

D2N2 Investment Board Cover Sheet – 7th September 2023

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

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

D2N2 INVESTMENT BOARD – 8th August 2023

Introduction

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

Background

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

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

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

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

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

Assessment of Projects

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

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

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

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

Recommended projects to the Investment Board

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

Project Description

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

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

<ul style="list-style-type: none"> • Lathe and Milling • Maintenance • Fabrication • Learning Space • Welding Workshop • Inspection 	<ul style="list-style-type: none"> • Electronics • Electronic Principles • Scientific Lab • CNC Workshop • CNC Design
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All the specialist workshops have been designed and created with innovative pedagogy in mind, enabling experiential and practice-based learning, guided by academics, technical teams, and nuclear subject matter experts. The workshops have designed in AV equipment, areas to huddle and discuss a particular teaching point or lesson plan, and break-out spaces to facilitate team-working and collaboration.

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

Strategic Fit

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

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

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

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

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

Recommendation

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

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



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

Project Description

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

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

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

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

Strategic Fit

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

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

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

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

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

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

Recommendation

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

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

Project Description

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

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

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

Strategic Fit

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

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

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

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

Recommendation

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

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