

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

28 July 2017

Project Update and High Risk

Projects at High Risk are:

Project	Why is this high risk?	Mitigation
Nottingham City Hub	Funding has been given as pre-compliance because the project is not fully compliant with the Local Assurance Framework	This project will remain at high risk until this is delivered. The promoter will provide the IIB with an update following their submission for planning permission in November. No action required from the IIB
Gedling Access Road	The promoter has reported that the start date for commencement has slipped by 12 months due to delays in some land being purchased through a Compulsory Purchase Order. Nottinghamshire County Council have asked for the funding profile to change from £5.4m in 17/18 and £5.4m in 18/19 to £5.4m in 18/19 and £5.4m in 19/20.	The promoter will provide the IIB with an update in 6 months' time at the December IIB. No action required from the IIB
Infinity Park	This has been put at high risk due to output targets being missed	The promoter has been asked to provide a formal response. The IIB are asked to consider the promoters response.
Newark Southern Link Road	This has been put at high risk due to output targets being missed	The promoter has been asked to provide a formal response The IIB are asked to consider the promoters response.
Our City Our River	This has been put at high	The promoter has been

	risk due to output targets being missed	asked to provide a formal response The IIB are asked to consider the promoters response.
Nottinghamshire Broadband	This has been put at high risk due to output targets being missed	The promoter has been asked to provide a formal response The IIB are asked to consider the promoters response.
Seymour Link	This has been put at high risk due to output targets being missed	The promoter has been asked to provide a formal response. The IIB are asked to consider the promoters response
A46 Corridor (Phase 1 employment units)	This has been put at high risk due to output targets being missed	The promoter has been asked to provide a formal response. The IIB are asked to consider the promoters response.

LGF Project Update						
Project	Promoter	Stage 1	Stage 2	17/18 Grant	18/19 to 20/21	Total
Original Programme						
City Hub	New College Nottingham/Central College	Approved up to £5m in Sept 15	Expected March 2018	4,164,000.00	25,836,000.00	30,000,000.00
A61 Corridor-phase 2 onwards	Derbyshire County Council	Expected July 17	Expected September 17	4,800,000.00	7,500,000.00	12,300,000.00
A61 Whittington Moor roundabout	Derbyshire County Council	Expected July 17	Expected August 17	3,240,000.00		3,240,000.00
Gedling Access Road	Nottinghamshire County Council	Approved May 2015	Expected 18/19		10,800,000.00	10,800,000.00
A52 Wyvern	Derby City Council	Approved July 2016	Received July 17	2,000,000.00	3,220,000.00	6,720,000.00
Becketwell	Derby City Council	Expected October 2018	£4m pre compliance funding approved October 2016. Full Stage 2 expected October 2018	1,000,000.00		1,000,000.00
Derby City Cycling and Placemaking	Derby City Council	Approved July 15	Approved March 2017	868,000.00	782,000.00	1,650,000.00
A46 Corridor, Rushcliffe-phase 3&4	Rushcliffe BC	Approved March 2016	Expected October 2017	4,250,000.00		4,250,000.00
Ashbourne Airfield	Derbyshire Dales District Council	Submitted and Approved	Expected August /September 17	1,000,000.00		1,000,000.00
Midland Mainline	Network Rail/LLEP		Contract signed with LLEP and SCR 10th July 2017	5,000,000.00		5,000,000.00
				26,322,000.00	48,138,000.00	75,960,000.00
LGF 3						
Project	Promoter	Outline Business Case (C Final Submission		17/18 Grant	18/19 to 20/21	Total
Castleward	Derby City Council	TBC	TBC	265,000.00	1,235,000.00	1,500,000.00
Woodville-Swadlincote Regeneration	South Derbyshire District Council	TBC	TBC	1,600,000.00	4,800,000.00	6,400,000.00
Riverside Business Park	Litton Property Group	TBC	TBC			3,900,000.00
Foundry Park	Trust Utility Management	Working through info from EBC		3,444,000.00		3,444,000.00
Vesuvius	CEG	TBC	TBC			5,500,000.00
Sherwood Visitor Centre	RSPB	TBC	TBC	500,000.00		500,000.00
Sherwood Energy village	Coalfields Regeneration Trust Proper	Approved June 2017	Expected August 2017	500,000.00		500,000.00
Hs2 Strategic Sites	D2N2	Expected 2020/21			2,400,000.00	2,400,000.00
Silk Mill World Heritage Site	Derby City Council	TBC	TBC	448,000.00	3,202,000.00	3,650,000.00
Derby Performance Venue	Derby City Council	TBC	TBC	625,000.00	7,975,000.00	8,600,000.00
Southern Gateway	Nottingham City Council	TBC	TBC			15,000,000.00
Nottingham Castle	Nottingham City Council	TBC	TBC			5,000,000.00
N2 Town Centres	Nottinghamshire County Council	Expected September 2017	Expected October 17	1,000,000.00	6,625,000.00	7,625,000.00
NTU MITF Centre	Nottingham Trent University	Expected September 2017	Expected October 17	1,000,000.00	7,700,000.00	8,700,000.00
Rail Research and Innovation Centre	University Of Derby	TBC	TBC		900,000.00	900,000.00
Derby College Institute of Technology	Derby College	TBC	TBC			1,300,000.00
				9,382,000.00	34,837,000.00	74,919,000.00

