

D2N2 Investment Board Cover Sheet – 7th January 2020

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Meeting and Date	Investment Board 7 th January 2020		
Subject	Output Performance Update		
Author	T Goshawk/S Wainwright	Total no of sheets	5

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)

This paper delivers an update on the output performance of the Local Growth Fund (LGF).

The Investment Board are requested to note the information.

D2N2 INVESTMENT BOARD

7th January 2020

Local Growth Fund Output Performance Update

In return for £250m of Local Growth Fund contributions, D2N2 are expected to deliver outputs to contribute to the national economy as a result of the interventions it carries out in the economy. Over its 3 tranches of funding, the LEP are committed to deliver 29,000 Jobs, 10,800 Homes and 147,000 Learners over the projects lifetime which runs up to 2035.

This paper provides an 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.
- **Revised forecasts:** The projected output delivery figure for this financial year based on forecasts provided by the project promoters
- **Actual delivery to date:** outputs delivered to this date

All metrics will be shown for the 2019/20 financial year, delivery since the start of the programme and the lifetime of the programme

Delivery to Date – Up to Q2 2019/20

These figures show the Contracted target and delivery for the programme from 2015 to Q2 2019/20. The programme so far has achieved 79% of jobs mainly due to successful job creation at some of the smaller projects e.g. Medicity, Institute for Advanced Manufacturing which are both overachieving their targets. Homes have struggled at 35% which is due to the large numbers contracted but yet to be delivered at the Newark Southern Link Road due to an ongoing funding gap in the scheme. 40% of the learner target has been achieved to date, this is due to the Vision University project which has previously underachieved due to challenges within the college but is due to submit a reprofile bringing the forecast closer in line with delivery to the end of January meeting.

	Jobs	Homes	Learners
Contracted Target to Q2 2019/20	4,834	3,534	2,279
Actual to Date (Up to and including Quarter 1 2019/20)	3,835	1,237	906
RAG Rating	G	A	A

2019/20 Financial Year

Earlier in the financial year D2N2 asked all projects with contracted output figures in this financial year to provide a revised forecast for 2019/20. This exercise identified that the contracted output figures for this year would not be met, over half of the outputs contracted for this year which will not be achieved (3351 out of 6133 jobs) come from three projects, Infinity Park, Newark SLR and Our City Our River (OCOR). All of which are predicting either a zero (Newark) or very low (Infinity Park and OCOR) jobs figures for this financial year. Outputs recorded from the last monitoring period have been in line with contracted output figures for Quarter 2, the impact is predominantly on the target for the last half of the year.

	Jobs	Homes	Learners
Contracted Target for 2019/20	6,133	510	1,017
Revised Forecast	1,396	259	480
Actual to Date (To Quarter 2 2019/20)	124	46	350
RAG Rating	R	A	A

Overall Programme

These figures show the output targets and delivery for the entirety of the Local Growth Fund Programme. These targets will be delivered over the lifetime (To 2035) if the Local Growth Fund with further outputs being delivered up until 2035. Discussions are ongoing with the BEIS local team with regards to the potential reprofiling of the contracted learner targets, which is believed to be closer to 1470.

