

HOTSW Investment Programmes

Highlight Report No 31 – 28th September 2017

Reporting period

September 2017

Summary Comments

A number of business cases were approved at the September SIP and LTB meetings, including Unlocking Growth Fund (Caddsdawn, Wells Enterprise Centre, Devonport and a variation for Yeovil Innovation Centre). Final approval for Yeovil Western Corridor and Torbay Western Corridor plus programme entry approval for Plymouth Charles Cross scheme took place at LTB. This also included the move of £950k between Torbay transport projects (Torquay Gateway to Torquay Western Corridor) which subsequently gained SIP and LEP Board approval.

No final decision was made following announcement of New Stations Fund decision, since unsuccessful project sponsors are meeting with DfT in early October in order to review funding and subsequently confirm their plans. These will be reviewed at an interim LTB meeting prior to the November SIP meeting. Recommendations for the LEP Board regarding funding utilisation can then be agreed as required.

The Constructing Futures GD3 project is on the agenda for the October SIP. A delay to the business case for Exeter Science Park Open Innovation Building coming forward for appraisal and time required to carry out this appraisal mean we are now aiming at a November SIP approval.

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. Q2 claims are currently in processing so we will have a more up to date picture on spend and forecasts for the November SIP meeting.

Logasnet is being replaced with a new government reporting system, called Delta. We appear to have been given a break from the usual September reporting on Logasnet while the transition takes place. All LEP Programme managers have fed in our comments regarding the Logasnet system into the design so it is expected (hoped) that the new system will be significantly more user friendly.

Growth Deals

Business cases and funding agreements

The October SIP has 1 business cases for GD3 on the agenda.

13 GD2 business cases are now approved in total – 7 in Unlocking Growth Fund (Claylands, Yeovil Innovation Centre, Highbridge, Wiveliscombe, Wells Enterprise Centre, Devonport, Caddsdawn), EPIC Project, Oceansgate, Broadband, Tiverton EUE and Exeter Science Park Grow On buildings. 4G

Mobile is approved subject to further review. 1 GD3 business case for South Devon College is 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. 1 GD3 funding agreement is signed. Outstanding GD1 and GD2 funding agreements are as follows:

Project	Funding Agreement Status
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 has programme entry approval. Final business case expected January 2018.
4G Mobile	First stage business case approved. Funding agreement to be developed. Further business case review Autumn 2017.
GD2	
EPIC	Not yet signed.
Oceansgate	In development.
Unlocking Growth Fund	Majority allocated to approved projects. Yeovil, Highbridge signed. Developed – Wiveliscombe. Others due to be developed. The remaining small pot of funding to be allocated to 1 project.
Exeter Science Park – Open innovation building	Business case in development for approval – now in appraisal
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.

The totals in the table below reflect June 2017 claims. September claims are currently in processing so the table will be updated for the next SIP meeting.

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

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 3 GD1 projects and 3 GD2 projects (inc 1 UGF). Business cases in development/appraisal 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 £260k approx. headroom from GD1 transport projects.	G

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

Activity	Comment	Completion date
Funding agreements signed	37 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	GD1/2 1 project requiring SIP approval plus 1 requiring final approval. 4 needing LTB final approval. 9 GD3 projects requiring business cases to be approved.	Autumn 2017 and ongoing
Claims paid	Claims paid to end 16/17 including accruals estimated at £60.09m. Adjusted total based on actuals is £55m. September claims received and in processing.	Quarterly (based on June 2017 figures)

Other activities in next period Q3 17/18

Activity	Comment	Completion Date
Monitoring and Evaluation	Chasing projects for monitoring reports. Logasnet window mid September cancelled.	December
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 Sep 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 –9 claims now paid, claim 10 in processing. Variation paperwork near completion now legal costs issue has been resolved. Collateral Warranties have been received a conference call has taken place with actions identified to finalise these. Construction is well underway. Substation minor variation has also been approved by Chairman of SIP.

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 Q3 2017/18.

Other projects are on track or complete.

EAN (Enterprise Advisors Network) – no update

Progress update will be available for next SIP.

Regarding the new programme, the 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.

Attachment 1 – Investment Programme Summary

Attachment 2 – Amber project reviews

LEP PMO 28/09/2017