

Public Document Pack



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PUBLIC

To: Members of D2N2 Investment Board

Wednesday, 11 October 2023

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **11.00 am** on **Thursday, 19 October 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 D2N2 Investment Board (IB) held on 7 September 2023

4. Capital Programme Update
5. Project for approval- Nuclear Skills Academy
6. Economic Growth fund
7. Date of Next Meeting - TBC
8. Exclusion of the Public

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

PART II - EXEMPT ITEMS

9. Growing Places Fund

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 7 September 2023 via Microsoft Teams

PRESENT

E Fagan (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council) C Renwick (Derbyshire County Council, J White (Bassetlaw District Council) and D Williams (D2N2 LEP)

Also in Attendance: N Cockrell (Bassetlaw District Council), T Goshawk (D2N2 LEP), W Morlidge (D2N2 LEP), P Seddon (Nottingham City Council), S Wainwright (DCC) and J Fearon (West Notts College)

Apologies for absence were received from Councillors J Dawson (Erewash Borough Council), N Peatfield (Derby City Council) A Wynter (Nottingham City Council)

13/23 **DECLARATIONS OF INTEREST** There were no declarations of interest

14/23 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 1 February 2023.

15/23 **CAPITAL PROGRAMME UPDATE** Board Members were provided with 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 1 February, the board took the decision to deallocate the funding of £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 had to date approved 4 projects through the Investment Board and had a further project to be considered for approval at this meeting.

Smartparc Low Carbon Heating and Cooling – The project had progressed well with spend and the infrastructure for the scheme had begun to take shape. The project would 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 had been delayed by ongoing issues with the supply chain for the project. The project as of the latest monitoring claim had not yet spent any of its allocation, however the University had confirmed that spend had now been registered and would be reported at the next monitoring claim. A meeting had been arranged to update on future timelines for the project.

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

Hydrogen Buses – D2N2 are working with the project sponsor to identify Hydrogen suppliers for the delivery of fuel for the new buses. LEP Officers had a meeting with Trent Barton to discuss the project updated that no formal decision had yet been taken. The Investment Board gave a deadline of the end of October for a decision to be taken on the project.

Both the Heat Pump Skill Academy and Mine Water Heat projects had items to be considered for approval at this meeting.

Early-Stage Angel Investment Fund

D2N2 officers had continued to work to develop the scope and requirements of the ESAIF. Officers had 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 timescales had been put in place for the tender process which were detailed in the report.

Officers from the LEP team would 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 an update would be provided at the next meeting of the Investment Board

Low Carbon Growth Fund Budget.

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

RESOLVED (1) to note the progress report on the D2N2 Capital programme; and

(2) to note the update on the Early Stage Angel Investment Fund

16/23 **QUARTER 4 PERFORMANCE UPDATE** Members of the Board were provided with an update on the output performance of the Local Growth Fund (LGF) and Getting Building Fund (GBF).

Local Growth Fund

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

The programme so far had achieved 65% of jobs and 28% of Homes. Overall, this actual figure was still low due to the large numbers contracted but yet to be delivered at the Newark Southern Link Road, however now further funding had been secured this project could now re-profile to bring it in line with expected delivery.

411% of the learner target has been achieved to date.

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 1 2022/23 and Appendix B showed analysis of the outputs by project.

Getting Building Fund

As part of the contractual commitment for the £44.4m of Getting Building Fund, D2N2 had 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.

Appendix C to the report showed analysis of the outputs by project.

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

RESOLVED that the report be noted.

17/23 PROJECT FOR APPROVAL- MINE WATER HEAT PRE-COMPLIANCE REQUEST 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.

The delivery of the fund was managed in line with the D2N2 Local Assurance Framework agreed by the LEP Board, which set out the compliance requirements in relation to the delivery and approval of projects funded through the Low Carbon Growth Fund.

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

The Mine Water Heat project was submitted and accepted on to the D2N2 Low Carbon Growth Fund capital programme in March 2022. The project would work to generate a district heating network in Cresswell, Derbyshire. The project would be powered using Mine water from disused mineshafts in the area to form a closed loop system which would be able to generate heat for over 100 homes in the area from renewable and clean energy sources. The system would 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 would be able to be applied to this site. It is now requested on the basis of the initial feasibility feedback that a demonstrator was put in place to test the real life performance of the system against the outcomes of the feasibility study.

