

**D2N2 Investment Board – November 2020**

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Meeting and Date	D2N2 Investment Board – 4 <sup>th</sup> November 2020		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	3

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

## D2N2 INVESTMENT BOARD

### November 2020 D2N2 Capital Programme Update

#### Introduction

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

#### Local Growth Fund Performance Update

##### **Financial performance**

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 £16,617,586 of actual spend in the first two financial quarters 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.

There are now only two projects left to approve in the Local Growth Fund Programme and these are detailed further in the Capital Programme milestones paper.

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.

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.

##### **Project specific performance**

No specific projects are being raised as high risk to this meeting of the Investment Board and all projects with spend allocations remaining are continuing to spend to the profile.

Specific highlights to note from the Local Growth Fund programme are:

- **Vesuvius** – After delays due to contractor issues and Covid delays, the promoter has now confirmed that the new Asda store on site has opened and the first tranche of jobs should be registered shortly.
- **Buxton Crescent** – The newly restored Buxton Crescent Hotel and Spa has been opened to the public and is completed and starting its monitoring process for outputs.

- **A57/A60 Worksop** – The project reported in its recent Q2 monitoring the creation of 200 new jobs to the D2N2 area through the delivery of a new premises for DHL on the associated Manton wood site.

### **Getting Building Fund progress update**

Following the announcement of the Getting Building Fund projects in August, D2N2 have now received the formal confirmation of their grant funding with the grant offer letter from MHCLG on the 25<sup>th</sup> of September. The LEP have been given an even split of funding with £22.2m to spend in the 2020/21 financial year and £22.2m in the 2021/22 financial year.

In line with the final submission sent to Government of the finalised projects list the LEP will not be able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP will continue to work with project sponsors to accelerate spend where possible and any underspends will be utilised by Derbyshire County Council's capital reserve in line with the Governments acceptance of freedoms and flexibilities in Capital funding management.

Milestones for each project are included within these Investment Board papers and the first two projects were presented and successfully approved by the Investment Board in October. Two further projects are presented to this meeting for approval.

### **Covid Risk**

LEP Officers are currently undertaking an exercise with all projects that are deemed as 'live' in the programme to review the risk profile and exposure to Covid risk following the recent announcements and tiering system being put in place across the region.

LEP Officers will work with our partnering organisations to gain the most up to date risk information and the levels of expenditure risk this may cause to the programme. Once this information has been received and fully processed the findings will be shared with the Investment Board and any potential mitigations explored.

### **Q2 Dashboard**

See below the Dashboard which for Quarter 2 which forms part of the LEP's quarterly submission to Government.

LEP Name

**Derby, Derbyshire, Nottingham and Nottinghamshire**

This Quarter:

Q2\_2021

**Deliverables Progress**

	This Quarter	Financial Year						Total
		15-17	17-18	18-19	19-20	20-21	21-25	
<b>Housing</b>								
Houses Completed	46	128	589	474	325	77	-	1,593
Forecast for year	2,260	878	1,140	1,150	510	2,260	1,393	7,331
Progress towards forecast	2%		52%	41%	64%	3%	-	22%
<b>Jobs</b>								
Jobs Created	347	373	1,295	2,043	6,736	418	-	10,865
Apprenticeships Created*	0	0	0	0	0	0	-	0
Jobs including Apprenticeships	347	373	1,295	2,043	6,736	418	-	10,865
Forecast for year	6,505	375	2,002	2,156	4,961	6,505	16,593	32,592
Progress towards forecast	5%		65%	95%	136%	6%	0%	33%
* Apprenticeships included within jobs totals prior to 2017								
<b>Skills</b>								
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%
Number of New Learners Assisted	168	0	344	212	1,566	209	-	2,331
Forecast for year	1,226	0	381	642	398	1,226	871	3,518
Progress towards forecast	14%		90%	33%	393%	17%	-	66%
<b>Transport</b>								
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	0.0	0.0	1,186.0	-921.5	-132.4	3.9	-	136.0

**Project RAG Ratings**

Project Name	Previous Quarter	This Quarter	Project Name	Previous Quarter	This Quarter
	Q1_2021	Q2_2021		Q1_2021	Q2_2021
Infinity Park Derby	AG	AG	HS2 Toton	G	G
Bioscience Expansion, Nottingham	G	G	HS2 Staveley	G	G
Nottingham Skills Hub	AR	AG	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	G	G	Sherwood Visitor Centre	AG	AG
Hawthorn Access Road	AG	AG	Sherwood Energy Village	G	G
Derby Placemaking-The Spot	G	G	Slk Mill World Heritage Site	AR	AG
Nottingham Cycle City Ambition Package	G	G	N2 Towns	AG	A
Newark Southern Link Road	R	R	MTIF	G	G
Seymour Link	G	G	Gedling Access Road	AG	AG
A57/A60 Junction Worksop	AG	G	Nottingham Castle	G	G
Nottingham Broadband	G	G	Vesuvius	AG	G
Derbyshire Broadband	G	G	Technology Hub	G	G
Our City Our River	A	A	Rail and Research Centre	G	G
LEP Management & Feasibility Funds	G	G	Riverside Business Park	A	A
D2N2 Sustainable Transport	G	G	New Assembly Rooms	NA	NA
A61 Programme	AR	AR	HS2 Strategic sites	G	G
Enterprise Zone Sustainable transport	G	G	Ashbourne Airfield	AG	AG
A52 Wyvern	A	A	Castletown	G	G
A46 Corridor, Rushcliffe	A	A	Nursing and Allied Health provision in mansfield	G	G
Buxton Crescent	A	G	Top Wighay Farm	G	G
Institute for Advanced Manufacturing	G	G	Revolutions the Heart of Chesterfield	NA	G
Becketwell	G	G	Tollbar house	NA	G
Medicity	G	G	Mushroom Farm	-	G
Coalite	G	G	Smart Wireless Innovation Facility	NA	G
Ada Lovelace House	G	G	YMCA Activity Village	-	G
Bulwell Market	G	G	-	-	-
Dakeyne Street	G	G	-	-	-
Southern Growth Corridor	G	G	-	-	-

