

D2N2 Investment Board – June 2021

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Meeting and Date	D2N2 Investment Board – 24 th June 2021		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	

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 (LGF) and Getting Building Fund (GBF).

The report also incorporates the GBF Milestones paper.

D2N2 INVESTMENT BOARD

June 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

Final Financial Performance Update

The Local Growth Fund concluded on the 31st of March from a financial perspective, and it can be confirmed that the LEP utilised all £250.7m of funding from Government before the spend deadline. We had a total of £7,798,234 that was required to be spent in the final quarter of the year and all projects have delivered on their spend forecast including the overspend which was set at £1.8m to provide programme coverage. The overspend has been funded by the Growing Places Fund.

A full final budget breakdown is included within **Item 5** which includes the financial position of the overall programme from 2015-2021.

Future of LGF

Although the funding period for the Local Growth Fund programme has now concluded, the programme will continue to be monitored with quarterly monitoring returns still in place for all projects. The LEP will work with project sponsors and the Accountable Body to ensure that all output requirements are monitored and reported for the lifetime of the programme.

Alongside the regular monitoring returns, we are undertaking thematic based evaluations of our projects and the LGF programme to demonstrate the impacts that have been made through our investments. The evaluation process will be carried out on a rolling basis and a schedule of evaluation will be created so projects are invited to take part when they have begun to deliver the impacts agreed at the final business case stage.

Project progress to note

The following progress updates have been merged by project theme:

Visitor Economy

- Buxton Crescent – The new 80-bedroom hotel opened prior to the last national lockdown and welcomed the first set of guests into the new facility. The facility has since been closed to the public but is looking to reopen in line with national guidelines, 106 of the committed 140 jobs for the project have been created to date.
- Silk Mill Museum of Making – The new visitor attraction in Derby City Centre has now completed the renovation works and is due to open its doors to the public on the 21st of May. Due to the current restrictions, Derby Museums intend to host a full and larger scale opening event in September in line with the Derby Feste.
- Nottingham Castle – Following the three years of works on the major overhaul of the castle, the new and improved facilities are due to open to the public on the 21st of June subject to the continued easing of government restrictions.

Business Space

- Vesuvius – The site is progressing well after the completion of the upfront infrastructure works and has created 198 jobs. The next phase of development started in January 2021 and includes the development of 46,000 ft² of industrial floorspace.
- Riverside Business Park – The project recorded its full spend in the last financial year. The new bridge infrastructure has been completed and the first new central unit on the site has been completed ready for occupation.

Housing Development

- Castleward – The new school is nearing completion to align with the Section 106 conditions for the site and housing delivery continues progress on the site with 54 homes completed in line with the profile for delivery.
- Becketwell – Funding is now secured for the residential element of Phase I and work has commenced on site. In significant news, Grainger PLC have been sourced to fund the new residential development as a leading national provider of private rental schemes. In addition, ASM Global have been secured as the operator for the new performance venue who are a leading provider.

Skills Projects

- Nottingham City Hub – The new City Hub was opened to students following the winter break after a minor delay in the build programme due to Covid. The works on site had a minor delay due to the pandemic and students have now started to use the facility.
- Nursing and Allied Health Provision – Redevelopment of the first phase of the construction programme has been completed allowing Nottingham Trent University to start delivering educational provision on site. 20 new jobs have been recorded for the development.
- Automation and Robotics – All capital equipment has been delivered for the centre and courses at West Nottinghamshire College have started using the new technologies. 69 new learners have been reported for the last quarter.

Life Sciences

- NTU (Nottingham Trent University) MTIF Centre – Both sites of the dual Medical Technology and Innovation Facility have now opened at the NTU Clifton Campus and Boots Enterprise Zone, respectively. The project has welcomed new businesses into the facilities and will continue to promote the space for prospective businesses in the sector. 18 jobs are now registered to the project from the latest monitoring return and the project is progressing ahead of its output schedule.
- Medicity – Business space at the incubator units continues to be taken up and the businesses utilising this are expanding their job numbers. Growth in these fields has been positive since the project's inception and over 350 jobs have been created as a direct result of the LGF intervention.

Getting Building Fund progress update

Following the announcement of the Getting Building Fund projects in August 2020, the LEP has 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 and predicted spend profile sent to Government, the LEP was not able to facilitate full use of the Getting Building Fund allocation within this financial year. The LEP utilised freedoms and flexibilities to manage the budget underspends in the previous financial year and this will be explained further in the budget paper.

Progress is going well with the Getting Building Fund, and we have spent £5.96m to date. Subject to the approval of the Smartparc project, which is being recommended for approval at today's meeting, we will have approved 8 out of 10 projects, representing 84% of the total funding value.

