

D2N2 Investment Board Cover Sheet – January 2020

Agenda Item 4

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	D2N2 Investment Board – 7 th January 2020		
Subject	D2N2 Programme Performance Overview		
Author	Sajeeda Rose	Total no of sheets (Excluding cover sheet)	8

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)
<p>The Board are asked to note the progress report on the D2N2 LGF programme.</p> <p>The report highlights the current position on the programme and provides an update on each of the projects.</p> <p>This report also includes three project change requests for approval.</p>

D2N2 INVESTMENT BOARD

January 2020 D2N2 Programme Update

Programme Overview

We have reviewed all the projects across the programme and identified any risks associated with delivering the agreed financial and output targets.

Accompanying this report are a number of tables that provide further details on all of the projects across the programme as well as a project change request:

Annex A – Details of the Projects deemed to be High Risk

Annex B – Provides an update on progress of all approved or pre-compliance projects and includes a RAG rating.

Annex C – Provides three project change requests, the Buxton Crescent, Nottingham Castle and Vesuvius projects are all requesting a change to their output figures following changes in circumstances to the projects.

Performance Update

Given the increased focus on performance on the back of the annual performance review we agreed and set milestones with government to track performance of the programme and ensure that we deliver the targets for 2019/20. The targets include the use of underspend from previous years.

We are confident that we are making good progress in achieving the targets set and will continue to monitor and track performance through the Investment Board.

The Financial Milestones agreed for this year are:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2019/20
Milestone target	£8M	£10M	£10M	£12M	£40M
Actual spend achieved to date	£8.4M	£15.8M			£24.2M
Forecast spend	£8.4M	£15.8M	£10M	£18M	£46M

The LEP continue to monitor spend with projects on an ongoing basis and will be working with promoters to ensure that full financial delivery takes place in this year. Based on our current forecasts we are on track to spend the £46m which will meet the target set by Government and utilise the underspend which has been carried forward in to this financial year.

The output targets up to Q2 for this year are:

	Total target for 2019/20	Achieved by 31/09/19	Full Year Forecast 19/20
Jobs created	300	124	1,396
Learners	500	350	480

D2N2 will continue to monitor the projected spend and outputs of projects quarterly against actuals to ensure that the LEP reaches its end of year targets, and will highlight any risks to achieving the performance targets to both the Investment Board and main Board.

Evaluation

D2N2 has just begun an impact evaluation of completed LGF investments from the programme. Focus consultants Ltd have been appointed to undertake the evaluation process and will investigate the impact investments have made alongside a thematic evaluation of the programme. The final report will be presented to the Investment Board when completed which is expected in January 2020.

We continue to work with all the projects and will monitor the risks associated with delivery affecting the programme. The table below highlights those that are high risk.

Annex A – High Risk Projects

Projects at High Risk are:

Project	Why is this high risk?	Mitigation	LGF Investment	Action for IB
A61 Corridor: - Clowne North - The Avenue - Chesterfield Station Masterplan Derbyshire County Council	<p>Delays in the submission of the project's business case have led to multiple phases not delivering against projected spend.</p> <p>Clowne North – Issues remain around Section 106 contributions that place the project at high risk.</p> <p>The Avenue – Despite full design being in place, issues remain around land assembly for the project and these need to be resolved before the project can be removed from the High risk.</p>	<p>The promoter has provided previous updates to the IIB on progress and has had approval for a Pre-Compliance Agreement to support the development of the full corridor development.</p> <p>The IIB formally replaced the Whittington Moor element of the programme at the February 2019 IIB with a new project at Clowne.</p> <p>The project is being monitored against the milestones provided for each of the elements.</p>	£15.64M	<p>The Investment Board will continue to monitor the progress of the delivery of various elements for the project.</p> <p>The Investment Board approved two further projects at the September meeting.</p> <p>The delivery of the Clowne North phase is expected for the January meeting and the</p>

Project	Why is this high risk?	Mitigation	LGF Investment	Action for IB
				remaining phases in March.
Newark Southern Link Road Newark and Sherwood District Council	This has been put at high risk due to output targets being missed and uncertainty over match funding contributions for the completion of the road.	The applicant made a submission to the Housing Infrastructure Fund which was not successful. The applicant is now working with Homes and Highways England alongside D2N2 to look for potential solutions to the issue. The project is undergoing a financial review of the viability of the project and Homes England are assessing the ask to the site.	£7M	The LEP continue to meet with the project promoter alongside other partners. A full update on the project is expected at the 31 st of January meeting.