Growth Deal Performance

Area lead comments

**Financial Progress**

LGF Award	Financial Year						Total
	2015-16	2016-17	17-18	18-19	19-20	20-21	
	£39,050,000	£55,400,830	£66,388,375	£32,359,889	£17,424,093	£40,086,356	£250,709,642
<b>LGF Outturn</b>							
Actual	£ 9,259,284	£ 83,696,630	£ 34,868,738	£ 45,662,035	£ 46,395,884	£ 11,838,685	£ 222,461,972
Forecast for year	£ 36,844,901	£ 83,696,630	£ 34,872,601	£ 52,126,241	£ 47,503,269	£ 36,844,901	£ 255,043,642
Progress towards forecast	22%		100%	88%	98%	32%	87%
<b>LGF Expenditure</b>							
Actual	£ 7,639,764	£ 73,291,620	£ 29,400,573	£ 42,132,101	£ 54,054,308	£ 16,617,586	£ 215,496,188
Forecast for year	£ 36,844,901	£ 83,696,630	£ 34,872,601	£ 52,126,241	£ 47,503,269	£ 36,844,901	£ 255,043,642
Progress towards forecast	21%		84%	81%	114%	45%	84%
<b>Non-LGF Expenditure</b>							
Actual	£ 32,027,749	£ 88,876,483	£ 71,755,207	£ 53,312,119	£ 85,242,996	£ 50,205,973	£ 349,392,778
Forecast for year	£ 144,199,943	£ 77,471,352	£ 77,471,352	£ 77,471,351	£ 176,958,385	£ 144,199,943	£ 476,101,030
Progress towards forecast	22%		93%	69%	48%	35%	73%
<b>Total LGF + non-LGF Expenditure</b>							
Actual	£ 39,667,514	£ 162,168,103	£ 101,155,780	£ 95,444,221	£ 139,297,304	£ 66,823,559	£ 564,888,966
Forecast for year	£ 181,044,844	£ 83,696,630	£ 112,343,953	£ 129,597,592	£ 224,461,654	£ 181,044,844	£ 731,144,672
Progress towards forecast	22%		+90%	+74%	+62%	+37%	77%

**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	£ 19,277,975	£ 19,843,755	£ 250,710,000
Variance	+43%	-56%	+48%	-58%	-43%	-0%

**Commentary**

Outputs - The Nottinghamshire Broadband project has connected an additional 301 premises to Superfast broadband. 347 jobs were achieved in the Quarter 2 monitoring period against a total forecast of 59. 168 learners have been delivered in Quarter 2. 513 jobs were forecast, the Vision learner figures will be included in Q3 due to Covid. 46 homes were delivered against a forecast of 25 this quarter.

Outturn/Expenditure – in quarter 2 3 projects have received more grant than LGF expenditure, SWIF, Toll Bar House 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 2 the programme was 100% contractually committed.

Regular dialogue continues with promoters with a close eye being kept on the changing restrictions within the D2N2 area and the impacts these could have on the projects ability to complete their LGF spend within the next 6 months.

However, the majority of projects which have LGF grant this year are still reporting that their projects can spend their allocations by the 31st March 2021.

RAG Rating – Covid 19 has clearly had an effect on the programme with projects expected to take longer and costs expected to rise. The RAG rating has been based upon updates from promoters but as previously mentioned it is still too early to be able to fully assess the impacts of Covid 19. Two projects have been changed from AR to AG as whilst they were predicting additional costs and later completion times due to the delays, Nottingham Skills Hub has now been completed and will open in January and the Slk Mill World Heritage Site has secured additional funding to ensure completion. The A57/A60 has increased from AG to G after a promising quarter evidencing job outputs. The Buxton Crescent project has moved from A to G following its opening on the 1st October. N2 Towns has moved from AG to A following increased Covid restriction in the Nottinghamshire districts, this may have an effect on work still to be completed. Vesuvius has moved from AG to G as the Asda store on site has opened in October.

**LEP Chief Executive Approved**

Name: Sajeda Rose

Signature: *[Signature]*

Date: 23/10/2020

**Section 151 Officer Approved**

Name: PETER HANDFORD

Signature: *[Signature]*

Date: 23/10/2020