning issues and new-build issues. The project will have a period of 10 years rent at a price for basic storage, rather than the rate for training facilities. This means that the annual rent and running costs can be covered from revenue without needing upfront capital investment to acquire the site. This option supports 3,200 qualifications outputs and five jobs.

After deliberation the project decided to proceed with option 4 as the strongest and preferred way forward. This option generates a Benefit Cost Ratio of 2.6: 1 which aligns to the LEPs requirements to deliver 'High' Value for Money. The scheme overall will deliver a net present value of £8.241m and over 3,200 qualifications to the area.

**Assessors
Comments**

The applicant has set out a good understanding of assumptions for the project and has demonstrated through their Benefit Cost Ratio score of 2.6:1 that the project will deliver good value to the economy based on the intervention being made. Discounts have been made to the assumptions to ensure that the figures presented align with HM Treasury Green Book standards.

4.0 Summary of Commercial Case

The project will be delivered by Bolsover District Council supported by West Nottinghamshire College, a further education college. Both Organisations have well-developed Financial Regulations which govern procurement. A project manager will lead the work within the WNC construction team and be supported by the Bolsover's and WNC's estates and finance teams.

Claims would be supported by the WNC's external funding manager, familiar with providing full audit assurance and evidence of defrayal of funds.

The spend is broken down into three key areas:

Equipment and plant will be selected on price and functionality, where a single make is preferred due to standardisation of existing equipment or for its market-leading position, providing more relevant training. A report is required outlining why a single source of supply is chosen.

For plant that is not new, processes will be compared across online sites to establish VFM related to specification and hours of historic operation.

IT equipment will be procured via a CCP framework or from additional suppliers that can supply and deliver at a lower cost.

It is envisaged that no individual purchase would exceed £150k plus VAT.

Building materials – three quotations will be obtained for these from local suppliers.

Small Building Works – three quotes would be obtained from the approved list of suppliers.

<p>It is envisaged that no individual purchase would exceed £150k plus VAT.</p> <p>The type of procurement with the project is not complex. Due to the nature of some equipment items, a deposit may be placed and final payments made at delivery.</p>	
Assessors Comments	<p>The commercial case sets out good mechanisms from all parties involved to minimise risk in the procurement process. Due to the smaller nature of the project delivery, there is little risk of price increases and any tender documentation/invoicing will be monitored by the LEP to ensure appropriate spend of funds and ensure the procedures align with our regulations.</p>

5.0 Summary of Financial Case

<p>The financial case within the Final Business Case demonstrates that all sources of match funding have been identified and confirmed to fit within the funding envelope needed to deliver the project. The funding for the £5.4095 million project will be delivered from the following sources, all of which have been confirmed:</p> <ul style="list-style-type: none"> - Ashfield Towns Fund - £2.734m - ESFA - £233,000 - D2N2 - £500,000 - DLUHC - £1.5m - West Nottinghamshire College - £355,000 - Nottingham Trent University - £87,000 <p>The financial case also demonstrates the project income and expenditure which confirms that West Nottinghamshire College have a viable method to ensure the delivery of the courses alongside their current curriculum. The college have budgeted to maintain delivery over the period of output delivery and ensure that the outcomes can be demonstrated.</p>	
Assessors Comments	<p>The financial case shows that the project has the relevant funds to commence with the initial build and purchase phase of the project as well as continue to deliver the outcomes through its lifetime.</p>

6.0 Summary of Management Case

Theory of Change

The project applicants have developed their theory of change for the project which is seen below

Issues	Reasons for these issues	How – causal relationship	Outputs	Outcomes	Theme and strategic objective met
Lack of qualified people in the construction sector with green skills.	Demand for new housing and infrastructure development. Brexit and COVID had an impact on foreign workers moving back home. New building technique. Low carbon approaches to new build and retrofit, that require upskilling	Intervene in addressing the issue with establishing new courses and increase number of learners.	Two new education facilities, one expanded; five new jobs being created; twelve schools engaged in careers, education link to local skills needs.	Enterprising benefitting from upskilling their workforce: new learners, new technology skills.	Succeed in Ashfield – encourage and promote inward investment through supplying a workforce with the right skill set

Project Change Mechanisms

The Management case sets out the instances that will lead for the internal management team of the project sponsor to recall the business case. The following events will automatically trigger a review of the project should they occur:

- The budget is under/overspent by 10%
- One or more of the training facilities are not developed.
- Learner numbers starting the programmes are 20% below target.
- Monitoring data identifies that any part of the budget is not being spent in accordance with the theory of change.

