

D2N2 Investment Board – March 2020

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| 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 – 11 th March 2020 | | |
| Subject | D2N2 Programme Performance Overview | | |
| Author | T Goshawk | Total no of sheets (Excluding cover sheet) | 10 |

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|--------------------------|-----------------------------------|-------------------------------------|---|
| 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> |

D2N2 INVESTMENT BOARD

March 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 change requests for various 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 | £6.9m | £13.8m | £13.1m | | £33.8m |
| Forecast spend | £6.9m | £13.8m | £10m | £18m | £46m |

The LEP will 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 into this financial year.

The output targets up to Q3 for this year are:

| | Total target for 2019/20 | Achieved by 31/12/19 | Full Year Forecast 19/20 |
|---------------------|--------------------------|----------------------|--------------------------|
| Jobs created | 300 | 298 | 1,396 |
| Learners | 500 | 388 | 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. A paper will be presented to this meeting showing the overall status of output delivery and forecasting for the programme's lifetime.

A number of further projects will be presenting output reprofiles to this meeting including:

- A52 Wyvern
- Infinity Park
- Vision University Centre
- N2 Towns Centre

Evaluation

D2N2 has now received a final report of the evaluation review undertaken by Focus Consultants Limited. Due to the time available on this months Investment Board Agenda the presentation from the consultants will be presented to the next Investment Board.

Annex A – High Risk Projects

Projects at High Risk are:

| Project | Why is this high risk? | Mitigation | LGF Investment | Action for IB |
|---|---|--|---|---|
| <p>A61 Corridor:</p> <ul style="list-style-type: none"> - Chesterfield Station Masterplan <p>Derbyshire County Council</p> | <p>Delays to the presentation of Business cases to the Investment Board have led to the project being classified as 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>This element - £3.81m</p> <p>Total Programme - £8.5m</p> | <p>A presentation is to be heard from the A61 project sponsor at this meeting with a set of mitigations which will see the project through to Final Business Case Delivery.</p> |
| <p>Newark Southern Link Road</p> <p>Newark and Sherwood District Council</p> | <p>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.</p> | <p>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. NSDC attended the February IB to update the Board on progress of the project.</p> | <p>£7M</p> | <p>The LEP will continue to engage through to a formal mitigation and monitor the outputs which are being delivered for the project.</p> |

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 to the 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 March 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 this 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 this Investment board |
| Coalite | Derbyshire County Council | | 5.80 | Approved | | | | | Project Approved - In Construction (Outputs recently reprofiled following external circumstances) |
| A46 Corridor – Phase 1/2 | Rushcliffe Borough | | 3.00 | Approved | | | | | Project Open - Outputs being monitored |
| A46 Corridor – Phase 3 | Rushcliffe Borough | | 0.75 | To be approved | | | | | The project is continuing to progress through to FBC delivery however this has been delayed slightly. |
| 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 | | | | | Progress Delayed which may affect spend before the March 2021 deadline. |
| 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 has seen delays to the delivery of the Final Business Case, new milestones for the project are included later in the paper. |
| A61 Corridor- Standard Gauge/21 st Century Transport | Derbyshire County Council | 1.64 | 4.69 | Approved | | | | | Project Approved – In Construction |
| A61 – Chesterfield Station Masterplan | Derbyshire County Council | | 3.81 | OBC | | | | | The project is progressing towards the delivery of a Final Business Case for the March 2020 meeting. |
| Ashbourne Airfield | Derbyshire County Council | 1.00 | 1.00 | Awaiting FBC | | | | | The project has delivered its Final Business case and was approved at the January meeting. Spend will continue to be monitored until the end of the Financial Year. |

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|--|---------------------------|------------------------|-----------------------|------------------------|---|---|--|--|---|
| 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 May 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. |
| HS2 Strategic Sites | Chesterfield Borough | 1.00 | 2.40 | Awaiting FBC | | | | | The project has delivered the Business Case to this meeting. |

