

## HOTSW Investment Programmes

### Highlight Report No 41 – SIP 4<sup>th</sup> September 2018

#### **Reporting period**

July/August 2018

#### **Summary Comments**

The GD2 business case for Exeter Science Park Open Innovation Building was approved at the July SIP meeting, subject to conditions.

The August SIP meeting was cancelled due to a lack of papers.

The Q4 dashboard was submitted to MHCLG by the 20<sup>th</sup> July deadline and work will be starting in early September on the Q1 18/19 outputs reporting for the next deadline and SIP sign off in October.

The work on the assurance framework has been slightly delayed regarding the requirements of the LEP Review. A paper is to be considered by F&R committee.

During July we will be doing a further follow up on the GD3 business cases, particularly those which were due to be submitted for appraisal in June/July and this has fed into the updated expenditure profiles sheet attached, which also reflects Q1 18/19 claims. Expenditure now at £90.51m including Growth Hub/ revenue projects.

#### **Growth Deals**

##### **Business cases and funding agreements**

All GD1 business cases are approved or partially approved – with 3 remaining to finalise information for funding agreement. See table below for details of outstanding actions.

All GD2 business cases are now approved – 15 in total, including 8 in Unlocking Growth Fund. There are also agreements in place for the 3 Growth Hub/Hinkley business support projects which have been delivering for some time.

3 GD3 business cases are approved - South Devon College, Huntspill and Constructing Futures, plus 2 GD3 transport projects with Programme Entry approval – Huntspill Energy Park and Plymouth Central Station.

11 GD2 agreements (plus the 3 Revenue projects) are signed with others in progress/near signing. 2 GD3 funding agreements are signed.

Outstanding GD1, GD2 and GD3 funding agreements are as follows:

<b>Project</b>	<b>Funding Agreement Status</b>
<b>GD1</b>	
Bideford – Heywood Road Junction	Programme entry for Phase 1 agreed at June LTB so will move to funding agreement
Plymouth Charles Cross	Business case has programme entry approval.

	Funding agreement in development – awaiting schedules.
4G Mobile	First stage business case approved. Funding agreement to be developed. Updated business case due at October SIP.
<b>GD2</b>	
EPIC	Drafting now complete, most conditions met. Awaiting letter regarding funding gap.
Unlocking Growth Fund	All allocated to 8 approved projects. 6 signed, 2 in development –Caddsdow, Claylands.
Exeter Science Park – Open innovation building	Business case approved, funding agreement in development.
<b>GD3</b>	
Somerset Innovation Centre Phase 3	Pre-business case approval
CDS Phase 3 and Mobile	Pre-business case approval
iAero (South) Centre	Business case submitted for appraisal.
Blue Screen ICT	Pre-business case approval
Houghton Barton Package	Pre-business case approval
Taunton Toneway	Pre-business case approval
Huntspill Energy Park	Business case programme entry approval March 2018 LTB.
Plymouth Central Station	Business case Programme Entry approval – LTB Dec 2017
North Devon Innovation Centre	Business case in appraisal for approval September SIP

## Delivery

20 projects have completed spending their Growth Deal funding, including: Exeter Science Park GD1, Bicton HPTA, Plymouth College STEM centre, Somerset College ACE, Derriford Hospital, Huntworth Roundabout, A379 Junction, Bridge Road, Torquay Town Centre Access, Deep Lane, Roundswell, Bridgwater College Hinkley skills capital, Bicton HPTA, South Devon HPTA, Petroc HPTA, Exeter College HPTA, Yeovil College HPTA, Plymouth Science Park, UGF-Highbridge, UGF-Yeovil, and Youth Construction Skills.

Monitoring will continue as per the projects' Monitoring and Evaluation Plans.