Project Governance

The project has an internal steering group where the stakeholder organisations meet to oversee the delivery of the project and the co-ordination of the different delivery strands. The Governance structures have been further sub-divided to monitor the following; Planning and Design, Procurement, Build process.

Project Risk Monitoring

As part of the Final Business Case the project applicant has included an initial risk register which identifies the key areas of risk which may inhibit the projects progress throughout the construction and delivery phases. Each risk has a corresponding mitigation action and level of potential risk identified.

Assessors Comments

The Management case demonstrates that good governance procedures are in place to manage the project going forward. These management structures are set to be updated and closely monitored throughout the delivery process.

7.0 Assessors and Officers Recommendation

Following a review of the Final Business Case submitted to the LEP the Investment Board is recommended to approve the release of £500,000 to the Heat Pump and Green Skills Accelerator project. The release of funds will be subject to the full procurement process and delivered in arrears based on defrayed expenditure from the applicants.

Getting Building Fund Checklist

<p>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.</p>	<p><i>The project sponsor has delivered a fully compliant HM Treasury Green Book Business case to the LEP.</i></p>
<p>2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.</p>	<p><i>The VFM assessment is completed within the Economic Case and demonstrates that the preferred option has a Benefit Cost Ratio (BCR) of 2.6:1 against total public sector costs. This figure indicates that the project provides 'High' value for money</i></p>
<p>3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.</p>	<p><i>The project does not require planning permission to deliver on the D2N2 phase of the project. A further phase requires planning permission and work is underway following initial advice from Ashfield District Council to secure this.</i></p>
<p>4. Confirmation that any Section 106 or other agreements have been entered into.</p>	<p><i>N/A for this project</i></p>
<p>5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)</p>	<p><i>The project has set out the procurement method for delivery of the construction phase of the scheme within the Business Case. These tenders will be monitored throughout the delivery process and no funding will be released until the results of the exercise have been confirmed.</i></p>
<p>6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs</p>	<p><i>As above the procurement process will inform the construction contracts that will be entered in to, the project sponsor will confirm this detail with the D2N2 LEP and Accountable Body before any release of funding is made.</i></p>
<p>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</p>	<p><i>Bolsover District Council and West Nottinghamshire College will be responsible for any cost overruns.</i></p>

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/190603/Green_Book_guidance_checklist_for_assessing_business_cases.pdf

<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>N/A for this project</i></p>
<p>9. Details of any outstanding points preventing/delaying the start-up of the construction contract.</p>	<p><i>The project is currently on track for a November 2023 start date, this date is still highly achievable but may be subject to any delays in the procurement process.</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>The project has changed since the initial EOI due to a change in tactics to combine the heat pump training centre with West Nottinghamshire's Green Skills project. This achieves greater value for money and significantly more output delivery for the LEP than the initial project.</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>All match funding has been confirmed by the other parties involved</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>The land in question is in control of Bolsover District Council who have confirmed that it should be used for this purpose.</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>Included within the business case and will be drafted in to the Grant Offer letter for the project</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 applicant alongside the management case of the business case. Mitigations are in place for the identified risk and the document will continue to be updated throughout the projects lifespan.</i></p>

This page is intentionally left blank

D2N2 Investment Board Cover Sheet – 7th September 2023

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
-------------------------	-------------------------------------	-------------------------------------	--------------------------------------------

Meeting and Date	Investment Board – 7 th September 2023		
Subject	Economic Growth Fund Call		
Author	T Goshawk	Total no of sheets	10

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
--------------------------	----------------------------------------------	-------------------------------------	--------------------------------------

Summary and Recommendation
<p>This paper shows the results of the D2N2 Economic Growth Fund Pipeline call which was initiated in May 2023. The paper outlines the results of the call and recommends 3 projects to take forward for funding.</p> <p>The Board are recommended to:</p> <p>Agree the 3 projects recommended through the LEPs assessment process and accept them on to the Economic Growth Fund Capital Programme.</p>

D2N2 INVESTMENT BOARD – 8th August 2023

Introduction

The Investment Board are requested to approve the projects onto the D2N2 Capital Programme, subject to agreement by the D2N2 LEP Board which has been requested at the meeting taking place on the 31st August 2023.