The table below has been updated to include revised figures for the OCOR project, as follows:

	Quarter 4 2016/17				Cumulative (2015/16 and 2016/17)			
	Jobs		Homes		Jobs		Homes	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
Infinity Park	114	80	0	0	228	80	0	0
Newark Southern Link Rd	0	0	650	0	0	0	650	0
Our City Our River	275	64	68	0	381	170	196	128
Nottinghamshire Broadband	388	0	0	0	388	0	0	0
Seymour Link	200	3	0	0	200	3	0	0
A57/A60 Worksop	120	120	0	0	120	120	0	0
A46 Corridor	20	0	0	0	20	0	0	0
	1,117	267	718	0	1,337	373	846	128

The figures for the overall programme identify 28% of the jobs target has been met along with 15% of the housing target.

At the last IIB it was agreed that the Chair of the IIB would write to promoters requesting a written response detailing why the projects have been delayed.

Project	Explanation of delays	Formal Response received
Infinity Park	-further development slower than anticipated. -Market conditions due to Brexit	See appendix 1
Newark Southern Link Road	-Delays in design of the link road -delays in contracts with residential developers -delays in A1 roundabout	See appendix 1
Our City Our River	-delay to the construction of the stand-alone flood works in package 1 area	See appendix 1
Nottinghamshire Broadband	-Problems with data collection of jobs created has caused a delay in outputs being reported	See appendix 1
Seymour Link	-A delay in starting road construction -Delays in completing legal agreements with private sector	See appendix 1

	businesses	
A46 Corridor (Phase 1 Cotgrave Employment Units)	-Delays in completion of land transfer	See appendix 1

The Local Assurance Framework states that ***for projects reported as having delays (commencement/completion/outputs/outcomes) of more than 3 months, the IIB will write to the promoter requesting a written response detailing why the project is delayed. If the IIB are not satisfied with the response then the IIB can request that the funds are repaid to the LEP or decide not to release any future years funding.***

Recommendation

The IIB are asked to consider the responses received and :

1. Accept the responses and request an update in 3 months time

Or

2. Request further information and the promoter to present and answer questions at the next IIB in September.

Appendix 1: Infinity Park**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)****28 July 2017****Local Growth Fund Outputs – Infinity Park Derby****Background**

IPD is one of D2N2's flagship regeneration sites in a strategic location between the A50 and Rolls-Royce's global aerospace campus to the south of Derby. The site has the capacity to create 1.8m sq ft of employment floor space and 4,500 jobs and is recognised as a strategic priority in D2N2's Strategic Economic Plan (SEP).

LGF1 funding is delivering substantial on-site infrastructure to accelerate development, in addition to improving links to jobs for local communities and sustainable transport interventions. Derby City Council is responsible for delivering these infrastructure works; securing of investment and attraction of business occupiers to IPD is the responsibility of wider IPD partnership, which includes landowners, developers and the City Council.

The output commitments for this project include a forecast of job creation, calculated in line with anticipated development profiles.

Current position

When the LGF funding for this project was contracted in December 2015, the IPD partnership expected that development could be accelerated through the infrastructure works to begin creating jobs in 2016/17. As at end March 2017, the jobs created have been relating to construction of the main road into the site (9 jobs) and the success of the i-Hub centre in attracting small and medium enterprises (89 jobs). Further development on IPD has been slower in landing and the key factor in this is the market response to the UK's vote to leave the European Union, which developers and agents cite as a major brake on investment decisions.

