

Item 5

D2N2 Investment Board – September 2020

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 – 9 th September 2020		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	6

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendations
The Board are asked to note the progress report on the D2N2 Capital programme. The report highlights the current position on the programme and provides an update on each of the LGF projects.

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D2N2 INVESTMENT BOARD

September 2020 D2N2 Capital Programme Update

Introduction

The following paper provides an overview of the LEPs Local Growth Fund programme, including an update on progress against the financial targets for this year.

Covid 19 has had an impact on many parts of the programme, therefore this paper highlights the current position of the 'live and upcoming' projects in the programme and the mitigation strategy where there is one in place.

Annex A – Copy of the LGF Q1 2019/20 Monitoring Spreadsheet

Local Growth Fund Performance Update

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 have recorded £8,977,821 of actual spend in the first financial quarter of the year. LEP Officers are working closely with project sponsors for all projects that are 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure can be met.

The Investment Board is being asked to consider 5 business cases at this meeting, if they are 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 is the withdrawal of the Heathcoat Immersive Incubator project by Nottingham City Council. The project originally had an allocation of £160,000 earmarked which will 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 are approved as set out, we believe we will be on track to deliver the full programme target by the end of this financial year. We have also over profiled by £1.8M to provide a buffer against any underspends.

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A full budget breakdown is included within **Item 5** which includes both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

Pipeline Call

In order to ensure that we have 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 will be independently assessed and scored to form a pipeline of projects as a reserve list that can be brought forward at speed if required.

Getting Building Fund

Following on from the process undertaken for a call for projects in June and July the 10 projects below have 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 we are working with projects to deliver at the earliest date possible.

As part of the assurance of deliverability, D2N2 officers are 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 is essential to this programme and Government have stated that D2N2 will be given a 50/50 split of funding allocation between the 2020/21 and 2021/22 financial years. Government have also confirmed that any funding that is not spent by the March 2022 deadline will be clawed back centrally therefore it is 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 will be presented to the next Investment Board.

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Project Name and Location	Description	GBF Funding	Project Outputs	Final Business Case Submission Date
Berry Hill, Mansfield	The Berry Hill site forms an urban extension to the Mansfield district. Work is well underway on phase 1. To accelerate phase 2, funds are requested towards the spine road, which will unlock the site to create new homes, school, shops, Green Infrastructure and Employment Land.	£3million	220 Jobs 475 Homes	December 2020
Digital Advanced Manufacturing and Engineering Centre, Chesterfield	The project will fund the development of a centre of excellence at Chesterfield College to support learners to develop much needed digital skills and the practical skills for modern construction techniques. The new centre will deliver higher-level skills within the industry and meet the demands of the local area.	£0.5million	3 Jobs	November 2020
UK Electrification of Aerospace Propulsion Facility, Nottingham University	Part of a £1bn+ vision for the East Midlands to regain its pre-eminence as the world's foremost location for aerospace innovation - protecting the 40,000-aerospace supply-chain jobs in the region. This national facility will support a green recovery for the UK aerospace industry through the development of sustainable and competitive electrified propulsion systems.	£7.6million	300 Jobs 150 Learners	February 2021
Bridge Court Campus, Worksop	The regeneration of Bridge Court will facilitate the delivery of a state-of-the-art University campus in Worksop town centre in	£3.5million	40 Jobs 300 Learners	November 2020

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Project Name and Location	Description	GBF Funding	Project Outputs	Final Business Case Submission Date
	partnership with the University of Derby and Doncaster & Bassetlaw Hospitals Trust. This Campus will address a training need in the health sector, enable the upskilling of young people and carers, and increase the engagement of local people in higher education.			
Digital Turbine Centre, Worksop	This project will establish a 5G Innovation Hub in the Turbine Centre in Worksop, providing enhanced digital connectivity throughout the centre. It will also enable the prototyping and launching of the world's first 5G devices from the Hub and the delivery of certified business engagement and digital training on 5G & related technologies.	£0.5million	8 Jobs 100 Learners	October 2020
Glossop Town Hall, Glossop	The renovation and repurposing of Glossop Town Hall, Market Hall and Municipal Buildings for use as business start-up space, with a focus on creative industries, and modern multi-use event space accommodating food and drink businesses, general and specialist retail.	£2million	105 Jobs	November 2020
Drakelow Park, South Derbyshire	Infrastructure project on the road network to support a larger bridge/bypass scheme including bypass bridge to Burton and better road traffic links between South Derbyshire, East Staffordshire and the wider West	£2.6million	1,100 Jobs 2,046 Homes	December 2020

