

## **HOTSW Investment Programmes**

### **Highlight Report No 42 – SIP 27<sup>th</sup> September 2018**

#### **Reporting period**

September 2018

#### **Summary Comments**

No business cases were approved at the 4<sup>th</sup> September SIP meeting and the September LTB meeting was delayed until mid October.

The dashboard for Q1 18/19 outputs and expenditure is being submitted to this SIP meeting for approval, prior to submission to Government in October.

The work on the assurance framework has been slightly delayed regarding the requirements of the LEP Review with a meeting held in London late September which will feed into a HotSW LEP paper to be considered by F&R committee.

A meeting took place (MS, EJ, MR) to rationalise content of SIP and F&R meetings with a paper coming to 27<sup>th</sup> September SIP and F&R meetings for approval to changes to ToRs, which will then feed into an updated assurance framework. In brief, the aim is to focus SIP on external funding and F&R on the LEP's core activities and budget.

A meeting took place on 14<sup>th</sup> September to highlight processes and actions for PMO, AB and Leadership Groups theme leads, along with project sponsors including in business case approvals, claims, outputs reporting and publicity requirements.

The expenditure profile has been updated to reflect transport projects and this will be updated further and submitted to the November SIP meeting along with the Q2 claims update. The interim update has reduced overspend in 19/20 substantially, moving funding into 20/21. Q2 claims will be reflected in an update for the November 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.

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 by SIP - 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 near finalisation.
4G Mobile	First stage business case approved. Funding agreement to be developed. Updated business case due at November 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 – due to November SIP meeting.
Blue Screen ICT	Pre-business case approval
Houghton Barton Package	Pre-business case approval – expected by end 2018
Taunton Toneway	Pre-business case approval – expected by end 2018
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 27 <sup>th</sup> SIP

### **Delivery – no update**

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.	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	44 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	0 projects 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.	20th October 2018

## Other activities in next period Q3 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.	November SIP and ongoing
Monitoring and Evaluation	Complete reporting cycle for Q1 report to MHCLG. Consolidate data for annual report material to be presented at LEP annual conference.	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 – 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.

**No update - 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. Photo opportunity set up for end September. Sedgemoor loan and Deed of Priorities for LEP first charge in place. 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** - 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.

Other projects are on track or complete.

### **Other projects**

#### **Careers Learning Pilot**

Roll out ongoing on the Careers Learning Pilot, with three lead partners now under contract for delivery of 1/3 of the programme each in Western Somerset (Somerset Skills and Learning), Plymouth and Torbay (South Devon College) and Northern Devon (Learn Devon). Two work coaches employed in each area, with additional CIAG provision contracted through Prospects. Outputs now slowly being realised, with 300-400 learners secured by the end of August. DfE / ESFA has written out to provider partners last week to offer additional growth, though conditions are being work through. Meeting with DfE to talk through emerging learning points on 20 September.

#### **Careers Hub**

Initial hub roll out ongoing, with recruitment underway for posts co-funded by the CEC. This includes named provision / collocated provision within the HotSW's four upper tier areas, as well as a continuation of the Enterprise Advisor programme, and specialist support for HotSW's special schools and the West Somerset Opportunity Area. Three post offered as of 20 September, including Hub Manager role. Launch of provision and new programme currently underway, with a ramp up in late September / early October.

#### **Digital Skills Partnership**

Recruitment process is underway. Closing date is Friday 21<sup>st</sup> Sept. Next meeting is 3<sup>rd</sup> Oct, when Exeter Uni led evidence report is due. Facilitating HotSW workshop re Digital skills innovation fund on 21<sup>st</sup> September; DSP reps attending Cyber Skills fund workshop in London.

### **CONFIDENTIAL ATTACHMENTS:**

**Attachment 1 – Investment Programme Summary**

**Attachment 2 – Amber project reviews**

**LEP PMO 20/09/2018**