

HOTSW Investment Programmes

Highlight Report No 9 – 25th August 2015

Reporting period

August 2015

Summary Comments

The business case for Somerset Energy Innovation Centre Phase 2 was approved at the August SIP and there has been progress on development of funding agreements and conditions on a number of Growth Deal projects.

A detailed review has been carried out of expenditure forecasts for all GD1 projects. As expected this has shown significant slippage in 15/16 in-year expenditure. However, there has been no issue with 15/16 starts and forecasts show that all projects not already started, with the possible exception of Bridge Road in Exeter, will commence as expected this year.

GD3 project applications have begun to come in, with an earlier deadline for the transport projects meaning 22 projects have come in ready for assessment by the Independent Transport Assessor team. This will need significant rationalisation by the assessors and LTB, since the request totals more than £100m LGF.

Growth Deal 1

Project funding agreements have been produced for the 3 FE capital, 3 business projects and 2 place projects with SIP approval. Agreements have also been produced for the LTB programme entry approved transport schemes. 3 funding agreements are now signed.

Slippage has been identified with a number of projects, as highlighted on the programme summary attached. A separate document also gives a review of progress against original baseline in more detail.

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

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 live. Business case approval is near complete for 15/16 starts. Expenditure slippage identified for 15/16 against our government allocation of £15.17m or 35%.	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.	G

GD1 Programme milestones and activities this period

Activity	Comment	Completion date
First funding agreements signed by projects	Draft funding agreements issued for all approved projects. 3 agreements signed.	Sept/Oct 2015
Project business case approval	23 business cases approved to date (29 projects in total, 4 are 16/17 starts). HPTA is a partial approval.	Autumn 2015

Other activities in next period Q2 2015/16

Activity	Comment	Completion Date
Programme Evaluation Plan agreed with government	Submitted	March 2015
Programme Management Guide produced	In progress	Autumn 2015
GD3 Call for projects process	Launched for Leadership Group feedback with priorities in September.	Oct/Nov 2015
Programme Monitoring processes set up	Trajectories spreadsheet initialised, Monitoring session at LEP national meeting on 29 th July. GD2 datasheet sent to LGs for completion by end August.	Sept 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 £111.55m has been allocated by the LEP to projects giving £0.05m of headroom.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	28.24	60.56	18.42	3.23	0.73	0.38	110.55

Growth Deal 2

Government reporting now requires quarterly breakdown for 16/17, so includes GD2 spend and outputs. Leadership Groups to respond with profiles by 31st August 2015. Work is beginning on a number of GD2 business cases, including: Exeter Science Park – Met Office Environmental Futures Campus, Science Park Centre Phase 2; Growth Hub; Broadband.

The project plan for the Unlocking Growth Fund was presented to the August SIP. This will ensure projects business cases are evaluated, prioritised and approved by the LEP Board in March 2016 for a start in April 2016.

Growing Places Fund

Programme Summary

All live projects progressing well. No update on projects in development.

Projects

Project	Comments	RAG Status
DC Homes	Variations to funding agreement to be finalised, in terms of expenditure/repayment profiles. See attached summary. Project has started.	G
Science Park Centre	The building is fully open. The majority of the £4.55m loan has now been claimed. Science Park Company has made a request to HotSW LEP to change the match funding structure for the project - swapping shareholder funds to shareholder loans. Appraisal report produced indicating no additional risk to the LEP. DCC has reviewed and agreed. See attached.	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 building has opened. Some outstanding questions on business plan going forward to be followed up.	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	EOI expected in near future, followed by a business case for decision.	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 has been put on hold until the next steps for the next phase of CDS has been agreed.	A

Attachment 1 – Investment Programme Summary

Attachment 2 – DC Homes Update

Attachment 3 – Exeter Science Park Appraisal

LEP PMO 25/08/15