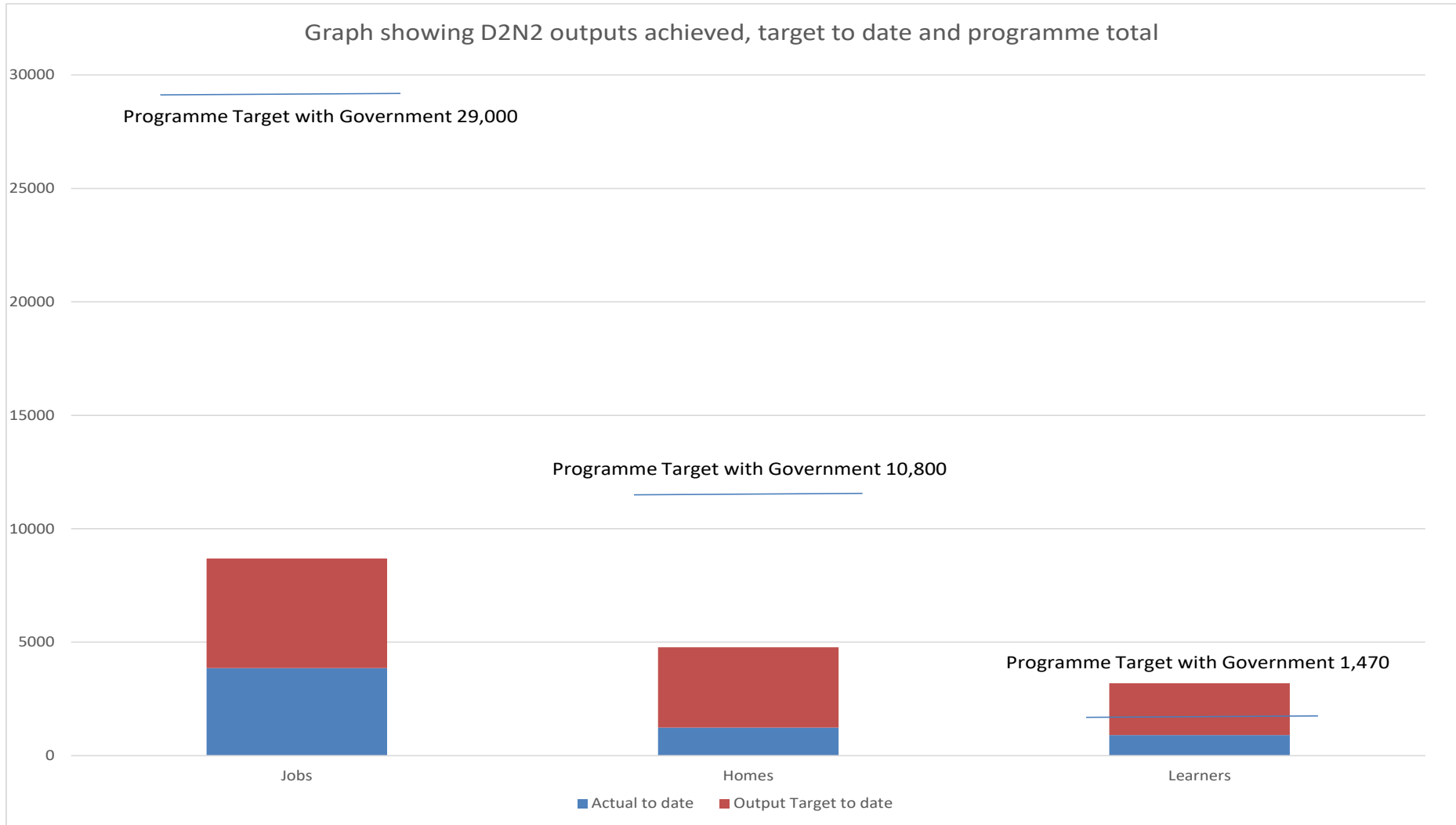
	Jobs	Homes	Learners
Contracted Target with Government up to 2035	29,000	10,800	147,000
Actual to Date (Up to and including Quarter 2 2019/20)	3,854	1,237	906
RAG Rating	G	G	R

Appendix A shows the outputs achieved to date compared to the contracted output targets up to Quarter 2 2019/20. The line within the graph indicates the Contracted target that D2N2 has agreed with BEIS to deliver over the lifetime of the Local Growth Fund up to 2035.

Appendix B shows analysis of the outputs by project

Appendix C shows the Dashboard from the Central Government return.

Appendix A



Appendix B

Project	Quarter 2 2019/20						Cumulative to date					
	Jobs		Homes		Learners		Jobs		Homes		Learners	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
A46 Corridor Employment Units							46	47	180	463		
A46 Cotgrave Town Centre		44					45	89				
A57/A60 Worksop		-85	173	-30			581	686	173	173		
Ada Lovelace House							4	11				
Bioscience Expansion, Nottingham							210	377				
Bulwell Market	2						20	22				
Buxton Crescent	140						140	3				
Chesterfield Higher Level Skills	9	2.1			319	53	43	43.46			656	517
Coalite	-177						8	0				
Daykene St		-1					1	5				
Derby Cycling and Placemaking							35	35				
Derbyshire Broadband							100	100				
Gedling Access Road			45	17					135	127		
Harworth		108	148	39			856	450	268	292		
Infinity Park							110	107				
Institute of Advanced Manufacturing						285	25	74.25				285
Medicity	10	3					85	154				
MTIF	1	1					1	1				
Newark Southern Link Road							0	0	2450	54		
Nottinghamshire Broadband							388	388				
Nottingham Castle	46											
OCOR							1345	449	328	128		
Seymour Link							600	638				
Sherwood Energy Village							0	35				
Sherwood Visitor Centre	3.87	4.87					20.27	22.87				
Sutton Indoor Market	1	7					50	67				
Technology Hub							5	5			79	104
The Silk Mill							10	14				
The Spot							10.6	11				
Vision University					589		0	0			1544	
Vesuvius	95						95	0				
	131	84	366	26	908	338	4834	3835	3534	1237	2279	906