The project was now at a point where the next stage of demonstration needed 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 would allow the project partners to progress the development past proof of concept.

Bolsover District lies on the former coalfields alongside a number of neighbouring authorities in Derbyshire and Nottingham. This means there are 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.

Examples have been seen 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' 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.

The demonstrator project was split in to four distinct phases which would each cost in the region of £50,000, final costings are currently being sought but the applicant is confident that the estimates would 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 was 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.

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

RESOLVED (1) 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 delivery of the main project;

(2) that any funding advanced to the project would 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 was not delivered then the project applicant would be liable to return the funding ; and

(3) that the further £700,000 of the allocation to the project would only be released on the delivery of a Final Business Case to the LEP and Investment Board.

18/23 PROJECT FOR APPROVAL-HEAT PUMP AND GREEN SKILLS

ACCELERATOR Members were informed of a request for £500,000 from Bolsover District Council/ West Nottinghamshire College from the Low Carbon Growth Fund to develop a flagship skills centre and demonstrator site for low-carbon construction and retrofit in the D2N2 LEP region.

Board Members were informed that this was a unique partnership between Bolsover District Council, West Nottinghamshire College, Nottingham Trent University and leading construction companies, with this project aim to develop a flagship skills centre and demonstrator site for low-carbon construction and retrofit in the D2N2 LEP region. The project would 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).

Detailed summaries were given of the Strategic Case/Fit; Economic Case and expected outcomes; Commercial Case; Financial case and Management Case along with the assessors comments in each area and their recommendation

Vision West Notts College attended the meeting and provided a presentation to compliment the report in terms of the Strategic, Economic, Financial, Commercial and Management case for the project.

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

Members made comments and asked questions which were duly noted or answered. Strategic links were made to advance the project including the offer to link to local businesses that would support the delivery of the project.

RESOLVED to approve the project and to release the £0.5m of Low Carbon Growth Fund grant to Bolsover District Council/West Nottinghamshire College subject to the conditions listed.

19/23 **ECONOMIC GROWTH FUND PIPELINE** Board Members had received a report which detailed 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 :

The following 3 projects were put forward for consideration and each case details were given of the project description, strategic fit and the output descriptions and completion dates

Nuclear Skills Academy - University of Derby

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

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

Park Lane Pinxton – Bolsover District Council

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

However following a group discussion this project was not supported and would not be allocated funding through the D2N2 Economic Growth Fund. This recommendation has now been removed.

Hill Crest Park – Business Units – Gedling Borough Council

The D2N2 Investment Board was recommended to accept this project on to the Economic Growth Fund Capital Programme and allocate £642,457 to the project

Board Members made a number of comments around the value of jobs delivered by the scheme and questioned the grant amount for the project. LEP Officers were

tasked with reviewing these issues and requested to bring further evidence back to the October Investment Board before the project could be approved on to the capital programme.

RESOLVED approve that the Nuclear Skills Academy project recommended through the LEPs assessment process and detailed above be accepted on to the Economic Growth Fund Capital Programme. Remove the Park Lane, Pinxton project and not accept this on to the capital programme. Request that further information is sought on the Hill Crest Park project and answers to member questions be presented to the October meeting.

20/23 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

21/23 **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 1 February 2023 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

22/23 **EXEMPT MINUTES** **RESOLVED** to confirm the exempt Minutes of the meeting of the D2N2 Investment Board held on 1 February 2023.

Item 4

D2N2 Investment Board – October 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	D2N2 Investment Board – 19 th October 2023		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	4

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendations
<p>The Board are asked to note the progress report on the D2N2 Capital programme.</p> <p>The paper also gives an update on the Early-Stage Angel Investment Fund.</p>

Item 4

D2N2 INVESTMENT BOARD

October 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.

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 – Since the last meeting LEP officers have received an update from the University of Nottingham who have confirmed that the supply of goods and equipment has increased in recent months. The University will be submitting expenditure details to the LEP in coming months and has seen an increase in activity.

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 previously encountered issues with regards to the supply of Hydrogen which have now been resolved. The waste collection vehicles are now in service and are recording data from the trial to be reported back to the Investment Board when ready.

Hydrogen Buses – D2N2 are continuing to work with the Bus company to try and develop the project. A deadline of the end of October has been stated for the project to make a decision and a verbal update will be brought to this meeting.

