

HOTSW Investment Programmes

Highlight Report No 15 – 26th February 2016

Reporting period

February 2016

Summary Comments

The main activity this month has been working with SCC Accountable Body staff, Independent Transport Assessor, Project Sponsors and Leadership Teams on finalising as many funding agreements as possible, to ensure maximum spend in 15/16, within the required completion deadlines to enable claims to follow on.

No update has taken place to the project review provided to the February SIP meeting, so our cumulative spend to end 16/17 remains forecast at £102.97m.

SCC has provided instructions to projects to manage Year End while ensuring maximum spend in 2015/16 and setting deadlines for the claims process. This has been circulated to Theme Leads to forward on to projects.

Progress continues on development of the monitoring framework, 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.

Additional £656k funding has been provided by Government towards Growth Hub, freeing up some GD2 funding.

Growth Deal 1

The signing of funding agreements still proceeds slowly. A number of agreements are near signing. 18 funding agreements are now signed with further agreements in process.

It has been noted that HPTA allocations are slightly (£10k) over the £6.5m originally allocated to this call out. This is due to rounding errors during the multi-stage approval process for a budget split between 6 projects, making the total now £6.51m. See attachment 2 for a breakdown. There is headroom available to cover this, however we will ensure this does not happen again, for example with UGF project package.

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. The funding agreement activity has highlighted more deviations in outputs from approved business cases, versus the original outputs submitted for projects. Some work is to take place in March reviewing all outputs against the original targets to produce a report for the April SIP meeting.

As per previous reports, work is also 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 unlikely at end 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 £0.09m. 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 – HPTA x 6). 18 agreements signed.	March/April 2016
Project business case approval	25 project business cases approved to date (29 projects in total, 4 are 16/17 starts).	Feb 2016 for 15/16 starts.
Claims paid	Claims received/in processing to a value of £2.43m, £1.84m paid at end Jan. Year end process to maximise value of claims paid in 15/16.	Ongoing/30 th March 2016
Management of Expenditure	SCC Finance and Acct Body team meetings taken place regarding Year End and spend implications. Further meetings programmed in.	March 2016
Monitoring	Meetings with PCC and PE re Growth Hub Logasnet outputs reporting requirements	Feb 2016

Other activities in next period Q4 2015/16

Activity	Comment	Completion Date
Programme Management Guide produced	In progress. April review to feed in.	April/May 2016
Funding agreements finalised	In progress	Mar 2016

Claims processed	As many claims processed as possible to maximise 15/16 spend.	Mar 2016
GD3 Call for projects process	Updated process likely to be implemented in March	March 2016
Programme Management	2 LG docs outstanding on website to be uploaded.	March 2016
Monitoring	Third GD1 return and second Growth Hub return to be submitted on Logasnet by 14th 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 HOTSW.	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 but currently looking as if this funding will now not come into the LEP, but go directly to Plymouth CC.

The additional £656k funding from government towards Growth Hub will enable a reduction of the £1.7m currently allocated in GD2, freeing up funding for other projects.

Some projects had indicated they would like to bring business cases forward early to SIP and spend before end March 2016, however this has not been achieved although some business cases will come forward for decision in March/April to enable a faster spend in 16/17, for example Broadband, South Yard, Unlocking Growth Fund and Exeter Science Park– Environmental Futures Cluster, Science Park Centre Phase 2.

As per GD1, no further work has been undertaken on updating quarterly profiles for 16/17 since the previous SIP meeting.

Growing Places Fund

Programme Summary

DC Homes first claim has been paid and the second claim is in processing. Variation paperwork is still in progress with legal teams.

Work has been undertaken with the PCC team on the South Yard application, following the visit on 12th January. A revised EOI is being submitted to this March SIP meeting.

Ocean Studios outstanding actions regarding financial reporting and management are to be followed up and the planned “deep dive” meeting set up.

Exeter Science Park is about to submit their final claim for the balance of their loan. Concise is near completion of their repayments. All other projects are progressing well.

Attachment 1 – Investment Programme Summary

Attachment 2 – HPTA allocations table

LEP PMO 29/02/16