

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

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

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

## **D2N2 INVESTMENT BOARD**

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

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

#### **Drakelow Park Deallocation**

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

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

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

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

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

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

## **Low Carbon Growth Fund - Approved projects update**

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

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

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

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

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

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

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

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

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



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### Low Carbon Growth Fund Milestones

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

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

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

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

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

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