

## **HOTSW Investment Programmes**

### **Highlight Report No 40 – SIP 12<sup>th</sup> July 2018**

#### **Reporting period**

June 2018

#### **Summary Comments**

There were no business case approvals at the June SIP meeting although recommendations were approved for a future phase of Unlocking Growth Fund should funding become available.

The June LTB meeting approved the phased approach for the Heywood Road GD1 project, to enable spend of the LGF funding. Updates were provided on other projects expected to come forward for programme entry or final approval in the near future, including Toneway and Charles Cross. LTB approved SIP's recommendations regarding Jn25 M5 and the "3 for 2" deal from government.

The delayed GD2 business case for the Open Innovation Building at Exeter Science Park is now coming to the July SIP meeting for review.

The Q4 dashboard will be reviewed at the July SIP and Board meetings. The response from projects to this latest request has not been complete but has been greatly improved from the previous quarters of 17/18 and shows a significant improvement in outputs.

The work on the assurance framework has been slightly delayed to see whether something comes out of the LEP Review by government meaning further changes are required.

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.

We will update the expenditure profiles to reflect Q1 18/19 claims, when information is available, for review at the August SIP meeting.

#### **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.

14 GD2 business cases are now approved in total – 8 in Unlocking Growth Fund (Claylands, Yeovil Innovation Centre, Highbridge, Wiveliscombe, Wells Enterprise Centre, Devonport, Caddsdon and South Molton Pathfields), EPIC Project, Oceansgate, Broadband, Tiverton EUE and Exeter Science Park Grow On buildings.

3 GD3 business cases are approved - South Devon College, Huntspill and Constructing Futures.

8 GD2 agreements (including 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 August 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. 5 signed. 3 in development –Caddstown, Claylands. South Molton.
Exeter Science Park – Open innovation building	Business case in appraisal for approval at July SIP
<b>GD3</b>	
Somerset Innovation Centre Phase 3	Pre-business case approval
CDS Phase 3 and Mobile	Pre-business case approval
iAero (South) Centre	Pre-business case approval
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 LTB.
Plymouth Central Station	Programme Entry – LTB Dec 2017
North Devon Innovation Centre	Business case in appraisal for approval August SIP (or earlier if possible)

### **Delivery – no update.**

19 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 and UGF-Highbridge.

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.	A
<b>Scope and objectives</b>	Programme is within the scope and objectives agreed by LEP Board and government	G
<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.	G

## Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	43 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 Q4 17/18 total cumulative spend of approx £83m including accruals and Growth Hub/Rev GD2 projects.	Quarterly (based on April 2018 figures)
Monitoring and Evaluation	Outputs evidence complete for SIP/Board approval prior to submission to DCLG	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 August SIP.	August SIP and ongoing
Monitoring and Evaluation	Follow up with projects not providing outputs to Q4 17/18 to ensure they are fully engaged for next report.	31 July 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 – no update

Government funding of £197.83m available (not including Forder Valley Link Road) and £199.21m has been allocated by the LEP to projects/topslice giving -£1.38m of headroom, due to over programming with Tiverton EUE. However, this is subject to change as TEUE completes, Jn 25 M5 finalises costs and further funding comes in from completed projects spending slightly under budget. Edginswell funding has been reallocated to programme management costs and North Devon Innovation Centre. The budget is summarised below and reflects the previous work in progress on expenditure profile from project sponsors.

## 17/18 Q4 data and forecasts – no update

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total
Forecast spend £m (GD1)	20.96	30.51	24.6	18.95	13.48	1.86	<b>£110.3m</b> £4m allocated to Edginswell is not included. Slippage of around £1m each year from previous qtr. No forecast underspends as now have been reallocated.
Forecast spend £m (GD2)	0	0.89	5.7	22.11	10.69	1.23	<b>41.32</b> (inc Tiverton EUE overprogramme) Significant slippage into 19/20 compared to previous forecast. Includes £729k spend in 17/18 for Growth Hub and other revenue projects
Forecast Spend £m (GD3)	0	0	0.53	13.09	20.94	11.15	<b>43.57</b> . Profiles updated from projects where possible. Around £4m slippage into later years. Includes Roundswell £2.15m
<b>TOTAL</b>	<b>20.956</b>	<b>31.392</b>	<b>30.289</b>	<b>55.182</b>	<b>45.65</b>	<b>14.94</b>	<b>£197.36m</b> Plus topslice allocation if £1.85m

							(overprogramming v's award of £197.83)
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## **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 well on site. Opening slightly delayed. All further Collateral Warranties now received for review and signing. Potential need to vary funding agreement to accommodate additional funding.

**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.

### **EAN (Enterprise Advisors Network) – no update**

The LEP Board approved the proposed approach to the creation of a Careers Hub within the HotSW at its May meeting, alongside the restructuring of the area's approach to the Enterprise Advisor Network from September. Work is now ongoing to finalise the associated bid documentations for the deadline of the 25 May, as well as moving forward new arrangements for EAN provision.

### **CONFIDENTIAL ATTACHMENTS:**

**Attachment 1 – Investment Programme Summary**

**Attachment 2 – Amber project reviews**

**Attachment 3 – Q4 17/18 Dashboard**

**LEP PMO 05/07/2018**