

HOTSW Investment Programmes

Highlight Report No 23 – 31st January 2017

Reporting period

January 2017

Summary Comments

No business case approvals took place at the January SIP meeting.

The expected announcement from Government on GD3 has been delayed with an announcement expected in early Feb as at today's date.

Work on how we manage the profile has continued with all "amber" projects reviewed. The GD3 profile will need to be factored in when projects are confirmed. Currently, we remain in a position where we need to spend quickly now but will have a shortfall in later years.

Growth Deal 1

All GD1 funding agreements are signed with the exception of 5, 2 of these are in progress and 2 to be started. These are as follows:

Project	Status
Bideford – Heywood Road Junction	Drafted -Awaiting completion of s106 agreements
Edginswell	Drafted -Funding gap causing delays. New Stations Fund application due for decision in April 2017.
Plymouth Charles Cross	Start delayed - Business case in development
Somerset Energy Innovation Centre – Phase 2	Drafted – delays due to ERDF match
4G Mobile	16/17 start – business case in development – expected for Mar SIP meeting. Will be a procurement process.

Two projects have completed - Exeter Science Park and Huntworth Roundabout, with the final claims paid. PMO is working with SCC to clarify the updated claims information from SCC.

As per previous reports, work is also required to ensure the outputs requirements for Logasnet 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. This also includes the use of non-standard outputs in business cases and funding agreements which need to be reconciled/aligned. MS attended a LEP data leads meeting in London where further clarification was promised and a new system is to be introduced in Summer 2017 which should improve reporting processes.

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 new claim forms.

GD1 Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 5 projects.	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 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.	G

GD1 Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	30 funding agreements signed. 5 outstanding as above. Some will drift into 17/18.	Late Spring 2017
Project business case approval	1 project outstanding for SIP approval by end 16/17. 3 needing LTB final approval, dependent on match funding so timescales likely beyond end 16/17.	Late Spring 2017
Claims paid	Claims paid/accrued to a value of £43.4m. Includes SCC schemes utilising capital temporarily. Clarification in progress with SCC.	Quarterly

Other activities in next period Q4 16/17

Activity	Comment	Completion Date
Monitoring	Logasnet window early March	Mid-March 2017
Programme Management Guide produced	In progress. May review to feed in.	End Mar 2017
Funding agreements to be finalised	In progress	May 2017
16/17 final claims	SCC sending out claims deadline to projects for actuals to end Feb and accruals for March to give 16/17 expenditure totals.	End Mar 2017
Management of Expenditure	Regular meetings planned to review expenditure profile within SCC. PMO to continue with forecasting role.	Ongoing

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.	Low 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

Government funding is £111.6m and £111.51m has been allocated by the LEP to projects giving £0.09m of headroom. A further £2.6m has been moved from GD2 for SEIC giving the figures below.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	24.21	41.20	35.64	11.61	1.07	0.38	114.11

Growth Deal 2

9 business cases now approved in total – 4 in Unlocking Growth Fund (Claylands, Yeovil Innovation Centre, Highbridge, Wiveliscombe), EPIC Project, Oceansgate, Broadband and Exeter Science Park Grow On buildings. Due to a change in match funding a project variation request will be required for the Exeter Science Park project.

3 of these are business cases approved subject to conditions and gateways at the November SIP - Broadband, Oceansgate and Unlocking Growth Fund – Family Business Growth Centre. Broadband has a signed funding agreement and the other two are working on conditions.

LEP May SIP/Board decisions enabled £150k funding for HPTA pump priming and £500k funding for Hinkley Supply Chain Enabling Activity. Revenue business cases for these have been developed for approval at the Feb and March SIP meetings.

Projects still awaiting approval in GD2 are below:

Project	Status
Unlocking Growth Fund	Majority allocated to approved projects. Following call out process, final project funding to be allocated, subject to business case approval.
Exeter Science Park – MET Office Environmental Futures Campus	Business case in development for approval
J25, M5 at Henlade	Business case in development – likely to be Jan 18
North Plymouth – Forder Valley Link Road	16/17 start – business case in development – expected for Feb or Mar SIP meeting. Will be a procurement process.
Tiverton EUE	Tender process due for launch. No GD funds available currently to progress this project.

Business cases expected for submission to appraisers in the near future include Exeter Science Park– Environmental Futures.

GD2 Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval well underway for 16/17 starts. Some delays with approvals against original timescales but the majority of projects now approved.	A
Scope and objectives	Programme is within the scope and objectives agreed by LEP Board and government	G
Budget	Programme is on budget. Currently we have no headroom in GD2 allocation. Confirmation of future years profile received from DCLG.	G

GD2 Programme milestones and activities this period /next period

Activity	Comment	Completion date
Funding agreements signed	Draft funding agreements in progress for 8 projects. 1 signed.	End 16/17
Project business case approval	9 project business cases approved to date.13 projects, one -UGF with 6 subprojects = 18 total.	16/17
Claims paid	No claims to be submitted until funding agreements signed. However some projects spending "at risk" so claims expected soon afterwards.	Quarterly

Budget Summary

The original GD2 allocation has reduced by £2.6m moved to GD1 for SEIC, giving the profile below. There is currently no headroom in GD2.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD2)	0	7.18	23.51	24.07	7.90	0	62.66

Growing Places Fund

Programme Summary

DC Homes – 3 claims now paid. Variation paperwork is still in progress, yet to be signed.

Construction is now starting in earnest.

Ocean Studios – no update.

Exeter Science Park - no update - yet to submit their final claim for the balance of their loan.

Broadband – GPF funding agreement signed Dec 2016 and project mobilisation beginning Jan 2017

South Yard/Oceansgate – GPF agreement in development for signing Q1 2017.

Other projects are on track or complete.

Attachment 1 – Investment Programme Summary

LEP PMO 31/01/2017