One project to note in particular is the Chesterfield College project, the project sponsor has confirmed that all works to the refurbishment of the centre have been completed in line with expected timescales and the centre has now been opened to students in May.

Milestones for each project are included within this paper and there are only 2 projects to track following today's agenda.

GBF Milestones

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
Drakelow Park Drakelow Developments Limited	Amber – Due to delays in Milestones	September 2021	£2.2m	2,046 Homes 1,100 Jobs	The project has experienced delays due to revisions being required on the designs of the enabling infrastructure. The business case will now be brought for approval in September, the project is being monitored closely by all project partners through monthly	Submission of new Highways designs – April 2021 (Complete) Final Business Case to the LEP – August 2021

					working groups to ensure progress on key issues is being made.	Confirmation of Highways approvals – August 2021 Start on site – September 2021
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Recommendation –The project has been delayed to a September business case approval due to redesigns being required. The LEP continue to meet with the project sponsors and all other relevant partners and can report good progress towards the delivery requirements. The Investment Board are recommended to note the progress of the project and await the business case to be delivered in September.

Project Details	RAG Rating	FBC Approval to Board	GBF Funding	Outputs	Current Position	Milestones to track
MRC Midlands Derby City Council	RED – Delays to Milestones	September 2021 (Revised from July 2021)	£6.85m	70 Jobs 50 Learners	The planning submission for the project was completed in March 2021 and an outcome is still anticipated to be received in July. Despite this delays have been encountered in the tendering process for the project and the work between DCC and the developer has not progressed to hit the milestone targets agreed by the Investment Board. DCC have been requested provide a verbal update to this meeting.	Confirmation of Match funding – September 2020 (Complete) Planning permission Submitted – March 2021 (Complete) Planning permission approved – July 2021. Final Business case submission – August (Revised from February 2021)

Recommendation – The Board are recommended to note the milestones and verbal response from Derby City Council. The LEP will work with the project sponsors to try to mitigate any risk to delivery and accelerate the business case delivery where possible.

Annex A – Q4 2020/21 Output Dashboard

This Quarter: Q4_2021

Deliverables Progress								
Housing	This Quarter	15-17	Financial Year					Total
			17-18	18-19	19-20	20-21	21-25	
Houses Completed	257	128	589	474	325	468	-	1,984
Forecast for year	2,260	878	1,140	1,150	510	2,260	1,393	7,331
Progress towards forecast	11%	52%	41%	64%	21%	-	-	27%
Jobs								
Jobs Created	5,126	373	1,295	2,043	6,736	5,726	-	16,173
Apprenticeships Created*	0	0	0	0	0	0	-	0
Jobs including Apprenticeships	5,126	373	1,295	2,043	6,736	5,726	-	16,173
Forecast for year	6,505	375	2,002	2,156	4,961	6,505	16,593	32,592
Progress towards forecast	79%	65%	95%	136%	88%	0%	-	50%
* Apprenticeships included within jobs totals prior to 2017								
Skills								
Area of new or improved floorspace (m2)	15,490	5,430	13,500	2,000	0	15,490	-	36,420
Forecast for year	15,490	5,430	13,500	0	0	15,490	0	34,420
Progress towards forecast	100%	100%	100%	-	-	100%	-	106%
Transport								
Number of New Learners Assisted	282	0	344	212	1,566	775	-	2,897
Forecast for year	1,226	0	381	642	398	1,226	871	3,518
Progress towards forecast	23%	90%	33%	33%	393%	63%	-	82%
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	0.0	0.0	1,186.0	-921.5	-132.4	3.9	-	136.0

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Financial Progress							
LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
LGF Outturn							
	This Quarter	Financial Year					Total
Actual	£ 7,798,232	£ 83,696,630	£ 34,868,738	£ 45,662,035	£ 46,395,884	£ 40,086,354	£ 250,709,642
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%	100%	88%	98%	109%	98%	
LGF Expenditure							
Actual	£ 20,597,643	£ 73,291,620	£ 29,400,573	£ 42,132,101	£ 54,054,308	£ 51,831,040	£ 250,709,642
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	56%	84%	81%	114%	141%	98%	
Non-LGF Expenditure							
Actual	£ 23,554,742	£ 88,876,483	£ 71,755,207	£ 53,312,119	£ 85,242,996	£ 99,773,518	£ 398,960,323
Forecast for year	£ 144,199,943	£ 77,471,352	£ 77,471,351	£ 176,958,385	£ 144,199,943	£ 144,199,943	£ 476,101,030
Progress towards forecast	16%	93%	69%	48%	69%	84%	
Total LGF + non-LGF Expenditure							
Actual	£ 44,152,385	£ 162,168,103	£ 101,155,780	£ 95,444,221	£ 139,297,304	£ 151,604,558	£ 649,669,965
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	24%	+90%	+74%	+62%	+84%	89%	