Heat Pump and Green Skills – The project was approved at the September Investment Board meeting and has now progressed to the grant offer stage. LEP officers are working through the procurement process with the project sponsor to ensure that the process has been completed in line with the approval.

Mine Water Heat – The project had a pre compliance approval for £200,000 worth of funding agreed at the September Investment Board. The project is currently working through contracting processes and will begin the testing imminently.

Item 4

Early-Stage Angel Investment Fund

The LEP has now had three expressions of interest submitted as part of the procurement process for ESAIF. A scoring panel was brought together to review the submissions individually and then met to jointly evaluate the projects and give a recommendation from a quality perspective. The project now sits with the procurement and legal teams to confirm who the successful body to deliver the fund will be.

Following on from the confirmation, the LEP officers will work with the successful body to discuss the creation of the fund and how this is likely to be marketed to target the businesses that we will look to support. The LEP will look to engage in launch events and envisages that these will be held in the new year once the formal legal proceedings have been established for the fund.

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 – October 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	D2N2 Investment Board – 19 th October 2023		
Subject	Project for Approval – Nuclear Skills Academy		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	9

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendations
<p>In September 2022, D2N2 allocated £1.38m from LEP reserves to allocate to projects which would help to promote the creation of Jobs, Homes and Learners. The funding is subject to 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 Economic 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 the University of Derby and following an approval D2N2 will release £1,388,826 of funding through the Economic Growth Fund.</p>

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

Project Name	Nuclear Skills Academy	Project Applicant	University of Derby
Construction Start Date	July 2023	Construction End Date	October 2023
Economic Growth Fund requested	£1,388,826	Total Project cost	£8.4m with the following match contributions: - UoD - £700K - DCC - £750K - Innovate UK - £1.3M - Rolls Royce - £4.26m
Gross Value Added/ Benefit Cost Ratio	3.5: 1	Expected Outputs	<ul style="list-style-type: none"> • 2493 Learners supported • 2131m² Training Space provided • 35 Jobs Created

1.0 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 November 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:

- Lathe and Milling
- Maintenance
- Fabrication
- Learning Space
- Welding Workshop
- Inspection
- Electronics and Electronic Principles
- Scientific Lab
- CNC Workshop and 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.

Changing rooms will be created, along with an appropriately sized kitchens and refectory, with a mezzanine level to provide sufficient seating. There will be self-study areas for apprentices, along with a technicians' storeroom and comms room.

2.0 Summary of Strategic Case/Fit

This project is required to meet the regional requirement for a rapidly expanded workforce, with the specialist skills critical to meet the needs of both defence and civil nuclear industries.

Specifically:

- The development of a pipeline of early careers, skilled talent for the nuclear industry. The Nuclear Skills Academy will provide apprenticeship programmes from Level 3 (technician) through to Level 6 (advanced degree level). All of which are accredited by both the University of Derby and the National College for Nuclear.
- The upskilling, broadening, and deepening of mid-career, nuclear professionals.
- The cross-skilling and retraining of people into the nuclear industry, with backgrounds in other engineering sectors, e.g. automotive, oil and gas.
- Support for returners to the nuclear industry, e.g. a career break for caring responsibilities, sabbaticals, return to health after illness.
- The provision of training to 'customers', e.g. MOD, Royal Navy, AUKUS partners
- Support for the nuclear supply chain and strategic partners, and their training and recruitment needs.
- Developing higher-order technical skills to Masters and PhD, bridging into research and technology developments, working in partnership with academia.

The centre will look to help create a highly responsive approach to skills development in the nuclear sector that can identify gaps within the industry skills needs, understand their requirements, and subsequently create long term plans to upskill the future workforce. The centre will also enable the local region to respond quickly to skills shortages which prevent barriers to grow the regional economy.

Rolls Royce Submarines Ltd (RSSL) has an ambitious growth strategy to solidify their reputation as an international nuclear thought leader, pioneering and delivering

innovative power and propulsion solutions. Growth opportunities beyond RRSL's immediate submarines business are focused on the global drive for sustainable, deployable, novel nuclear power and fusion energy. This significant opportunity for development would be severely hampered by acute skills shortages and limits its and others potential grow sufficiently and deliver on these opportunities, thus threatening the regions potential to be a global leader in nuclear excellence.