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Project Name and Location	Description	GBF Funding	Project Outputs	Final Business Case Submission Date
	Midlands. This is linked to the regeneration of the former Drakelow Power Station site enabling 2239 homes (193 built) and up to 30 acres of industrial and commercial use land.			
MRC Midlands, Derby	The MRC Midlands will be the first project of its kind in the region. It will spearhead innovation-led advanced manufacturing to boost the resilience of Derby's economy. Through providing access to cutting edge research and development facilities, the project will create jobs, transform supply chains and enable business growth.	£6.85million	70 Jobs 50 Learners	March 2021
Transforming Nottingham's Southside, Nottingham	Demolition and rebuilding of the former Intu site, and enabling infrastructure which will bring forward new additional job creation on the site and surrounding areas as well as new homes in the City Centre.	£7.99 Million	733 Jobs 868 Homes	May 2021
Smartparc, Derby	The Food Innovation Park will be a food manufacturing and distribution centre. 2,500 jobs will be secured from a major inward investment with this bid supporting the first phase, with a potential for an additional 2,000 in subsequent phases. The project will facilitate a food innovation centre and a new skills facility with the latter run in conjunction with the University of Derby.	£12 Million	2,300 Jobs	October 2021

AnnexA –LGF Q1 2020/21 Monitoring Spreadsheet

LEP Name

Derby, Derbyshire, Nottingham and Nottinghamshire

This Quarter:

Q1_2021

Deliverables Progress

	This Quarter	Financial Year							Total
		15-17	17-18	18-19	19-20	20-21	21-25		
Housing									
Houses Completed	31	128	589	474	325	31	-	-	1,547
Forecast for year	2,260	878	1,140	1,150	510	2,260	1,393	-	7,331
Progress towards forecast	1%		52%	41%	64%	1%	-	-	21%
Jobs									
Jobs Created	71	373	1,295	2,043	6,736	71	-	-	10,518
Apprenticeships Created*	0	0	0	0	0	0	-	-	0
Jobs including Apprenticeships	71	373	1,295	2,043	6,736	71	-	-	10,518
Forecast for year	6,505	375	2,002	2,156	4,961	6,505	16,593	-	32,592
Progress towards forecast	1%		65%	95%	136%	1%	0%	-	32%
* Apprenticeships included within jobs totals prior to 2017									
Skills									
Area of new or improved floorspace (m2)	0	5,430	13,500	2,000	0	0	-	-	20,930
Forecast for year	15,490	5,430	13,500	0	0	15,490	0	-	34,420
Progress towards forecast	0%		100%	-	-	0%	-	-	61%
Transport									
Length of Road Resurfaced	0.0	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	0.0	-	-	2.0
Length New Cycle Ways	3.9	0.0	1,186.0	-921.5	-132.4	3.9	-	-	136.0

Project Name	Previous Quarter Q4_1920	Project RAG Ratings		Project Name	Previous Quarter Q4_1920	This Quarter Q1_2021
		This Quarter Q1_2021	This Quarter Q1_2021			
Infinity Park, Derby	AG	AG	AG	HS2 Toton	G	G
Bioscience Expansion, Nottingham	G	G	G	HS2 Staveley	G	G
Nottingham Skills Hub	AR	AR	AR	Sutton Indoor Market	G	G
Nottingham Broadmarsh	G	G	G	Derby Cycling and Placemaking	G	G
Chesterfield Centre Higher Level Skills	G	G	G	Midland Mainline	G	G
Vision University Centre, Mansfield	G	G	G	Sherwood Visitor Centre	AG	AG
Hanworth Access Road	AG	AG	AG	Sherwood Energy Village	G	G
Derby Placemaking-The Spot	G	G	G	Silk Mill World Heritage Site	AR	AR
Nottingham Cycle City Ambition Package	G	G	G	N2 Towns	AG	AG
Newark Southern Link Road	R	R	R	MTIF	AG	AG
Seymour Link	G	G	G	Gedling Access Road	AG	AG
A57/A60 Junction Workshop	AG	AG	AG	Nottingham Castle	G	G
Nottingham Broadband	G	G	G	Vesuvius	AG	AG
Derbyshire Broadband	G	G	G	Technology Hub	G	G
Our City Our River	A	A	A	Rail and Research Centre	G	G
LEP Management & Feasibility Funds	G	G	G	Riverside Business Park	A	A
D2N2 Sustainable Transport	G	G	G	New Assembly Rooms	N/A	N/A
A61 Programme	AR	AR	AR	HS2 Strategic sites	G	G
Enterprise Zone Sustainable transport	G	G	G	Ashbourne Airfield	N/A	AG
AS2 Wyvern	A	A	A	Castleward	N/A	G
A46 Corridor, Rushcliffe	A	A	A	Nursing and Allied Health provision in mansfield	-	G
Buxton Crescent	A	A	A	Top Wighay Farm	-	G
Institute for Advanced Manufacturing	G	G	G	-	-	-
Becketwell	G	G	G	-	-	-
Medicity	G	G	G	-	-	-
Coalite	G	G	G	-	-	-
Ada Lovelace House	G	G	G	-	-	-
Bulwell Market	G	G	G	-	-	-
Daikyne Street	G	G	G	-	-	-
Southern Growth Corridor	G	G	G	-	-	-

