

HOTSW Investment Programmes

Highlight Report No 13 – 4th January 2016

Reporting period

December 2015

Summary Comments

Monitoring data was submitted to Logasnet for Growth Deal and Growing Places Fund by the mid-December deadline.

Further telephone and face-to-face meetings have taken place to update the expenditure profile for 16/17 – GD1 and GD2 projects. This has included a few project managers updating their 15/16 spend to show reductions from the December SIP review.

We are awaiting instructions on financial requirements from SCC to ensure maximum spend in 2015/16. When available this will be circulated to all projects.

A letter has been received from DCLG confirming the Growth Deal profile for 15/17 and future years. This is as per the letter received last February. This indicates that subject to the “Annual Conversation” payments are to be made each April.

Progress continues on funding agreement schedules development and review for individual projects. Due to the Christmas break, progress has been relatively slow during this period.

Growth Deal 1

Work on 16/17 profile has highlighted projected further slippages in 15/16 spend from a number of projects, including Yeovil Western Corridor (£1m) and Taunton Rail Station (£1.2m). The Plymouth transport projects are also forecasting around £0.5m slippage. This work is not complete with further discussions on some Business and People theme projects due in early January.

The signing of funding agreements still proceeds slowly. A number of agreements are near signing. 7 funding agreements are signed. 3 claims (City College Plymouth, Exeter Science Park) have been paid. The Huntworth Roundabout scheme and Plymouth Science Park have started on site with claims expected soon.

Work has been begun to simplify the collecting of monitoring data to enter into the Logasnet system and provide to government and stakeholders/partners. However as per previous reports work on outputs requirements as below is still required.

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

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
Timescale	Programme is live. Business case approval is near complete for 15/16 starts. Expenditure slippage identified for 15/16 against our government allocation of £11.8m or 26%. This reduces to £10.8m including GD2 projects that can spend early. Funding agreement finalisation is proving significantly slower than expected.	A
Scope and objectives	Programme is within the scope and objectives agreed by LEP Board and government	G
Budget	Programme is on budget and the 2015/16 grant payment has been made. Currently we have headroom of £0.05m. Confirmation of 16/17 and future years profile received from DCLG.	G

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). 2 outstanding are transport schemes to be approved by LTB in Feb 2016.	Winter 2015/16
Monitoring	Logasnet December submission completed.	Dec 2015
Programme Management	2 LG docs outstanding on website to be uploaded.	Jan 2016
Management of Expenditure	Followed up with projects to produce updated profile for 16/17. Further work is underway on opportunities to manage 15/16 underspend. A quarterly profile for 16/17 for GD1 and GD2 has been produced, for refinement.	Jan 2016

Other activities in next period Q4 2015/16

Activity	Comment	Completion Date
Programme Management Guide produced	In progress	Winter 2015/16
GD3 Call for projects process	EOIs submitted. Revised timeline circulated for prioritisation expected Jan/Feb 2016.	Feb 2016
Monitoring	Third GD1 return and second Growth Hub return to be submitted on Logasnet in March 2016. Work on outputs evidence to be completed.	March 2016

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 HOTS.W.	Medium Risk. SIP and Board has discussed options for managing this with activities identified.	SIP/LEP Leadership Teams/LTB/PMO

Budget summary

Government funding is £111.6m and £111.51m has been allocated by the LEP to projects giving £0.09m of headroom.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	30.99	58.27	17.34	3.8	0.73	0.38	111.51

Growth Deal 2

Letter received from Government confirming future profile including Growth Deal 2 allocations. Some clarification needed regarding DfT “portfolio” project – Forder Valley Link Road.

Some projects would like to bring business cases forward early to SIP and spend before end March 2016.

As per GD1, work is underway on updating quarterly profiles for 16/17 – spend and outputs. To date estimates have been made with equal quarters where information not available. 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.

Growing Places Fund

Programme Summary

DC Homes first claim has been paid. The presence of asbestos has led to delays on site and with the second claim. Variation paperwork is still in progress with legal teams.

There has been a delay in the visit to South Yard to follow up on the EOI submitted. This will now take place on 12th January for the majority of attendees.

Ocean Studios outstanding actions regarding financial reporting and management are to be followed up now project build has completed. PCC are continuing to support Ocean Studios on their financial management. See separate SIP paper on variation request to repayment timescales.

Other live projects all progressing well.

Monitoring return submitted to DCLG via Logasnet during December.

Attachment 1 – Investment Programme Summary

LEP PMO 04/01/16