The Nuclear Skills Academy development supports the retention of associated supply chain jobs that will be created in Derby and will cement Infinity Park Derby as a magnet for growing and emerging nuclear supply chain companies. Furthermore, the UK Government confirmation that West Burton in North Nottinghamshire has been selected at the home for the new STEP fusion energy programme will create additional demand for nuclear engineering specialists. This prototype plant is expected to commence first operations in the early 2040's and will create highly skilled jobs in the region's nuclear sector. The NSA will have a key role to play in solving these skills challenges.

The approach set out in the D2N2 Recovery and Growth Strategy includes driving a once in a generation opportunity to take advantage of long-term opportunities presented by several strategic sites (including Infinity Park Derby) and sectors (including advanced manufacturing) to lead a green revolution.

Specifically, the Nuclear Skills Academy will contribute to addressing the following challenges facing D2N2 as set out in the D2N2 Strategy:

- Labour productivity gap is widening – by supporting creation of high skill, high pay jobs in a growing sector linked to clean energy
- High proportions of low skilled and low earning jobs – by providing reskilling and upskilling opportunity
- 54,000 jobs and risk of automation – by supporting attraction of new jobs into the region
- Levelling up the socio-economic inequalities linked to low educational attainment and workforce skill levels – by supporting regional social mobility initiatives involving a local university with a track-record of promoting social mobility and major local employer

Assessors
Comments

The project demonstrates very good strategic fit with both D2N2 and national policies around green growth. The strategic case sets out the need for the project and the specific reasoning for the skills requirements for the Nuclear Skills Academy. The case is articulated well and demonstrates the need for this style of facility which can adapt and be flexible in delivering its skills needs.

3.0 Summary of Economic Case and expected outcomes

The economic case provides a fully demonstrated report from independent assessors which sets out the value for money case from the project. The report includes the correct assumptions and deductions around the Benefit Cost Ratio and shows that the scheme provides a strong return on investment for public sector funding.

The report also tests several different scenarios and options for the schemes delivery that were eventually dismissed as they did not provide the same economic or output value from the project. These options were:

Do Nothing	No workshop space would be available for teaching apprentices as the current space is unsuitable for the intended use e.g. electrical supply, cabling, ventilation all inadequate. Apprenticeship programmes could not be delivered through classroom delivery only. Therefore, Phase 1 NSA would be unsustainable leading to significant financial and reputational damage. Future job creation and skills development opportunities likely to be lost to areas outside D2N2.
Outsource Workshop Access	This option has been trialled already as a temporary fix to enable the accelerated opening of the Academy. It was agreed as a temporary solution and it has proven to be unsustainable for all parties including the employer, apprentices, and teaching staff. It is a very expensive model and does not deliver the vision or experience of a Centre for Excellence. Outsourcing does not meet the needs of the employer or the apprentice and there have been significant quality assurance issues. Risks loss of future apprenticeship opportunities to areas outside D2N2. Not achieving Centre of Excellence standard risks adversely affecting development of nuclear supply chain and skills cluster in D2N2.

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 3.5:1 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.
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4.0 Summary of Commercial Case

Specialist equipment is being tendered for award by the University of Derby's Procurement Department following the University's Procurement Policy.

In summary:

- Items under £15k including VAT – 1 quote
- Items £15k to £25k including VAT – 3 quotes
- Items over £25k including VAT – tendered following Public Procurement Regulations 201

The contractor for the works Seddon Construction were procured in line with public sector procurement regulations through the PAGABO Refurb and Re-fit framework. The University of Derby has a call down process with the contractor from a pre-approved list of contractors who have all been accepted on to the PAGABO Framework through an independent process. The sum of the refurbishment contract is within the contract limits of the framework.

Assessors
Comments

The commercial case sets out good mechanisms from all parties involved to minimise risk in the procurement process. The processes are in line with public sector procurement regulations and proof of the process has been given by the University.

5.0 Summary of Financial Case

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 £8.4 million project will be delivered from the following sources, all of which have been confirmed:

- University of Derby - £700K
- Derby City Council - £750K
- Innovate UK - £1.3m
- Rolls Royce - £4.26m

The University has confirmed that the project is sustainable from a revenue perspective and will be funded going forward via a variety of mechanisms.

Assessors
Comments

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.

