

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

**PRESENT**

E Fagan (In the Chair)

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

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

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

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

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

**15/23**      **CAPITAL PROGRAMME UPDATE** Board Members were provided with an overview of the LEPs Low Carbon Growth Fund Programme, including an update on progress against the financial targets for this year.

**Drakelow Park funding deallocation**

Following the Investment Board meeting on the 1 February, the board took the decision to deallocate the funding of £2.6m to the Drakelow Park Project. The project had made little progress in bringing the development to fruition and therefore was deallocated from the LEPs Capital programme.

Following this process D2N2 and the Accountable Body has received a formal ministerial confirmation of withdrawal of the funding with £2.34m returned to the Growing Places Fund pot and £253,450 reallocated from the Getting Building Fund to the Springvale Hydrogen project. This allowed for the reallocated funds from the Springvale Hydrogen project to be added to the Growing Places Funding for use in the new Economic Growth Fund call.

**Low Carbon Growth Fund progress update**

Following the approval of 7 projects on to the Low Carbon Growth Fund capital programme the LEP had to date approved 4 projects through the Investment Board and had a further project to be considered for approval at this meeting.

**Smartparc Low Carbon Heating and Cooling** – The project had progressed well with spend and the infrastructure for the scheme had begun to take shape. The project would be linked to new occupiers on site to establish new low carbon heating and cooling for the developments when they come on site.

**PPROHLET** – The purchase of specialist equipment had been delayed by ongoing issues with the supply chain for the project. The project as of the latest monitoring claim had not yet spent any of its allocation, however the University had confirmed that spend had now been registered and would be reported at the next monitoring claim. A meeting had been arranged to update on future timelines for the project.

**Springvale Hydrogen** – The project had seen some delays for the procurement of specialist hydrogen equipment as supply chains continue to delay delivery of procured goods. These however are being resolved and assembly has ramped up in the last 2 months on the project.

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

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

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

### **Early-Stage Angel Investment Fund**

D2N2 officers had continued to work to develop the scope and requirements of the ESAIF. Officers had worked with the members of the Access to Finance subgroup and legal team appointed to complete the tender documents which were published on 9 August 2023.

Following publication timescales had been put in place for the tender process which were detailed in the report.

Officers from the LEP team would work alongside Access to Finance Group members and Derbyshire County Council's procurement team to assess the

submissions received. Following the results of this process an update would be provided at the next meeting of the Investment Board

### **Low Carbon Growth Fund Budget.**

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

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

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

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

### **Local Growth Fund**

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

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

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

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

### **Getting Building Fund**

As part of the contractual commitment for the £44.4m of Getting Building Fund, D2N2 had a series of output targets as a mechanism of measuring the impact on the economy. The LEP are committed to deliver 4,880 new Jobs, 3,380 Homes, 860 Learners and 190 businesses assisted.

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

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

**RESOLVED** that the report be noted.

**17/23 PROJECT FOR APPROVAL- MINE WATER HEAT PRE-COMPLIANCE REQUEST** In December 2021, D2N2 allocated £6.5m million of funding from its Growing Places Fund to deliver low carbon priority projects across the region. In total 7 projects were allocated funding and will all receive awards subject to the approval of a Local Assurance Framework (LAF) compliant Green Book Business Case.

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

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

The Mine Water Heat project was submitted and accepted on to the D2N2 Low Carbon Growth Fund capital programme in March 2022. The project would work to generate a district heating network in Cresswell, Derbyshire. The project would be powered using Mine water from disused mineshafts in the area to form a closed loop system which would be able to generate heat for over 100 homes in the area from renewable and clean energy sources. The system would also act as a local testbed and proof of concept for other development sites in the area.

The project sponsor Bolsover District Council has worked with the University of Derby and the Coal Authority to complete initial feasibility studies to test whether the system would be able to be applied to this site. It is now requested on the basis of the initial feasibility feedback that a demonstrator was put in place to test the real life performance of the system against the outcomes of the feasibility study.

The project was now at a point where the next stage of demonstration needed to take place to show that the heating system can be implemented on the scale that the project partners predict. To enable the delivery of this testing the Investment Board are requested to release £200,000 of funding through a pre compliance mechanism which would allow the project partners to progress the development past proof of concept.

Bolsover District lies on the former coalfields alongside a number of neighbouring authorities in Derbyshire and Nottingham. This means there are a number of disused mining systems that are flooding now they are no longer pumped and typically this water is at warmer temperatures below ground than surface temperatures in winter and cooler during the summer.