Annex B – Project Progress and Risk Rating

Project Name	Project Sponsor	2019/20 Funding	LGF Award (£m)	Approval Status	LGF Expenditure to be achieved in 2019/20 FY	LGF Expenditure being achieved before March 2021	Scheme Delivery not in line with project plan	Output Delivery not in line with agreed profile	Other Comments
Chesterfield Centre for Higher Level Skills	University of Derby		3.48	Approved					Project Open - Outputs being monitored
Vision University Centre	West Notts College		2.61	Approved					High Risk - Project is not delivering against anticipated output targets. An output review will be provided at the January Investment Board
Bioscience Expansion	Nottingham City Council		6.50	Approved					Project Open - Outputs being monitored
The Spot	Derby City Council		0.71	Approved					Project Open - Outputs being monitored
Medicity	Medicity		0.74	Approved					Project Open - Outputs being monitored
Ada Lovelace House	Ashfield District		0.14	Approved					Project Open - Outputs being monitored
Bulwell Market	Nottingham City Council		0.10	Approved					Project Open - Outputs being monitored
Dakeyne Street	Nottingham City Council		0.18	Approved					Project Open - Outputs being monitored
Sutton Indoor Market	Ashfield District		0.38	Approved					Project Open - Outputs being monitored
Sherwood Energy Village	Coalfields Regeneration Trust		0.50	Approved					Project Open - Outputs being monitored
Harworth Access Road	Nottinghamshire County		1.10	Approved					Project Open - Outputs being monitored
Seymour Link	Derbyshire County Council		2.52	Approved					Project Open - Outputs being monitored
Cycle City Ambition package in Nottingham	Nottingham City Council		6.10	Approved					Project Open - Outputs being monitored
A57/A60 Junction Worksop	Nottinghamshire County		1.83	Approved					Project Open - Outputs being monitored
Institute for Advanced Manufacturing	University of Nottingham		5.00	Approved					Project Open - Outputs being monitored
Sherwood Visitor Centre	RSPB		0.50	Approved					Project Open - Outputs being monitored
Southern Growth Corridor	Nottingham City Council		6.12	Approved					Project Open - Outputs being monitored
Rail Research and Innovation Centre	University of Derby		0.90	Approved					Project Open - Outputs being monitored
Derby College Technology Hub	Derby College		1.30	Approved					Project Open - Outputs being monitored
Infinity Park	Derby City Council		12.995	Approved					Project Approved - In Construction. Output review due to January Investment board
Nottingham Broadmarsh/Southern Gateway	Nottingham City Council	10.00	25.30	Approved					Project Approved - In Construction
Newark Southern Link Road	Newark and Sherwood District		7.00	Approved					High Risk - Project is not delivering against anticipated output targets and funding remains to be determined for the conclusion of the road. See the above high risk table for further details.
Derby Cycling and Placemaking	Derby City Council	0.09	1.65	Approved					Project Open - Outputs being monitored
Our City Our River, Derby	Derby City Council	2.5	12.00	Approved					Medium Risk - The project is not delivering against outputs as profiled. Output review due to January Investment board
Derbyshire Broadband	Derbyshire County Council		2.19	Approved					Project Open - Outputs being monitored

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Nottinghamshire Broadband	Nottinghamshire County		2.63	Approved					Project Open - Outputs being monitored
D2N2 Sustainable Travel programme	D2N2 Wide		5.80	Approved					Project Open - Outputs being monitored
Enterprise zone sustainable transport package	Nottingham City Council		6.00	Approved					Project Open - Outputs being monitored
A52 Wyvern	Derby City Council		6.72	Approved					Project Approved - In Construction. Output review due to January Investment board
Coalite	Derbyshire County Council		5.80	Approved					Project Approved - In Construction (Outputs recently reprofiled following external circumstances)
A46 Corridor	Rushcliffe Borough		6.25	Approved					Medium Risk - The project is yet to deliver business cases for the final two elements of the project
Midland Mainline	D2N2 Wide		5.00	Approved					Project Open - Outputs being monitored
Buxton Crescent	Derbyshire County Council		2.00	Approved					Project Approved - In Construction
Silk Mill World Heritage Site	Derby City Council	0.63	3.70	Approved					Project Approved - In Construction
Nottingham City Hub	Nottingham College	12.73	30.00	Approved					Project Approved - In Construction
N2 Town Centres	Nottinghamshire County	2.75	7.63	Approved					Medium Risk - a number of business cases within the programme are still to be formally approved which will affect the spend and output profile for the year.
Nottingham Castle	Nottingham City Council		5.00	Approved					Project Approved - In Construction
Vesuvius	Dooba Developments Ltd		4.49	Approved					Project Approved - In Construction
Riverside Business Park	Litton Properties Ltd	2.04	3.35	Approved					Project Approved - In Construction
NTU MTIF Centre	Nottingham Trent University	3.86	9.70	Approved					Projects 1st phase approved, second phase Sept 19 approval
Gedling Access	Nottinghamshire County	1.80	10.80	OBC approved					Project is awaiting approval at the November meeting, slight delay due to outstanding secretary of state approval.
Becketwell	Derby City Council	1.08	8.12	OBC approved - pre comp agreement					The project is on track for a March 2020 FBC delivery with key milestones achieved towards this deadline
A61 Corridor	Derbyshire County Council	4.43	15.60	Partially approved					High Risk - The project has delivered two phases of business cases for the September Investment Board. See the high risk table for further mitigation information
Ashbourne Airfield	Derbyshire County Council	1.00	1.00	Awaiting FBC					Amber Risk - The project is yet to deliver the final business case to the LEP, this is anticipated in November with progress towards this date.
Castleward	Derby City Council		1.51	Awaiting FBC					Amber Risk - The project is yet to deliver the final business case to the LEP, this is anticipated in March 2020
Woodville-Swadlincote Regeneration route	Derbyshire County Council	1.60	6.40	Awaiting FBC					Amber Risk - The project is at risk of not being able to deliver the business case in time to achieve the full spend of its LGF allocation.

