

D2N2 Investment Board – March 2021

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Meeting and Date	D2N2 Investment Board – 10 th March 2021		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	3

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
<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

March 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.

Local Growth Fund Performance Update

Financial performance

The Local Growth Fund concludes on the 31st of March and a requirement of the Department of BEIS is for the LEP to have concluded all expenditure of the £250.7m grant received since 2015. Following Quarter 3 monitoring returns we have registered an actual spend figure of £32,288,122 leaving £7,798,234 to be spent in the final quarter of the year.

All projects have now been approved and we are awaiting their final expenditure figures by the 16th of April to guarantee spend. In order to make certain that projects will utilise their full allocations we have requested an interim expenditure return from projects that have significant expenditure left in Q4, we will report verbally to the Investment Board meeting about any issues from this return should they arise.

We recognise 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 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.

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.

Progress is going well with the Getting Building Fund and we have spent £293,963 against a target of £340,034 in Quarter 3. Quarter 4 expenditure is expected to significantly increase and we will report the expenditure figures to the April Investment Board meeting.

Subject to the approval of the Transforming Nottingham Southside project which is being recommended for approval at today's meeting, we will have approved 7 out of 10 projects, representing 57% of the total funding value.

Milestones for each project are included within these Investment Board papers and there are only 3 projects to track following today's agenda.

Programme Risk

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.

We continue to have ongoing dialogue with all projects to ensure that progress against forecasted targets is being made. We monitor specifically the projects considered to be higher risk on the basis of value or timelines. Any significant risks will be highlighted to the board as part of the milestones tracking.

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 for LGF or 2022 for GBF. 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 deadline.