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PUBLIC

To: Members of D2N2 Investment Board

Wednesday, 3 February 2021

Dear Councillor,

Please attend a meeting of the **D2N2 Investment Board** to be held at **2.00 pm** on **Thursday, 11 February 2021**. This meeting will be held via Microsoft Teams and a recording will be published on the LEP's website following the meeting, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal and Democratic Services

AGENDA

PART I - NON-EXEMPT ITEMS

1. Apologies for Absence
To receive apologies for absence (if any)
2. Declarations of Interest
To receive declarations of interest (if any)
3. Minutes (Pages 1 - 10)
To confirm the non-exempt minutes of the meeting of the D2N2 Investment

Board (IB) held on 13 January 2021

4. Capital Programme Performance Overview (Pages 11 - 16)
5. Capital Programme Budget Update (Pages 17 - 22)
6. D2N2 Milestones Update (Pages 23 - 26)
7. Output Performance Update - Quarter 3 (Pages 27 - 32)
8. Audit Services Review of the D2N2 LEP (Pages 33 - 36)
9. Project for Approval-UK Electrification of Aerospace Propulsion Facility (UKEAPF) (Pages 37 - 50)
10. Date of Next Meeting

Wednesday 10 March at 12 Noon via MS Teams

PUBLIC

Agenda Item 3

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 13 January 2021 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council), S Webster (Nottingham City Council), J White (Bassetlaw District Council, and D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative).

Also in Attendance: J Battye (Derbyshire County Council), J Beresford (Bassetlaw District Council J Davies (Gedling Borough Council), B Dawe (Derby City Council) E Dennis (Bassetlaw District Council), J Dexter (BEIS), C Durrant (Chesterfield Borough Council), T Goshawk (D2N2 LEP), R Harding (D2N2 LEP), J Harrison (Bassetlaw District Council), T Mace - Ackroyd (RNN Group), J Player (PRB Architects), S Rose (D2N2 LEP), I Sankey (Erewash Borough Council), J Seymour (Derbyshire County Council) P Seddon (Nottingham City Council), N Taylor (Bassetlaw District Council) Sarah Wainwright (Accountable Body) C Williams (Derby City Council) and D Wright (BEIS)

Apologies for absence were submitted on behalf of Councillors C Hart (Erewash Borough Council) and B Lewis (Derbyshire County Council).

01/21 **DECLARATIONS OF INTEREST** D Williams declared a personal interest in relation to minute reference 06/21 – Project for approval – Becketwell, due to a business involvement with the project.

02/21 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 9 December 2020

03/21 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme and Getting Building Fund programme including an update on progress against the financial targets for this year.

The report also updated the Board on the change requests submitted for the Our City our River project.

Coming into the last year of the Local Growth Fund programme the LEP had £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the March 2021 deadline. Of the £40m allocated within this year, D2N2 had recorded £16,617,586 of actual spend in the first two financial quarters of the year and had

made payments of £18.5m in Quarter 3, an actual spend figure would be presented to the next meeting once third quarter claims had been reviewed. LEP Officers were working closely with project sponsors for all projects that are 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure could be met.

Whilst recognising that there were always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects were approved as set out, LEP officers still believed that they would will be able to achieve full spend of the Local Growth Fund. The LEP had also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown was included within Item 5 on the Agenda for this meeting which included both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Two projects were highlighted at the November Investment Board as presenting potential risks to the expenditure profile of the Local Growth Fund programme. These projects were the Chesterfield Station Masterplan project (Hollis Lane Link Road) and the Woodville-Swadlincote project. These projects delivered an update to the December meeting which provided reassurances of spend by the March 31st deadline. Officers from DCC confirmed at the meeting that both projects were on track to meet this deadline.

Following the announcement of the Getting Building Fund projects in August, D2N2 have now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP would not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP would continue to work with project sponsors to accelerate spend where possible and any underspends would be utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project were included for consideration as a separate agenda item at this meeting and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval would be received at this meeting.

The LEP continued to have ongoing dialogue with all projects to ensure that progress against forecasted targets was being made. The LEP communicated with all sponsors and monitors specifically the projects it deemed to be at most risk of underachievement. They noted that no capital project came without risks and

therefore looked to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continued to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility had been granted to the LEP to extend the spend period beyond March 2021. The LEP will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline. LEP Officers were expecting to receive Quarter 3 monitoring returns in the middle of and these would be reported at the next meeting.

During 2019 the LEP carried out a mid-term evaluation of the Local Growth Fund Programme which looked at 20 of the projects which had progressed in the earlier stages of the programme. An impact analysis of these project was presented to the LEP Investment Board and the data had been used to inform the overall monitoring of the programme.

In line with Government best practice and the LEPs own commitment to monitoring and evaluation the LEP would be undertaking their first end of programme evaluation in the next financial year and would look to gain an understanding of the overall impact that its investments had had on the D2N2 Economy and the people that the funding has impacted.

Following a request from Derby City Council to alter the output profile of the Our City Our River project, Derby City had undertaken work to revise the schedule of outputs for the project and submitted formal project change requests to the LEP for approval.

Following the independent review by Hatch Regeneris it had been confirmed that the project still represented 'Very Good Value for Money' based on the assessment. The change request was appended to the report.

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

RESOLVED (1) to note the current position on the programmes and the update on projects;

(2) to approve the change request from Derby City Council to the Our City Our River project as appended to the report.

04/21 **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund Current forecast showed that in 2020/21 the programme was over committed by £1.81 m.

The LEP and Accountable Body continued to work closely with projects regarding grant profiles and expenditure figures for the remaining projects and would be monitored closely throughout the year to ensure any grant given could be

evidenced with expenditure. Government had confirmed there was no extension to the programme and all monies must be spent by 31st March 2020.

The overall budget position was shown in Appendix 1 to the report. The grant profile for the final year of the programme 20-21 was shown in Appendix 2.

In relation to the Getting Building Fund on the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22.

All projects within the programme had now submitted their spend profiles to the LEP and Accountable Body as detailed in Appendix 3 to the report. LEP's had been given permission to utilise their freedoms and flexibilities with their Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme was overcommitted by £2.44m which would be funded by using the Growing Places Fund (GPF)

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

RESOLVED that the report be noted.

05/21 **D2N2 MILESTONES - UPDATE** The Board were asked to note the Milestones report on the D2N2 Getting Building Fund Programmes

The report showed the Milestones that were agreed within the last year and detailed the progress against the delivery of those milestones. Details of each individual project were provided at the meeting and recommendations followed each project giving their milestone progress. Further verbal updates were given by some of the promoters at the meeting.

Drakelow Park (Drakelow Developments Limited) - The Investment Board were recommended to note the milestones and await the final business case for approval in June 2021. The project would continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

UK Electrification of Aerospace Propulsion Facility (University of Nottingham) - The Investment Board were recommended to note the milestones and await the final business case for approval in February 2021.

Transforming Nottingham's Southside (Nottingham City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in March 2021.

MRC Midlands (Derby City Council) - The Investment Board were recommended to note the delay in the milestones and await the final business case for approval in June 2021. The project would continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor would be requested to provide a full formal update to the Investment Board including next steps.

SmartParc (Derby City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in October 2021

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

RESOLVED to approve the recommendations above, as detailed in the report.

06/21 **PROJECT FOR APPROVAL – BECKETWELL** Members were informed that this project had previously been granted £8.1m in pre compliance funding by the Investment Board and was therefore requesting with this Final Business Case that the funding was converted in to a grant.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd.

This project being put before the Investment board had now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF. Planning approval was confirmed at the meeting by Derby City Council.

Becketwell comprised an identified regeneration area extending over 1.9 hectares in Derby City Centre. Becketwell comprises Duckworth Square, the former Debenhams building on Victoria Street, Becket Street and Colyear Street.

Over the past four decades, the Becketwell area had been in a spiral of decline following the closure of the former Duckworth Square shopping centre in the 1980s, the eventual relocation of Debenhams into the newly built Intu centre and the ongoing deterioration of the nightclub, offices and hotel buildings on Colyear Street due to increasing vacancy rates and lack of investment. Over time, the vacant and poor quality building have created environmental blight within this area of the city, the market had been unable to deliver the sustainable regeneration of this part of the city.

In March 2018, St. James Securities Ltd (SJS), were selected as the preferred developer for the former Debenhams department store and a Masterplan for the whole of Becketwell has subsequently been developed. At this time, there was also an opportunity for Derby City Council to acquire property located on Colyear Street

comprising offices, car parking, former nightclub and hotel, which facilitated the assembly of a comprehensive regeneration site.

Since this time, SJS had secured outline planning permission for the comprehensive regeneration of Becketwell, following a resolution to grant permission in February 2020. On 7th September 2020, a hybrid planning application including a reserved matters application for Phase 1 was submitted for a residential led development to be delivered alongside a new public square. Confirmation was given at the meeting that the he planning application was approved by Derby City Council's Planning Committee on 7th January 2021.

D2N2 were contributing £8.1m of Local Growth Funding towards land purchases and demolition costs on the Becketwell site which would enable the delivery of new jobs and residential units in Derby City Centre. Which would enable the delivery of;

- Phase 1a – 224 apartments along with ancillary car parking and a commercial unit at ground floor levels.
- Phase 1b – 35 apartments, ancillary car parking and commercial unit at ground floor level.
- Phase 1c – creating a new gateway to the site, by demolishing the former Debenhams building and United Reformed Church (both in the ownership of DCC) along with delivery of a new public square accessed directly off Victoria Street.

It was confirmed that Phase 2 was proposed as a managed workspace scheme and would deliver 250 new jobs, which were being claimed as an output against the LGF. Phase 2 was however excluded from this LGF financial application as construction of the centre would be outside of the LGF programme. Land acquisition terms had been agreed for this phase and it was expected to be delivered in a 5 year period.

The scheme therefore currently proposed to be delivered and subject to the Business Case submitted by Derby City Council was Phase 1 comprising 1a, 1b and 1c being the 259 residential build to rent units, new public square ancillary ground floor retail/commercial uses and car parking.

Following the granting of planning consent on 7th January 2021, terms with the build to rent investor could now be finalised and the development brought forward for implementation, anticipated for a start on site for the residential units in April 2021 and practical completion in November 2022. The public square would commence on site in September 2022 and complete in March 2023.

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

Councillor M Holmes, C Williams, Head of Regeneration, and B Dawe, Project Manager (Derby City Council), 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 and the delivery milestones

The LEP Officers would also ensure that the following commitments were adhered to as the scheme progresses;

- (a) A detailed programme to be provided for the delivery of the Phase 1 scheme, once legal agreements have been agreed with the investment purchaser.
- (b) Any further viability issues arising on Phase 1 are to be underwritten by the Council/SJS to ensure delivery of the scheme as proposed.
- (c) The Council to keep D2N2 informed with the delivery of Phase 2, programme for construction and delivery of outputs.

Members made comments and asked questions which were duly noted or answered.

RESOLVED to approve the project and to release the £8,100,000 of Local Growth Fund grant to Derby City Council, subject to the conditions listed.

07/21 **PROJECT FOR APPROVAL – WORKSOP ACCESS TO SKILLS HUB** Members were informed of a request for £3.5m from Bassetlaw District Council from the Getting Building Fund to support the Worksop Access to Skills project.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Thomas Lister Ltd and Amion consultants

This project being put before the Investment board has now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF.

Bassetlaw District Council has submitted an application for Getting Building Fund (GBF), to meet the cost of refurbishing an existing building in Worksop known as Bridge Court, to create the Worksop Access to Skills Hub (WASH).

Bassetlaw District Council (BDC) acquired the long-term vacant building during 2019 and since that time had completed all feasibility, including detailed design and secured planning permission, to convert the building to create a state-of-the-art skills and educational hub in the town centre. The project would be

delivered in partnership with the RNN Group (of Colleges) and the University of Derby, who would occupy the building by way of a five year lease, to provide skills and training along with access to higher education and for communities and businesses. Training would be provided in the health and care sectors, and the digital and low carbon growth industries.

The subject building extends to 2,520 sq m and required complete refurbishment and some internal configuration to provide the following facilities;

- Classrooms
- Auditorium
- Mock Hospital Ward
- Office Space
- Breakout Informal Study Areas

The completed building would therefore offer a mix of higher education and further education qualifications across the following areas;

- Health
- Enterprise Leadership and Management
- Digital and Digital Transformation
- Green Technologies and Low Carbon
- Construction
- Engineering Facilities

In addition, the WASH will offer business courses supporting new business start-ups and job creation. Details of the Qualifications Offered by the RNN Group and Courses to be provided by the University of Derby were detailed in the report.

The College had secured planning permission for the works and had appointed Lindum Group to undertake the works. Lindum were appointed in accordance with the Public Contract Regulations 2015, following a tender under BDC's contract procurement rules being also in accordance with BDC's contract procedure rules. A direct award of Lindum was made using the Pagabo Refit and Refurbishment Framework, which is also OJEU compliant.

Lindum Group working with the appointed architect were currently progressing the detailed design of the scheme to RIBA stage 4, and it was understood that this process is around 80% complete.

Lindum Group had confirmed however, that they were in a position to commence with the strip-out works required within the building immediately followed by the delivery of the initial works packages, which could be undertaken while the final elements of the detailed technical design were completed.

Once the refurbishment works had completed, the fit out of the building with specialist equipment would be undertaken, which concluded the works to be undertaken within the building.

Upon completion, the building would be occupied by RNN and University of Derby to provide the aforementioned educational and training courses.

The café was likely to be let to a private operator and would be done so by way of a formal lease in accordance with market terms.

The project was therefore at an advanced stage, being shovel ready and capable of early delivery following approval of the GBF requested.

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

N Taylor, Chief Executive and J Beresford, (Bassetlaw District Council), attended the meeting along with Joe Player (PRB Architects), and T Mace –Ackroyd (RNN Group) 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 business case alongside the independent assessment of the market evidence, officers would recommend the Investment Board to approve the request of £3.5m of Getting Building Fund (GBF) to be released to Bassetlaw District Council subject to

- (a) BDC providing a copy of the final contract sum agreed with Lindum Group to demonstrate that the project can be delivered within the allocated budget for the scheme.
- (b) A detailed programme for delivery of the scheme to be provided once Lindum are formally appointed and once Lindum have prepared a construction programme for the delivery of the refurbishment works through to practical completion.
- (c) A copy of the lease agreements in place with third parties occupying the completed building are to be provided, to demonstrate these are in accordance with market terms and arrangements that will take effect at the end of the lease term.

Members made comments and asked questions which were duly noted or answered.

RESOLVED to approve the project and to release the £3.5m of GBF grant to Bassetlaw District Council, subject to the conditions listed.

08/21 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 11 February 2021 at 2.00pm.

09/21 **EXCLUSION OF THE PUBLIC RESOLVED** that the public be excluded from the meeting during the consideration of the remaining items on the agenda to avoid the disclosure of the kind of exempt information detailed in the following summary of proceedings:

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC WERE EXCLUDED FROM THE MEETING

1 To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 9 December 2020 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

10/21 **EXEMPT MINUTES RESOLVED** to confirm the exempt Minutes of the meeting of the D2N2 Investment Board held on 9 December 2020

D2N2 Investment Board – February 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	D2N2 Investment Board – 11 th February 2021		
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 report highlights the current position on the programme and provides an update on each of the Local Growth Fund and Getting Building Fund.</p> <p>The report also includes a change request for the Mushroom Farm project which the Investment Board is recommended to approve this subject to a successful reassessment of the Value for Money.</p> <p>Annex A includes the Quarter 3 monitoring Dashboard for the Local Growth Fund for the Investment Board to approve.</p>

D2N2 INVESTMENT BOARD

February 2021 D2N2 Capital Programme Overview

Introduction

This paper provides an overview of the LEPs Local Growth Fund programme and Getting Building Fund Programme, including an update on progress against the financial targets for this year.

It also outlines a change request for the Mushroom Farm Project in Eastwood.

Local Growth Fund Performance Update

Financial performance

The current Local Growth Fund Programme is due to finish on the 31st of March and after this deadline no expenditure from the programme will be allowed. Of the £250.7m allocation granted to the D2N2 LEP in 2015, we have £40,086,356 to spend in this financial year in line with the Government profile. At the end of Quarter 3 we have registered an actual spend figure of £32,288,122 leaving £7,798,234 to be spent in the final quarter of the year.

All projects in the Local Growth Fund have now gained an approval for their Final Business Case with the last project in the programme being approved at the January Investment Board meeting. LEP Officers are maintaining regular contact with project sponsors to ensure that spend profiles are not slipping and that this Financial Years targets will be met.

We recognise that there are always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects are approved as set out, we still believe that we will be able to achieve full spend of the Local Growth Fund. We have also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown is included within **Item 5** which includes both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Getting Building Fund progress update

Following the announcement of the Getting Building Fund projects in August, D2N2 have now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP have been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP will not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP will continue to work with project sponsors to accelerate spend where possible and any underspends will be utilised by Derbyshire County

Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Progress is going well with the Getting Building Fund and we have spent £293,963 against a target of £340,034 in Quarter 3.

Subject to the approval of the UK Electrification of Aerospace Propulsion Facility which is being recommended for approval at today's meeting, we will have approved 6 out of 10 projects, representing 39% of the total funding value.

Milestones for each project are included within these Investment Board papers and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval will be received at this meeting.

Programme Risk

As a LEP we continue to have ongoing dialogue with all projects to ensure that progress against forecasted targets is being made. The LEP communicates with all sponsors and monitors specifically the projects it deems to be at most risk of underachievement. We note that no capital project comes without risks and therefore look to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continues to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility has been granted to the LEP to extend the spend period beyond March 2021. The LEP will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline. LEP Officers are expecting to receive Quarter 3 monitoring returns in the middle of January and will verbally report the position of spend at the Investment Board meeting.

Annual Performance Review

The Annual Performance Review of the LEP took place on the 2nd of February and any specific feedback related to the work of the Investment Board will be delivered to this meeting verbally. The indicative outcome of the review has been shared prior to the meeting and D2N2 has been judged to be meeting the expectations of Government with regards to Governance, Strategic Impact and Funding Delivery.

Any final rating will be given to the LEP following the submission of Quarter 3 monitoring returns to Government.

LGF Change Requests

Broxtowe Borough Council have submitted a change request to the LEP which alters both the funding ask from Local Growth Fund and the final outputs delivered from the funding.

Any decision on this project will be subject to a recalculation of the Value for Money score and will be added as a condition to the approval should this be granted. Further details of the change request are included below

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Project Name/ Promoter and description	Change Description	Reason for the Change	Impact of the change	Officer Recommendation
<p>Mushroom Farm</p> <p>Broxtowe Borough Council</p> <p>Construction of new small industrial units in Eastwood to create new space for SME businesses where the market cannot deliver this employment floorspace.</p>	<p>Funding and Outputs</p> <p>The total number of jobs created by the scheme will fall from 7.5 FTE to 4.5 FTE.</p> <p>The project will now only use £115,000 of Local Growth Funding compared to the initial offer of £160,000.</p>	<p>Following further consultation with Severn Trent Water, more extensive works were identified for the project's drainage management. This has led to a large increase in costs which would make the units unviable based on the funding packages available. Broxtowe BC have taken the decision to withdraw one unit which makes the project viable based on LGF funding.</p>	<p>The change leads to the development of unit 8 being withdrawn from the project thereby affecting output delivery and total LGF funding. This has little effect on the overall delivery of the programme and LEP Officers are confident all spend, and output targets will still be achieved.</p>	<p>The Investment Board are recommended to accept the change request for the project.</p>

Annex A – Quarter 3 LGF Monitoring Dashboard

LEP Name **Derby, Derbyshire, Nottingham and Nottinghamshire**

This Quarter: **Q3_2021**

Deliverables Progress

Category	This Quarter	Financial Year					Total
		15-17	17-18	18-19	19-20	20-21	
Housing							
Houses Completed	134	128	589	474	325	211	1,727
Forecast for year	2,260	878	1,140	1,150	510	2,260	7,331
Progress towards forecast	6%		52%	41%	54%	9%	24%
Jobs							
Jobs Created	182	373	1,295	2,043	6,736	800	11,047
Apprenticeships Created*	0	0	0	0	0	-	0
Jobs including Apprenticeships	182	373	1,295	2,043	6,736	800	11,047
Forecast for year	6,505	375	2,002	2,156	4,951	6,505	32,582
Progress towards forecast	3%		65%	95%	130%	9%	34%
* Apprenticeships included within jobs totals prior to 2017							
Skills							
Area of new or improved floorspace (m ²)	0	5,430	13,500	2,000	0	-	20,930
Forecast for year	15,490	5,430	13,500	0	0	15,490	34,420
Progress towards forecast	0%		100%	-	-	0%	61%
Number of New Learners Assisted	284	0	344	212	1,556	493	2,615
Forecast for year	1,226	0	381	642	396	1,226	3,518
Progress towards forecast	23%		90%	33%	393%	40%	74%
Transport							
Length of Road Resurfaced	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Length of Newly Built Road	0.0	2.0	0.0	0.0	0.0	0.0	2.0
Length New Cycle Ways	0.0	0.0	1,185.0	-821.5	-132.4	3.9	136.0

Project RAG Ratings

Project Name	Previous Quarter Q2_2021	This Quarter Q3_2021	Project Name	Previous Quarter Q2_2021	This Quarter Q3_2021
Infinity Park - Derby	AG	AG	HS2 Toton	G	G
Bioscience Expansion, Nottingham	G	G	HS2 Staveley	G	G
Nottingham Skills Hub	AG	G	Sutton Indoor Market	G	G
Nottingham Bosmansh	G	G	Derby Cycling and Ploemaking	G	G
Chesterfield Centre Higher Level Skills	G	G	Midland Mainline	G	G
Vision University Centre, Mansfield	G	G	Sherwood Visitor Centre	AG	AG
Harworth Access Road	AG	AG	Sherwood Energy Village	G	G
Derby Place-making-The Spot	G	G	Slit Mill World Heritage Site	AG	AG
Nottingham Cycle City Ambition Package	G	G	N2 Towns	AG	AG
Newark Southern Link Road	R	R	MTIF	G	G
Seymour Link	G	G	Ceolting Access Road	AG	AG
A57/A60 Junction Works op	G	G	Nottingham Castle	G	AG
Nottingham Broadband	G	G	Vesuvius	G	G
Derbyshire Broadband	G	G	Technology Hub	G	G
Our City Our River	A	AG	Rail and Research Centre	G	G
LEP Management & Feasibility Funds	G	N/A	Riverside Business Park	A	A
D2N2 Sustainable Transport	R	AG	New Assembly Rooms	G	G
A51 Programme	AR	AR	HS2 Strategic Sites	N/A	N/A
Enterprise Zone Sustainable transport	G	G	Airbourne Airfield	AG	AG
A52 Wyvern	A	AG	Cast Revard	G	G
A48 Concorc, Ruscliffe	A	AG	Nursing and Allied Health provision in Mansfield	G	G
Buxton Crescent	G	G	Top Wighay Farm	G	G
Institute for Advanced Manufacturing	G	G	Revitalising the Heart of Chesterfield	G	AG
Beckwithall	G	G	Tollbar House	G	AG
Medicity	G	G	Mulroom Farm	G	AG
Coaltis	G	G	Smart Wireless Innovation Facility	G	AG
Asia Lovelace House	G	G	Woodville/Squadinocote regeneration route	N/A	N/A
Bulwell Market	G	G	GMCS	N/A	AG
Dakayne Street	G	G	YMCA Activity Village	G	AG
Southern Growth Corridor	G	G	Automation and Robotics	-	AG

Growth Deal Performance

Area lead comments

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Financial Progress

Category	This Quarter	Financial Year					Total
		15-17	17-18	18-19	19-20	20-21	
LGF Award							
LGF Award	£36,844,901	£36,844,901	£36,844,901	£36,844,901	£36,844,901	£36,844,901	£36,844,901
Forecast for year	£36,844,901	£36,844,901	£36,844,901	£36,844,901	£36,844,901	£36,844,901	£36,844,901
Progress towards forecast	56%		100%	88%	98%	88%	95%
LGF Expenditure							
LGF Expenditure	£14,615,811	£73,291,620	£29,400,573	£42,132,101	£4,054,308	£1,233,397	£230,111,999
Forecast for year	£36,844,901	£83,696,630	£34,872,001	£50,126,241	£7,503,399	£36,844,901	£255,043,642
Progress towards forecast	40%		84%	81%	114%	95%	90%
Non-LGF Expenditure							
Non-LGF Expenditure	£26,281,341	£88,876,493	£71,755,207	£53,312,119	£85,242,966	£76,487,315	£375,674,119
Forecast for year	£144,199,943	£144,199,943	£77,471,362	£77,471,361	£176,968,385	£144,199,943	£476,101,030
Progress towards forecast	18%		93%	69%	48%	53%	79%
Total LGF + non-LGF Expenditure							
Total LGF + non-LGF Expenditure	£181,044,844	£262,168,113	£101,155,780	£95,444,220	£129,287,304	£107,720,712	£605,786,118
Forecast for year	£181,044,844	£181,044,844	£112,343,363	£129,597,602	£224,461,664	£181,044,844	£731,144,672
Progress towards forecast	23%		-9%	-7%	-62%	+58%	83%

Contractual Commitments (manual entry)

Category	15-17	17-18	18-19	19-20	20-21	Total
Forecast	£83,700,000	£34,870,000	£51,510,000	£46,000,000	£34,630,000	£250,710,000
Actual	£119,383,090	£15,760,970	£79,444,220	£19,277,975	£19,843,755	£250,710,000
Variance	-43%	-56%	-48%	-58%	-43%	-0%

Commentary

Outputs - The Derbyshire Broadband project has connected an additional 954 premises to Superfast broadband. 182 jobs were achieved in the Quarter 3 monitoring period against a total forecast of 131. 284 learners have been delivered in Quarter 3, 420 were forecast; there has been a delay in some learners starting courses due to current Covid restrictions. 134 homes were delivered against a forecast of 25 this quarter. Return/Expenditure - in quarter 3, 9 projects have received more grant than LGF expenditure. A51 Concorc, Automation and Robotics, Revitalising the Heart of Chesterfield, SWIFI, Tollbar House, Top Wighay Farm, HS2 Strategic Sites and Woodville/Squadinocote due to slower spend because of Covid during the quarter. Further discussions with these projects are taking place to ensure full LGF expenditure can be achieved before March 2021. Commitments - At the end of quarter 3 the programme was 100% contractually committed. Covid 19 Regular dialogue continues with promoters with a close eye being kept on the changing restrictions within the D2N2 area and the impact this has on the ability of projects to spend all of their LGF. However, all projects which have LGF grant this year are still reporting that their projects can spend their allocations by the 31st March 2021. RAG Rating - Covid 19 has clearly had an effect on the programme with projects expected to take longer and costs expected to rise. The RAG rating has been based upon updates from promoters but as previously mentioned it is still too early to be able to fully assess the impacts of Covid 19. Four projects have changed from A to AG, OCCOR and A52 Wyvern have reclassified their outputs and the HS2 Town Centre project is now progressing well and the final element of the A48 has now been approved. Seven projects have moved from G to AG, with Nottingham Castle and Slit Mill unable to open to the public due to Covid restrictions and revitalising the heart of Chesterfield, Tollbar farm, Mulroom farm, SWIFI and YMCA all reporting a slightly delayed start to a mixture of issues, Covid supply chain problems being one.

LEP Chief Executive Approved

Name: Sigrida Rose

Signature:

Date: 27.01.2021

Section 151 Officer Approved

Name: Peter Handford

Signature:

Date: 27.01.2021

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D2N2 Investment Board Cover Sheet – 11th February 2021

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 11 th February 2021		
Subject	Capital Programme Budget		
Author	S Wainwright	Total no of sheets	4

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper delivers an update on the budget of the Local Growth Fund (LGF) and the Getting Building Fund (GBF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD**11th February 2021****Capital Programme Budget****Local Growth Fund**

Current forecast shows that in 2020/21 the programme is over committed by £1.77 m which will be funded from the Growing Places Fund (GPF).

The LEP and Accountable Body continue to work closely with projects regarding grant profiles and expenditure figures for the remaining projects and will be monitored closely throughout the year to ensure any grant given can be evidenced with expenditure. Government have confirmed there is no extension to the programme and all monies must be spent by 31st March 2020.

The overall budget position is shown in Appendix 1. The grant profile for the final year of the programme 20-21 is shown in Appendix 2.

Getting Building Fund

On the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22.

All projects within the programme have now submitted their spend profiles to the LEP and Accountable Body, see appendix 3. LEP's have been given permission to utilise their freedoms and flexibilities with their Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme is overcommitted by £2.47m which will be funded by using the GPF.

Appendix 1

Local Growth Fund 6 year Grant/Expenditure sheet 27/01/2021											
	2015/16	16/17	17/18	18/19	19/20	20/21					
Project Name	Annual	Annual	Annual	Annual	Annual	Annual	Actual 20/21	Total	Status	Date to be completed	
Chesterfield Centre for Higher Level Skills	3.48						0.00	3.48	Project Finished		
Vision University Centre, Mansfield	2.61						0.00	2.61	Project Finished		
Bioscience Expansion, Nottingham	6.50						0.00	6.50	Project Finished		
The Spot	0.75		-0.04				0.00	0.71	Project Finished		
Medicity		0.74					0.00	0.74	Project Finished		
Ada Lovelace House		0.14					0.00	0.14	Project Finished		
Bulwell Market		0.10					0.00	0.10	Project Finished		
Dakeyne Street		0.18					0.00	0.18	Project Finished		
Sutton Indoor Market		0.38					0.00	0.38	Project Finished		
Sherwood Energy Village			0.50				0.00	0.50	Project Finished		
Harworth Access Road		1.10			-0.40		0.00	0.70	Project Finished		
Seymour Link	2.02	0.50					0.00	2.52	Project Finished		
Cycle City Ambition package in Nottingham	4.16	1.94					0.00	6.10	Project Finished		
A57/A60 Junction Worksop	0.92	0.92					0.00	1.83	Project Finished		
Institute for Advanced Manufacturing		5.00					0.00	5.00	Project Finished		
Sherwood Visitor Centre			0.50				0.00	0.50	Project Finished		
Southern Growth Corridor		2.00	4.12				0.00	6.12	Project Finished		
Rail Research and Innovation Centre				0.90			0.00	0.90	Project Finished		
Derby College Technology Hub				1.30			0.00	1.30	Project Finished		
Enterprise zone sustainable transport package		0.80	5.20				0.00	6.00	Project Finished		
A46 Corridor, Rushcliffe-Phase 1 and 2		2.00	1.00				0.00	3.00	Project Finished		
Derby Cycling and Placemaking			0.84	0.71	0.09		0.00	1.65	Project Finished	Mar-20	
Buxton Crescent		2.00					0.00	2.00	Project Finished	Mar-21	
A52 Wyvern		1.50	5.22				0.00	6.72	Project Finished	Dec-21	
Nottingham City Hub		0.19	2.03	13.79	12.73		0.00	28.74	Project Finished	Feb-21	
NTU MTIF Centre			0.46	1.52	4.09	3.63	0.00	9.70	Project Finished	Dec-21	
Midland Mainline			5.00				0.00	5.00	Project Finished	Mar-21	
Infinity Park, Derby	3.45	4.00	3.35	2.195			0.00	13.00	Ongoing	Mar-21	
Nottingham Broadmarsh/Southern Gateway	6.79	0.71	0.35	2.45	15.00		0.00	25.30	Ongoing	Mar-21	
Newark Southern Link Road	1.00	6.00					0.00	7.00	Ongoing	tbc	
Our City Our River, Derby	2.00	2.50	2.50	2.50	2.50		0.00	12.00	Ongoing	tbc	
LEP Management & feasibility funds	0.56	0.18	0.16	0.19	0.19	0.16	0.00	1.43	Ongoing		
Broadbands-Derbyshire	2.19						0.00	2.19	Ongoing	project extended until June 2020	
Broadbands-Nottinghamshire	2.63						0.00	2.63	Ongoing	project extended until Sept 2026	
D2N2 Sustainable Travel programme		2.48	2.38	0.95			0.00	5.80	Ongoing	Mar-20	
Tudor Cross (former Coalite)		5.80					0.00	5.80	Ongoing	2024	
Silk Mill World Heritage Site			0.52	2.53	0.65		0.00	3.70	Ongoing	Feb-21	
Nottingham City Hub - Enabling Works			0.22	0.57	0.00	0.46	0.00	1.26	Ongoing	Feb-21	
N2 Town Centres				2.13	2.75	2.75	0.50	7.63	Ongoing	Mar-21	
Nottingham Castle				5.00			0.00	5.00	Ongoing	Feb-21	
Vesuvius				4.49			0.00	4.49	Ongoing	Mar-21	
Riverside Business Park					0.75	2.60	0.28	3.35	Ongoing	Dec-26	
A61 Corridor-21st Century Transport		0.08		0.60	1.17	1.17	0.00	3.00	Ongoing	Mar-21	
A61 Corridor-Standard Gauge		0.33		0.89	0.47		0.00	1.69	Ongoing	Dec-20	
Gedling Access			0.50		3.08	7.22	2.00	10.80	Ongoing	Dec-22	
Ashbourne Airfield					1.00		0.00	1.00	Ongoing	Dec-20	
HS2 Strategic Sites						2.40	0.45	2.40	Ongoing	Mar-26	
A61 Corridor-Chesterfield Station MasterPlan				0.29			0.00	3.81	Ongoing	Dec-21	
Top Wighay Farm							3.00	3.00	Ongoing	Mar-21	
Castleward							1.51	0.47	1.51	Ongoing	Sep-21
Woodville-Swadlincote Regeneration route							6.40	0.00	6.40	Ongoing	Sep-21
Nursing & Allied Health Provision-Mansfield							0.58	0.00	0.58	Ongoing	Dec-20
Revitalising the Heart of Chesterfield							0.65	0.00	0.65	Ongoing	Nov-21
Tollbar House-Ikinston							0.43	0.00	0.43	Ongoing	Mar-21
Smart Wireless Innovation Facility (SWIFt)							0.80	0.00	0.80	Ongoing	Apr-21
Mushroom Farm Court Industrial Estates							0.12	0.00	0.12	Ongoing	May-21
Facility for OMICs Research in Metabolism							0.85	0.00	0.85	Ongoing	Sep-21
Automation and Robotics							0.67	0.00	0.67	Ongoing	Mar-21
YMCA Community and Activity Village							2.20	0.00	2.20	Ongoing	Dec-21
A46 Corridor, Rushcliffe-Phase 3						0.75	0.00	0.75	Ongoing	May-22	
Becketwell		3.00	0.05	2.38	2.70		0.00	8.12	Ongoing	Dec-24	
Derby New Assembly Rooms							0.00	0.00	withdrawn		
A61-The Avenue		0.10		0.27	-0.37		0.00	0.00	withdrawn		
A61 Corridor-Clowne North							0.00	0.00	withdrawn		
Crocus Place							0.00	0.00	withdrawn		
Heathcoat Immersive Incubator-Nottingham							0.00	0.00	withdrawn		
DCC Capital Programme		10.75	31.52						DCC projects used for u/s		
Total LGF Commitments	39.05	55.40	66.39	45.66	46.40	41.85	3.69	252.48			
Total LGF funding	39.05	55.40	66.39	32.36	17.42	40.09		250.71			
Annual (under)/over commitments (£M) based on current profiles	0.00	0.00	0.00	13.30	28.98	1.77					
							Overall Overspend	1.77			

Appendix 2

20-21 Final Year of LGF programme					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
LEP Management & feasibility funds				159,129.00	159,129.00
Nottingham City Hub - Enabling Works				463,131.00	463,131.00
N2 Town Centres	500,000.00	500,000.00	745,444.00	1,000,000.00	2,745,444.00
Riverside Business Park	155,927.00	506,215.57	802,619.84	1,130,397.95	2,595,160.36
NTU MTIF Centre		3,628,472.54			3,628,472.54
A61 Corridor-21st Century Transport			1,165,791.00		1,165,791.00
Goodling Access	2,000,000.00	2,000,000.00	2,000,000.00	1,220,000.00	7,220,000.00
S2 Strategic Sites	445,666.00	570,000.00	1,200,000.00	184,334.00	2,400,000.00
A61 Corridor-Chesterfield Station MasterPlan			3,228,263.00	288,737.00	3,517,000.00
Top Wighay Farm		400,000.00	2,500,000.00	100,000.00	3,000,000.00
Castleward	469,768.00	502,616.00	502,616.00	35,000.00	1,510,000.00
Mushroom Farm Court Industrial Estates				115,000.00	115,000.00
Woodville-Swadlincote Regeneration route			4,900,000.00	1,500,000.00	6,400,000.00
Nursing & Allied Health Provision-Mansfield			580,903.00		580,903.00
Revitalising the Heart of Chesterfield		45,000.00	82,000.00	523,000.00	650,000.00
Tollbar House-Ilkeston		39,700.00	385,300.00		425,000.00
Heathcoat Immersive Incubator-Nottingham					
Smart Wireless Innovation Facility (SWIFt)		50,000.00	750,000.00		800,000.00
Facility for OMICs Research in Metabolism				850,000.00	850,000.00
A46 Corridor, Rushcliffe-Phase 3			268,000.00	482,000.00	750,000.00
Automation and robotics			480,000.00	193,618.00	673,618.00
YMCA Community and Activity Village			1,389,722.84	814,113.62	2,203,836.46
	3,571,361.00	8,242,004.11	20,980,659.68	9,058,460.57	41,852,485.36

Appendix 3

Getting Building Fund												
	20/21			2021/22								
Project name	Q3 Actuals	Q4	Total £m	Q1	Q2	Q3	Q4	Total £m	Grand Total £m	Status	Promoter	
Workshop Access to Skills Hub		1.15	1.15	0.69	0.69	0.69	0.28	2.35	3.50	Approved	Bassetlaw District Council	
Centre for Excellence in Construction and Digital	0.11	0.39	0.50					0.00	0.50	Approved	Chesterfield College	
Digital Turbine Centre, Worksop	0.01	0.41	0.42	0.17				0.17	0.59	Approved	Nottinghamshire County Council	
Drakelow Park, South Derbyshire		0.20	0.20	0.80	0.80	0.80		2.40	2.60		Private Sector	
Food Innovation Parc			0.00			12.00		12.00	12.00		Derby City Council	
Glossop Town Hall, Glossop	0.12	0.36	0.48	0.34	0.99	0.18		1.52	2.00	Approved	High Peak Borough Council	
LEP Management		0.10	0.10				0.20	0.20	0.30			
Lidhurst, Mansfield	0.06	0.42	0.48	1.22	1.22	0.09		2.52	3.00	Approved	Nottinghamshire County Council	
MRC Midlands, Derby			0.00		2.11	3.15	1.61	6.88	6.88		Derby City Council	
Transforming Nottingham's Southside		1.07	1.07	2.59	2.63	1.69		6.92	7.99		Nottingham City Council	
Electrification of Aerospace Propulsion Facility		2.07	2.07	3.05	0.42	2.04	0.02	5.53	7.60	Pending approval	University of Nottingham	
Total GBF Commitments	0.29	6.19	6.48	8.86	8.87	20.64	2.11	40.48	46.96			
Capacity funding			0.09									
Capital GBF funding			22.20									
Total GBF funding			22.29					22.20	44.49			
Annual (under)/over commitments			-15.72						18.28			
								Overall overspend	2.47			

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D2N2 Investment Board – February 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	D2N2 Investment Board – 11 th February 2021		
Subject	D2N2 Milestones Update		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	3

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

Getting Building Fund Milestones

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
<p>Drakelow Park</p> <p>Drakelow Developments Limited</p>	<p>Amber – Due to delays in Milestones</p>	<p>March 2020 (Revised from December 2020)</p>	<p>£2.2m</p>	<p>2,046 Homes 1,100 Jobs</p>	<p>The project promoter continues to work towards preparing a Final Business Case for submission to the LEP and is finalising land negotiations. Works to identify the contractor are progressing and once this has been completed the finalisation of designs for the infrastructure will take place.</p>	<p>Identification of contractor – February 2021 (Revised from November 2020)</p> <p>Final Business Case to the LEP – February 2021 (Revised from November 2020)</p> <p>Confirmation of Highways approvals – March 2021</p> <p>Start on site – April 2021</p>

Recommendation –The project will continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
<p>Transforming Nottingham's Southside</p> <p>Nottingham City Council</p>	<p>Green – On target</p>	<p>March 2021</p>	<p>£7.99m</p>	<p>868 Homes 733 Jobs</p>	<p>The public consultation for the project has now been finalised and the project sponsor is factoring in these responses as part of their master planning for the project. This will continue through to Final Business Case and beyond to ensure that the project delivers on the outcomes profiled.</p>	<p>Initiation of Master planning and technical team appointment– October 2020 (Complete)</p> <p>Contractor Cost proposals received – December 2020 (Complete)</p> <p>Final Business Case to the LEP – February 2021</p> <p>Start on site – April 2021</p>

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Recommendation – The Board are recommended to note the milestones and await the final business case for approval in March 2021

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
MRC Midlands Derby City Council	Amber – Delays to Milestones	July 2021 (Revised from March 2021)	£6.85m	70 Jobs 50 Learners	The planning submission for the project is still due for submission in March 2021 and the developer and DCC are engaging with the planning authority to pre-empt any issues before the submission. Contractual negotiations are ongoing with the developer. Discussions around the usage of the facility and activities are continuing to take place between the NAMRC, Universities and Derby City Council.	Confirmation of Match funding – September 2020 (Complete) Planning permission Submitted – March 2021 Planning permission approved – July 2021 Final Business case submission – June 2021 (Revised from February 2021)

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Recommendation – The Board are recommended to note the milestones and await the final business case for approval in July 2021

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track

<p>SmartParc</p> <p>Derby City Council</p>	<p>Green – on target</p>	<p>October 2021</p>	<p>£12m</p>	<p>2,300 Jobs</p>	<p>Planning for the project has been submitted by the developer and work continues with statutory consultees to enable project delivery. Regular discussions are taking place between DCC, Smartparc and the LEP to progress the project and discuss strategic development. Derby City Council are now working to prepare the Final Business Case and put together the documentation for approval.</p>	<p>Derby City Council Cabinet Approval – March 2021</p> <p>Site Due Diligence complete – January 2021 (Complete)</p> <p>Hybrid Planning submission – January 2021 (Complete)</p> <p>Planning Determination – April 2021</p> <p>Phase 1 remediation and infrastructure construction – July 2021</p>
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Recommendation – The Board are recommended to note the milestones and await the final business case for approval in October 2021



D2N2 Investment Board Cover Sheet – 11th February 2021

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	Investment Board 11 th February 2021		
Subject	Output Performance Update-Quarter 3		
Author	T Goshawk/S Wainwright	Total no of sheets	5

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper provides an update on the output performance of the Local Growth Fund (LGF).</p> <p>The Investment Board are requested to note the information.</p>

D2N2 INVESTMENT BOARD

11th February 2021

Local Growth Fund Output Performance Update-Quarter 3

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.

This paper provides an update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government we are targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics will be shown for the 2020/21 financial year, delivery since the start of the programme and the lifetime of the programme

Delivery to Date – Up to Q3 2020/2021

These figures show the Contracted target and delivery for the programme from 2015 to Q3 2020/21.

	Jobs	Homes	Learners
Contracted Target to Q3 2020/21	10,482	4,111	2,642
Actual to Date (Up to and including Q3 2020/21)	11,046	1,727	2,615
Percentage	105%	42%	99%

The programme so far has achieved 105% of jobs.

We have achieved 42% 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 due to an ongoing funding gap in the scheme.

99% 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 3 20/21)	11,046	1,727	2,615
Percentage	38%	16%	131%

Lifetime Contracting

These figures show D2N2's contracted output targets with projects against the lifetime target agreed with Government through the three Local Growth Deals.

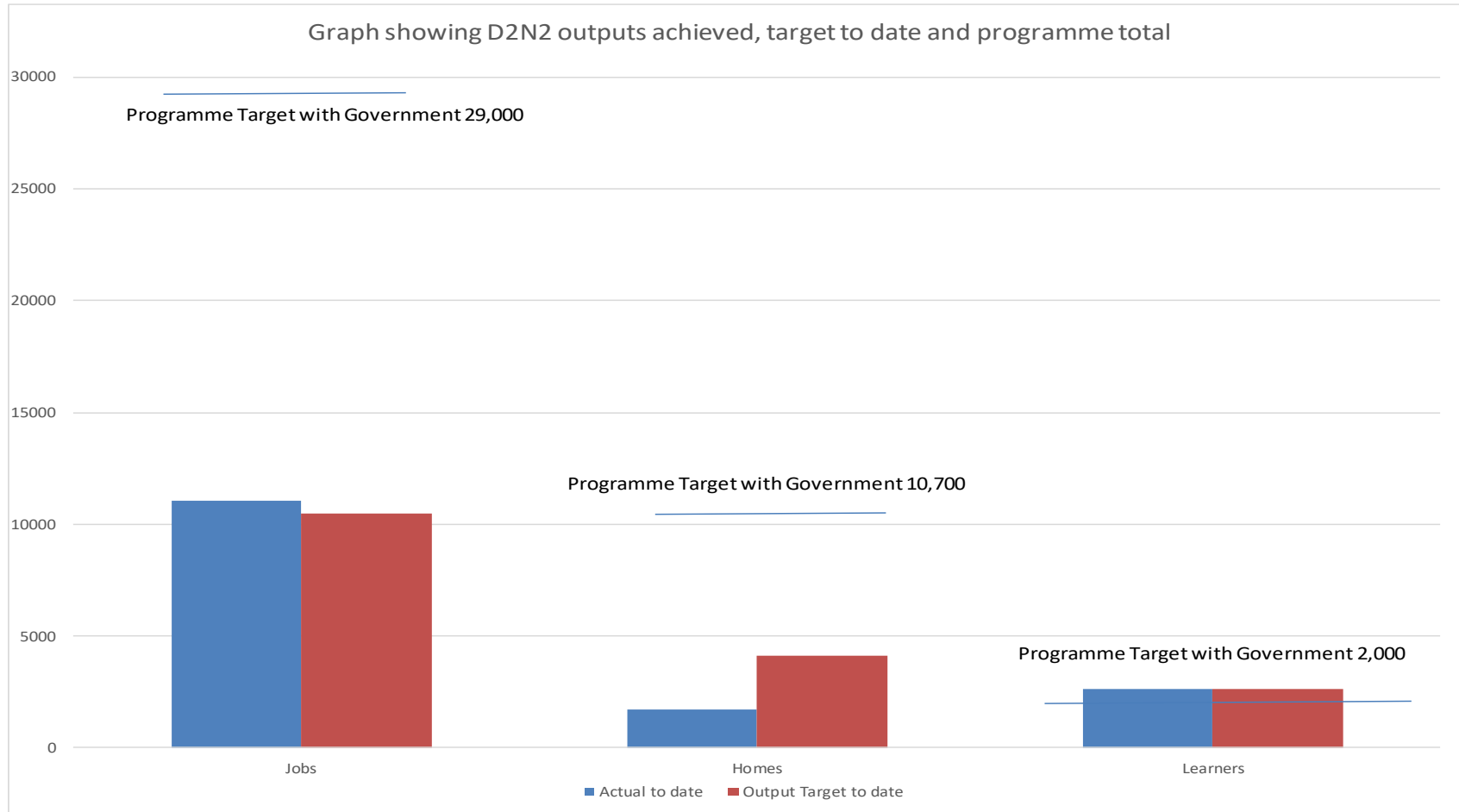
	Jobs	Homes	Learners
Contracted Target with Government up to 2035	29,000	10,700	2,000
Contracted Target with Projects	48,875	10,771	9,988

Analysis has been undertaken by the Accountable Body and the LEP to review each projects outputs and we believe that the targets set by Government can be achieved by all the projects including the unapproved projects. However, a review will need to take place considering the effects of Covid.

Appendix A shows the outputs achieved compared to the contracted up until Quarter 3 2020/21.

Appendix B shows analysis of the outputs by project.

Appendix A



Appendix B

Project	Quarter 3 2020/21						Cumulative to date					
	Jobs		Homes		Learners		Jobs		Homes		Learners	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
A46 Corridor Employment Units							246	47	370	463		
A46 Cotgrave Town Centre							70	89				
A52 Wyvern		0					300					
A57/A60 Worksop		-20		48			781	884	173	302		
Ada Lovelace House							7	11				
Bioscience Expansion, Nottingham							210	377				
Bulwell Market	2						75	28				
Buxton Crescent							140	106				
Chesterfield Higher Level Skills		1					42	53.36			1049	1087
Coalite							0	0				
Daykene St	1.5						7.5	5				
Derby Cycling and Placemaking							35	35				
Derbyshire Broadband							200	3621				
Gedling Access Road			25	14					260	206		
Harworth		0		51			1549	535	180	430		
Infinity Park							1261	107				
Institute of Advanced Manufacturing					100		35	74.25			200	285
Medicity	20	15					165	349				
MTIF		6					2	14				
N2 Town Centres	18						57		0	0		
Newark Southern Link Road				21			1000	0	2450	198		
Nottinghamshire Broadband							388	3116				
OCOR							2545	514	678	128		
Riverside	30	0					40					
Seymour Link							1015	684				
Sherwood Energy Village	32						64	67				
Sherwood Visitor Centre							23.37	41.47				
Sutton Indoor Market	1						54	73				
SWIFt	1						1	0				
Technology Hub							6	10			188	194
The Silk Mill	25						58	14				
The Spot							10.6	11				
Vision University					320	284	0	0			1205	1049
Vesuvius		180					95	180				
	131	182	25	134	420	284	10482	11046	4111	1727	2642	2615



D2N2 Investment Board Cover Sheet – February 2021

Document Classification	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>
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Meeting and Date	11 February 2021		
Subject	Audit Services Review of D2N2 Local Enterprise Partnership		
Author	J Lake	Total no of sheets	2

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)	
<p>This paper provides a summary of findings following the Audit Services review of the Local Enterprise Partnership.</p> <p>The Investment Board are recommended to note the findings of the report.</p>	

D2N2 INVESTMENT BOARD

11 February 2021

Audit Services Review of D2N2 Local Enterprise Partnership

The Audit Services Memorandum summarises the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the Local Growth Fund (LGF) and the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of this paper is to provide a summary of the findings to the Investment Board.

The LEP's governance framework was deemed appropriate in terms of the documents which have been reviewed, approved and published on the website, and also with regard to the Board's structure. Declarations of interests have been made by all LEP Board members and also published on the D2N2 website. Reporting structures and reporting lines remain similar to previous years with the main D2N2 Board receiving reports from the Investment Board, which is the key forum for receiving Local Growth Fund (LGF) monitoring updates and where new projects are considered and approved. The two advisory boards, Innovation Board and Business Growth Board, which previously supported the LEP Board have now been combined as the Business Growth Board with new Terms of Reference approved by the LEP Board.

The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes, provides regular and appropriate reporting to the Investment Board in accordance with the expected requirements regarding LGF expenditure, outputs and its financial position. Detailed reviews were undertaken on three Local Growth Fund projects approved and funded during 2019/20 to ensure compliance with the scheme.

Entering the final year of the Local Growth Fund programme it is of particular importance that expenditure is closely monitored to ensure allocations are spent. The LEP and Accountable Body will continue to monitor all projects with the objective that expenditure allocations are achieved; those projects at a higher risk of underspending are being monitored on a monthly basis. There is an additional programme of projects totalling £1.8m to supplement those which cannot spend the allocated LGF funding.

The D2N2 Accountant has overseen the appointment of an External Auditor (HSKS Greenhalgh) in 2019-20. This appointment will add further oversight and assurance to the operations of the LEP and DCC's role as Accountable Body.

A number of areas of good practice have been identified and of the ten recommendations raised during the previous review, eight were considered to have been adequately implemented. This indicates commitment to the Audit process and a desire to improve the control environment wherever possible.

The current Audit Services review raised two recommendations which are relevant to both the LEP and DCC as Accountable Body:-

- It was identified that there is no signed grant agreement in place to cover the Growing Places Fund (GPF) loan to Nottingham City Council in relation to the Boots EZ project. Therefore it should be ensured that such an agreement is signed by the grant recipient as soon as possible. In addition, one novation document had not been signed by the promoter and should be followed up to obtain the promoter's formal agreement.
- There are no specific procedures in place to cover debt recovery if loan repayments are missed by promoters other than clauses within the loan agreement documents. Therefore it may be beneficial to develop a set of administrative procedures in relation to addressing missed loan repayments prior to referral to Legal Services.

Carl Hardman

Assistant Director of Finance (Audit)

Accountable Body
Derbyshire County Council

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D2N2 Investment Board – February 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	D2N2 Investment Board – 11 th February 2021		
Subject	Project for Approval – UK Electrification of Aerospace Propulsion Facility (UKEAPF)		
Author	T Goshawk/ S Dancer (Amion)	Total no of sheets (Excluding cover sheet)	12

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

In July 2020, D2N2 was allocated £44.4 million from the governments Getting Building Fund towards the delivery of a range of projects across the region to stimulate economic activity and aid recovery from the impacts of Covid-19 on the region. The funding is subject to each of the 10 identified projects submitting a business case that is fully compliant with the D2N2 Local Assurance Framework (LAF).

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 Getting Building Fund.

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. Following an approval D2N2 will release £7.6 Million of Getting Building Fund to the University of Nottingham.

D2N2 Investment Board
Final Business Case – Project for Decision
Getting Building Fund

Project Name	UK Electrification of Aerospace Propulsion Facility (UKEAPF)	Project Applicant	University of Nottingham
Construction Start Date	February 2021	Construction End Date	January 2022
Getting Building Fund Requested	£7,600,000	Total Project cost and Sources of funding	£16.885 Million £9.285m from various confirmed sources (ERDF, Wolfson Foundation and University of Nottingham)
Gross Value Added/ Benefit Cost Ratio	Benefit Cost Ratio (BCR) of between 4.4 and 5.2. NPV (accounting for additionality) is between £33.6m and £39.3m It is AMION's view that the project will represent "High Value" for money	Expected Outputs	£140 million worth of industrial work aligned with the facility. 300 new jobs by 2025 Support to local businesses

1.0 Project Description

UK Electrification of Aerospace Propulsion Facility (UKEAPF) at the University of Nottingham is a proposed new facility to accelerate the necessary developments required for the greening of aviation. With the international agreement on climate change being implemented by governments worldwide, it is clear that aviation has to transform the way aircraft are powered to meet these commitments. The use of electrical systems, whether powered by green fuels such as hydrogen, sustainable aviation fuels or batteries, will all require rigorous testing and the facilities for doing this do not exist in the UK today. Aviation is consequently moving into a significant period of disruption and UKEAPF is required to ensure that the UK retains its status as the second largest aerospace industry in the world.

The University of Nottingham is considered the best place in the UK to house this facility as it has the world-leading expertise required to deliver the benefits to the whole supply chain. The University is home to the Power Electronics and Machines Centre (PEMC) and the Institute for Aerospace Technology (IAT), which have driven the development of power electronics, motors and drives technology over the past 20 years. This includes coordinating the EPSRC Centre for Power Electronics, hosting the Midlands Industrialisation Centre for the Driving the Electric Revolution Industrial Strategy Challenge Fund, forming the Power Electronics spoke for the Advanced Propulsion Centre and leading the Power Electronics Work Package in the EU Funded €4 billion Clean Sky 2 programme.

The £7.6 million request of Getting Building Fund capital funding will deliver the necessary equipment to incorporate into the facility. The funding will unlock a further £9.285 million of investment. The University is also providing further funding towards the development of the Power Electronics, Machines and Control building (PEMC) which will house the UKEAPF Centre.

Assessors Comments

The project is at an advanced stage where the facility has been built and the GBF funding is required to procure and integrate the necessary equipment into the facility. The assessment of received tenders for the procurement of equipment are in progress such that the preferred provider can be selected. Therefore, the scheme is considered to be shovel ready and able to proceed subject to funding under the GBF being secured.

2.0 Summary of Strategic Case/Fit

UKEAPF will be a national facility to support a green recovery for the UK aerospace industry through the development of sustainable and competitive electrified propulsion systems, part of a £1 billion vision for the East Midlands to regain its pre-eminence as the world’s foremost location for aerospace innovation that will protect the 40,000 aerospace supply-chain jobs in the region, many of which are linked to Rolls-Royce and have been impacted by the Covid-19 crisis.

The £7.6 million Getting Building Fund capital grant requested for UKEAPF will unlock a further investment of £9.285 million to establish a facility that will act as a catalyst to aid a green economic recovery for the aerospace sector and associated supply chain in the region. The project will rapidly stimulate economic activity through the development of a new generation of aerospace electrification industrial technologies and manufacturing processes co-created with local industrial partners. £140 million worth of industrial work aligned with this facility is estimated to be undertaken by March 2024, resulting in 300 new jobs by 2025.

UKEAPF investment will support economic recovery by facilitating new projects to integrate the supply chain around a common theme to ensure future business opportunities as companies cannot afford the capital expenditure which could be perceived as high-risk and otherwise would not take place. Locating the facility within the University will mean that a wide variety of companies will benefit from the investment in an environment where resources can be pooled around collaborative projects. This concept is already widely adopted within the University, where companies such as TT Electronics and Romax have set up their Advanced Technology Centres on the University's Innovation Park on Triumph Road, and Rolls-Royce has two University Technology Centres within 100 metres of the PEMC where UKEAPF will be located.

At a national level, UKEAPF will:

- Support the achievement the government's target of raising R&D investment to 2.4% of GDP by 2027.
- Contribute to both the Clean Growth and Future of Mobility Grand Challenges set out within the Industrial Strategy, supporting sustainable economic growth and the transition to a net zero economy.
- Support the emergence and development of these new technologies and assist them to come to market, decreasing congestion and increasing productivity while positioning the UK as a leader in this field. The need to move to hybrid and fully electric aircraft to transform the UK's transport market and meet its environmental targets was highlighted in the Aerospace Sector Deal has highlighted the need to move to UKEAPF.

At a D2N2 LEP level, UKEAPF will contribute to the emerging D2N2 Recovery and Growth Strategy ambition to lead the most ambitious turn-around in the country and undertake ambitious green revolution across Derbyshire and Nottinghamshire due to the high level of industrial carbon emissions within the area. Clean growth is one of three guiding principles within the LIS and the strategy sets out a series of propositions to become a next generation example of zero carbon powering, inventing and upskilling. This includes interventions to increase the use of electrified transport.

Aerospace manufacturing is an important part of the D2N2 economy. Comprising mainly of SMEs, the supply chain has been supported by the University over the past few years through European funded programmes such as Enabling Innovation (concluded in 2019) and Aerospace Unlocking Potential. These revenue programmes have focused on developing capacity within SMEs for the adoption of new technologies and processes, supporting them to move towards supporting a decarbonised aerospace industry. UKEAPF will enable them to test and develop the practical application of their innovative ideas and de-risk the commercialisation process.

Having the facility in Nottingham will retain testing activity in the UK. Currently, partners are offshoring testing work to Norway and North America due to lack of facilities in the UK.

<p>Assessors Comments</p>	<p><i>The rationale for the project has been clearly identified within the Business Case. The project will directly address the national Clean Growth and Future of Mobility Grand Challenges, as well as directly aligning with D2N2's objectives and the important regional aerospace manufacturing sector.</i></p>
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3.0 Summary of Economic Case and expected outcomes

The BCR calculations considers the income the facility will generate. Firms have given a financial commitment indicating the proportion of testing expenditure being £140m, which the Applicant has assumed to be £35m in the next five years.

This activity projection is at the start of the R&D process of developing a new engine which will likely take over 15 years. Their product development experience and evaluations of product development programmes suggest that testing activities become more intense as development work advances. Therefore, the Applicant considers their income streams which mostly plateau at £7m (with the one at £10m) are likely to be conservative. The Applicant also states they have cautious by limiting the projections the data the firms have provided for their activity over the next five years.

Based on the Applicant's experience of working with new ventures of this kind (and undertaking project evaluations of similar types of facilities), there is usually a "start-up period". Therefore, the Applicant did not anticipate that the UKEAPF facility would undertake £7m from Year 0, rather they assumed an incremental increase in income from Years 0 - 4. These increases were estimated by the Applicant based on previous project reviews.

The Applicant's economic model assessed the sub-regional (D2N2) net income impacts of the project, applying deadweight, leakage and displacement factors of 15%, 10% and 10%, respectively. It is considered that a small proportion of the outputs are likely to occur outside of the area given the test activity will be undertaken on-site at the PEMC. Moreover, it is commented that displacement will be low because of the unique nature and technical sophistication of the facility, along with a lack of other provides (globally). An optimism bias adjustment factor of 35% has been applied to the benefits.

Overall, after the application of Additionality Factors it is estimated that there will be net sub-regional output (income) of **£33.57m to £39.31m (NPV)** over the 15-year period. These figures would provide a BCR of between **4.42 to 5.17, based purely on the D2N2 GBF application.** No sensitivity testing has occurred on these values.

This value would represent a strong value for money however, this income methodology is not deemed appropriate. Additionally, all public sector investment within total costs of the project should be included.

<p>Assessors Comments</p>	<p><i>AMION’s professional judgement is that this project will create substantial economic benefits through its employment creation and business support in high-value R&D sectors associated with aerospace manufacturing and green technologies. The nature of these R&D impacts will create strong spillover benefits across the area.</i></p> <p><i>AMION’s view is that if typical economic models and values for R&D benefits were used, the overall BCR would likely represent “Very Good” value for money. In line with Green Book Guidance and BEIS Appraisal Guidance, the expected benefits would include:</i></p> <ul style="list-style-type: none"> • Wage premia: Higher incomes in the jobs created in R&D Aerospace sector; • Productivity: R&D investment contributes to innovation in products and processes that result in higher levels of productivity • Spillover effects: R&D and innovation generates indirect economic benefits via the utilisation of the produced knowledge by third parties (unrelated to the party who invested in the first place). For example, other firms could profit from using new knowledge or example to develop new products or processes and increase productivity. • R&D and innovation can also have non-market impacts i.e. benefits and costs that are not priced in markets. For example, they may lead to improvements in population health, improvements in subjective well-being and time saving in household production activities.
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4.0 Summary of Commercial Case

The Commercial Case is presented to assess the optimum means to deliver the preferred option, along with setting out delivery and procurement arrangements. The Commercial Case is summarised as follows;

i. Market Demand and Need

UKEAPF will contribute to the central vision of the D2N2 Recovery and Growth Strategy by supporting the transformation of the local economy away from traditional carbon-intensive industries towards “clean and green growth to power the jobs of the future”.

It will also contribute to following guiding principles and propositions set out within the Emerging Recovery and Growth Strategy:

- **Guiding Principle 1:** Lead a bold new way of bringing together the education and skills frameworks to support businesses to deliver the talent for the current and next generation of businesses – by providing a new facility around which University research will be translated into industrial products.
- **Proposition 3:** Build on the existing regional innovation assets such as the world class anchor institutions and manufacturing excellence that drive the area’s competitive advantages – by providing a new facility around which University research will be translated into industrial products.
- **Guiding Principle 2:** Lead the most ambitious carbon turn-around in the country.
- **Proposition 4:** Ensure clean growth is the golden thread running through all work across D2N2 - by providing an accessible platform around which low carbon technologies such as power electronics, machines and drive systems will be developed for industrial use.
- **Guiding Principle 3:** Deliver connectivity-led growth to all parts of the region.
- **Proposition 3:** Support the growth of cities, towns and economic corridors to improve quality of place and economic prosperity in the wider region. Ensure that housing and employment development opportunities are unlocked, and the visitor economy bolstered, to enable wider placemaking and productivity objectives – by providing employment opportunities associated with low carbon propulsion technologies.

In addition to the ERGS, the project will test, demonstrate and apply new transformative technologies that will deliver against the government’s commitment to achieving net zero carbon emissions by 2050.

The aerospace industry across the Midlands has been severely affected by the economic downturn caused by Covid-19 and UKEAPF will support its recovery by providing a unique facility that will meet the future needs of the industry and stimulate growth. Rolls-Royce is a major contributor to the region, but the drive towards zero emissions for aircraft means that their supply chain, located in D2N2, needs support to enable reorientation towards new, greener products. The investment will provide infrastructure to aid manufacture and testing of these new products aimed at electrification of aerospace components, which many of these companies produce.

ii. Procurement Strategy

The nature of the equipment being requested requires the procurement process to follow OJEU Procurement rules. This is a process that is well understood within the University’s Procurement Department, which has established systems in place

to facilitate the publication of the Invitation to Tender and the open and transparent handling of enquiries.

The procurement process has begun through the following completed stages:

- Finalisation of requirements specification (**June 2020**)
- Preparation of Invitation to Tender documents including terms of reference (**August 2020**)
- Publication of Invitations to Tender for relevant pieces of equipment (**October 2020**)

The Applicant has identified the suppliers for the capital equipment and will confirm tenders once GBF funding has been secured from D2N2.

iii. Occupation of the facility

Once the equipment has been procured and integrated in the facility, business will occupy the facility to test new technologies. There has already been demand for the facility, with £3.9m dedicated to a propulsion project that would be tested on this facility, funded through the University's Propulsion Futures Beacon of Excellence Programme.

Similarly, the occupation of the café will be by a private operator also occupying by way of a formal lease arrangement.

iv. State Aid

The applicant states that the project is State Aid compliant.

Under the General Block Exemption Regulation (GBER), aid for R&D and innovation is not considered to constitute State Aid. The State Aid Manual states:

- Public funding of university and other non-profit research institutions' core teaching, research, and research dissemination activities, including the provision of infrastructure for core activities, is not State Aid. This still applies where organisations also provide economic services such as commercial research and consultancy, as long as the economic services are: necessary to or intrinsically linked to main non-economic activities; use the same inputs (material, equipment, labour and fixed capital) and do not exceed 20% of the annual capacity. The University's new PEMC building is a research and teaching facility and thus a core activity.
- Where a university / non-profit research organisation effectively collaborates in business research projects, this will not constitute State Aid provided the university / non-profit research organisation is paid market rates by business partners for its share of the work. The University states that any future economic services that are provided to businesses through the building are compliant with the above GBER requirements.

On this basis there is not deemed to be any State Aid issues arising with this project.

Assessors Comments

The Commercial Case has demonstrated need, demand and opportunity within the D2N2 LEP area, underpinned by an identified gap for infrastructure and equipment relating to low carbon aerospace technologies.

In terms of the delivery of the scheme, this is now considered to be shovel ready, as only the equipment needs to be procured and this process is well progressed by the University. Quotes have been received and the selection of the preferred supplier will take place once GBF funding is agreed. The Applicant should inform D2N2 of this decision.

There are no expected to be any issues relating to State Aid

5.0 Summary of Financial Case

The Financial Case presented primarily identifies that funding from D2N2 under the GBF will procure the necessary equipment for the facility.

The costs of the equipment have been based on initial quotations from suppliers, received as part of the initial engagement and procurement process. The status of each piece of equipment has been provided in email to D2N2.

Through the clarification process, the total project cost is £16.885m with the following funding programme and confirmations:

- **D2N2 GBF funding £7.6m.** This investment is dependent upon this Business Case and will be used to procure the high-tech equipment required for the facility.
- **Wolfson Foundation** (third sector funding): **£1.5m.** This investment is secured for the Wolfson High Power Lab within the Power Electronics and Machines Centre, where the facility will be located. A letter of confirmation has been provided to secure this funding.
- **ERDF** funded Aerospace Unlocking Potential Programme (other public funding): **£0.885m.** This investment is used to provide business support in the D2N2 LEP area.
- **University of Nottingham - £6.9m.** Through the University of Nottingham’s Propulsion Futures Beacon of Excellence programme and their contributions towards the capital delivery of the PEMC. This funding has been confirmed.

Assessors Comments	<p><i>It is acknowledged that quotations for the procurement of equipment have been sent to support the business case and the process is well progressed.</i></p> <p><i>There are various sources of match-funding to support the project and they have been evidenced with letters of support from the funders.</i></p> <p><i>The University of Nottingham have provided a letter alongside the business case which accepts responsibility for any cost overruns.</i></p>
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6.0 Summary of Management Case

The purpose of the Management Case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme.

The UKEAPF Management Case, looked initially at Project Governance. It stated that UKEAPF will be managed by the Institute for Aerospace Technology Core Team, which oversees the University's Aerospace portfolio of live research, innovation, and technology demonstration projects worth over €70 million.

The project management team is led by a designated project manager with the appropriate qualifications in the relevant fields of study.

This was a Project Plan which listed (i) dates; (ii) milestones; and (iii) status. This was augmented by a Project Delivery Programme, which also mitigation plans in the event of the milestones not being met.

Project Monitoring and Evaluation identified fortnightly meetings of the Project Management Board that would be held to review progress and ensure the timely delivery of the project and its performance against its KPIs.

The Project Delivery Team will encompass the various departments of the University that will be performing the works to procure, install and commission the UKEAPF.

In terms of Risk Analysis, UKEAPF will implement UNOTTs Risk Management Framework, which places due emphasis on the identification and management of risks as per PRINCE 2 practices. The long-term nature of the project implies that UKEAPF will be subject to constant change within the programme and wider environment. The project's priorities and relative importance of risks will also shift and change. To effectively manage this all risks will be registered in the Risk Register.

Delivery of UKEAPF will be managed by the **Programme Manager**, who will be supported by the Technical Delivery Team. This resource is provided to the project by the University. The rigs procurement process has been defined by the University’s Royal Society sponsored Entrepreneur in Residence, an individual with over 23 years of industrial experience at Rolls-Royce where he implemented technology and supply chain strategy for the improvement of its global tooling and fixturing operations and production processes.

**Assessors
Comments**

The aim of the Management Case within the wider Business Case is to describe how the UKEAPF proposal is achievable and can be delivered successfully to cost, time and quality.

The UKEAPF report looked at governance, project management team and project plan. These were covered in some detail, which clearly set out the project arrangements.

7.0 Sustainability and Inclusion Impacts

One of the key impacts of this investment is its credentials in enabling sustainable innovation in the Aerospace sector. The project will work at the forefront of greening aviation and air travel for the future and directly aligns with D2N2’s ambitions to lead the largest carbon turnaround in the country. Aviation as a sector is known for the environmental impact that it creates and therefore Getting Building Funding in this instance will actively be used to combat the emissions of Air travel through the creation of technologies which enable the use of more environmentally friendly fuel solutions.

The University of Nottingham will utilise the centre and the capital equipment to engage with local stakeholders such as schools and colleges through outreach programmes. It is hoped that these outreach initiatives will help to encourage uptake in STEM based subjects and interest in the field. The new centre will also enable further outreach through existing business networks to engage innovative companies in utilising the facility and collaboratively engaging with the expertise in the University.

8.0 Officer’s Recommendations

Officers would recommend that the business case for £7,600,000 of Getting Building Fund is approved by the Investment Board as the project aligns to the Local Assurance Framework requirements and aligns strategically with D2N2’s Growth Strategy. The recommendation is given with the following requirements to be met:

- *A detailed risk register is provided and updated including key risks, scoring, mitigation and individual responsible.*
- *University of Nottingham informs D2N2 LEP throughout the procurement selection process.*

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>The project sponsor has submitted a 5-case green book compliant final Business Case to the LEP.</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>Amion as independent assessors of the business case have confirmed that the business case represents 'High' Value for Money.</p>
<p>3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.</p>	<p>This element of the project does not require any planning permissions to proceed.</p>
<p>4. Confirmation that any Section 106 or other agreements have been entered into.</p>	<p>N/A</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>All elements of the capital equipment purchases have been procured using OJEU compliant processes which align to the universities financial regulations. These regulations have been confirmed as being compliant with public sector procurement rules and the tenders have been received for the equipment.</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>N/A for this phase of the project.</p>
<p>7. Confirmation that the promoter will be responsible for any variations to the contract price and that once</p>	<p>The project sponsors Chief Financial Officer has submitted a letter to the D2N2 LEP to confirm that the University of Nottingham will be responsible for any variations in costs.</p>

entered into, the contract will be completed in line with the details submitted.	
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	N/A for this phase of the project
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	No delays are in place
10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.	No major changes have been made to the project which affect the delivery of the project and its outcomes.
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.	The project promoter has confirmed that all match funding for the development is in place.
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	N/A for this phase of the project
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.	A delivery plan programme has been provided within the business case and the LEP will be able to monitor progress against anticipated milestones.
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.	An up-to-date risk register for the project has been submitted alongside mitigation measures for these risks.
15. The project sponsor must provide details of how this intervention will deliver on sustainability and inclusion outcomes, including through the procurement and construction of the project.	The sustainability and inclusion impacts for the project have been included in section 7.0

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PUBLIC

Agenda Item 3

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 11 February 2021 via Microsoft Teams

PRESENT

E Fagan (D2N2 LEP) (In the Chair)

Councillors P Gilby (Chesterfield Borough Council), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council), J White (Bassetlaw District Council, and D Williams (D2N2 LEP) and J Bradley-Fortune (Inclusion Representative).

Also in Attendance: D Ashcroft (Derbyshire County Council), J Battye (Derbyshire County Council), E Dennis (Bassetlaw District Council), C Durrant (Chesterfield Borough Council), T Goshawk (D2N2 LEP), S Rose (D2N2 LEP), P Seddon (Nottingham City Council), N Stevens (Nottinghamshire County Council), L Sycamore (Gedling Borough Council), N Taylor (Bassetlaw District Council) Sarah Wainwright (Accountable Body) C Williams (Derby City Council) and D Wright (BEIS)

Apologies for absence were submitted on behalf of Councillors W J Clarke (Gedling Borough Council), C Hart (Erewash Borough Council) and B Lewis (Derbyshire County Council).

11/21 **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 13 January 2021

12/21 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme and Getting Building Fund programme including an update on progress against the financial targets for this year.

The report also included a change request for the Mushroom Farm project which the Investment Board was recommended to approve subject to a successful reassessment of the Value for Money.

Annex A to the report included the Quarter 3 monitoring Dashboard for the Local Growth Fund for the Investment Board to approve.

The current Local Growth Fund Programme was due to finish on the 31st of March and after this deadline no expenditure from the programme would be allowed. Of the £250.7m allocation granted to the D2N2 LEP in 2015, the LEP had £40,086,356 to spend in this financial year in line with the Government profile. At the end of Quarter 3 the LEP had registered an actual spend figure of £32,288,122 leaving £7,798,234 to be spent in the final quarter of the year.

All projects in the Local Growth Fund had now gained an approval for their Final Business Case with the last project in the programme being approved at the January Investment Board meeting. LEP Officers were maintaining regular contact with project sponsors to ensure that spend profiles were not slipping and that this Financial Years targets would be met.

The LEP recognised that there were always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects were approved as set out, it was still believed that the LEP would be able to achieve full spend of the Local Growth Fund. The LEP had also over profiled by £1.8M to provide a buffer against any underspends.

A full budget breakdown was included within Item 5 to be considered at this meeting, which included both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Following the announcement of the Getting Building Fund projects in August, D2N2 had now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25th of September. The LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP would not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP would continue to work with project sponsors to accelerate spend where possible and any underspends would be utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Progress was going well with the Getting Building Fund and officers have spent £293,963 against a target of £340,034 in Quarter 3.