6.0 Summary of Management Case

Management & Governance

This project will be managed by the University of Derby with oversight from the #TeamDerby project board that includes executives from NAMRC, Rolls-Royce Ltd, Derby City Council, National College for Nuclear and the University of Derby.

The Board has oversight of the strategic developments at Infinity Park Derby that relate to Nuclear and Clean Growth. There is a steering and operations group that reports to the board on progress and points of escalation. The partners came together to successfully deliver Phase 1 at pace and in good faith. All partners have subsequently committed to this Phase 2 project. All match funding has been approved by the project partners demonstrating their commitment to the intervention.

Key project roles & responsibilities

Strategic Lead - Professor Warren Manning, Provost Innovation & Research

University Delivery Lead - Justin Steele-Davies, College of Science & Engineering

NSA Operational Lead - Jason Pimborough, Nuclear Skills Academy Manager

Estates Lead - Dan Ilsley, Interim Assistant Director of Estates

EGF Monitoring and Compliance - Clare Tatham, Senior Programmes

Assessors Comments

The Management case demonstrates that good governance procedures are in place to manage the project going forward. These management structures show clear lines of responsibility and named personnel that will govern the project.

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 £1,388,826 to the Nuclear Skills Academy project.

Getting Building Fund Checklist

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5-case model. 'The Checklist' ¹ published by HM Treasury is a useful one-page guidance paper.	<i>The project sponsor has delivered a fully compliant HM Treasury Green Book Business case to the LEP.</i>
2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	<i>The VFM assessment is completed within the Economic Case and demonstrates that the preferred option has a Benefit Cost Ratio (BCR) of 3.5:1 against total public sector costs. This figure indicates that the project provides 'High' value for money</i>
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	<i>Planning consent was required for the project and was granted on the 25th of May 2023.</i>
4. Confirmation that any Section 106 or other agreements have been entered into.	<i>N/A for this project</i>
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	<i>The project has set out the procurement method for delivery and given proof of the tendered contracts.</i>
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date -liquidated damages/cost over runs	<i>The details of the construction contract have been submitted with the Final Business case.</i>
7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted. The promoter should submit a	<i>The University of Derby has confirmed that they will be responsible for any cost overruns.</i>

separate letter appended to the Business Case which confirms this from their Financial Director or equivalent.	
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	<i>The scheme is fully designed in this project</i>
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	<i>No Delays for the project</i>
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.	<i>The project has made no significant changes since the EOI process.</i>
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.	<i>All match funding has been confirmed by the other parties involved</i>
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	<i>The land in question is in control of Derby City Council who the project sponsor has signed an extended lease agreement with.</i>
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.	<i>Included within the business case and will be drafted in to the Grant Offer letter for the project</i>
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.	<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>

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D2N2 Investment Board Cover Sheet – 19th October 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 – 19 th October 2023		
Subject	Economic Growth Fund Call		
Author	T Goshawk	Total no of sheets	7

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation
<p>This paper is being presented to the D2N2 Investment Board to follow on from the Investment Boards views on the Economic Growth Fund projects which were presented to the September Meeting.</p> <p>The Board are recommended to:</p> <ul style="list-style-type: none"> - Agree the Hill Crest Business Park Units project and adopt it on to the LEP’s Capital Programme - Agree to not accept any further projects on to the capital programme and the funds to be reconsidered for other uses by the LEP.

D2N2 INVESTMENT BOARD – 19th October 2023

1.0 Background

At the meeting of the Investment Board on the 7th of September, LEP and Accountable Body officers recommended three projects to be approved on to the LEP's Capital Programme as a result of the call for projects for the Economic Growth Fund. Following discussions at the meeting the Investment Board decided the following:

- Agree to fund and welcome on to the capital programme the University of Derby's Nuclear Skills Academy project.
- Reject the recommendation to bring Bolsover District Council's, Park Lane Pinxton project on to the capital programme.
- Review and present further evidence around high growth jobs and affordability of the Hill Crest Business Units project in Calverton.

Following the meeting, LEP officers have been working with Gedling Borough Council to seek clarifications on the issues raised by the Board and provide clarity for a final decision to be made at the October IB meeting.

