

MINUTES of a meeting of the **D2N2 INVESTMENT BOARD** held on 9 September 2020 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), M Holmes (Derby City Council), R Jackson (Nottinghamshire County Council), S Webster (Nottingham City Council) and J White (Bassetlaw District Council), J Bradley-Fortune (Inclusion Representative) and S Spencer (Derbyshire County Council).

Also in Attendance: J Battye (Derbyshire County Council) J Davies (Gedling Borough Council), C Durrant (Chesterfield Borough Council), T Goshawk (D2N2 LEP), S Rose (D2N2 LEP), P Seddon (Nottingham City Council), C Williams (Derby City Council), J Dexter (CLGU), P Handley (KSHK Greenhalgh), S Freek (Highways England), N Mc-Coy Brown (Nottinghamshire County Council), Jon Fearon (WNC), Andrew Cropley (WNC), N Cockrell (Bassetlaw District Council), Luke Cairney (Broxtowe Borough Council), C Bussell (University of Derby), G Davis (University of Derby), C Berens (Nottinghamshire YMCA), V Kordula (Nottinghamshire YMCA), N Maclaren (Nottinghamshire YMCA), R Lambe (Digital Catapult), N Wright (NTU), D Harper (NTU), Cllr S Spencer (Derbyshire County Council) and Tim Gregory (Derbyshire County Council)

Apologies for absence were submitted on behalf of E Fagan (D2N2 LEP), B Lewis (Derbyshire County Council), D Wright (CLGU) and Sarah Wainwright (Accountable Body)

76/20 **DECLARATIONS OF INTEREST** J Bradley Fortune declared a personal interest in relation to Item 12, Project for Approval-YMCA Community and Activity Village, as an independent consultant to the YMCA

D Williams declared an interest in relation to Item 8, Project for Approval – Smart Wireless Innovation Facility as a member of the University’s Board.

77/20 **MINUTES** One change was noted that the funding table on page 6 did not reflect the Revitalising the Heart of Chesterfield project and this would be amended in the minutes.

All other minutes were an accurate reflection.

78/20 **INTRODUCTION OF APPOINTED ACCOUNTANTS, HSKS GREENHALGH FOR 19/20 ACCOUNTS** Phillip Handley introduced himself and

HSKS Greenhalgh accountants to the Investment Board and gave a brief introduction in to the work they would be undertaking for D2N2.

79/20 **D2N2 CAPITAL PROGRAMME PERFORMANCE OVERVIEW** Board members were given an overview of the LEPs Local Growth Fund programme including an update on progress against the financial targets for this year.

Covid 19 had had an impact on many parts of the programme, and the report highlighted the current position of the 'live and upcoming' projects in the programme and the mitigation strategy where there was one in place.

Coming into the last year of the Local Growth Fund programme the LEP has £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 £8,977,821 of actual spend in the first financial quarter of the year. LEP Officers were working closely with project sponsors for all projects that were 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend officers were confident this figure could be met.

The Investment Board was being asked to consider 5 business cases at this meeting, and if they were approved it would bring the LGF commitments in line with the forecasts submitted to Government earlier this year.

One major change that has taken place since the last meeting was the withdrawal of the Heathcoat Immersive Incubator project by Nottingham City Council. The project originally had an allocation of £160,000 earmarked which would now return to the overall LGF budget reducing the level of overall underspend.

At this moment in time based on the current assessment of the programme and if all the projects were approved as set out in the report, officer believed that the LEP would be on track to deliver the full programme target by the end of this financial year. LEP Officers had also over profiled by £1.8M to provide a buffer against any underspends.

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

Annex A to the report provided a copy of the LGF Q1 2019/20 Monitoring Spreadsheet.

In order to ensure a ready pipeline of projects, should any funding become available either through underspends in the existing programmes or new funding allocated by Government, D2N2 has an active call for projects open and is expecting submissions to the LEP by close of business on the 11th of September.

Following submissions they would be independently assessed and scored to form a pipeline of projects as a reserve list that can be brought forward at speed if required.

