

HOTSW Investment Programmes

Highlight Report No 34 – 4th January 2018

Reporting period

December 2017

Summary Comments

December was a relatively quiet month.

No business cases were approved at the December SIP meeting. A variation was approved for Yeovil College HPTA. The December LTB approved Programme Entry for Plymouth Station GD3 project.

Actions have been progressed on the Constructing Futures GD3 project and will be reviewed at the January SIP meeting. Two business case appraisals are expected – for South Molton Pathfields (Unlocking Growth Fund balance) and Exeter Science Park Open Innovation Building.

The Annual Conversation meeting took place the same day as the December SIP meeting and appeared to be successful. No specific PMO actions arose from the meeting. We will receive DCLG's formal meeting notes for review prior to our 18/19 GD funding award.

The Q1 reporting spreadsheet was submitted and the Q2 sheet completed for SIP and Accountable Body sign off for the dashboard sheet – see attachments. A RAG status paper explains the new RAG approach from government. We will continue to provide the programme summary since this is monthly and relatively up to date. The government dashboard is quarterly, produced 1 quarter arrears, so is less helpful for SIP members from a programme management viewpoint.

On Growing Places Fund a meeting was held with DC Homes regarding their loan for the hotel in Bridgwater and a paper was produced for January SIP to respond to a request from Exeter Science Park regarding their loan repayment.

Growth Deals

Business cases and funding agreements (no change)

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, 1 of these to be 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, GD2 and GD3 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.
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 reviewed Autumn 2017. Update expected early Q1 2018.
GD2	
EPIC	Not yet signed – awaiting planning permission.
Oceansgate	In development – awaiting one legal issue to be resolved.
Unlocking Growth Fund	Majority allocated to approved projects. Yeovil, Highbridge signed. In development – Wells, 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 appraisal
Tiverton EUE	Funding agreement in development.
GD3	
Somerset Innovation Centre Phase 3	Pre-business case approval
CDS Phase 3 and Mobile	Pre-business case approval
Constructing Futures	Partially approved by SIP– final approval needed
iAero (South) Centre	Pre-business case approval
Blue Screen ICT	Pre-business case approval
Houghton Barton Package	Pre-business case approval
Taunton Toneway	Pre-business case approval
Huntspill Energy Park	Pre-business case approval
Plymouth Central Station	Programme Entry – LTB Dec 2017
North Devon Innovation Centre	Pre-business case approval

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 2 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 headroom from GD1 transport projects has been reallocated to topslice, overprogramming and a new GD3 project. Potential for further funds to be reallocated as overprogramming situation resolves.	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 plus 1 new project.	Autumn 2017 and ongoing
Claims paid	Claims paid to end Q2 17/18 total cumulative spend of £63m.	Quarterly (based on September 2017 figures)
Monitoring and Evaluation	Chasing projects for monitoring reports. Government datasheet for Q1 17/18	31 st October
Annual Conversation	Meeting took place on 6 th December.	6 th December

Other activities in next period Q3 17/18

Activity	Comment	Completion Date
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
Monitoring and Evaluation	Approval and submission of Q2 dashboard	20 th Jan 2018

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 change)

Government funding of £197.83m available (not including Forder Valley Link Road) and £198.65m has been allocated by the LEP to projects/topslice giving -£0.82m of headroom, due to over programming with Tiverton EUE. However, this is subject to change as TEUE completes, Jn 25 M5 finalises costs and further funding comes in from completed projects spending slightly under budget. This includes a reallocation of the original Edginswell funding agreed by the November board. 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 primarily shows a slippage into 18/19 and 19/20 for GD1 and GD2 projects, with a small move into 20/21. Note previous years have also been adjusted to compensate for reversed accruals moving into a later year.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Forecast spend £m (GD1)	20.87	31.1	28.03	18.58	10.13	0.81	109.48 (£4m allocated to Edginswell is not included). £0.6m forecast underspends on GD1 projects at completion.
Forecast spend £m (GD2)	0	1.06	6.78	30.06	3.7	0	41.6 (inc Tiverton EUE overprogramme) Need to clarify Growth Hub and other revenue projects
Forecast Spend £m (GD3)	0	0	3.01	16.59	16.39	7.58	43.57 – need updated profiles from projects
Forecast Spend £m reallocated from Edginswell (GD3 new/Topslice)	0	0	0	2	2	0	4 – Roundswell 2.15+ Topslice 1.85
TOTAL	20.87	32.16	37.82	67.23	32.23	8.39	198.65 (overprog v's award of 197.83)

Growing Places Fund

Programme Summary

DC Homes –12 claims now paid.

Project visit took place on 22nd November. Progressing well on site and still aiming to open Easter 2018. Costs have escalated partly due to 4* updated requirements but partly due to building of 16 additional rooms within the building envelope – maximising returns. Some Collateral Warranties are still outstanding. Request received for additional £800k loan and meeting held to discuss. Agreed that they would go ahead without the additional loan requested and the additional funding was needed to develop additional rooms, not to complete the project as originally envisaged.

Ocean Studios – PCC have organised repayment of loan to take place during December.

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

South Yard/Oceansgate – no update - GPF agreement with DCC/Ashfords following review by PCC lawyers.

Other projects are on track or complete.

EAN (Enterprise Advisors Network) (no update)

- Programme continues across all LAs in the HotSW LEP area – all areas now contracted.
- Press release has been agreed and will soon be circulated to the local press celebrating the continuation of the programme and promoting case studies from across the patch
- A case study brochure has been compiled as a resource for Enterprise Co-ordinators, Advisors and others. A small print run will be commissioned soon and an electronic version will be available soon.
- Some Social Media Guidance has been drafted to enable Enterprise Advisors to engage with Social Media, in an appropriate way.
- Next programme steering group will take place in January.

Attachment 1 – Investment Programme Summary

Attachment 2 – Amber project reviews

Attachment 3 – RAG Status Paper

Attachment 4 - Dashboard

LEP PMO 04/01/2018