Background

Following approval via written procedures by the Investment Board members on the 3rd of May, LEP officers prepared a call for projects to utilise underspend from previous funds.

On 18 May 2023, D2N2 published its £2.7m Economic Growth Fund call and asked for projects to be submitted to the LEP by the 30th of June 2023. The LEP called for all projects who submitted to meet the following criteria:

- Projects must deliver at least one of Jobs, Homes, and/or Learners to be able to access this grant funding pot.
- Applicants must demonstrate 50% of match funding towards the project and submit an application between £500k and £2.6m.
- Projects will support D2N2, Regional and National strategy and Policy. The projects should align to the LEPs Recovery and Growth Strategy.
- Submit a project which requires capital funding and not revenue.

Eighteen projects were submitted to the LEP by the deadline from 18 separate applicants. The total ask from the fund was £21.04m which is well oversubscribed from the £2.7m of available capital from D2N2. Three projects are recommended within this paper to bring forward a Final Business Case to release any provisional funding allocation granted at this meeting. All projects will be subject to the applicable conditions of the Local Assurance Framework and will have to submit the business case for approval by the D2N2 Investment Board and Main Board.

The total ask for the 3 projects which scored 51 and above, came to a value of £2,993,885 and with only £2,771,991 available in the fund (made up of £2.6m originally allocated and underspend from Low Carbon Fund of £172k), this means we are only able to afford 93% of the ask from each project. All projects selected have been made aware of this and have confirmed projects can still proceed with the lower grant made available.

Assessment of Projects

All projects were scored and verified by a panel of D2N2 Team members and the Accountable Body based on their expression of Interest. The main criteria subsections that projects were scored against are:

- Strategy and Outputs
- Project status and Deliverability
- Market Evidence and Planning status
- Financial risk and options appraisal

Following the call for projects and the scoring process, the following scores were given to the projects submitted:

Project Name	Project Sponsor	£ request	Total Score
Nuclear Skills Academy	University of Derby	1,500,000	54
Park Lane - Pinxton	Bolsover District Council	800,000	52
Hill Crest Park Business Units	Gedling Borough Council	693,884	51
National Stone Centre	Institute of Quarrying	2,600,000	50
Stodman Street	Newark and Sherwood District Council	500,000	49
SONE Headquarters	Save on Electronics	750,000	49
Project 22	Sological Solutions	1,510,000	49
ADMC	Vision West Notts College	1,300,000	49
Mansfield Woodhouse Station Gateway	Mansfield District Council	210,299	49
Air and Space Institute	Lincoln College	500,000	48
North Border School	Bassetlaw District Council	500,000	47
Markham Vale	Henry Boot Developments	2,102,325	46
Community Diagnostics Centre	NUH NHS	2,600,000	46
UNIP	University of Nottingham	1,333,736	44
Calow Lane	Chesterfield Borough Council	528,700	43
Daleside Project	Art of Football	520,000	41
Victoria Hall	High Peak Borough Council	2,600,000	40
Food Enterprise Grants	Food & Drink Forum	500,000	40

Recommended projects to the Investment Board

Project Name	Nuclear Skills Academy	Project Sponsor	University of Derby
EGF Ask	£1,500,000	Total Project cost	£8,400,000
Revised EGF Offer	£1,388,826	Start Date	August 2023

Project Description

This project will complete the Phase 2 conversion of an existing building on Infinity Park (iHub) into a fit for purpose Nuclear Skills Academy (NSA). Phase 1 of the project converted office space into classroom and learning space. This was completed on an accelerated timeframe to enable training activity to commence in September 2022. Phase 2 of the project concerns the conversion and fit-out of specialist workshop space to be ready for September 23. The conversion requires the renewal of all services to fit with the unique requirements of a nuclear engineering specialist teaching environment.

Specialist workshops will be provided as follows in addition to required ancillary space:

<ul style="list-style-type: none"> • Lathe and Milling • Maintenance • Fabrication • Learning Space • Welding Workshop • Inspection 	<ul style="list-style-type: none"> • Electronics • Electronic Principles • Scientific Lab • CNC Workshop • CNC Design
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------

All the specialist workshops have been designed and created with innovative pedagogy in mind, enabling experiential and practice-based learning, guided by academics, technical teams, and nuclear subject matter experts. The workshops have designed in AV equipment, areas to huddle and discuss a particular teaching point or lesson plan, and break-out spaces to facilitate team-working and collaboration.