We are still highly confident in the ability of this project to generate jobs – the strategic importance of IPD the commitment of the Council and developers remains high – but the profiling does require revision.

Mitigation

Whilst the delivery of jobs is ultimately dependent upon the market investing in development, there are a range of actions that the partnership is taking proactively to accelerate development and job creation. These include:

- Encouraging speculative development
- Consideration of direct investment by Derby City Council in c. 80,000sqft of workshops/offices
- Review of the marketing strategy /approach which could include identifying additional resources to source and progress investment enquiries

A presentation will be made to the IIB on 28th July to provide further detail and the basis for discussion:

For further information contact:

Catherine Williams, Head of Regeneration Projects, Derby City Council

Newark Southern Link Road

LOCAL GROWTH FUND UPDATE – NEWARK SOUTHERN LINK ROAD 14/7/17 NEWARK AND SHERWOOD DISTRICT COUNCIL

**LOCAL GROWTH FUND UPDATE – NEWARK SOUTHERN LINK ROAD
INFRASTRUCTURE INVESTMENT BOARD (IIB) 14TH July 2017
ANDREW MUTER, CHIEF EXECUTIVE,
NEWARK AND SHERWOOD DISTRICT COUNCIL LOCAL GROWTH FUND UPDATE – NEWARK SOUTHERN LINK
ROAD 14/7/17 NEWARK AND SHERWOOD DISTRICT COUNCIL**

Introduction

Following the receipt by the Infrastructure Investment Board of the quarterly returns relating to the Newark Southern Link Road, Newark and Sherwood District Council (NSDC), as Project Sponsor, has been invited to provide an update regarding progress and ability to achieve milestones for the Newark Southern Link Road (NSLR) project. Specifically, updates were requested for the following:

- To set out why the output target was missed
- To explain if the project is behind schedule why and what actions are being taken to mitigate these circumstances
- A proposal of how and when future outputs will be delivered

Background

The IIB will be aware that the NSLR and its ability to unlock housing, employment, and other associated development (including new schools, community facilities, local centre, and Country Parks) has been a long standing aspiration of delivering growth within both the District and Region. Phase 1 of the NSLR has been assisted via HCA loan. Phase 2 ¹ design work has been progressing (further details on delivery below), supported by LGF to date. The LEP will be aware that as Project Sponsor, NSDC has confirmed the spending of the first tranche of the LGF of £1m. Works have continued during 2016/17 to progress the detailed design and secure the technical approvals from the statutory authorities - Highways England, Nottinghamshire County Council, the Environment Agency.

Update

Following the granting of full planning permission for the NSLR and outline planning permission for the residential, community, and commercial land uses (originally in November 2011, as revised in January 2014) works commenced on site in delivering Phase 1 of the NSLR. Phase 1 (save for the roundabout connecting the NSLR with the B6326 Great North Road) is now open to traffic.

The first housebuilder (Avant Homes) has completed the Planning process and has now commenced construction of the first houses. House building was expected to commence during Q2 of 2016/17, however the report in Sept 16 identified this as being Q4 2016/17. Therefore this delay will have an impact on house sales, which should now commence in Q4 2017/18 as opposed to Q1 2017/18.

Contracts are due to be exchanged shortly with a second housebuilder on a further parcel in the first phase of the development. It is anticipated that this will complete in the next few months with start on site scheduled for November 2017. The arrangement with the second housebuilder has taken some considerable time to agree, although the extensive archaeological investigations currently ongoing on site would have prevented an earlier start, in any event.

Urban & Civic is currently considering bringing forward another housing parcel for c.100 homes to accelerate housing delivery further.

NSDC, as project sponsor, working with Urban & Civic has adjusted the milestones to reflect this change.

It is anticipated that HE sign-off will be achieved in the next four weeks.