Examples have been seen of how this mine water energy has been captured but these examples demonstrate that the process of exploiting this energy can be high risk in terms of potential costs and viability and difficult operationally. The costs and risks attached to these systems mean that typically mine water energy would only be viable for large housing schemes of around 1500 houses or more.

These systems typically extract water from one part of the underground mine system and inject the used water back into the system in a different location to allow the water to be 'reheated' This system requires two sets of drilled holes which are done at risk of missing the water giving rise to large but abortive costs.

The cost of drilling is expensive in its own right – around £2500 - £3000 per metre. Operationally, these systems also require high levels of maintenance because of the salinity and other contaminants in the mine water. Abstraction of water also gives rise to issues around the consenting regime, which are avoided by using a closed loop system.

The demonstrator project was split in to four distinct phases which would each cost in the region of £50,000, final costings are currently being sought but the applicant is confident that the estimates would not exceed the budget stated. The four distinct phases are:

- Stage 1 - Closed loop design and monitoring
- Stage 2 – Assembly of the demonstrator heat pump and testing
- Stage 3 – Energy Centre optimisation and testing
- Stage 4 – Deployment of the demonstrator to the selected district

The aim of this demonstrator project was to test these results and demonstrate how a closed loop system could reduce costs and risk and open up the use of mine water energy for retrofit or smaller housing schemes to accelerate decarbonisation of existing housing stock across the wider region but in the first instance, support the delivery of high energy efficiency future homes on two identified sites within Bolsover District.

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

**RESOLVED (1)** to approve the release of £200,000 of funding as a pre-compliance funding award to Bolsover District Council. This funding will enable the delivery of the demonstrator project and subsequently lead to the delivery of the main project;

(2) that any funding advanced to the project would be subject to clawback and the same contractual terms as other D2N2 Funding agreements, meaning that if the end asset of the whole district heating system was not delivered then the project applicant would be liable to return the funding ; and

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

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

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

Board Members were informed that this was a unique partnership between Bolsover District Council, West Nottinghamshire College, Nottingham Trent University and leading construction companies, with this project aim to develop a flagship skills centre and demonstrator site for low-carbon construction and retrofit in the D2N2 LEP region. The project would develop a new training and assessment centre at Pleasley Mill and facilities that allow onsite practical learning of heat pumps and low-carbon building methods that support their installation, this will be in a mix of new build and retrofits.

The project centres around:

- A further training assessment centre will be developed in Bolsover at Pleasley Mill to grow the capacity to meet the skills and competencies needed in heat pump installation.
- along with a project to work in partnership with Bolsover to provide practical experience on site of low carbon construction and heat pumps installation.
- The project will also partner with JTL, the leading national building services training organisation and NAPIT a leading body in terms of building regulation compliance and certification of competencies.

The D2N2 £0.5m investment supports an overall project of £5.4m, which seeks to make a step change in the delivery of construction skills to support green skills and low carbon building methods. This project will drive the early adoption of low-carbon technologies to make D2N2 LEP businesses in the construction sector and its associated supply chain more competitive and productive. In doing so, it will help to grow the region's economy.

The D2N2 investment joins up investment from the Ashfield Towns Fund – £2.734m (approved Towns Fund projects at agreed business case stage; ESFA – £0.233m, DLUHC £1.5m and from NTU and WNC – £0.4425 (met from capital funds and future revenue to support the project).

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

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

Following a review of the Final Business Case submitted to the LEP the Investment Board is recommended to approve the release of £500,000 to the Heat Pump and Green Skills Accelerator project. The release of funds will be subject to the full procurement process and delivered in arrears based on defrayed expenditure from the applicants

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

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

**19/23**      **ECONOMIC GROWTH FUND PIPELINE** Board Members had received a report which detailed the results of the D2N2 Economic Growth Fund Pipeline call which was initiated in May 2023. The paper outlines the results of the call and recommends 3 projects to take forward for funding :

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

#### **Nuclear Skills Academy - University of Derby**

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

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

#### **Park Lane Pinxton – Bolsover District Council**

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

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

#### **Hill Crest Park – Business Units – Gedling Borough Council**

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

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

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

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

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

**21/23**        **EXCLUSION OF THE PUBLIC FROM THE MEETING** **RESOLVED** that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

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

1.        To confirm the exempt minutes of the meeting of the D2N2 Investment Board held on 1 February 2023 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

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