The project will work to develop skills programmes in the nuclear sector to meet the demands of both the civil and nuclear defence sectors. The centre will offer a pipeline of early careers and skilled workforce training as well as upskilling with programmes from Level 3 to Level 6. The centre will also focus on the retraining of people into the nuclear industry where they may have previous backgrounds from other engineering sectors and transferrable skills.

Strategic Fit

The strategic fit of this project is demonstrated by its contribution to all 3 guiding principles of the D2N2 Recovery and Growth Strategy as follows:

- Low Carbon Growth – This guiding principle specifically references the leading role for the D2N2 region in the nuclear agenda and D2N2’s commitment to develop “a compelling pitch to be the UK’s centre for nuclear fusion innovation” (pages 18-19). Benefits sought in the Strategy (p.20) include:
 - more highly skilled, well-paid jobs;
 - reskilling and upskilling the workforce to take advantage of clean growth ambition;
 - an economy driven by clean growth.
 - A national award-winning Nuclear Skills Academy will make a significant contribution to this ambition and benefits sought. Nuclear is central to building

a low carbon future and skills developed for the nuclear defence industry are transferable to civil nuclear industries.

- **Productivity** – The D2N2 strategy notes that skills are a key route to productivity. Nuclear industries require a highly skilled workforce and are a source of high-quality employment opportunities. The award-winning consortium behind this project sees the public and private sector joining forces to bring skills development, business opportunities and innovation together. Specifically, the Strategy seeks to make D2N2 the most attractive region for businesses to invest and grow. Nuclear is a growing sector and the NSA will be significant addition to the region’s skills eco-system thus contributing to both the retention and attraction of nuclear supply chain businesses.
- **Connectivity & Inclusion** – The D2N2 strategy (p.28) confirms the role of universities and their civic agendas in developing residents’ skills and promoting social mobility. The University of Derby is nationally recognised for its commitment to social mobility (Guardian, Social Mobility and Neon Awards 2020). The NSA is a unique opportunity for the University to collaborate with a major local employer to secure the creation of new jobs in the D2N2 area and undertake local initiatives to drive up opportunities for social mobility alongside growing sector demand.

Output Description	Total	Output Completion
New Learners Supported	2,493	2033
New Jobs Created	35 FTE	2026
Businesses Assisted	5	2026
GVA Uplift	£7.68m	2033
Private Investment Levered	£4.9m	2024
Safeguarded Jobs	100	2024

Recommendation

This project demonstrates a strong level of strategic fit with the LCGF and is deliverable with our match funding.

The D2N2 Board is recommended to accept this project on to the Economic Growth Fund Capital Programme and allocate **£1,388,826** to the project.



Project Name	Park Lane - Pinxton	Project Sponsor	Bolsover District Council
EGF Ask	£800,000	Total Project cost	£2,167,808
Revised EGF Offer	£740,707	Start Date	December 2023

Project Description

The project proposed by the project sponsor, Bolsover District Council, comprises re-development of a site in Pinxton that has previously been stalled by viability issues. The residential development will include the erection of eleven future homes using modern methods of construction.

The completed housing will then be managed by the Council as social rented housing in perpetuity to meet a clearly identified need for more affordable housing in this area of the district that has a very limited supply of available housing sites.

The project proposals also include innovatory approaches to ground works and modular construction to demonstrate how a new approach to house building can deliver affordable, high-quality houses and deliver on social value. The units will achieve better-than-net-zero carbon emissions over the lifetime of the development.

In addition, this project proposal will enable partners to develop the concept of hyper local modular delivery of zero carbon housing that has the potential to accelerate delivery of affordable, high quality energy efficiency houses across the district. This project therefore also provides the opportunity for knowledge transfer to inform strategy and accelerate delivery of future homes using modular construction at scale across the wider region.

Strategic Fit

The project proposals offer an opportunity to test a new approach to delivery of modular construction for which D2N2's funding would enable the project partners to achieve 'proof of concept' and go on to accelerate delivery of social rented housing in Bolsover District.

This trailblazing house building programme would then allow D2N2 to promote and encourage wider adoption and delivery of modular construction across the region to simultaneously help address the housing crisis and the climate crisis alongside driving economic growth.