¹ Phase 2 in LEP terms is the remainder of the SLR and is made up of phases 2 and 3 of the NSLR planning permission (the planning consent refers to Phase 1 – A1/B6326 to Bowbridge Road, Phase 2 – A46 to Hawton Road; and Phase 3 – the middle section connecting phases 1 and 2)

The factors that led to a need to amend to the milestones are:

- ❖ Delays relating to design of the link road; Nottinghamshire County Council have signed-off the design but we are waiting for Highways England who have to sign-off the design of the connection into the A46. The HE have been working with U&C throughout all of this process. There has been no delay in exchange of information when requested.
- ❖ Delays relating to sales the issue have been in completing contractual terms and dealing with reserved matters in the planning consent. Avant Homes are now on-site and first legal completions of house sales will be in around 6 months' time. A further housebuilder is about to be signed up under contract with an additional parcel now under detailed consideration. Significant delays have been caused by additional work in dealing with the archaeology on site.
- ❖ The issue of first businesses on site is tied to the design of the A1 roundabout. A deal in principle has been reached between NSDC, U&C, and NCC to resolve this situation but it is expected that this milestone may be delayed. However, further narrative will be provided when the situation has progressed further.

Actions taken to mitigate the milestone delays

- ❖ A contract has been agreed with Avant Homes who have been permitted to start on site ahead of the contract sales will commence within the 17/18 financial year
- ❖ Regular communication between all stakeholders is taking place
- ❖ An additional housing parcel is being brought forward by U&C

How and when will future outputs will be delivered

- ❖ Avant homes are on site and the outputs in terms of legal completions will be achieved by Q4 17/18 (Jan – March 2018)
- ❖ Design process sign off – we await a response from HE and then this milestone will be achieved. Although we are not in control of the process we anticipate the HE will sign-off in Q2 (June - August 2017)

For the avoidance of doubt, as is set out on the attached programme update (which cross references to the milestones within the Local Assurance Framework),

The level of spend by the end of 2016/17 has always been focussed on design costs (see LAF milestones within Schedules 3 and 5 of the LGF Grant Confirmation Document (18th December 2015) and confirmation at page 3 of this document that “The 15/16 element of LGF is towards phase 1 and the design of phase 2”). Notwithstanding this NSDC is committed to working with the D2N2 LEP and IIB to demonstrate capital spend on the project by the end of this current financial year as required. This is explained in the LGF Spend section below.

Delivery

The Land South of Newark development is being delivered by Urban & Civic plc (U&C), including the NLSR which is being delivered ‘up-front’. The U&C team comprises:

Richard Coppell, Development Director

Richard Hepworth, Director of Project Management

Matt Croft, Project Manager Newark South

Tom Baker, Assistant Development Manager

Johanne Thomas, Communications, Communities & Partnerships

NSDC, as Project Sponsor and Local Planning Authority, continue to work with the above U&C team in terms of planning, monitoring and managing the project and release and receipting of monies. Members of the NSDC project team, in addition to my role as CEO, are detailed below:

Nicola Pickavance, Financial Services (Acting s151 Officer)
Jenna Norton, Accountant, Financial Services
Julie Reader-Sullivan, Business Manager, Business Manager, Economic Growth
Matt Lamb, Business Manager, Development and Regeneration
Martin Russell, Assistant Business Manager, Development and Regeneration

As detailed above Phase 1 NSLR has been delivered and the first housebuilder in the form of Avant is on site and has commenced house building. U&C themselves are currently incurring additional capital expenditure, providing further infrastructure in the form of secondary highway routes off the NSLR, drainage and Green Infrastructure associated with each phase of development. To this end U&C have finalised internal road layouts with Nottinghamshire County Council and have recently submitted details to the LPA of Green Infrastructure to accompany the first phase of development. This will be implemented by U&C alongside the Avant Homes build out.

Challenges and Risk Mitigation

The D2N2 LEP will be aware that the provision and now escalation of the full NSLR represents a significant up-front cost to be absorbed by the development and ultimately U&C.

The Phase 1 works of the NSLR were contracted with Buckingham last year in the sum of £11.4m. Various design revisions requested by either the Highway Authorities or the Environment Agency have impacted on overall costs. It is expected that the final cost of Phase 1 will be clear in the first period following its completion.

Discussions with the highway authorities and other agencies (including the EA) have continued for Phase 2. This too has led to design revisions, which have cost implications. Detail on the design implications has been provided by separate cover previously to Highways England (attached email 1) linked to the Growth Housing Fund bid, which I am aware the LEP is co-ordinating.

