

HOTSW Investment Programmes

Highlight Report No 30 – 30th August 2017

Reporting period

August 2017

Summary Comments

Due to the holiday season and a relatively short period between the SIP meetings there is little to update this month.

No business cases were approved at the August SIP meeting with a condition on state aid for the HPTA £150k revenue project approved by email subsequently. A variation to Yeovil Innovation Centre Phase 2 is under discussion by email currently, due for approval prior to SIP.

Announcement of decision on New Stations Fund on 28th July means project sponsors will need to confirm plans for 2 station projects and potentially enable reallocation of funding, with a conference call set up for SIP to discuss these plans following LTB meeting on 12th September.

Constructing Futures GD3 project is in appraisal, aiming at a September SIP approval. The Open Innovation building at Exeter Science Park business case is also expected in at end August for appraisal during September and to come to the October SIP meeting.

As per previous report: The profile has been updated to reflect Q1 17/18 claims and forecasts from projects received. Not all projects have submitted claims and forecasts, so the latest summary based on work in progress is provided in the table on Page 7 of this report. Some previous accruals have been reversed so the total to end 16/17 has reduced to reflect this.

We are now reporting on Enterprise Zones on Logasnet so will be adding to future Programme Summary output reports when set up.

Growth Deals

Business cases and funding agreements

The September SIP has 4 business cases for unlocking growth fund projects on the agenda as planned.

12 GD2 business cases are now approved in total – 5 in Unlocking Growth Fund (Claylands, Yeovil Innovation Centre, Highbridge, Wiveliscombe, Wells Enterprise Centre(subject to conditions)), EPIC Project, Oceansgate, Broadband, Tiverton EUE and Exeter Science Park Grow On buildings. 4G Mobile and Devonport UGF are approved subject to further review. 1 GD3 business case approved.

All GD1 funding agreements are signed with the exception of 4, 2 of these are drafted and 2 to be started. 6 GD2 agreements (including Revenue projects) are signed with others in progress/near signing. Outstanding GD1 and GD2 funding agreements are as follows:

Project	Funding Agreement Status
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GD1	
Bideford – Heywood Road Junction	Drafted -Awaiting completion of s106 agreements. Aim to get signed early-mid 17/18.
Edginswell	Drafted -Funding gap causing delays. New Stations Fund decision negative.
Plymouth Charles Cross	Business case in development
4G Mobile	First stage business case approved. Funding agreement to be developed. Further business case review Autumn 2017.
GD2	
EPIC	Signed or near signed
Oceansgate	In development.
Unlocking Growth Fund	Majority allocated to approved projects. Highbridge, signed. Developed – Yeovil IC – variation request in. Further funding agreements in development and business cases being updated for approval.
Exeter Science Park – Open innovation building	Business case in development for approval
J25 M5 Henlade	Now signed – Programme Entry agreement. Funding amounts may change.
North Plymouth – Forder Valley Link Road	Funding agreement will not be with LEP as removed from LEP’s profile from govt.
Tiverton EUE	LEP Board approved funding. Funding agreement in development.

Delivery

No update: Seven projects have completed and into monitoring phase- Exeter Science Park GD1, Bicton HPTA, Plymouth College STEM centre, Somerset College ACE, Derriford Hospital, Huntworth Roundabout and A379 Junction with the final claims paid.

A number of GD1 projects in various stages of completion have spent all their GD funds. These are Bridge Road, Deep Lane, Bridgwater College Hinkley skills capital, South Devon HPTA, Plymouth Science Park. A379 Junction has completed on the ground with financial completion due next quarter.

Claims submitted in June 2017 have been processed and the totals in the table below accordingly.

Monitoring will continue as per the projects’ Monitoring and Evaluation Plans.

Programme Overview (no update from Aug SIP)

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 3 GD1 projects and 5 GD2 projects (inc 3 UGF). Business cases in development for 9 GD3 projects, 1 approved.	A
Scope and objectives	Programme is within the scope and objectives agreed by LEP Board and government	G
Budget	Currently £370k approx. headroom from 3 DCC GD1 transport projects.	G

Programme milestones and activities this period (no update from Aug SIP)

Activity	Comment	Completion date
Funding agreements signed	32 funding agreements signed. Others in progress or outstanding as above.	Spring/Summer 2017 and ongoing
Project business case approval	GD1/2 2 projects requiring SIP approval plus 2 requiring final approval. 4 needing LTB final approval. 9 GD3 projects requiring business cases to be developed.	Spring/Summer 2017 and ongoing
Claims paid	Claims paid to end 16/17 including accruals estimated at £60.09m. Adjusted total based on actuals is £55m.	Quarterly
Monitoring and Evaluation	Data gathering for Enterprise Zone 1 st Aug entry.	Complete

Other activities in next period Q2 17/18

Activity	Comment	Completion Date
Monitoring and Evaluation	Chasing projects for monitoring reports. Logasnet window mid September.	September 2017
Funding agreements to be finalised	In progress	Ongoing
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. SIP, Leadership Groups and LTB to manage slippage across their portfolio of projects and/or bring forward reserve projects from approved pipeline as substitutes	SIP/Leadership Groups /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 Groups/LTB/PMO

Budget summary (no update from Aug SIP)

Government funding of £197.83m available (not including Forder Valley Link Road) and £197.29m has been allocated by the LEP to projects giving £0.55m of headroom. However, this is subject to change with a couple of outstanding queries from end 16/17. £260k approx. has come from completed projects spending slightly under budget and some from rounding slightly under original allocation. All the potential underspend has come from GD1 projects – GD2 and GD3 projects are currently on profile. The budget is summarised below and reflects the latest work in progress on expenditure profile from project sponsors.

This shows a slippage into 18/19 for projects and from 17/18 but also from 19/20 with some projects now forecasting to deliver ahead of original schedule. The majority of GD3 projects have not yet provided updates.

Subject to final reconciliation for end 16/17

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	24.42	35.01	36.35	17.53	4.57	0.29	113.84
Forecast spend £m (GD2)	0	0.86	11.67	26.1	1.62	0	40.1 Need to clarify Growth Hub and other revenue projects
Forecast Spend £m (GD3)	0	0	11.68	17.65	10.82	3.41	43.57 – need updated profiles from projects

Growing Places Fund

Programme Summary

DC Homes – 8 claims now paid, claim 9 in progress. Variation paperwork is still in progress, delayed due to agreement required on sharing of legal costs – now near resolution. Collateral Warranties have been received a conference call has taken place with actions identified to finalise these. Construction is well underway.

Ocean Studios – no update -funding agreement variation and PCC repayment of loan agreement by Dec 2017 put into place. A solution is now in place to ensure ongoing support for the studios.

Broadband – no update-GPF funding agreement signed Dec 2016 and project mobilisation has begun.

South Yard/Oceansgate – GPF agreement with DCC/Ashfords following review by PCC lawyers for review and signing by end Q2 2017/18.

Other projects are on track or complete.

EAN (Enterprise Advisors Network) – no update

Progress to end July will be available for next SIP.

With regard to new programme, current contract ends on 31 August and new contract is intended to go live on 1 Sept. The CEC offer of £75k has been accepted and the details of the required £75k

match funding are currently being finalised with each of the LEPs contributing local authorities, including a contribution from the Peninsular Youth Deal budget. Contract will be extended with CSW to cover the next operational year and issued during August 2017.

Attachment 1 – Investment Programme Summary

Attachment 2 – Amber project reviews

LEP PMO 30/08/2017