

HOTSW Investment Programmes

Highlight Report No 14 – 1st February 2016

Reporting period

January 2016

Summary Comments

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

On a positive note, forecast/requested delays in 16/17 expenditure to 17/18 address the 16/17 funding gap issue to a large extent, with our cumulative forecast at £102.97m at end 16/17 and our government cumulative allocation at £100.1m.

SCC has provided instructions to projects to manage Year End while ensuring maximum spend in 2015/16. This has been circulated to Theme Leads to forward on to projects.

A monitoring framework is under development for collecting Growth Deal and GPF outputs, automating the process where possible, providing Logasnet requirements and linking with the LEP sharepoint website. The aim is to do this while making the system as user-friendly as possible.

Progress continues on funding agreement schedules development for individual projects.

Growth Deal 1

Continuing work on 16/17 profile has highlighted projected further slippages in 15/16 spend from a number of projects, including Yeovil Western Corridor (£1m), Derriford Hospital Interchange (£400k), Marsh Barton Station (£620k) and Taunton Rail Station (£1.2m). Overall this means slippage against the government allocation of £43.4m now stands at £14.07m. See attached sheet for more details.

A number of projects have requested to move expenditure from 16/17 into 17/18 including:

-Edginswell station (£2.5m); Plymouth Eastern Corridor (£550k); Plymouth Charles Cross and Exeter Road (750k?); Roundswell (£500k).

The signing of funding agreements still proceeds slowly. A number of agreements are near signing. 10 funding agreements are signed and a number of claims (City College Plymouth, Exeter Science Park, Plymouth Science Park, Marsh Barton Station) have been paid.

Work has 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 £14.07m or 32%. It is looking less likely at Feb16 that this can be reduced by bringing forward GD2 spend by end of 15/16. Funding agreement finalisation is proving significantly slower than expected and project constraints have impacted delivery of some projects, reducing their 15/16 spend.	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
Funding agreements signed	Draft funding agreements issued for approved projects (30). 10 agreements signed.	Spring 2016
Project business case approval	24 business cases approved to date (29 projects in total, 4 are 16/17 starts). 1 transport scheme to be approved by LTB in Feb 2016.	Winter 2015/16
Claims paid	Claims paid to a value of £2.43m. Year end process to maximise value of claims paid by end March.	Ongoing/30 th March 2016
Monitoring	Logasnet – additional reporting provided	Jan 2016
Programme Management	2 LG docs outstanding on website to be uploaded.	Feb 2016
Management of Expenditure	Followed up with projects to produce updated profile for 16/17. SCC Finance meeting took place regarding Year End and spend implications. 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
Funding agreements finalised	In progress	Feb 2016
Claims processed	Guidelines sent out to theme leads with claims deadlines.	Mar 2016
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 HOTSWS.	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. Spend profile has slipped to increase forecast in 17/18 and 18/19.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	29.33	50.93	23.49	6.65	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 have indicated they would like to bring business cases forward early to SIP and spend before end March 2016. However this is now looking unlikely but business cases can come forward for decision in March/April to enable a faster spend in 16/17, for example Broadband, South Yard and Exeter Science Park– Environmental Futures Cluster, Science Park Centre Phase 2.

As per GD1, work has been undertaken on updating quarterly profiles for 16/17 – spend and outputs. The broadband project has amended the profile to reflect greater spend in 17/18 and reduced 16/17 spend by around £3.5m and moving £2.7m into 18/19.

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

Attachement 2 – Request from Bridgwater College

Attachment 2 - Growth Deal spend profile, updated Jan 2016

LEP PMO 01/02/16