The first land parcels were presented to market in January this year by U&C, via Savills. Interest was shown by a number of parties, albeit final offers were below what was envisaged. A deal has been struck with Avant, as detailed above, which with other discussions with further housebuilders will assist in delivery and market confidence.

NSDC, as Project Sponsor for the LGF continue to work with U&C to manage risk by addressing cash-flow issues. This will comprise the following main elements in order to ensure that the key milestones set out remain achievable.

- ❖ Working with the HCA to renegotiating the terms of the £11.2 million loan such that receipts can be re-invested in the scheme rather than repaid in full direct to the HCA up front. The HCA have confirmed that the approach would require an extension of the term of the loan facility.

- ❖ Working with Highways England (HE) to progress the Growth Housing Fund grant application. HE colleagues have confirmed that the scheme has progressed to the next stage and have recently suggested to the LEP that they work directly with NSDC as promotor to discuss any matters of detail.

- ❖ Re-negotiation of the S106 package which accompanies the planning application, not in terms of quantum of obligations but rather in terms of timing and composition (e.g. the likely emergence of starter homes).

- ❖ Progression of design to 'Permission in Principle' and 'Technical Approval' (full s278/38 Agreements executed), including discussion on the completion of the road at the eastern end in the form of the B6326/A1 roundabout.

- ❖ Consideration of further measures to improve the overall deliverability of the scheme including progression of a grant application to the Housing Infrastructure Fund.

NSDC, as Project Sponsor and funding promotor, has not as yet released the £6m grant to U&C as release is against agreed milestones towards completion of the road, with the majority held back until a contract to construct the full NSLR had been let.

LGF Spend

NSDC has demonstrated spend on the first tranche of the LGF for 2015/16 to the value of the £1m committed grant.

With respect to grant for 2016/17 (£6m), NSDC is confident, as detailed above, that the already agreed milestones within the Local Assurance Framework to year end will be met. Design work and its associated costs have progressed to date and will continue to do so. Spend on Phase 2 to year end will, of course, be receipted and audited in accordance with LEP requirements.

Total spend for 16/17 relating to Land South was 25,934,112.00 and for NSLR Phase 1 £21,463,984.00. NSDC can therefore provide evidence of additional capital spend within the current year on Phase 1 of the NSLR beyond the £11.2m HCA loan so that the LEP has evidence of all capital received by the end of 2016/17.

Conclusion

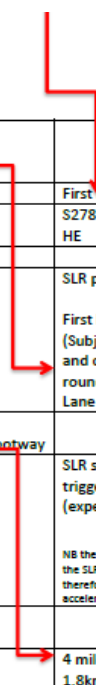
NSDC and U&C remain committed to the project and to mitigating ongoing challenges, which are likely to arise on a scheme of this size and complexity. NSDC is on course to meet agreed milestones already in the Local Assurance Framework by the end of 2016/17, as was always the intention. Full capital spend of all the LGF by the end of 2016/17 can be achieved through a claim for spending on all Phase 2 works to date and additional spend for any shortfall on Phase 1 (i.e. claiming for spending beyond £11.2 m to avoid double-funding). This would resolve the concern about spending the LGF Grant and would mean that NSDC can commit to evidencing and claiming the LGF funding in the current year. Grant drawn down will only be released by the promoter to U&C when agreed milestones are completed, including letting a contract for the build of the remainder of the NSLR.

Andrew Muter

Chief Executive

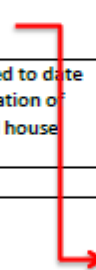
Newark & Sherwood District Council

DATES	LGF SCHEDULE 3 MILESTONES	LGF SCHEDULE 5 MILESTONES	PROPOSED MILESTONES
2015/16			
Q1			
Q2			
Q3			
Q4		Traffic assessment, structures, design and topographical and ecological surveys completed	Completed on time
2016/17			
Q1			
Q2		Housebuilder start on site	Reserved Matters planning application submitted by Avant Homes
Q3			Housebuilder start on site
Q4	650 homes unlocked	RIBA stage F achieved [NB. RIBA Stage F does not relate to highway projects. Equivalent is technical approval]	Expected to meet this, subject to approval from Highways England (HE) and Nottinghamshire County Council (NCC)
2017/18			NSDC Draw down remaining LGF of £6m
Q1		First house sales	First house sales
Q2			Housebuilder start on site RIBA stage F achieved