Appendix C

Derby, Derbyshire, Nottingham and Nottinghamshire

LEP Name
 This Quarter: Q2_1920

Deliverables Progress							
	This Quarter	15-17	Financial Year				Total
		17-18	18-19	19-20	20-21	21-25	
Housing							
Houses Completed	26	128	589	474	46	-	1,237
Forecast for year	510	878	1,140	1,150	510	2,260	7,155
Progress towards forecast	5%	52%	41%	9%	0%	-	17%
Jobs							
Jobs Created	84	373	1,295	2,043	124	0	3,835
Apprenticeships Created*	0	0	0	0	0	-	0
Jobs including Apprenticeships	84	373	1,295	2,043	124	0	3,835
Forecast for year	6,133	375	2,002	2,377	6,133	6,469	13,984
Progress towards forecast	1%	85%	86%	2%	0%	0%	12%
*Apprenticeships included within jobs totals prior to 2017							
Skills							
Area of new or improved floorspace (m2)	0	5,430	13,500	2,000	0	-	20,930
Forecast for year	5,430	13,500	0	0	15,490	0	34,420
Progress towards forecast	-	100%	-	-	0%	-	61%
Number of New Learners Assisted							
Forecast for year	338	0	344	212	350	0	906
Progress towards forecast	908	0	499	793	808	391	3,777
Progress towards forecast	37%	69%	27%	39%	0%	-	27%
Transport							
Length of Road Resurfaced	0.0	0.0	0.0	0.0	0.0	-	0.0
Length of Newly Built Road	0.0	2.0	0.0	0.0	0.0	-	2.0
Length New Cycle Ways	-135.2	0.0	1,186.0	-921.5	-133.1	0.0	-

Project Name	Project RAG Ratings		Project Name	Previous Quarter Q1_1920	This Quarter Q2_1920
	Previous Quarter Q1_1920	This Quarter Q2_1920			
Infity Park, Derby	G	AG	HS2 Toton	G	G
Bioscience Expansion, Nottingham	G	G	HS2 Staveley	G	G
Nottingham Skills Hub	G	G	Sutton Indoor Market	G	G
Nottingham Broadmarsh	G	G	Derby Cycling and Placemaking	G	G
Chesterfield Centre Higher Level Skills	G	G	Midland Mainline	G	G
Vision University Centre, Mansfield	A	A	Sherwood Visitor Centre	G	G
Hawthorn Access Road	G	G	Sherwood Energy Village	G	G
Derby Placemaking The Spot	G	G	Silk Mill World Heritage Site	G	G
Nottingham Cycle City Ambition Package	G	G	N2 Towns	G	AG
Newark Southern Link Road	R	R	MTIF	G	G
Seymour Link	G	G	Gedling Access Road	R	A
A57/A60 Junction Workshop	G	G	Nottingham Castle	G	AG
Nottingham Broadband	G	G	Vespaus	G	AG
Derbyshire Broadband	G	G	Technology Hub	G	G
Our City Our River	G	AG	Rail and Research Centre	G	G
LEP Management & Feasibility Funds	G	G	Riverside Business Park	NA	G
D2N2 Sustainable Transport	G	G	New Assembly Rooms	NA	G
A61 Programme	R	R	-	-	-
Enterprise Zone Sustainable transport	A	A	-	-	-
AS2 Wyvern	A	A	-	-	-
A46 Corridor, Rushcliffe	A	A	-	-	-
Buton Crescent	G	G	-	-	-
Institute for Advanced Manufacturing	G	G	-	-	-
Beckwell	G	G	-	-	-
Malditly	G	G	-	-	-
Coltley	A	AG	-	-	-
Ada Lovelace House	G	G	-	-	-
Bulwell Market	G	G	-	-	-
Dakeyne Street	G	G	-	-	-
Southern Growth Corridor	G	G	-	-	-

Growth Deal Performance	Area lead comments
G	Output achievement is being compromised by delays to a number of projects, however the LEP is being proactive in agreeing mitigating actions with project sponsors and in certain cases bringing the project sponsors to the Investment Board to provide explanations for the variations. Commitment and expenditure levels continue on a strong trajectory - with 89% of the programme committed and the 19/20 LGF allocation already fully deployed. A further £14.095m will be committed by the end of Q3 taking total

