

HOTSW Investment Programmes

Highlight Report No 32 – 25th October 2017

Reporting period

October 2017

Summary Comments

No business cases were approved at the October SIP and LTB meetings, although agreement to reallocate Unlocking Growth funds to South Molton Pathfields in principle (first reserve - subject to deliverability/SIP approval) was agreed. The LTB meeting was specifically to discuss the outcomes from the New Stations Fund decision, and recommendations for SIP and Board were put forward regarding the treatment of the 2 projects affected, as per the paper provided for the November SIP meeting.

The Constructing Futures GD3 project was reviewed with further meetings and actions identified for resubmission to December SIP. A delay to the business case for Exeter Science Park Open Innovation Building coming forward for appraisal and outstanding questions mean we are now aiming at a December SIP approval.

The programme summary is being updated to reflect Q2 17/18 claims and forecasts from projects received, due to be completed with the government report below by end October. Not all projects have submitted claims and forecasts to date, so the latest summary based on work in progress is provided in the table on Page 7 of this report.

Logasnet is being replaced with a new government reporting system, called Delta. In the meantime we have been provided with an excel spreadsheet to complete while the transition takes place. This spreadsheet is due for completion by end October and will also be used to provide information for the LEP Annual Conversation.

Growth Deals

Business cases and funding agreements

13 GD2 business cases are now approved in total – 7 in Unlocking Growth Fund (Claylands, Yeovil Innovation Centre, Highbridge, Wiveliscombe, Wells Enterprise Centre, Devonport, Caddsdow), 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 except for 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. Recommendation from LTB to remove from programme.
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, project on site. Funding agreement in development.

Delivery

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.

Nine GD1 projects in various stages of completion have spent all their GD funds. These are Bridge Road, Torquay Town Centre Access, Deep Lane, Bridgwater College Hinkley skills capital, South Devon HPTA, Petroc HPTA, Exeter College HPTA, Yeovil College HPTA and Plymouth Science Park.

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. Potential for further funds to be reallocated and request for reallocation of headroom received.	G

Programme milestones and activities this period

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 2 projects requiring SIP approval plus 1 requiring final approval. 3 needing LTB final approval. 9 GD3 projects requiring business cases to be approved.	Autumn 2017 and ongoing
Claims paid	Claims paid to end Q2 17/18 total cumulative spend of £63m .	Quarterly (based on September 2017 figures)

Other activities in next period Q3 17/18

Activity	Comment	Completion Date
Monitoring and Evaluation	Chasing projects for monitoring reports. Government datasheet for Q1 17/18 due for completion.	31 st October
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. £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.

Will be finalised for 31st October

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	24.42	35.01	32.28	15.3	6.96	0.72	109.83 (£4m allocated to Edginswell is not included)
Forecast spend £m (GD2)	0	0.86	9.44	28.6	2.87	0	40.8 Need to clarify Growth Hub and other revenue projects
Forecast Spend £m (GD3) NOT UPDATED	0	0	9.44	28.6	10.82	3.41	43.57 – need updated profiles from projects

Growing Places Fund

Programme Summary

DC Homes –10 claims now paid, claim 11 in processing. Variation paperwork near completion now legal costs issue has been resolved. Meeting arranged to discuss project progress on 8th November. 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 and legals progressing towards completion of lease amendments.

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 25/10/2017