## Programme Overview

	Comment	RAG
<b>Timescale</b>	Programme is live. Business case approval is complete for all but 3 GD1 and 1 GD2 projects. Business cases in development/appraisal for 8 GD3 projects, 3 approved.	<b>A</b>
<b>Scope and objectives</b>	Programme is within the scope and objectives agreed by LEP Board and government	<b>G</b>
<b>Budget</b>	Currently headroom from GD1 transport projects has been reallocated to topslice, overprogramming and a new GD3 project. Potential for further funds to be reallocated as overprogramming situation resolves.	<b>G</b>

## Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	44 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	1 project received approval this month. Others ongoing	Ongoing
Claims paid	Claims paid to end Q1 18/19 total cumulative spend of approx £90m including Growth Hub/Rev GD2 projects.	Quarterly
Monitoring and Evaluation	Outputs evidence complete for SIP/Board approval prior to submission to DCLG. Letter out from CEX to non-compliant projects. Letter out to all projects regarding monitoring and publicity requirements.	20th July 2018

## Other activities in next period Q2 18/19

Activity	Comment	Completion Date
Funding agreements to be finalised	In progress	Ongoing
Management of Expenditure	Regular meetings planned to review expenditure profile within SCC. PMO to continue with forecasting role with Q1 18/19 for review at September SIP.	September SIP and ongoing
Monitoring and Evaluation	Begin data collection process for Q1 18/19 reporting for October deadline	20 October 2018

## Critical risks and issues

Risk/issue	Management /Mitigation	Owner
Business case reviews show some projects cannot proceed on programme leading to slippage and underspend	Medium Risk. SIP, Leadership Groups and LTB to manage slippage across their portfolio of projects. UGF identified as means to utilise any underspend going forward.	SIP/Leadership Groups /LTB/ PMO
Reprofile of LGF budget to meet government requirements for annual spend causes delivery delays for some projects.	Low risk. SIP has discussed options for managing this with activities identified, leading to future Board decision as/when necessary.	SIP/LEP Leadership Groups/LTB/PMO

## Budget summary

From Government funding of £197.83m available (not including Forder Valley Link Road) £196.07 + £1.85m has been allocated by the LEP to projects + topslice giving -£0.08m of headroom. However, this is subject to change as Tiverton EUE completes, Jn 25 M5 finalises costs. There is also potential underspend from completed projects spending slightly under budget.

**18/19 Q1 data and forecasts** – see detailed expenditure profile sheet attached for more information

This now incorporates finals from 17/18 including resolution of accruals and Q1 actuals for 18/19. The total spend for 17/18 ended higher than reported at £30.77m. Overall slippage has meant previous spend forecast for 18/19 has reduced by around £4m with this split to show increases of around £2m each year for 19/20 and 20/21. Some forecasting has been estimated by PMO where detailed project information is not available and this is indicated on the detail sheet.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Forecast spend £m (GD1)	20.92	29.88	23.38	18.75	12.86	4.5	<b>110.29</b>
Forecast spend £m (GD2)	0	0.89	6.0	15.46	15.96	1.75	<b>40.06</b>
Forecast Spend £m (GD3)	0	0	0.99	15.44	18.93	10.37	<b>45.72 (including reallocation of £2.15m from GD1)</b>
<b>Forecast spend £m TOTAL</b>	<b>20.92</b>	<b>30.77</b>	<b>30.38</b>	<b>49.64</b>	<b>47.75</b>	<b>16.61</b>	<b>£196.07m (not including headroom/project mgmt. allocation of £1.77m)</b>

## Growing Places Fund

### Programme Summary

**DC Homes** –16 claims now paid – this is the last claim for GPF funding but progress claims will continue to be received until project completion.

Progressing on site - Opening further delayed but progress photographs positive and planned to now open in November 2018. Further to approvals, Sedgemoor Loan Agreement and Deed of Priorities to protect LEP first charge nearly in place for funding of additional rooms. All further Collateral Warranties now received for review and signing. Potential need to vary funding agreement to accommodate additional funding – has been agreed with legal that this is not necessary as additional funding for additional rooms.

**Broadband** – no update-GPF funding agreement signed Dec 2016 and project mobilisation has begun.

**South Yard/Oceansgate** - GPF agreement has been further developed following review by PCC lawyers and SIP decision regarding MOD first charge. DCC/Ashfords review meeting held and amends fed back to PCC. Awaiting next version and project attachments to enable finalisation.

Other projects are on track or complete.

**Other projects** Future reports to include update on the 3 skills schemes – Digital Skills Partnership, L&W Career Learning Pilot and the Careers Hub (which includes the Enterprise Advisor Network).

**CONFIDENTIAL ATTACHMENTS:**

**Attachment 1 – Investment Programme Summary**

**Attachment 2 – Amber project reviews**

**Attachment 3 – Q1 18/19 Summary and detailed expenditure profile**

**LEP PMO 23/08/2018**