Financial Progress							
LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
	£39,100,000	£55,400,930	£66,388,375	£32,359,889	£17,424,093	£40,086,356	£250,759,642
LGF Outturn							
Actual	£ 15,897,229	£ 83,696,630	£ 34,868,738	£ 45,662,035	£ 24,334,175	£ -	£ 188,561,578
Forecast for year	£ 48,503,269	£ 83,696,630	£ 34,872,601	£ 52,128,241	£ 48,503,269	£ 31,560,901	£ 250,759,642
Progress towards forecast	33%	100%	86%	86%	50%	0%	75%
LGF Expenditure							
Actual	£ 13,878,308	£ 73,291,620	£ 29,400,573	£ 42,132,101	£ 20,821,223	£ -	£ 165,645,518
Forecast for year	£ 48,503,269	£ 83,696,630	£ 34,872,601	£ 52,128,241	£ 48,503,269	£ 31,560,901	£ 250,759,642
Progress towards forecast	29%	84%	81%	43%	43%	0%	66%
Non-LGF Expenditure							
Actual	£ 21,278,868	£ 88,876,483	£ 71,785,207	£ 63,312,119	£ 35,280,379	£ -	£ 249,224,188
Forecast for year	£ 176,958,285	£ 77,471,352	£ 77,471,351	£ 176,958,385	£ 144,199,943	£ 144,199,943	£ 476,101,030
Progress towards forecast	12%	-	93%	89%	20%	0%	52%
Total LGF + non-LGF Expenditure							
Actual	£ 35,157,176	£ 162,168,103	£ 101,155,780	£ 95,444,221	£ 56,101,602	£ -	£ 414,869,795
Forecast for year	£ 225,461,654	£ 162,168,103	£ 112,343,953	£ 129,597,592	£ 225,461,654	£ 175,760,844	£ 726,880,672
Progress towards forecast	16%	-	90%	74%	25%	0%	57%

Contractual Commitments (manual entry)						
	15-17	17-18	18-19	19-20	20-21	Total
Forecast	£ 83,700,000	£ 34,870,000	£ 51,510,000	£ 46,000,000	£ 34,630,000	£ 250,710,000
Actual	£ 119,383,080	£ 15,760,970	£ 76,444,220	£ 10,631,590	£ -	£ 222,219,860
Variance	+43%	-55%	+48%	-77%	-100%	-11%

Commentary

Outputs - The Nottinghamshire Broadband project has connected an additional 1016 premises to Superfast broadband and the Derbyshire Broadband programme has connected an additional 679 premises. 84 jobs were achieved in the Quarter 2 monitoring period against a total of 131 forecast therefore fair progress has been made against the anticipated target, larger output levels are forecast later in the financial year with some projects undertaking annual assessments of outputs in Quarter 4. 338 learners and 20 homes have been delivered in Quarter 2 despite no outputs being profiled for either metric within the quarter. The overall delivery of learners and homes is expected to be less than originally profiled for the year due to delays in 2 projects, the Newark Southern Link Road (homes) and Vision University Centre (learners). The Newark project has a funding gap and discussions are continuing between the developer, Newark and Sherwood DC, Homes England and Highways England for potential solutions to the issue. The project is undergoing a financial review of the viability and Homes England are assessing the site to identify if they can assist in resolving the ongoing issues. There is a connection to the cycle paths figure this quarter, previous figures were reported in m instead of km. Vision University Centre have entered in to an agreement with Nottingham Trent University to provide their Higher Education provision. The partnership now allows NTU an experienced Higher Education authority to assist in the delivery of the outputs as agreed at contract, these outputs will be reprofiled and presented to the board.

Output Expenditure - Currently 3 projects have received more LGF than they have spent. The Skills Hub will have spent all its LGF by December, MTIF will have spent all its allocation so far by November and the N2 Town Centres programme is looking at a reprofile to ensure they have not received more money than they have spent by year end.

Commitments - Plans to achieve full programme commitment are in place and we anticipate doing this by the end of the 19-20 financial year with further contractual commitments of £14.722m in Q3 (84.5% LGF committed) and a further £17.335m completing the LGF allocation in Q4 (101% LGF committed). This will take us over the £250m LGF allocation and a

LEP Chief Executive Approved

Name: Sajjeda Rose

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Date: 11/11/19

Section 151 Officer Approved

Name: PETER HANDFORD

Signature: [Handwritten Signature]

Date: 18/11/2019