Therefore, the proposals are a close strategic fit with the objectives of the Economic Growth Fund and moreover, the proposals are demonstrably closely aligned with the core principles of the **D2N2 Recovery and Growth Strategy** for the following reasons.

- **Low Carbon Growth** - The homes proposed in this application are of modular construction, produced to a zero carbon standard with enhanced energy efficiency. As the project partners are gearing up to deliver at scale, these homes will drive progress on decarbonising the district's new housing stock, reduce emissions and future occupants' energy bills.
- **Connectivity and Inclusion** - A key principle underpinning this project, is that the district is at significant risk at being left behind in the transition to net zero if its local work force cannot access green jobs that will remain viable in a net zero economy. The facility proposed in this application will make it easier for people finding it difficult to access work requiring green skills because this form of modular construction close to their home will be more accessible and provide an entry point to stable, secure and productive work and in particular, work in jobs supporting the green economy.

- Productivity – The project will create a more highly skilled workforce with access to jobs in the modular construction field and provide accessible workplaces which deliver quicker housing delivery.

Output Description	Total	Output Completion
New Housing Units completed	11	23/24
New Learners supported	50	2024
GVA Uplift	£3.528m	2025
New Learners supported	14	2024

Recommendation

The D2N2 Board is recommended to accept this project on to the Economic Growth Fund Capital Programme and allocate **£740,707** to the project.

Project Name	Hill Crest Park – Business Units	Project Sponsor	Gedling Borough Council
EGF Ask	£693,884	Total Project cost	£1,387,769
Revised EGF Offer	£642,457	Start Date	January 2024

Project Description

This project is to build four new small industrial units (B1/B2), totalling 462sqm alongside the existing units within an established business area in Calverton, increasing the EV provision for the existing units, and new EV provision for the new units. PV roof panels would be part of the new construction, as well as on the existing units, supporting the net zero carbon agenda. The existing units have full occupancy, with very low void time, and a waiting list, demonstrating a high demand for such units. This has been consistently demonstrated over several years, and most recently in May 2023 when a unit became free and was filled immediately. The Council will be responsible for delivery of the Project using the Pagabo Framework to deliver the build.

The site is located within Calverton, one of the largest Gedling villages, in a road off other employment uses. Calverton has seen population growth of 7% between 2011 and 2021 (2021 Census) and in line with the adopted Local Plan, growth will continue, increasing its importance to the Borough. By providing an increased number of business premises, this will support the growth of additional employment opportunities, as well as minimising the need to commute to other centres.

The proposed scheme will deliver 462sqm of floor space and create 18 new job opportunities. The development will also include the provision of 2EV charging points, as well as additional provision for the existing units.

Strategic Fit

This proposal meets the objectives of the D2N2 Recovery and Growth Strategy and in particular:

- **Low Carbon Growth:** Aligned to Guiding Principle #1, is Gedling Borough Council’s declaration of a climate emergency, with a target of 2030 to be carbon neutral; this project includes enhancements to the existing building in terms of PV and EV provision, as well as incorporating them into the new build element.
- **Productivity:** The proposed is aligned with this Guiding Principle, as it looks to create premises for new and existing businesses in the Borough, with approximately 20 jobs created as a result (based on the current occupancy/employment levels of existing tenants). The Gedling Plan 2023-2027 clearly sets out the Council’s priority for the Economy: “To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity” and more specifically for business to “attracts new business investment enabling growth and the creation of jobs.” Therefore, this proposed development clearly aligns with these priorities, enabling new and existing businesses to successfully grow and develop in the Borough.
- **Connectivity and Inclusion:** the development supports the recommendations in the “Next Steps in Levelling Up the Former Coalfields” from the All-Party Parliamentary in terms of providing premises for small businesses and support the growth of areas and provide for infrastructure to address demand for employment space in rural areas. This proposal, whilst modest in nature, brings forward new space in an area suffering from a lack of opportunities and connectivity, providing it with the ability to deliver jobs locally.

The project has the full backing and support of the two transport authorities that the route runs through.

Output Description	Total	Output Completion
New Jobs Created	18	2025
Commercial Floorspace Constructed	462 m ²	2024
Businesses Assisted	4	2024
GVA Uplift	£2.986m	2030

Recommendation

This project demonstrates a strong level of strategic fit with the LCGF and is deliverable with our match funding.

The Board is recommended to accept this project on to the Economic Growth Fund Capital Programme and allocate **£642,457** to the project

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank