

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

**PRESENT**

D Williams (D2N2 LEP) (In the Chair)

Councillors W J Clarke (Gedling Borough Council), P Gilby (Chesterfield Borough Council), C Hart (Erewash Borough Council), B Lewis (Derbyshire County Council), and J White (Bassetlaw District Council).

Also in Attendance: N Cockrell (Bassetlaw District Council), T Goshawk (D2N2 LEP), C Henning (Derbyshire County Council) W Morlidge (D2N2 LEP), M Neal (Nottinghamshire County Council) M Reynolds (D2N2 LEP), E Robinson (Accountable Body), P Seddon (Nottingham City Council), L Sharp (Chesterfield Borough Council), L Wigley (BEIS), and C Williams (Derby City Council).

Apologies for absence were received from E Fagan (D2N2 LEP) Councillors K Girling (Nottinghamshire County Council), S Hassell (Derby City Council) S Webster (Nottingham City Council) and J Bradley-Fortune (Inclusion Representative)

**52/21**        **DECLARATIONS OF INTEREST** There were no declarations of interest

**53/21**        **MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 14 September 2021

**54/21**        **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Getting Building Fund programme including an update on progress against the financial targets for this year.

Following the announcement of the Getting Building Fund projects in August 2020, the LEP had been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this would be explained further in the budget paper.

Spend was being continually monitored with projects and all were continuing to deliver in line or close to their projected profiles. Where projects were slipping behind profile the LEP were meeting with the project sponsors to discuss the reasons behind any slippage and mitigations to bring the profile back on track.

Progress updates were given on the 10 ongoing projects, which were detailed in the report.

As previously reported the D2N2 LEP had been undertaking a review of its Growing Places Fund to find the best route for reallocation of the funding. Board members were informed of the decided funding path and future role of the D2N2 Investment Board for the fund.

D2N2 was awarded a total of £24,348,668 of funding to generate economic activity in the LEP area in November 2011. The fund was initially established to achieve the following objectives across Derbyshire and Nottinghamshire:

- to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.
- to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies.
- to establish sustainable revolving funds so that funding can be reinvested to unlock further development and leverage private investment.

The fund had run four distinct 'calls' for projects since its inception and has committed £17.4m of the £24.34m to date. The LEP currently is looking to allocate £10.5m of funding through two distinct funding calls.

D2N2 concluded a previous independent review of GPF. The recommendations presented to the Investment Board in January 2020 called for loan funding to support the infrastructure to develop new sites and workspace development with a particular focus on funding projects that deliver Grade A office space. This funding mechanism was decided as no longer being applicable and since this review we have conducted further research, and this has resulted in the view that the funding should be primarily directed towards a grant funding mechanism for low carbon projects. The rationale was that loan finance was historically cheap but was still not being picked up in the East Midlands: Greater Lincolnshire LEP has recently offered a low carbon GPF round as loan which received no interest, and they are re-purposing the programme as capital grant funding.

In support of the LEPs Low carbon ambitions from the 'D2N2 Recovery and Growth Strategy' we proposed a Low Carbon Growth Fund to enable new developments which would not be able to develop without direct intervention. The Strategy outlined the LEPs ambition to lead the UK's most ambitious carbon turnaround and this fund aimed to enable the delivery of that through a set of strategic interventions. In order to deliver on this ambition, the LEP has a funding pot of £6.5m available to deliver on these projects.

In the D2N2 area there was 28% higher carbon emissions per capita than the UK average due to the areas concentration of energy intensive industries. Direct

strategic interventions were needed across the economy to rebalance this and assist in our ambitions for carbon reduction. The LEP was not seeking to replicate other funding available to the market and would host an open approach towards a variety of projects which delivered on carbon reduction and low carbon growth.

The funding round support national and sub regional policy including HM Government's "*Net Zero Strategy: Build Back Greener*" and the "*The Ten Point Plan for a Green Industrial Revolution*". Both of which set out ambitious targets for carbon reduction and incentivising investment in both the public and private sector in to Green and carbon saving projects.

In the light of COP26 and a fundamental shift towards low carbon in D2N2's strategy the LEP would also be seeking to focus on low carbon and green focused projects.

Following this, all projects which are applying to the fund would be required to unleash match funding alongside any funding they apply for.

All submissions will be required to deliver on the following principles to allow them to be funded: strategic alignment; impact and commitment and deliverability

Bids for a portfolio of related projects would be allowed, subject to the £1.5m cap for the total of the portfolio.

The LEP was aiming to create a grant fund to deliver a set of key strategic investments in the Low carbon sector across D2N2. All projects must involve capital expenditure which delivers an end asset related to Low Carbon Growth, no revenue submissions will be accepted to this funding round. Funding would be capped at £1.5m of D2N2 funding per project to enable the pot to invest in numerous key strategic investments and all funding is for capital interventions.

The LEP was proposing the following timelines for the funding call (Subject to change):

- Expression of interest documentation publicised, and consultation process opened to potential bidders – **1<sup>st</sup> December 2021**
- Consultation for project sponsors to be closed – **12<sup>th</sup> January 2022**
- Submission deadline for all bids to the LEP – **28<sup>th</sup> January 2022**
- Scoring process finalised – **11<sup>th</sup> February 2022**
- Projects informed of outcomes – **14<sup>th</sup> February 2022**

As has happened with previous capital programmes at D2N2, the Investment Board will be presented the assessed Expressions of Interest from LEP partners who submit to the funding round. It was anticipated that this would take place in February and the Investment Board would be required to agree to all projects before any funding is released.

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

**RESOLVED** to note the current position on the Getting Building Fund programme, the outcome of the review of the Growing Places Fund and the details of the new Low Carbon Growth Fund

**55/21**      **CAPITAL PROGRAMME BUDGET** In relation to the Getting Building Fund (GBF), At the end of October 2021, £16.16m had been spent on projects from a total GBF grant allocation of £44.4m.

Appendix 1 to the report showed the remaining grant profile until the end of the programme based on figures provided by project promoters.

The programme was overcommitted by £2.46m which would be funded by using the GPF.

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

**RESOLVED** that the report be noted.

**56/21**      **OUTPUT PERFORMANCE UPDATE 2021/22– QUARTER 2** 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 the LEP were targeted to deliver 29,000 jobs, 10,700 Homes and 2,000 Learners by 2035.

All metrics were shown for the 2021/22 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 1 2021/22 and Appendix B showed analysis of the outputs by project.

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

**RESOLVED** to note the presentation

**57/21**      **LGF EVALUATION** Heather Frecklington, Focus Consultants, attended the meeting and provided a presentation giving an end of programme evaluation of the D2N2 LGF Programme. The presentation provided an overall impact summary and detailed a number of case studies that highlighted the overall success of the programme.

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

**RESOLVED** to note the update report.

**58/21**      **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on a date to be confirmed.

**59/21**      **EXCLUSION OF THE PUBLIC FROM THE MEETING** **RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING**

1. To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 14 September 2021 contains information relating to the financial or business affairs of any particular person (including the Authority holding that information).
2. Growing Places Fund Update and DSF Loan (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).