Project Name	Project RAG Ratings		Project Name	Project RAG Ratings	
	Previous Quarter Q3_2021	This Quarter Q4_2021		Previous Quarter Q3_2021	This Quarter Q4_2021
Infinity Park , Derby	AG	AG	HS2 Toton	G	G
Bioscience Expansion, Nottingham	G	G	HS2 Staveley	G	G
Nottingham Skills Hub	G	G	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
Harworth Access Road	AG	AG	Sherwood Energy Village	G	G
Derby Placemaking-The Spot	G	G	Silk Mill World Heritage Site	AG	AG
Nottingham Cycle City Ambition Package	G	G	N2 Towns	AG	AG
Newark Southern Link Road	R	R	MTIF	G	G
Seymour Link	G	G	Gedling Access Road	AG	AG
A57/A60 Junction Worksp	G	G	Nottingham Castle	AG	AG
Nottingham Broadband	G	G	Vesuvius	G	G
Derbyshire Broadband	G	G	Technology Hub	G	G
Our City Our River	AG	AG	Rail and Research Centre	G	G
LEP Management & Feasibility Funds	N/A	N/A	Riverside Business Park	A	AG
D2N2 Sustainable Transport	G	G	New Assembly Rooms	N/A	N/A
A61 Programme	AR	AG	HS2 Strategic sites	G	G
Enterprise Zone Sustainable transport	G	G	Ashbourne Airfield	AG	AG
A52 Wyvern	AG	AG	Caststead	G	G
A46 Corridor, Rushcliffe	AG	G	Nursing and Allied Health provision in mansfield	G	G
Buxton Crescent	G	G	Top Wighay Farm	G	G
Institute for Advanced Manufacturing	G	G	Revitalising the Heart of Chesterfield	AG	G
Beckwithwell	G	G	Tollbar house	AG	G
Medicity	G	G	Mushroom Farm	AG	G
Coalite	G	G	Smart Wireless Innovation Facility	AG	G
Ada Lovelace House	G	G	Woodville/Swadlincote regeneration route	N/A	G
Bulwell Market	G	G	OMICS	G	G
Dakeyne Street	G	G	YMCA Activity Village	AG	G
Southern Growth Corridor	G	G	Automation and Robotics	AG	G

Contractual Commitments (manual entry)							
Forecast	15-17	17-18	18-19	19-20	20-21	Total	Variance
Actual	£ 119,383,080	£ 15,760,970	£ 76,444,220	£ 19,277,975	£ 19,843,755	£ 250,710,000	-0%
	+43%	-55%	+48%	-58%	-43%	-0%	

Commentary

Outputs - The Derbyshire Broadband project has connected an additional 714 premises to Superfast broadband and the Nottinghamshire an additional 326 premises 5035 jobs were achieved in the Quarter 4 monitoring period against a total forecast of 4452. This had been reduced due to the profile of Infinity Park and the A51 Wyvern. 282 learners have been delivered in Quarter 3, 214 were forecast. 257 homes were delivered against a forecast of 1074 this quarter, this forecast included 800 from Newark. Outturn/Expenditure - in quarter 4, all projects achieved their LGF spend over the period. With the programme actually overspending by £1,779,010, this was funded from the Growing Places Fund. This outturn and expenditure have been removed from this return to ensure the totals balance back to the LGF allocation. RAG Rating - Covid 19 has clearly had an effect on the programme with some projects taking longer and costs rose, however all projects were able to spend their LGF allocations before the 31st March 2021. One project has changed from AR to AG, A61 Corridor the project managed to spend all of its LGF allocation and made good progress during the quarter. One project has changed from A to AG, Riverside, this project managed to spend all its LGF allocation before 31st March despite a delayed start and rephasing of the project. Eight projects have moved from AG to G, with the A46 Corridor, Revitalising the Heart of Chesterfield, Tollbar house, Mushroom farm, SWIF, YMCA and Automation and robotics all managing to spend all their LGF allocations and are progressing well. A revised grant offer agreement has been issued for the output profile of OCOOR so that also moved from AG to G.

Overall summary - All of D2N2's LGF allocation has been spent by 31st March 2021, alongside an additional £1,779,010 from the Growing Places Fund which was leveraged into the programme. Both job and learner outputs continue to track above forecasts but housing still lags behind until a reprofile is agreed for the Newark Southern Link road project which is currently in negotiations with Government bodies regarding funding.