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HS2 Strategic Sites	Chesterfield Borough	1.00	2.40	Awaiting FBC					Amber Risk - The project is yet to deliver the final business case to the LEP.
Derby New Assembly Rooms	Derby City Council		4.48	Approved					Project Approved – In Construction

	Achieved / On Track
	Medium Risk / Manageable Risk
	High Risk / Behind Schedule

Annex C – Project Change Requests

Project Name/ Promoter and description	Change Description	Reason for the Change	Impact of the change	Officer Recommendation
<p>Buxton Crescent – Derbyshire County Council</p> <p>Restoration of a Grade 1 listed building to create a new 5* hotel enhancing the visitor economy in North Derbyshire.</p>	<p>There is now a delay in the delivery of 137 of the 140 jobs that the project will deliver. The jobs will now be delivered in Quarter 1 2020/2021 rather than the forecast delivery period of Quarter 3 2019/2020.</p>	<p>Construction works have been delayed in areas of the Grade 1 listed building, structural difficulties caused a temporary ‘exclusion zone’ in the works which has caused delays to the programme of works. The main programme is now due to finish in December 2019 and be operational in April 2020.</p>	<p>This change will not have an impact on the overall delivery of the programme and the targets established. However the output figures in this financial year will be affected by the delay.</p>	<p>D2N2 Officers recommend that the investment board agree to the reprofile of job outputs and continue to monitor the project to ensure that the new output projections are delivered in line with the reprofile.</p>
<p>Vesuvius Works – Commercial Estates Group</p> <p>Infrastructure development works to unlock a new commercial business park in Bassetlaw. Site infrastructure works include a new roundabout, site roads and plot preparation.</p>	<p>The project applicant is requesting to move the delivery of 95 jobs and 6,503m² from Quarter 2 2019/20 to Quarter 4 2019/20.</p>	<p>The delay in output delivery is due to the new supermarket opening on site being delayed. The new store will be opened on the 10th of February as the previous opening date would have been too close to the Christmas period.</p>	<p>The change will only delay the in year delivery and the output targets will still be met in the same financial year therefore no real impact will be felt. The project sponsor does not envisage this having an effect on the wider programme also.</p>	<p>D2N2 Officers recommend that the investment board agree to the reprofile of job outputs and monitor the Q4 return to ensure that the new delivery target is met.</p>
<p>Nottingham Castle – Nottingham City Council</p> <p>Renovation and construction works to the Nottingham Castle site to deliver a new and improved visitor economy experience.</p>	<p>Nottingham City Council are requesting that all output delivery is pushed back by two financial quarters meaning that outputs will begin being delivered in Q4 2020/21 rather than the originally profiled Q2 2020/21.</p>	<p>An 8 week delay has become apparent within the construction programme meaning the new centre would have opened in October 2020. A management decision was taken to postpone the opening until February 2021 to maximise the benefits of opening more than would take place in October at the end of the tourist season.</p>	<p>This will have the effect of a six month delay to all output delivery meaning 250 fewer jobs will be delivered in 2020/21. There will however be no further impact to the overall delivery of the projects outputs and all contracted targets will be achieved.</p>	<p>D2N2 Officers recommend that the investment board agree to the reprofile of job outputs and continue to monitor the project to ensure that the new output projections are delivered in line with the reprofile.</p>