Q3		First businesses on site (linked to NCC issues with B3626/A1 roundabout)	
Q4	1000 homes unlocked		First house sales
2018/19			S278 & s38 Approval from NCC and HE
Q1			
Q2			
Q3			SLR procurement First businesses on site (Subject to resolution of funding and construction of B3626/A1 roundabout, inc. works to Staple Lane and commercial site)
Q4	800 homes unlocked	4 miles of newly built road 1.8km of new shared use footway	
2019/20			SLR starts on site ¹ (or long stop trigger of completion of 350 units (expected 2019). NB the planning permission requires a start on the SLR prior to the occupation of the 700 th unit, therefore this milestones still significantly accelerates infrastructure delivery
Q1			
Q2			
Q3		New junctions complete Toucan crossing complete	4 miles of newly built road 1.8km of new shared use footway

¹ SLR has 18 months construction programme (for phases 2 and 3). The A1 roundabout can be absorbed within this wider contract or contracted separately once resolved.



Q4	Southern Link Road complete 50 ha of employment land access complete 1000 jobs delivered	Southern Link Road complete	
2020/21	800 homes unlocked	Analysis of jobs created to date and continuing occupation of employment land and house sales	
Q1			
Q2			
Q3			Southern Link Road complete, including access for 50ha of employment land 1000 jobs delivered
Q4	2118 jobs delivered		2118 jobs delivered

Our City Our River**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)****28 July 2017****Local Growth Fund Outputs – Our City Our River (OCOR) Derby****Background**

Our City Our River (OCOR) is Derby's major flood alleviation and regeneration project for the River Derwent through the city. The development of the OCOR Masterplan and Business Case was lead by the Environment Agency (EA), with Derby City now taking the lead role due to the project being more than a standard EA flood alleviation project.

LGF1 funding is supporting the delivery of essential enhanced flood risk protection significantly to brownfield sites along the river corridor, unlocking them for regeneration for housing and employment opportunities. The OCOR project also provides significant other benefits; protection of key transport infrastructure & heritage assets plus additional environmental and biodiversity enhancements, all to improve the experience and connectivity of Derby with the river Derwent. Whilst OCOR is not directly a job creation and housing delivery project, the benefits of the investment are measured by the achievement of outputs predominately delivered by 3rd parties.

The output commitments for this project include job and home creation, property protection and environmental, cycling infrastructure, calculated in line with anticipated development and delivery profiles set out in the original EA Masterplan and Business Case.

Current position

OCOR is a complex project. The hybrid planning application for the full scheme gained consent some months later than anticipated which impacted upon the commencement of the project in earnest. The current phase of works are focused upon the stand alone defences in the Package 1 area of the project which covers the path of the Derwent from just north of the World Heritage Site Silk Mill upstream to the City boundary, just south of the A38 island at Little Eaton. The output achievement profile was based upon an ambitious delivery profile generated by the EA and which was predicated on the myriad of issues facing the project being resolved more speedily than has proved to be the case.

We are confident that the OCOR project is able to deliver the anticipated benefits and outputs albeit later than forecast but we recognise that the profiling does need revision.

The delay to the achievement of outputs for both housing and jobs so far is simply because of the delay to the construction of the stand alone flood works in package 1 area. Developer investment confidence due to economic factors has also played a part. The brownfield sites profiled to achieve these outputs in this package are now being built out or measures to assist development have been implemented.

Mitigation

Whilst the delivery of jobs and homes is ultimately dependent upon the market investment in regeneration, there are a number of measures OCOR is taking to address the current delay. These include:

- DCC purchase of stalled brownfield site(s) to achieve firm delivery of flood alleviation measures and facilitate regeneration and development
- Effective engagement and pre-application support for 3rd party planning applications.