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| | 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 |
|--|--|--|---|--|
| Infinity Park Derby | Outputs – Within the LGF programme period up to 2035 the project will now deliver 2,956 jobs against a previous target of 4,472. The remainder of the outputs will still be delivered in the long term but not captured in the LGF monitoring period. The project was initially stated to deliver 382 homes by 2021 but this period will now be extended to 2028. The project will now however deliver 406 homes. | Market conditions have dictated that the site will deliver slower than was originally forecast at the outset of the project. Viability issues have affected the housing delivery numbers due to depressed values and contamination on the sites. | The project will now deliver 1,516 less jobs within the LGF monitoring period. This drop in outputs will have an affect on the programmes overall ability to achieve its outputs by 2035 and will extend the period of overall delivery. The housing delivery for the programme will be delayed however the programme will gain 24 extra homes. | The Investment Board are recommended to accept the change request and D2N2 will continue to work with the City Council to mitigate these circumstances and accelerate delivery where possible. |
| Vision University Centre | Outputs – the project will now deliver 1,685 new learners by 21/22 compared to 1,534 by 18/19 which was originally agreed. | Changes in the Higher Education (HE) market has shown that Hein Further Education has nationally declined. Whilst the college has been able to expand their 16-18 provision, adult and 16-18 apprenticeships n this has meant a time lag on these students then entering onto HE courses. A new partnership with Nottingham Trent University it is planned that the HE provision in Mansfield will grow. | Whilst these learner are expected later than originally agreed this does not impact on the LEP’s ability to meet their learner targets by 2026 or 2035 and also delivers an additional 151 learners. | The Investment Board are recommended to accept the change request. |
| A52 Wyvern | Outputs – The project will now deliver 1,335 jobs by 2029/30 compared with the 3,300 job target originally set out. | Changes in market conditions have resulted in the developer partner progressing a different mix of uses on the Derby Triangle site which have a lower job density and therefore deliver less outputs. | The programme will have a reduced job forecast of 1,965 jobs as a result of the change. | The Investment Board are recommended to accept the change request. |
| N2 Towns Centre | Outputs – The N2 Town Centres project will now return its outputs over a four year period ending in 2022/23 rather than a two year period. The project will now deliver 105 less jobs than originally forecast but will now deliver 172 more homes. | Changes to the individual projects within the programme have meant that housing projects have come forward instead of originally intended job creation schemes. | The change will benefit the homes target which is a larger priority under current forecasting than job creation. The job targets changing will have a minor effect on delivery timescales but will still deliver the same outputs over a slightly longer forecast. | The Investment Board are recommended to accept both changes to the project. |

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| Gedling Access Road | Financial - The Gedling Access Road project will accelerate £1.28m of Local Growth Fund in to 19/20 from the 2020/21 financial year. | Underspend has come forward from other projects in the programme not being able to utilise their allocations in year. The GAR project has spent more than their allocated LGF amount and therefore can utilise further spend in this financial year. | The Gedling Access Road will utilise £3.08m of funding in this financial year which will revise their 2020/21 allocation to £7.22m. | The Board is recommended to accept the change request and accelerate funding to this project in the 2019/20 Financial Year. |
| Southern Gateway | Financial - The Southern Gateway project will accelerate £5m of Local Growth Fund in to 19/20 from the 2020/21 financial year. | Underspend has come forward from other projects in the programme not being able to utilise their allocations in year. The Southern Gateway project has spent more than their allocated LGF amount and therefore can utilise further spend in this financial year. | The Southern Gateway will utilise the remaining £15m of its LGF allocation in this financial year and will no longer drawdown any funding in the 2020/21 financial year. | The Board is recommended to accept the change request and accelerate funding to this project in the 2019/20 Financial Year. |
| NTU MTIF Centre | Financial – The NTU MTIF project will accelerate £231,334 of Local Growth Fund in to 19/20 from the 20/21 Financial Year. | Underspend has come forward from other projects in the programme not being able to utilise their allocations in year. The NTU MITF Centre project has spent more than their allocated LGF amount and therefore can utilise further spend in this financial year. | The NTU MTIF Centre will utilise £231,334 of further funding in this financial year. Reducing the amount of grant received in the next financial year to £3.63m. | The Board is recommended to accept the change request and accelerate funding to this project in the 2019/20 Financial Year. |