2.0 Hillcrest Park

2.1 Project Summary

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

2.2 Further Information and Evidence

The Investment Board members requested that two factors were investigated before any approval would be made to bring the project on to the capital programme:

- Could the level of grant intervention from the LEP Capital Programme be reduced and Gedling Borough Council fund more towards the project?
- Can GBC provide evidence that jobs will be ‘High Growth’ and give evidence as to how the council will ensure these are the tenants that occupy the space?

The following responses have been received by GBC to answer the questions of the Investment Board.

Reduction to the level of intervention?

The Council's bid was submitted based on a 50/50 contribution from both parties, which demonstrated a payback period of 28 years which is outside the standard payback period. There was a subsequent request to accept a lower LEP contribution at 47/53, which demonstrated a payback period of 30 years, this request. The further request to move to a model of 40/60 means that the payback period to the Council extends further to 31 years, putting significant financial pressure on the Council at a time when it has seen its Government grant reduced by 33% since 2015/16, and further reductions scheduled in 2025/26 and 2026/27.

The current units at Hill Crest Park are commercial premises, charged at market rent reflecting market conditions, with annual rent increases of 3% included in the lease agreement and this would be the approach for the new units. It is understood that Board Members have suggested that rents could be increased; but with rents at market value, and developed with start-up/growth businesses in mind, this is not seen as practical and could result in long term vacant units, putting the commercial viability of the development at significant risk. In addition, it may also result in steady state businesses as lease holders, and therefore not fulfilling the LEPs wish for high growth businesses and jobs.

Having reviewed the latest financial projections based on a 40/60 model, it is clear that this would put unacceptable financial pressures on the Council, and the view of the Senior Leadership Team and the Leader of the Council is that funding based on a 45/55 split is the only model that would be acceptable, allowing the Council to achieve a payback within a reasonable timescale whilst supporting the Calverton business community and its residents.

How will High Growth Jobs be ensured?

As with other Council-owned units, potential tenants will be asked to submit their business plan and cashflow forecasts to demonstrate that the business is founded on good business practices, is commercially viable, and sustainable, as well as having the potential for growth. The business plan and cashflow forecasts will be reviewed by internal Council officers from both Property and Finance but also by the independent Small Business Adviser prior to a lease being granted.

Subsequently, regular interactions with the Small Business Adviser will be put in place, as well as signposting tenants to other sources of support where needed, including British Business Bank, the Government's Export Support Service, FSB, and others, etc. Via this support, progress will be tracked against their business plan.

2.3 Recommendation

Based on the evidence received in section 2.2 LEP Officers believe that there is still a credible case for intervention on the project and evidence has been provided which justifies the grant amount as well as the evidence for High Growth businesses to occupy the space. Therefore, LEP Officers recommend that the project is accepted on to the Capital programme and the Hill Crest project is allocated £642,457 of funding from the Economic Growth Fund.

3.0 Remaining Projects

Subject to the approval or non-approval of the Gedling Borough Council project the following list shows the closest scores to the original three projects presented for approval. The projects have been re-evaluated and following this exercise the LEP Officers are not recommending any of the projects to be accepted on to the EGF Programme. The table below demonstrates the primary reason(s) for not recommending a funding allocation be granted.

Project Name	£ request	Reasoning for not recommending for funding
National Stone Centre	2,600,000	The project requires £2.6m of funding from the EGF, a reduced allocation means there will still be a significant funding gap for the project.
Stodman Street	500,000	The application offered no added value from the project that was already taking place through Newark and Sherwood's funding. The request for funding is to cover inflation.
SONE Headquarters	750,000	The project delivers a move in premises for a company headquarters. The project is unlikely to meet subsidy control requirements. One option is that it could be funded through debt financing for the business
Project 22	1,510,000	The project has multiple unknowns still such as planning etc, the project is not near a deliverable stage yet so could not be put forward for funding.
ADMC	1,300,000	The project offers little additionality to the current activity and would not deliver all the outputs outlined in the application. There may be other means of intervention for this project.
Mansfield Woodhouse Station Gateway	210,299	The project doesn't offer many outputs for delivery and adds little value to the D2N2 Programme. The funding is as a result of inflationary pressures.
Air and Space Institute	500,000	The application offers little added value and few outputs could be gathered from the funding ask as the project is a Towns Fund project..

3.1 Recommendation

LEP Officers recommend that no further projects from the list in 3.0 are adopted on to the D2N2 Capital Programme due to the reasons listed above. The LEP will now reconsider the funds for future use

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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