- Ongoing review of the delivery strategy for OCOR to value engineer flood alleviation measures and continued dialogue with employers and land owners to provide certainty and assurance where possible

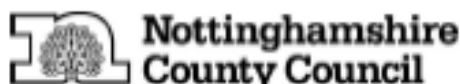
Sarah Banks

Derby City Council

Nottinghamshire Broadband

This matter is being dealt with by:
Phil Berrill

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E phil.berrill@nottscc.gov.uk
W nottinghamshire.gov.uk



Tom Goshawk
D2N2 LEP
Commerce House
8 Experian Way
ng2 Business Park
Nottingham
NG2 1EP

Dear Tom

19 July 2017

Local Growth Fund High Risk (Outputs) - Nottinghamshire Broadband

On 6th July 2017, Councillor Barry Lewis, Chair of the D2N2 Infrastructure and Investment Board wrote to me detailing the Board's concerns about a number of projects missing their end of year 2016/17 output targets and the possibility of a clawback process being deployed. The letter requested a written response is submitted to you regarding Nottinghamshire Broadband.

I can confirm that the Better Broadband for Nottinghamshire Programme is very much on schedule. Local Growth Funds formed an integral part of the wider funding package of the programme which the Council was dependent on in order to deliver superfast broadband to the residents and businesses of Nottinghamshire.

An update for each of the three outputs attributed to the Local Growth Funds is provided as follows:

Output	Position as at 19 th July 2017	RAG Status Rating
A minimum of 6,250 SME premises with access to superfast broadband	Has already been surpassed and continues to grow	GREEN
80,000 premises connected to fibre broadband by March 2018	So far, the programme has delivered superfast broadband to over 74,000 premises and is on target to reach the second output	GREEN
A minimum of 388 FTE jobs created	Whilst currently behind profile, this output will be met and is likely to be exceeded	AMBER

Nottinghamshire County Council is developing a strategy for capturing output data for jobs created. The original plan was to survey all business in Nottinghamshire to capture evidence relating to the output (job creation) and the results. However, we have acknowledged that the survey and declaration form produced is too complicated and burdensome for the businesses to complete.

We propose two remedies to address the issue of the delay in the jobs created output reporting.

- Firstly, we have revised our survey for the businesses and will relaunch a county wide survey of relevant businesses. The first results from this survey will be available by Quarter 2 and will be reported back to the Derbyshire County Council as part of the Quarter 3 claim process.
- Secondly, we have commissioned a socio-economic report focusing on the economic benefits that Broadband Infrastructure deployment delivers. A key deliverable of this study will be robust

Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP

evidence of 'jobs created'. This study is being undertaken in conjunction with Digital Derbyshire who face the same challenge of gathering evidence to support their job creation output.

Nottinghamshire has huge economic potential and it is more important than ever that the Council and its partners build on the county's strengths. Nottinghamshire County Council has a proven record of delivery, having performed exceptionally well with the superfast rollout. This has placed the county within the top three most digitally connected counties in the UK. I have every confidence that the actions outlined above to mitigate the delay in claiming the jobs created output will be fruitful and would therefore urge the Board to not ask for repayment of the funds already paid and to continue, as planned, in releasing future funding.

I am unable to attend the Infrastructure Investment Board on 28th July but have arranged for Nicola McCoy-Brown, one of the Council's senior level managers within the Economic Growth and Investment team (and former Broadband Programme Manager) to attend to answer any questions members of the Board may have.

Yours sincerely



ADRIAN SMITH
Corporate Director, Place
Nottinghamshire County Council

Seymour Link**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)****18 JULY 2017****SEYMOUR LINK – LOCAL GROWTH FUND UPDATE****Purpose**

To update Board members on progress made on delivery of outputs targets for the Seymour Link Local Growth Fund project.

Background

D2N2 funding was committed to Seymour Link on 20th October 2015. Construction work started on site in Q3 2015/16 and with practical completion of the Seymour Link road achieved in November 2016, slightly later than originally programmed.

The outputs for Seymour Link LGF projects were to deliver 200 jobs by end of Q4 2016/17. We also forecasted project outputs to include additional 32,800 sqm of new floor space created and £49m investment by 2018.

Update/current position

Given the delay in starting road construction, excellent progress has been made in delivering against the original output targets.

