

## **HOTSW Investment Programmes**

### **Highlight Report No 16 – 29<sup>th</sup> April 2016**

#### **Reporting period**

March/April 2016

#### **Summary Comments**

During March, project sponsors were chased for final claims and accruals to meet the SCC deadline for Year End. Logasnet reporting was also carried out. Our Growth Deal 2 offer letter was received from government and offer letters identifying 16/17 allocations, subject to business case approval, were sent out to the majority of GD2 projects.

Our actual spend at end March 2016 was £40.3m, leaving £3.0m to spend in Q1 16/17. This includes £16.1m allocated to Broadband and SCC Highways, as per SIP email agreement in April.

A list of spend against project, showing slippage has been produced (see Appendix). It is expected the bulk of these projects will catch up during early 16/17 and no further update has taken place to the project forecast provided to the February SIP meeting. This means our cumulative spend to end 16/17 remains as forecast at £102.97m. PMO will be contacting all GD2 projects during May for timescales on business case submission and an update on expenditure profile.

A number of bids were submitted to the Highways England Growth and Housing Fund and we are expecting to hear regarding success in stages, depending on submission date. Successful funding bids could free up GD2 funds to cover shortfalls, for example for the Tiverton Urban Extension project.

The bid for Growth Deal 3 is being developed, for submission to the HotSW Board mid-May.

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.

The additional £656k funding provided by Government towards Growth Hub, has freed up some GD2 funding, currently unallocated to a specific project.

#### **Growth Deal 1**

Further funding agreements were signed during March to enable claims to be submitted. A number of further agreements are near signing. 23 funding agreements are now signed with 5 further agreements in process. This will leave 6 to be signed, the majority are 16/17 starts.

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 May reviewing all outputs against the original targets to produce a report for the June 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
<b>Timescale</b>	Programme is live. Business case approval is complete for 15/16 starts. Expenditure slippage identified for 15/16 against our government allocation.	<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 2016/17 grant payment of £56.7m (for GD1 and GD2) has been made. Currently we have headroom of £0.09m. Confirmation of future years profile received from DCLG.	<b>G</b>

### 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). 23 agreements signed.	May/June 2016 – later for 16/17 starts
Project business case approval	25 project business cases approved to date (29 projects in total, 4 are 16/17 starts).	16/17 starts only remaining
Claims paid	Claims paid/accrued to a value of £24.21m. SCC schemes utilising capital temporarily	June 2016 for 15/16 planned expenditure
Management of Expenditure	SCC Finance and Acct Body team meetings taken place regarding Year End and spend implications. Further meetings programmed in.	Review session 5 <sup>th</sup> May, otherwise complete
Monitoring	Logasnet submission in March 2016	Complete, ongoing qtrly

### Other activities in next period Q1 16/17

Activity	Comment	Completion Date
Programme Management Guide produced	In progress. May review to feed in.	April/May 2016
Funding agreements finalised	In progress	May/June 2016
Claims processed	Further claims to be processed to spend remaining £3.0m	June 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. Project review required to update profile. Highlighted figures below require update in conjunction with GD2 profile update.

	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. Letters confirming 16/17 allocations sent out to projects (subject to business case approval). Work to take place to produce an update on delivery and expenditure timescales for these projects. An outputs update also requested from projects.

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.

Business cases soon ready for submission to appraisers include Broadband, South Yard, Unlocking Growth Fund and Exeter Science Park– Environmental Futures Cluster. Exeter Science Park Centre Phase 2 has been submitted and is in appraisal.

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 and second claims have been paid. Variation paperwork is still in progress - with DCC for signing.

Work has been undertaken with the PCC team on the South Yard application, following the visit on 12<sup>th</sup> January and the EOI submitted to the March SIP.

Ocean Studios outstanding actions regarding financial reporting and management are to be followed up with a “deep dive” meeting to take place on 10<sup>th</sup> May.

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**

**LEP PMO 29/04/16**