

## **HOTSW Investment Programmes**

### **Highlight Report No 11 – 27<sup>th</sup> October 2015**

#### **Reporting period**

October 2015

#### **Summary Comments**

Following the review and slippage identification for 15/16, a number of meetings and communications have taken place to identify means to spend the entire allocation during this financial year. This includes identification of Growth Deal and non-Growth Deal options to loan or grant funding. Work has begun on a further expenditure update on 15/16 starts for the December SIP meeting.

Feedback from the South West Audit Partnership report and a NAO audit due on 6<sup>th</sup> November has meant significant time has been spent this month in updating the LEP External website with relevant documents and providing documents for audit purposes. This process is near completion.

Progress continues on funding agreement schedules development and review for individual projects.

Although GD3 pipeline has closed, we are still accepting project ideas from website enquirers to input into a project bank.

#### **Growth Deal 1**

Project funding agreements have been produced for 20 projects with SIP/LTB approval. 7 funding agreements are now signed. 1 claim (City College Plymouth) has been paid and 2 claims received (City College Plymouth claim 2, Exeter Science Park). The Huntworth Roundabout scheme has started on site and the first claim will be submitted soon.

The claims process should now work smoothly with claims checks/approvals by SCC and Leadership Team officers. Some further work is required on the progress reporting in the claims process, to ensure alignment with the Monitoring & Evaluation plan for each project.

Work is required to ensure the outputs requirements align with the outputs being collected and evidenced for individual projects – e.g. government appears to consider some elements in the system as “in-kind” match, such as land value, whereas the projects have treated them as capital assets/leverage. So some questions need to be raised with DCLG re what is and isn’t “in-kind” match funding. In addition, some further investigation is needed on govt. requirements for costly surveys v’s estimates/models e.g. for job outputs. There has been some discussion around the measurement/monitoring of outputs with individual projects on the outputs targets in their monitoring plan and business case. Unfortunately audit requirements mean this activity has been delayed until November.

No further slippage has been identified in 15/16 since the last SIP. Current forecast is as on the programme summary attached. Work has begun to update this for the December SIP meeting, as the

next planned detailed review date. A separate document gives an update on options to progress spend.

A programme management guide is still in progress but other items have been prioritised. When available this will provide advice on the programme management process to the decision making groups and teams delivering the programme. In the meantime SCC is producing guidance on the claims process and form to be issued with the claim forms.

### GD1 Programme Overview

	Comment	RAG
<b>Timescale</b>	Programme is live. Business case approval is near complete for 15/16 starts. Expenditure slippage identified for 15/16 against our government allocation of £14.17m or 32%. Getting projects to sign funding agreements is proving significantly slower than expected.	<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>	Programme is on budget and the 2015/16 grant payment has been made. Currently we have headroom of £0.05m.	<b>G</b>

### GD1 Programme milestones and activities this period

Activity	Comment	Completion date
First funding agreements signed by projects	Draft funding agreements issued for approved projects (20). 7 agreements signed.	Winter 2015
Project business case approval	23 business cases approved to date (29 projects in total, 4 are 16/17 starts). HPTA is a partial approval.	Winter 2015
Programme Management	Work undertaken to react to SWAP audit report regarding transparency and provision of SIP and LG documents on website.	Oct 2015
Management of Expenditure	Met with SCC accountable body re spend review and mitigation. Further work underway.	Jan 2015

### Other activities in next period Q3 2015/16

Activity	Comment	Completion Date
Programme Management Guide produced	In progress	Winter 2015
GD3 Call for projects process	EOIs submitted. Revised timeline circulated for prioritisation.	Dec/Jan 2016
Monitoring	Second GD1 return and first GPF return to be submitted on Logasnet in Dec 2015. Need to begin profiling by qtr for 16/17 for GD1 and GD2.	March 2016
Programme Management	2 LEP representatives attending PMO/Accountable Body BIS Growth Deal Finance meeting in Birmingham on 3 <sup>rd</sup> November.	Nov 2015

## 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. Leadership Teams to manage slippage across their portfolio of projects and/or bring forward reserve projects from approved pipeline as substitutes	LEP Leadership Teams/LTB/PMO
Reprofile of LGF budget to meet government requirements for annual spend causes delivery delays for some projects.	Medium Risk. SIP has discussed options for managing this with activities identified, leading to future Board decision as/when necessary.	SIP/LEP Leadership Teams/LTB/PMO
Lack of management of GD1 spend impacts on GD3 allocation for HOTSWS.	Medium Risk. SIP and Board has discussed options for managing this with activities identified.	SIP/LEP Leadership Teams/LTB/PMO

## Budget summary

The BIS funding is £111.6m and £111.55m has been allocated by the LEP to projects giving £0.05m of headroom.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	29.24	59.56	18.42	3.23	0.73	0.38	111.55

## Growth Deal 2

Awaiting confirmation of GD2 funding from government – hoping this will be at or soon after Autumn Statement. Some projects would like to bring business cases forward early to SIP and spend before end March 2016 e.g. Unlocking Growth Fund – Claylands (if approved), Exeter Science Park.

Government reporting requires quarterly breakdown for 16/17, so includes GD2 spend and outputs. Leadership Groups to respond with profiles. This output is still delayed, due to prioritisation of more urgent activities around GD1 delivery and GD3 prioritisation. Also some unknowns on GD2 timescales to be resolved as part of business case development. Work is beginning on a number of GD2 business cases, including: Exeter Science Park – Met Office Environmental Futures Campus, Science Park Centre Phase 2; South Yard; Growth Hub; Broadband; EPIC centre.

Twelve Enhanced Expressions of Interest have recently been received for the **Unlocking Growth Fund** from across the HotSW LEP area. The funding requested far supersedes the £5m available. All projects are currently being assessed against ten criteria, including: strategic fit with the LEP's objectives; evidence of demand; deliverability and outputs. The sub-group will meet on 16 November to recommend to the SIP and LEP Board which projects should be funded, although it is acknowledged this is dependent on the LEP receiving confirmation of Growth Deal 2 monies.

## **Growing Places Fund**

### **Programme Summary**

Details of live GPF projects submitted to Logasnet monitoring team by deadline. This will be monitored on a 6-monthly basis with the first submission due in early December.

All live projects are progressing well. DC Homes first claim has been paid.

Ocean Studios outstanding actions regarding financial reporting and management to be followed up now project build has completed.

**GPF Projects** - table has been removed as this duplicates the programme summary information.

**Attachment 1 – Investment Programme Summary**

**Attachment 2 – SEIC Conditions update**

**Attachment 3 – Growth Hub update**

**Attachment 4 – Flood Action Plan update**

**LEP PMO 27/10/15**