

HOTSW Investment Programmes

Highlight Report No 6 – 21st May 2015

Reporting period

May 2015

Summary Comments

Slippages have been identified in Growth Deal 1 expenditure for 15/16 across projects. Baseline forecast of £8.18m for Q1 2015/16 now £0.015m. However, overall 2015/16 forecast currently stands at £42.15m, from £43.4m as many projects will catch up from slow start during 2015/16.

A joint SIP/LTB meeting is to be held on 4th June to discuss governance and other items. A call for projects is due to be launched later in June 2015.

Growth Deal 1

Project funding agreements have been produced for the 3 FE capital and 2 business projects with SIP approval. The aim is for these to be signed soon with first claims able to be submitted late during Q1 15/16. Priority funding agreements for transport schemes have been identified.

The first funding agreements to be signed will be Exeter Science Park and Somerset College. Somerset College has asked for monthly claims but will have a delay on spend until plans are completed. Exeter Science Park can spend quickly.

A meeting of the LTB officers on 14th May has led to an update of transport projects profiles, which has highlighted further slippage during 2015/16 and some expenditure slippage into 16/17. A similar review is in progress with the other themes and reflected in the attached datasheet.

PMO and SCC have considered how expenditure in 2015/16 for transport projects can be facilitated, for example with SCC considering cash flow of Taunton Station Enhancements project and in its accountable body role, looking at enabling funding agreements to be signed at programme entry stage, then amended on final approval, enabling GD1 to be spent on design costs. This would be on the basis these costs will be refunded by the local authorities if a project does not go ahead.

DCC is looking at how cost increases on Marsh Barton station project can be accommodated by reviewing profile and expenditure on other DCC transport schemes, as well as looking for additional local and GD1 contributions, with a view to taking a paper to the LTB for approval.

The Somerset Energy Innovation Centre project Phase 1b has been approved since the previous report. There is a later phase to be approved separately. A number of the transport schemes may now also be approved in phases.

All projects are currently on track to be delivered during the programme. We are reporting amber risks on deliverability for those where key procedures need still to be met e.g. planning, land acquisition, and/or where cost increases are being reviewed.

A programme management guide is being prepared which will provide advice on the programme management process to the decision making groups and teams delivering the programme

No change on the outputs targets - target outputs for each project will form part of the project monitoring plan which will be monitored over the life of the programme.

GD1 Programme Overview

	Comment	RAG
Timescale	Programme is now live. However, business case approval is behind original target of all complete by Feb 2015. Expenditure slippage identified for 15/16.	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 agreed with government	G

GD1 Programme milestones and activities this period

Activity	Comment	Completion date
First funding agreements signed by projects	First 5 funding agreements issued and expected to be signed in near future.	May/June 2015
Project business case approval	20 business cases approved to date (29 projects in total).	Summer 2015

Other activities in next period Q1 2015/16

Activity	Comment	Completion Date
Programme Evaluation Plan agreed with government	Draft submitted. Awaiting government feedback.	March 2015
Programme Comms plan in place	Being prepared as part of wider LEP Comms plan	May 2015
Programme Management Guide produced	In progress	June 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/ LEP Mobilization Team
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

Budget summary

The BIS funding is £111.6m and £110.7m has been allocated by the LEP to projects giving £0.9m of headroom.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	42.15	46.97	16.73	3.73	0.73	0.38	110.69

Growth Deal 2 – no update.

Growing Places Fund

Programme Summary

DC Homes start is delayed. Other projects are on track or in the repayment phase.

Projects

Project	Comments	RAG Status
DC Homes	Following an update to the May SIP, final details on one element of match funding are awaited. Planning conditions received from Sedgemoor DC.	A
Science Park Centre	The building has achieved practical completion and is in use for selected activities. The building will be fully open in June. The majority of the £4.55m loan has now been claimed, with the final claim due. Science Park Company have made a request to HotSW LEP to change the match funding structure for the project - swapping shareholder funds to shareholder loans – and this is under appraisal by TDA.	G
Millfields	The project has achieved practical completion and received their total loan. Repayments commenced with a March 2015 payment, at minimum capital reimbursement as per their loan agreement. The interest payments are behind this, rolled into their outstanding balance.	G
Ocean Studios	The build is nearing completion. There is a meeting planned in June between the LEP, Plymouth CC and Ocean Studios to view the completed site and assess progress on revenue generation/business plan.	G

Concise Homes	The housing development continues to progress well and sales are in accordance with business plan projections. Repayments are being made as sales are completed and this is ahead of the minimum reimbursement schedule in the legal agreement.	G
Plymouth City Deal	No update. EOI expected in near future, followed by a business case.	G
Connecting Devon and Somerset	A grant has been formally committed by the LEP and the project team is working on developing the full business case. Funding agreement development is now also underway.	G

GPF Financial Summary – see attachment 1.

Attachment 1 – Investment Programme Summary

LEP PMO 21/05/15