

HOTSW Investment Programmes

Highlight Report No 45 – SIP 8th January 2019

Reporting period

December 2018

Summary Comments

No SIP meeting took place in December due to a lack of decisions required. Update papers were circulated by email.

At the December LTB the programme entry business case for Houghton Barton was approved. Final approval was also given for Torbay Western Corridor, Taunton Station and Jn25 M5. The LTB also endorsed the move of £0.5m from Yeovil Western Corridor to Jn25 M5 project, subject to approval by SIP and LEP Board in January. There was also a change of applicant for the Huntspill scheme to “Gravity” which requires a review by Accountable Body/SIP.

The dashboard evidence capture activity for Q3 18/19 outputs and expenditure has begun with projects contacted for outputs data by mid-January, to be submitted to MHCLG by 20th January with Q3 claims updates.

December activities also included preparing for the Annual Performance Review taking place in early January 2019.

Q3 claims are being processed before the Christmas break. Expenditure totals and profile will be updated for the February SIP meeting.

Growth Deals

Business cases and funding agreements

All GD1 business cases are approved or partially approved – with 2 remaining to finalise 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. 4 GD2 funding agreements are yet to be completed.

8 GD3 business cases are now approved - 4 GD3 business cases approved by SIP - South Devon College, North Devon Enterprise Centre, iAero and Constructing Futures, plus 4 GD3 transport projects with Programme Entry approval – Huntspill Energy Park, Toneway, Houghton Barton and Plymouth Central Station. 3 GD business cases yet to be approved.

2 GD3 funding agreements are signed.

There are now 14 outstanding GD1, GD2 and GD3 funding agreements, as follows:

Project	Funding Agreement Status
GD1	
Bideford – Heywood Road Junction	Programme entry for Phase 1 agreed at June 2018 LTB so will move to funding agreement
4G Mobile	First stage business case approved. Updated business case presented at November 2018 SIP – decision deferred to January 2019 Board meeting.
GD2	
EPIC	Drafting now complete, most conditions met. Funding gap letter received.
Unlocking Growth Fund	All allocated to 8 approved projects. 6 signed, 2 in development –Caddsdwn, Claylands.
Exeter Science Park – Open innovation building	In signing process
GD3	
Somerset Innovation Centre Phase 3	Pre-business case approval
CDS Phase 3 and Mobile	Pre-business case approval
iAero (South) Centre	Business case approved at November 2018 SIP.
Blue Screen ICT	Business case due for appraisal end November 2018 – expected to come to February SIP meeting
Houghton Barton Package	Programme Entry approval at December 2018 LTB
Taunton Toneway	Programme Entry approval at October 2018 LTB.
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 approval September 27 th SIP.

Delivery

23 projects have now completed spending their Growth Deal funding, including: Exeter Science Park GD1, Exeter Science Park Grow Ons, 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, Oceansgate and Youth Construction Skills.

A number of variation requests have been notified or been submitted for theme lead consideration and review by future SIPs as required. This includes Wells and Wiveliscombe Enterprise Centres, CDS and Flood Action Plan. Business theme lead also chasing for Caddsdwn Blue funding agreement to be completed – state aid calculator needed. DCC provided support. This is in addition to Somerset CC transport variation request to move funding between projects coming to January SIP.

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

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 2 GD1 and 3 GD3 projects.	A
Scope and objectives	Programme is within the scope and objectives agreed by LEP Board and government	G
Budget	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.	G

Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	45 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 Q2 18/19 total cumulative spend of approx £97m including Growth Hub/Rev GD2 projects.	Quarterly
Programme Management	PMO, AB and theme leads meeting	11 th December 2018
Monitoring and Evaluation	Dashboard and outputs submitted to government	23 rd November 2018
Monitoring and Evaluation	Complete preparation work for Annual performance review on 9 th Jan 2019	21 st December 2018

Other activities in next period Q4 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.	Ongoing
Monitoring and Evaluation	Complete reporting cycle for Q3 report to MHCLG.	Feb 2019

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 – no update

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 and Jn 25 M5 finalises costs. There is also potential underspend from completed projects spending slightly under budget.

18/19 Q2 data and forecast – no update.