Growth Deal Performance	Area lead comments
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Financial Progress

LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
LGF Outturn							
Actual	£ 3,579,401		£ 83,696,630	£ 34,868,738	£ 45,662,035	£ 46,395,884	£ 3,579,401
Forecast for year	£ 36,844,901		£ 83,696,630	£ 34,872,601	£ 52,126,241	£ 47,503,269	£ 36,844,901
Progress towards forecast	10%		100%	88%	88%	98%	10%
LGF Expenditure							
Actual	£ 8,977,821		£ 73,291,620	£ 29,400,573	£ 42,132,101	£ 54,054,308	£ 8,977,821
Forecast for year	£ 36,844,901		£ 83,696,630	£ 34,872,601	£ 52,126,241	£ 47,503,269	£ 36,844,901
Progress towards forecast	24%		84%	81%	114%	24%	81%
Non-LGF Expenditure							
Actual	£ 18,178,224		£ 88,876,483	£ 71,755,207	£ 53,312,119	£ 85,242,996	£ 18,178,224
Forecast for year	£ 144,199,943		£ 77,471,352	£ 77,471,351	£ 176,958,385	£ 144,199,943	£ 476,101,030
Progress towards forecast	13%		-	93%	69%	48%	13%
Total LGF + non-LGF Expenditure							
Actual	£ 27,156,045		£ 162,168,103	£ 101,155,780	£ 95,444,221	£ 139,297,304	£ 27,156,045
Forecast for year	£ 181,044,844		£ 83,696,630	£ 112,343,953	£ 129,597,592	£ 224,461,654	£ 181,044,844
Progress towards forecast	15%		+90%	+74%	+62%	+15%	72%

Contractual Commitments (manual entry)	15-17	17-18	18-19	19-20	20-21	Total
Forecast						
Actual	£ 83,700,000	£ 34,870,000	£ 51,610,000	£ 46,000,000	£ 34,630,000	£ 250,710,000
Variance	+43%	-55%	+48%	-58%	-100%	-8%

Commentary

Outputs - The Nottinghamshire Broadband project has connected an additional 196 premises to Superfast broadband and the Derbyshire Broadband programme has connected an additional 928 premises.

71 jobs were achieved in the Quarter 1 monitoring period against a total forecast of 164, this is due to the delayed opening of the Buxton Crescent Spa Hotel which has been delayed because of Covid. 41 learners have been delivered in Quarter 1, 0 were forecast. 31 homes were delivered against a forecast of 25 this quarter.

Additional outputs to be reported this quarter are 3.87km of new cycle infrastructure from the A61 and our City Our River projects

Outturn/Expenditure – 2 projects have received more grant than LGF expenditure, Gedling Access Road and HS2 Strategic Sites due to slower spend because of Covid during the quarter. Further discussions with these projects are taking place to ensure full LGF expenditure can be achieved before March 2021.

Commitments – At the end of quarter 1 the programme was 98.6% contractually committed and with the current schedule of approvals means we will achieve full programme commitment by 9th September 2020.

For projects yet to be approved they have considerable sunk costs incurred which we will be able to class as LGF expenditure and are confident that we will be able to demonstrate the full LGF expenditure as spent by the end of the period. The reason projects are being approved later in the programme can be categorised into 2 causes. The first cause is changes in schemes (A46), projects have been changed over time to either increase outputs or to reflect changes in the market. The second is that these projects were only recently added onto the programme and therefore were expected to come for approval later in the programme. All these projects have a set of milestones which are closely monitored by the D2N2 Investment Board and LEP Board on (procurement, land assembly, planning, funding for example). All these projects have reported that they will be able to spend their LGF allocations before the 31st March 2021 deadline.

LEP Chief Executive Approved

Name: Sajeeda Rose

Signature: *[Signature]*

Date: 20/08/2020

Section 151 Officer Approved

Name: PETER HANDFORD

Signature: *[Signature]*

Date: 20/08/2020