

HOTSW Investment Programmes

Highlight Report No 46 – SIP 7th February 2019

Reporting period

January 2019

Summary Comments

No business cases were approved at the January SIP meeting, although some variations were approved, subject to further clarification or board decision, such as the funding move between Yeovil Western Corridor and Jn25M5. There has not been a LTB meeting since the last SIP meeting.

The dashboard evidence capture activity for Q3 18/19 outputs and expenditure has been completed with the dashboard submitted by the January deadline.

The annual performance review took place in early January with generally good feedback on programme delivery. MHCLG raised a query around delivery of outputs against plan to date.

In response, work to update outputs and identify issues and justifications has begun to enable a full report to the March SIP meeting and subsequently for outputs information to be updated quarterly for SIP review at the same time as for the dashboard. We also intend to write to all projects during February regarding Q4 outputs, the tight timescales to produce them and the LEP's need to understand reasons for non-delivery of outputs against plan.

Q3 18/19 LGF claims totalled around £5m. A significant spend is forecast for Q4 but this requires some validation as currently this totals £20m and would bring the total spend for 18/19 to around £40m.

Growth Deals

Business cases and funding agreements

All GD1 business cases are approved or partially approved – with 2 remaining to finalise for funding agreement/decision on proceeding. 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 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 Jan 2019 Board meeting decision to halt project.
GD2	
EPIC	Drafting now complete, most conditions met. Funding gap letter received and schedules being updated.
Unlocking Growth Fund	All allocated to 8 approved projects. 6 signed, 2 in development –Caddstown, Claylands.
GD3	
Somerset Innovation Centre Phase 3	Pre-business case approval – business case will be submitted for appraisal early Feb 2019
CDS Phase 3 and Mobile	Pre-business case approval – supporting digital strategy in development.
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. Final approval target mid 2019
Taunton Toneway	Programme Entry approval at October 2018 LTB. Final approval target Sept 2019
Huntspill Energy Park	Business case programme entry approval March 2018 LTB. Target March 2019 for final approval.
Plymouth Central Station	Business case Programme Entry approval – LTB Dec 2017. Final approval target mid 2019.
North Devon Innovation Centre	Business case approval September 27 th SIP.

Delivery

24 projects have now completed spending their Growth Deal funding, including: Exeter Science Park GD1, Exeter Science Park Grow Ons, 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, Youth Construction Skills and Yeovil Western Corridor.

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 Caddstown 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	46 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	0 project received approval this month. Others ongoing	Ongoing
Claims paid	Claims paid to end Q3 18/19 total cumulative spend of approx £104m including Growth Hub/Rev GD2 projects.	Quarterly
Monitoring and Evaluation	Dashboard and outputs submitted to government	24 th January 2019

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	Begin reporting cycle for Q3 report to MHCLG.	April 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

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 -£0.07m of headroom. However, this is subject to change as projects complete.

18/19 Q3 data and forecast

Note: table adjusted to reflect minor adjustments by SCC for previous years (mainly due to accruals).

Key points:

GD1 - £1.5m slip into later years - £0.9m into 19/20 and £0.6m into 20/21

GD2 -small adjustment for 17/18 (£0.04m) and £0.71m moved from 18/19 into 19/20 with a minor adjustment in 20/21

GD3 – no change to expenditure profile from previous quarter. Some risk due to higher number of projects still to come forward for business case approval.

	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	17.45	13.81	4.87	110.28
Forecast spend £m (GD2)	0	1.01	5.96	10.66	15.94	6.51	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	30.28	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 –GPF funding agreement signed Dec 2016 and project mobilisation has begun. A request to review expenditure profile has been discussed by SIP in January and an updated reprofile is awaited.

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 – no update

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. The website has been updated to give an overview of the partnership background and milestones to date.

The Digital Skills Review, research conducted by Exeter and Plymouth University is now available [here](#). The research has underpinned the development of an Action Plan for 2019 which will be published on the LEP website in February. The Digital Skills Innovation Fund bid was successful and has secured £255K of funding, supported by a further £180K of match to develop a program of digital learning aimed at a wide range of digital competencies. Program delivery is expected to start April 2019. Other Digital Skills partners have also recently been successful in being awarded funding, Cosmic to deliver 'Digital Leaders for Charities' pilot and Bluescreen to deliver a project through the Cyber Skills Immediate Impact Fund. Julie Hawker, from Cosmic was nominated and accepted the position of Digital Skills Partnership Chair.

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****Attachment 3 – Expenditure Profile (to follow)****LEP PMO 30/1/19**