Note: table adjusted to reflect minor adjustments by SCC for previous years (mainly due to accruals). This reflects forecast tabled at November SIP meeting.

Key points: A slip of GD2 spend into 20/21 – around £5m v's Q1 18/19 profile, mainly coming from 18/19. A slip of GD3 spend from 18/19 - £2m approx to 19/20 and £1m approx. to 20/21. In total £7.4m has slipped from 18/19 to later years, of which £1.3m is in 19/20 and £6.1m in 20/21.

	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	23.33	18.96	12.89	4.3	110.28
Forecast spend £m (GD2)	0	1.01	6.0	11.37	15.183	6.49	40.05
Forecast Spend £m (GD3)	0	0	0.99	11.93	20.94	11.87	45.72 (including reallocation of £2.15m from GD1)
Forecast spend £m TOTAL	20.92	30.89	30.32	42.26	47.75	22.66	£196.05m (not including headroom/project mgmt. allocation of £1.78m)

Growing Places Fund

Programme Summary

DC Homes –no update - 16 claims now paid – this is the last claim for GPF funding but progress claims will continue to be received until project completion. Opening event held early November.

All further Collateral Warranties now received for review and signing.

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

South Yard/Oceansgate – no update - 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. PCC have provided further data/attachments and finalisation in progress with some minor questions only outstanding.

Other GPF projects are in repayment or complete.

Other projects

Careers Hub

HotSW Careers Hub and Enterprise Advisor Network (EAN) is now fully operational. Match funding for the programme has now been confirmed enabling the grant funding agreement to be signed by DCC County Treasurer and returned to Careers & Enterprise Company. The launch event is being held 17th January at Sandy Park. The SEND Enterprise Coordinator vacancy, supporting special provision schools in Somerset & North Devon, has been filled. The Careers Hub team met with 54 schools/colleges during October/November to establish relationships and to complete or prepare for Compass audit. In line with the HotSW bid, 40 schools/colleges have been identified and confirmed as Hub Schools. The first meeting of the governance group, HotSW Careers Hub & EAN Steering Group, was held on 7th December, chaired by Stephen Criddle, and ToR formally adopted.

Digital Skills Partnership

The Heart of the South West Digital Skills Partnership has recently recruited Charlotte Collyer as its Digital Skills Partnership Manager, funded by DCMS. This is a brand new role which will help drive forward a range of digital skills activity and help us to create a step change in both the knowledge and palette of digital skills provision and activity available to people, businesses and other organisations in the Heart of the South West. Charlotte has a host of relevant public; private and third sector experience and joined the team on 19th of November, employed by Devon County Council on behalf of the LEP.

In addition we have been busy with a range of activity, including finalising mapping and gapping research into digital skills needs and provision across our area, led by the University of Exeter – a session was held at the last DSP meeting on 3rd Oct to help finalise the report; working up a potential bid to the Digital Skills Innovation Fund - submitted in Oct, with Government subsequently requesting a refined bid from HotSW; and also working with private sector partners in our area on potential Cyber Skills Immediate Impact Fund pitches (bids required from companies rather than LEP) – private sector attendees from HotSW attended a recent London event on our behalf.

Careers Learning Pilot – No update

The Careers Learning Pilot is working towards its second cohort of learners predominantly through learning providers who were successful in recent growth applications. This is enabling the three pilot outreach areas to work on a longer lead in period to be able to test the cost/outreach model further. The three outreach areas are Western Somerset (Somerset Skills and Learning), Plymouth and Torbay (South Devon College) and Northern Devon (Learn Devon) who employ two work coaches

each to work with target learners, with additional CIAG provision contracted through Prospects. The Learning and Work Institute will be running a session in early November with the work coaches and Prospects to look deeper into the outreach work coach model, the session is being supported by Pluss. Hannah Halford has joined the Pilot as Project Manager, Hannah has over ten years' experience working in Adult Learning and has worked on several DfE/LWI projects from within the Learn Devon team.

CONFIDENTIAL ATTACHMENTS:

Attachment 1 – Investment Programme Summary

Attachment 2 – Amber project reviews

LEP PMO 20/12/2018