Following on from the process undertaken for a call for projects in June and July the 10 projects detailed in the report had been given an in principal allocation of funding as part of D2N2's £44.4m Getting Building Fund allocation from Government. The call for projects from Government was largely based around deliverability and project sponsors ability to act quickly in response to economic recovery and therefore D2N2 officers were working with projects to deliver at the earliest date possible.

As part of the assurance of deliverability, D2N2 officers were currently working with project sponsors to reconfirm the milestones and cashflows for all projects that were presented through the submission phase to Government. Pace of delivery was essential to this programme and Government had stated that D2N2 would be given a 50/50 split of funding allocation between the 2020/21 and 2021/22 financial years. Government had also confirmed that any funding that was not spent by the March 2022 deadline would be clawed back centrally therefore it was imperative that projects are held to account over their milestones for delivery before they submit their Final Business Cases for consideration and approval.

A full list of Milestones and expenditure profiles would be presented to the next Investment Board.

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

RESOLVED to note the current position on the programme and the update on each of the projects;

80/20 **LOCAL GROWTH FUND BUDGET** Current forecasts showed that in 2020/21 the programme was over committed by £1.85 m following the withdrawal of the Heathcoat Immersive incubator-Nottingham project.

2020/21 was the final year of the Local Growth Fund Programme, the full impact of Covid 19 was not fully realised at the time of writing but there is a potential that there may be an impact on projects ability to spend before the 31st March 2021 deadline and therefore be able to evidence expenditure. The LEP and Accountable Body are working closely with projects and grant profiles and expenditure figures for the remaining projects were being discussed and would be monitored closely throughout the year to ensure any grant given can be evidenced with expenditure. Government had confirmed there was no extension to the programme and all monies must be spent by 31st March 2020.

All LGF funding from Government had been received now following the review and subsequent release of the final third of the funding.

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

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

RESOLVED that the report be noted.

81/20 **D2N2 MILESTONES - UPDATE** (The Board agreed to consider the report at this point on the Agenda in the open part of the meeting) The Board were asked to note the Milestones report on the D2N2 LGF programme.

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.

Becketwell (Derby City Council) - The Investment Board was advised to note the change to a January Business Case for approval due to the Planning Committee taking place in January and were requested to approve the new January FBC submission date.

A46 Corridor (Phase 3) (Rushcliffe Borough Council) - The Investment Board were requested to monitor the progress of milestones and await the submission of the FBC in November 2020

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.

82/20 **OUTPUT PERFORMANCE UPDATE - QUARTER 1 MONITORING**
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 2019/20 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 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.

83/20 PROJECT FOR APPROVAL - SMART WIRELESS INNOVATION FACILITY (SWIF) Members were informed of a request for £800,000 of Local Growth Funding to support the Smart Wireless Innovation Facility (SWIFt)

The Smart Wireless Innovation Facility (SWIFt) project, through the introduction of innovation technology would create a Smart and sustainable campus at Nottingham Trent University's (NTU) Clifton Campus.

It was intended to become a 'living laboratory' for businesses, academics and policy makers in D2N2 and beyond to explore the application of 5G and other smart technologies in industry, logistics, agriculture etc. and explore to create Smart Places for the future.

The government had an ambition for the UK to be leading the next digital revolution and was, consequently, investing significantly in research, innovation and skills development.

SWIFt would establish a facility at NTU's Clifton Campus that would support entrepreneurs and commercial enterprises to develop the software applications, devices, systems and skills that would bring 5G, LPWAN and other mobile technologies to life and enable Smart Campus technologies to become implemented and connected. Underpinning the aspirations for the Facility would be a dedicated team of technical and commercial staff to support businesses to 'plug and play' their app, device or system. SMEs would also have access to specialist researchers from NTU to undertake specific R&D activities and collaborations. There were two major elements to this project:

- The installation of a secondary optical fibre network on the Clifton campus that could be used securely by businesses and researchers for testing applications, devices and systems on a plug and-play basis

- Creative of the SWIFt Lab on Clifton Campus including installation of a 5G and LPWAN system that can be used securely by businesses and researchers for mobile application and device development and testing. Other network technologies will be added as they emerge.

SWIFt would be underpinned by a partnership with the Digital Catapult - the UK's leading advanced digital technology innovation centre. It drives the early adoption of digital technologies to make UK businesses more competitive and productive to help grow the country's economy.

The role of the Digital Catapult would be to work in partnership with NTU to design and deliver the digital infrastructure network required and then to work in collaboration to demonstrate technologies and develop and deliver programmes to allow businesses to develop the software applications, devices, systems and skills that would bring mobile technologies to life.

The funding for the project was sourced from the following:

Funding Source	TOTAL
NTU Reserves	£801,078
Local Growth Fund	£800,000
TOTAL	£1,601,078

Details were given of the Approvals, Procurement and State Aid

A Business Case for the project had been forwarded to Hatch Regeneris who had deemed that the project represented Good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report

The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project be approved by the Investment Board

Nigel Wright (NTU) and Ray Lambe (Digital Catapult), 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.

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

RESOLVED to approve the project and to release the £800,000 of LGF grant to Nottingham Trent University.

84/20 **PROJECT FOR APPROVAL- AUTOMATION AND ROBOTICS** Board Members were informed of a request for £673,618 of Local Growth Funding to support the Automation and Robotics project.

This project is to create an Automation and Robotics training facility at West Nottinghamshire College in Mansfield by refurbishing 100m² of learning space and purchasing automation and robotics equipment and associated IT.

The investment allowed a proactive response to development of skills which would support employers and individuals to raise the level of higher skills within their future workforce in the areas of Engineering, Manufacturing and Distribution.

At a local level, Mansfield and Ashfield had a strong engineering and manufacturing base; the provision of enhanced skills would support the current and future workforce. The local sector needed to respond to the increased use of automation and robotics, which required a shift in the skills base towards level 3, 4 and 5 to support the technology; securing jobs.

This Project sought to support the Engineering, Manufacturing and Automated Distribution sectors within Mansfield, Ashfield and surrounding areas. Compared to the UK average employment in Engineering and Manufacturing was about 2.5 times higher in these areas, showing the economic dependence on these sectors. The fourth industrial revolution was seeing a rapid move to increased automation. This puts low skilled jobs at risk but created increased skilled vacancies in the installation, maintenance and operation of this technology. Areas that could respond well to this change would have the opportunity to increase investment. A strong, skilled workforce would support this investment.

The existing facilities based on the Engineering campus had no training equipment associated with Industry Standard 4, which was the underpinning technology behind what has been described as the next industrial revolution. The Project sought to build Automation and Robotics training in as additionality to the standard Apprenticeship and curriculum offer. The Project focuses on securing this type of equipment and enhanced IT resources to allow the use of virtual environments.

The Project allowed the College to reconfigure existing space. The Project also provided the specialist equipment that was needed to deliver an increase in Level 3 and above specialist courses. West Nottinghamshire College had ensured that they had proactively engaged with local industry and businesses to make sure that the educational offer they were providing was in line with industry standards. The new facilities being purchased through this intervention would conform to Industry Standard 4 which is the underpinning technology behind what has been described as the next industrial revolution

The funding for the project was sourced from the following:

Funding Source	TOTAL
West Nottinghamshire College	£226,382
Local Growth Fund	£673,618
TOTAL	£900,000

Details were given of the Approvals, Procurement and State Aid

A Business Case for the project had been forwarded to Hatch Regeneris who had deemed that the project represented Good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report

The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project be approved by the Investment Board

Andrew Cropley and Jon Fearon from West Nottinghamshire 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.

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

RESOLVED to approve the project and to release the £673,618 of LGF grant to West Nottinghamshire College.

85/20 **PROJECT FOR APPROVAL- MUSHROOM FARM INDUSTRIAL UNITS** Board Members were informed of a request for £160,000 of Local Growth Funding to support the Mushroom Farm Industrial Units.

Broxtowe Borough Council were looking to create the delivery of 3 new small industrial units on the existing Mushroom Farm Industrial site in Eastwood. The project would provide new B2 industrial floorspace for new and existing businesses to utilise where there was an existing shortage of this commercial stock available to the market.

Broxtowe Borough Council were looking to utilise £160,000 of Local Growth funding to construct the new units in response to an existing shortage and demand for this type of premises in the area. The current stock owned by the Council sat at 100% occupancy and market failure was taking place in the area as the private sector did not have the commercial appetite to build this stock due to viability.

Larger scale commercial and industrial developments in the Borough were being funded by the private sector as they were deemed as viable for delivery however the provision of smaller industrial space was not viable for the market to undertake and therefore the public sector was required to intervene.

The project supported various strategic priorities for the local area including the Local Industrial Strategy Guiding Principle one which related to the aspiration to allow our businesses to prosper, by intervening in the construction of these units the development would allow new or existing businesses to develop in the region. Secondly, the project helped to deliver Guiding Principle 3, proposition 3 which aimed to support the growth of our Towns and Economic Corridors by creating new economic development opportunities for the LEP area.

The funding for the project was sourced from the following:

Funding Source	TOTAL
Broxtowe Borough Council	£110,000
Local Growth Fund	£160,000
TOTAL	£270,000

Details were given of the Approvals, Procurement and State Aid

A Business Case for the project had been forwarded to Hatch Regeneris who had deemed that the project represented Good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report

The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project be approved by the Investment Board

Luke Cairney from Broxtowe Borough 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.

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

RESOLVED to approve the project and to release the £160,000 of LGF grant to Broxtowe Borough Council.

86/20 PROJECT FOR APPROVAL-FACILITY FOR OMIC RESEARCH IN METABOLISM (FORM) Board Members were informed of a request for £850,000 of Local Growth Funding to support the Facility for OMIC research in metabolism project.

This project would establish a new Facility for Omics Research in Metabolism (FORM) at the University of Derby. This facility would support the launch of new, high-level programmes of study in Biomedical Sciences to increase the pipeline of STEM skills in D2N2.

The vision of FORM was to establish Derby as a centre of excellence in bio-analytics. Derby was a city of advanced technologies that is built on a heritage of world-class innovators. By bringing new capabilities and technologies to Derby, FORM would support the recovery of the City from the impact of the Coronavirus Pandemic as it sought to diversify its economy and stimulate new, high skill industries. Thus, mitigating its over-reliance on employment in advanced manufacturing.

FORM would be located at the University of Derby’s main campus at Kedleston Road within the School of Human Sciences in the College of Science and Engineering. Space would be refurbished to create a new, high tech analytical facility. The funding would go towards the cost of the capital equipment and technology. This investment would enable the launch of new undergraduate and postgraduate specialist programmes to increase local access to STEM (Science, Technology, Engineering and Maths) opportunities for D2N2 learners and also the supply of STEM skills. The project would also ensure the region would remain at the forefront of cutting edge research and biomedical innovation that would increase the growth of jobs in the D2N2 biotech sector.

The project aimed to:

1. Stimulate learner numbers in a growing sector with high skill, high pay employment opportunities;
2. Improve postgraduate students’ learning experience from industrial collaboration so that they would be ready for work in D2N2 industries;
3. Provide easier access to research facilities and support for D2N2 enterprises in product development including through KTPs, consultancies, collaborative R&D; and
4. Enable innovations in D2N2 businesses and hence unlock new market opportunities internationally.

The funding for the project was sourced from the following:

Funding Source	TOTAL
University of Derby	£1,103,157
Local Growth Fund	£850,000
TOTAL	£1,953,157

Details were given of the Approvals, Procurement and State Aid

A Business Case for the project had been forwarded to Hatch Regeneris who had deemed that the project represented Good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report

The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project be approved by the Investment Board

Dr Chris Bussell and Gaynor Davis from The University of Derby, 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.

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

RESOLVED to approve the project and to release the £850,000 of LGF grant to the University of Derby.

87/20 **PROJECT FOR APPROVAL - YMCA COMMUNITY AND ACTIVITY VILLAGE** Board Members were informed of a request for £2,203,836 of Local Growth Funding to support the YMCA Community and Activity Village.

The YMCA Community and Activity Village brought together partners across Newark and Sherwood, to create a sustainable development in terms of learning pathways designed to tackle social immobility. This was a unique and national flagship scheme for the YMCA.

The project involved multiple phases of development and to date had involved the creation of new sporting facilities including two 3G Football pitches and a full size athletics track. The first phase of the development was completed in 2018 and was part funded by Newark and Sherwood District Council who remained supportive of the project.

For this phase of the development seeking LGF funding the YMCA would look to create a new state of the art Community Learning and Wellbeing Centre. The Centre would include flexible work space, training and education suites, a 92-space nursery, state of the art digital media and recording suites, an Olympic-sized climbing wall/destination bouldering centre, changing rooms, health & wellbeing suites, conference space for up to 300 people and a function suite.

The project would help to target long standing issues in the District with Newark placing 323rd out of 324 districts nationally in terms of social mobility.

By providing this infrastructure and the partnerships that had been developed between the YMCA and local institutions such as Nottingham Trent University and Lincoln College, the centre will enable young people to gain access to learning opportunities within their locality which may not have been previously available and raise aspirations and ambition in the surrounding areas. Alongside the direct issue of social mobility, the site will also look to tackle serial issues such as:

- Low Skilled Jobs and Low productivity by providing new learning opportunities to those out of reach of traditional learning facilities and upskilling people.

- High unemployment in disadvantaged wards by providing new training which will lead to employment opportunities
- Low numbers of young people entering FE & HE by providing a new way for people to engage with these opportunities in a 'person centred' pathway to education

The Community and Activity Village helped to deliver on multiple objectives from the D2N2 Local Industrial Strategy also. The project delivered on the following LIS objectives:

- Skills and Knowledge for the Future Workforce
- Skilled and Productive Workforce
- Production of an inclusive workforce
- Quality of Place

The funding for this phase (Phase 2) of the project was sourced from the following:

Funding Source	TOTAL
YMCA Contributions (Loan Funding)	£10,370,886
Local Growth Fund	£2,203,836
TOTAL	£12,574,723

Newark YMCA would utilise loan funding to borrow the remainder of the Phase 2 Development costs. The senior Debt was in the form of a long term secured fixed rate loan and the junior debt through unsecured social bonds. Derbyshire County Council had undertaken a financial due diligence assessment of the YMCA's long term cashflows and accounting projections to ensure that the debt mechanisms can be repaid. The Debt being taken out by the YMCA would be repaid through the revenues earned from the usage of the facility which had been modelled and agreed with the loan funders of this project. Following this analysis, they had confirmed that the project sponsor could facilitate the level of debt required to deliver this facility.

The project had been submitted as part of the Newark Town Investment Plan and would potentially gain further funding for delivery of the centre. The outcome of this would not be known until later in the year, the project would still proceed if unsuccessful but would rely on further borrowing and interest repayments than if supported by the Town Investment Plan.

Details were given of the Approvals, Procurement and State Aid

A Business Case for the project had been forwarded to Hatch Regeneris who had deemed that the project represented Good VFM.

Details of the Delivery Programme and outputs and Outcomes were detailed in the report

The project was now compliant with the LAF and after a review of the business case, D2N2 recommended that the project be approved by the Investment Board

Craig Berens, Vincent Korduwla from the Nottinghamshire YMCA, 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.

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

RESOLVED to approve the project and to release the £2,203,836 of LGF grant to Nottinghamshire YMCA .

88//20 **DATE OF NEXT MEETING** The next meeting of the Investment Board would take place on 4 November 2020 at 10.00am

89//20 **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 Investment Board (IB) held on 4 August 2020 (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information)).

90//20 **EXEMPT MINUTES RESOLVED** to confirm the non-exempt Minutes of the meeting of the D2N2 Investment Board held on 4 August 2020.