Subject to the approval of the UK Electrification of Aerospace Propulsion Facility which was being recommended for approval at this meeting, the LEP would have approved 6 out of 10 projects, representing 39% of the total funding value.

Milestones for each project were included within these Investment Board papers and the first two projects were presented and successfully approved by the Investment Board in October. The next projects for approval would be received at this meeting.

The LEP continued to have ongoing dialogue with all projects to ensure that progress against forecasted targets was being made. The LEP communicated with all sponsors and monitors specifically the projects it deemed to be at most risk of underachievement. They noted that no capital project came without risks and

therefore looked to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continued to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility had been granted to the LEP to extend the spend period beyond March 2021. The LEP will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline.

The Annual Performance Review of the LEP took place on 2 February and the feedback that had been received relating to the work of the Investment Board was given at the meeting. The indicative outcome of the review had been shared prior to the meeting and D2N2 has been judged to be meeting the expectations of Government with regards to Governance, Strategic Impact and Funding Delivery.

Any final rating would be given to the LEP following the submission of Quarter 3 monitoring returns to Government.

Following a request from Broxtowe Borough Council to alter the output profile and funding ask of the Mushroom Farm project, Broxtowe Borough Council had undertaken work to revise the schedule of outputs for the project and submitted formal project change requests to the LEP for approval, which were detailed in the report.

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

RESOLVED (1) to note the current position on the programmes and the update on projects;

(2) to approve the change request from Broxtowe Borough Council to the Mushroom Farm project as appended to the report; and

(3) to approve the Quarter 3 monitoring Dashboard for the Local Growth Fund for the Investment Board as appended to the report.

13/21 **CAPITAL PROGRAMME BUDGET** In relation to the Local Growth Fund the current forecast showed that in 2020/21 the programme was over committed by £1.77m which would be funded from the Growing Places Fund (GPF).

The LEP and Accountable Body continued to work closely with projects regarding grant profiles and expenditure figures for the remaining projects and would be monitored closely throughout the year to ensure any grant given could be evidenced with expenditure. Government had confirmed there was no extension to the programme and all monies must be spent by 31st March 2020.

The overall budget position was shown in Appendix 1 to the report. The grant profile for the final year of the programme 20-21 was shown in Appendix 2.

In relation to the Getting Building Fund on the 25th September D2N2 received their grant offer agreement from Government confirming the £44.4m allocation and the payments schedule of £22.2m in 2020/21 and £22.2m in 21/22.

All projects within the programme had now submitted their spend profiles to the LEP and Accountable Body as detailed in Appendix 3 to the report. LEP's had been given permission to utilise their freedoms and flexibilities with their Accountable Body to allow any cash underspends in 20/21 to be spent using other capital expenditure from the Accountable Body, with the funding being returned to the LEP in the following year.

The programme was overcommitted by £2.47m which would be funded by using the Growing Places Fund (GPF)

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

RESOLVED that the report be noted.

14/21 **D2N2 MILESTONES - UPDATE** The Board were asked to note the Milestones report on the D2N2 Getting Building Fund Programmes

The report showed the Milestones that were agreed within the last year and detailed the progress against the delivery of those milestones. Details of each individual project were provided at the meeting and recommendations followed each project giving their milestone progress. Further verbal updates were given by some of the promoters at the meeting.

Drakelow Park (Drakelow Developments Limited) - The Investment Board were recommended to note the milestones and await the final business case for approval in June 2021. The project would continue to be monitored through its milestones and should any further delays to the milestones take place then the project sponsor will be called to the Investment Board to present next steps.

Transforming Nottingham's Southside (Nottingham City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in March 2021.

MRC Midlands (Derby City Council) - The Investment Board were recommended to note the delay in the milestones and await the final business case for approval in July 2021.

SmartParc (Derby City Council) - The Investment Board were recommended to note the milestones and await the final business case for approval in October 2021

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

RESOLVED to approve the recommendations above, as detailed in the report.

15/21 **OUTPUT PERFORMANCE UPDATE – QUARTER 3** Board Members were informed that as part of the contractual commitment for the £250m of Local Growth Funding, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP were committed to deliver 29,000 Jobs, 10,700 Homes and 2,000 Learners over the projects lifetime which ran up to 2035, which was beyond the financial end of the programme in 2021 recognising that most of the activities would generate impact much later than the initial investment.

The report provided a detailed update on the following metrics:

- **Contracted output figures:** The output targets agreed between the project promoter and the LEP at the point of approving a Final Business Case.
- **Actual delivery to date:** outputs delivered to this date
- **Contracted Target with Government:** In return for the LGF contribution from government we are targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2020/21 financial year, delivery since the start of the programme and the lifetime of the programme

Appendix A to the report showed the outputs achieved compared to the contracted up until Quarter 3 2020/21 and Appendix B shows analysis of the outputs by project.

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

RESOLVED to note the update report.

16/21 **AUDIT SERVICES REVIEW OF THE D2N2 LEP** Board members were provided with a summary of findings following the Audit Services review of the Local Enterprise Partnership.

The Audit Services Memorandum summarised the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the Local Growth Fund (LGF) and the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of this paper was to provide a summary of the findings to the Investment Board.

The LEP's governance framework was deemed appropriate in terms of the documents which had been reviewed, approved and published on the website, and also with regard to the Board's structure. Declarations of interests had been made by all LEP Board members and also published on the D2N2 website. Reporting structures and reporting lines remained similar to previous years with the main D2N2 Board receiving reports from the Investment Board, which was the key forum for receiving Local Growth Fund (LGF) monitoring updates and where new projects were considered and approved. The two advisory boards, Innovation Board and Business Growth Board, which previously supported the LEP Board had now been combined as the Business Growth Board with new Terms of Reference approved by the LEP Board.

The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes, provided regular and appropriate reporting to the Investment Board in accordance with the expected requirements regarding LGF expenditure, outputs and its financial position. Detailed reviews were undertaken on three Local Growth Fund projects approved and funded during 2019/20 to ensure compliance with the scheme.

Entering the final year of the Local Growth Fund programme it is of particular importance that expenditure was closely monitored to ensure allocations were spent. The LEP and Accountable Body would continue to monitor all projects with the objective that expenditure allocations were achieved; those projects at a higher risk of underspending were being monitored on a monthly basis. There was an additional programme of projects totalling £1.8m to supplement those which cannot spend the allocated LGF funding.

The D2N2 Accountant had overseen the appointment of an External Auditor (HSKS Greenhalgh) in 2019-20. This appointment would add further oversight and assurance to the operations of the LEP and DCC's role as Accountable Body.

A number of areas of good practice had been identified and of the ten recommendations raised during the previous review, eight were considered to have been adequately implemented. This indicated commitment to the Audit process and a desire to improve the control environment wherever possible.

The current Audit Services review raised two recommendations which were relevant to both the LEP and DCC as Accountable Body:-

- It was identified that there was no signed grant agreement in place to cover the Growing Places Fund (GPF) loan to Nottingham City Council in relation to the Boots EZ project. Therefore it should be ensured that such an agreement was signed by the grant recipient as soon as possible. In addition, one novation document had not been signed by the promoter and should be followed up to obtain the promoter's formal agreement.
- There were no specific procedures in place to cover debt recovery if loan repayments were missed by promoters other than clauses within the loan

agreement documents. Therefore it may be beneficial to develop a set of administrative procedures in relation to addressing missed loan repayments prior to referral to Legal Services.

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

RESOLVED to note the findings of the report.

17/21 PROJECT FOR APPROVAL-UK ELECTRIFICATION OF AEROSPACE PROPULSION FACILITY (UKEAPF) Members were informed of a request for £7.6m from Nottingham University from the Getting Building Fund to support the UK Electrification of Aerospace Propulsion Facility (UKEAPF) project.

In order to support D2N2 and the accountable body, the project had been independently assessed against the requirements of the local assurance framework by Amion consultants.

This project being put before the Investment board has now been assessed and was being recommended for consideration and approval based on its full compliance with the LAF.

UK Electrification of Aerospace Propulsion Facility (UKEAPF) at the University of Nottingham was a proposed new facility to accelerate the necessary developments required for the greening of aviation. With the international agreement on climate change being implemented by governments worldwide, it was clear that aviation had to transform the way aircraft were powered to meet these commitments. The use of electrical systems, whether powered by green fuels such as hydrogen, sustainable aviation fuels or batteries, would all require rigorous testing and the facilities for doing this do not exist in the UK today. Aviation was consequently moving into a significant period of disruption and UKEAPF was required to ensure that the UK retained its status as the second largest aerospace industry in the world.

The University of Nottingham was considered the best place in the UK to house this facility as it had the world-leading expertise required to deliver the benefits to the whole supply chain. The University was home to the Power Electronics and Machines Centre (PEMC) and the Institute for Aerospace Technology (IAT), which had driven the development of power electronics, motors and drives technology over the past 20 years. This included coordinating the EPSRC Centre for Power Electronics, hosting the Midlands Industrialisation Centre for the Driving the Electric Revolution Industrial Strategy Challenge Fund, forming the Power Electronics spoke for the Advanced Propulsion Centre and leading the Power Electronics Work Package in the EU Funded €4 billion Clean Sky 2 programme.

The £7.6 million request of Getting Building Fund capital funding would deliver the necessary equipment to incorporate into the facility. The funding would unlock a

further £9.285 million of investment. The University was also providing further funding towards the development of the Power Electronics, Machines and Control building (PEMC) which will house the UKEAPF Centre

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

Professor Christopher Gerada, and Doctor Hitendra Hirani and (University of Nottingham), attended 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 business case alongside the independent assessment of the market evidence, officers recommended that the business case for £7,600,000 of Getting Building Fund be approved by the Investment Board as the project aligned to the Local Assurance Framework requirements and aligned strategically with D2N2's Growth Strategy. The recommendation is given with the following requirements to be met:

- A detailed risk register is provided and updated including key risks, scoring, mitigation and individual responsible.
- The University of Nottingham informs D2N2 LEP throughout the procurement selection process.

Members made comments and asked questions which were duly noted or answered.

RESOLVED to approve the project and to release the £7.6m of GBF grant to The University of Nottingham, subject to the conditions listed.

18/21 **NATURAL ENVIRONMENT INVESTMENT READINESS FUND** Board Members were informed that the Government had announced that nature projects in England which tackled climate change, created and restored habitats, or improved water quality could benefit from a new £10 million fund to help them both deliver environmental benefits and attract private sector investment.

The Natural Environment Investment Readiness Fund would provide grants of up to £100,000 to environmental groups, local authorities, businesses and other organisations to help them get specialist advice, engage investors and build capacity to develop their nature projects to the point where they can attract and repay private investment.

RESOLVED to note the scheme, and that details had been circulated to the Investment Board officers group.

19/21 **LEP SCRUTINY REVIEW WORKING GROUP RESOLVED** that a summary on the findings of the Working Group to review the LEP be presented to the next meeting.

20/21 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 10 March 2021 at 12 Noon.

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