Construction of the first building on site was completed in Q4 2016/17 and is in the fit out stage and the construction of a 2nd and 3rd building has begun which will deliver the floor-space output target by April 2018. The nature of the businesses being attracted to Markham Vale are resulting in the fit out works being more complex (and therefore take longer to complete) than originally anticipated which impacts on the recruitment of the main body of workforce resulting in the job output numbers being slightly behind schedule;

however the total predicted numbers of 1235 will still be achieved. The current position and the progress taken towards achieving the required outputs is set out below:

- Construction of Ferdinand Bilstein unit (20,900 sqm) on Plot 14 began 3 May 2016 with a private sector investment of approximately £18m. Fit out and commissioning are nearing completion with approximately £12m of further spend. The business is due to begin operations from Markham Vale in September 2017 initially creating 150 jobs but with expansion opportunity for up to 250 further jobs in future years. A management team has been appointed comprising 5 members of staff. The company has announced plans for a huge recruitment open day in mid-September as part of their recruitment drive, allowing people from the local area to have a first look at the new building and facilities. This is an opportunity for those interested in working for the company to see what their day to day environment will look like.
- Construction of Great Bear 2 unit (44,570 sqm) on Plot 13 began on 16th January 2017 with a target private sector investment of just over £22m with completion by October 2017. Fit-out works will start thereafter. On completion of these works the recruitment of up to 400 jobs will commence, most likely during 2018/19.
- Construction of the Gist unit (8,431 sqm) on Plot 16 began 20th March 2017 with a target cost of £4.875m with completion by September 2017. Fit-out works will start thereafter, albeit the owners have extended the scope of their fit-out requirements and a revised programme date has not yet been confirmed. On completion, the current programme predicts that recruitment to 200 planned vacancies will commence during 2018.
- A further (un-published) deal is due to be legally completed imminently on Plot 13 with construction planned to start in early August 2017 and to be completed 6 months later in 2018. This high-tech company will be installing state-of-the-art technology during the fit-out stage which is likely to be completed by the end of 2018 but with a further testing and commissioning phase to follow. Recruitment to the 35 vacancies is therefore anticipated to start late 2018.
- One further enquiry is at the preliminary stage.

Final position

We expect to achieve all the output targets for the Seymour link project as follows:

- capital spend on project achieved on time and budget.
- additional new floorspace of 20,900 sqm achieved by Q4 2016/17. Additional 53,000 sq m of new floorspace under construction.
- £56m investment achieved thus far with investment target exceed significantly by end of 2017/18.
- contracted 200 jobs output to be delivered by mid-2018/19 but with a total 600 jobs to be create by end Q4 2018/19. It is proving difficult to collect the data on a quarterly basis as businesses are proving reluctant to provide the information as frequently as initially required – the re-profiled figures are therefore reported on an annual basis following the completion of the Annual Jobs Survey across the whole of Markham Vale. The job outputs are re-profiled below showing when the agreed outputs are expected to be achieved

Job Numbers		Year	Period
5		2016-17	Q4
140		2017-18	Q4
455		2018-19	Q4
415		2019-20	Q4
220		2020-21	Q4
1235			

For further information please contact: Nawaz Khan Ext 38481 / Chris Beech Ext 35418 / Peter Storey Ext 35417

A46 Corridor-Phase 1 Cotgrave Employment Units

When telephoning, please ask for : Kath Marriott
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Our Reference :
Your Reference :
Date : 11 July 2017

Councillor Barry Lewis
Leader of the Council
County Hall
Matlock
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DE4 3AG

Dear Councillor Lewis

Re Local Growth Fund Outputs – A46 Corridor (Phase 1 Cotgrave Employment Units)

I am writing in response to your letter dated 6 July 2017 requesting details regarding outputs relating to the project which have not been achieved.

The target for the number of direct jobs created as part of the employment land project was originally profiled to be 20 by the end of quarter four of 2016/17, however at the time the final business case was produced the employment units were due for completion in May 2017, meaning the original forecast has been delayed (and indeed could not have been met).

Subsequently there was a slight delay to the start on site of the employment units due to finalising the land transfer from the HCA to the Council. The units are now on track to be completed in August 2017 and therefore a request has been submitted to move the output originally assigned to quarter 4 of 2016/17 to quarter 3 of 2017/18. Seven of the units have already been pre-let and we are confident of achieving the 46 direct jobs projected by the end of quarter 4 2017/18.

The housing on Hollygate Park is being delivered much faster than originally projected and it is anticipated the associated outputs will be delivered much earlier than forecast.

I hope this explanation is satisfactory and provides clarification of the position. I am unable to attend the meeting on the 28th July as I have another commitment but I can ask a colleague to attend if required.

Yours sincerely,



Kath Marriott
Executive Manager Operations and Transformation.



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