

D2N2 Investment Board – January 2021

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Meeting and Date	D2N2 Investment Board – 13 th January 2020		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	4

Papers are provided for:	Approval <input checked="" 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 Local Growth Fund and Getting Building Fund. The report also updates the board on the change request submitted for the Our City Our River project.

D2N2 INVESTMENT BOARD

January 2021 D2N2 Capital Programme Update

Introduction

This 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.

It also outlines the changes to the Local Assurance Framework for board members to note.

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 and have made payments of £18.5m in Quarter 3, an actual spend figure will be presented to the next meeting once third quarter claims have been reviewed. 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.

Whilst recognising that there are always risks associated with delivering large scale capital schemes, at this moment in time based on the current assessment of the programme and if all the projects are approved as set out, we still believe that we will be able to achieve full spend of the Local Growth Fund. 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.

Two projects were highlighted at the November Investment Board as presenting potential risks to the expenditure profile of the Local Growth Fund programme. These projects were the Chesterfield Station Masterplan project (Hollis Lane Link Road) and the Woodville-Swadlincote project. These projects delivered an update to the December meeting which provided reassurances of spend by the march 31st deadline.

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 25th 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. The next projects for approval will be received at this meeting.

Programme Risk

As a LEP we continue to have ongoing dialogue with all projects to ensure that progress against forecasted targets is being made. The LEP communicates with all sponsors and monitors specifically the projects it deems to be at most risk of underachievement. We note that no capital project comes without risks and therefore look to work collaboratively with all project sponsors in an upfront and transparent manner to allow the best possible mitigations to be brought forward.

The LEP continues to discuss the potential flexibilities around the end of the programme with Government colleagues on a regular basis but as of this point, no flexibility has been granted to the LEP to extend the spend period beyond March 2021. The LEP will continue to monitor that situation and discuss any flexibility with Government but currently is operating to have achieved all spend by the agreed March 2021 deadline. LEP Officers are expecting to receive Quarter 3 monitoring returns in the middle of January and will verbally report the position of spend at the Investment Board meeting.

LGF Evaluation

During 2019 the LEP carried out a mid-term evaluation of the Local Growth Fund Programme which looked at 20 of the projects which had progressed in the earlier stages of the programme. An impact analysis of these project was presented to the LEP Investment Board and the data has been used to inform the overall monitoring of the programme.

In line with Government best practice and the LEPs own commitment to monitoring and evaluation we will be undertaking our first end of programme evaluation in the next financial year and will look to gain an understanding of the overall impact that our investments have had on the D2N2 Economy and the people that the funding has impacted.

LGF Change Requests

Following a request from Derby City Council to alter the output profile of the Our City Our River project, Derby City have undertaken work to revise the schedule of outputs for the project and submitted formal project change requests to the LEP for approval.

Following the independent review by Hatch Regeneris it has been confirmed that both projects still represent 'Very Good Value for Money' based on the assessment. The change request is included as Appendix A to this paper.

Annex A – Project Change Request

Project Name/ Promoter and description	Change Description	Reason for the Change	Impact of the change	Officer Recommendation
<p>Our City Our River</p> <p>Derby City Council</p> <p>Flood alleviation and remediation infrastructure works throughout Derby City Council to protect homes and businesses from major flooding and unlock land for development opportunities.</p>	<p>Outputs – The project initially set out to deliver 8,000 jobs and 1,050 homes to the area following the completion of infrastructure. The project will now deliver 1,683 new jobs and 6,140 safeguarded jobs.</p>	<p>Previous designated sites have either been determined undevelopable by the City Council or have utilised outputs for other LGF schemes. The project has now undertaken an independent exercise to calculate the job safeguarded totals using Homes England, Environment Agency and Derby City Council planning methodologies.</p>	<p>The project decreases the total amount of new jobs that the Local Growth Fund will deliver however safeguarded jobs can still be counted towards the LEPs targets and we are still comfortable that we will generate enough jobs to fulfil the Government's 27,000 target.</p>	<p>The Investment Board are recommended to accept the change request and D2N2 will continue to work with the City Council to deliver the outputs for both the new and safeguarded jobs.</p>