

HOTSW Investment Programmes

Highlight Report No 35 – 5th February 2018

Reporting period

January 2018

Summary Comments

The January SIP meeting received a report on outstanding issues needing confirmation for business case approval and these were subsequently approved by email, meaning the project can now go ahead to funding agreement set up.

One business case appraisal is expected for this February SIP– for South Molton Pathfields (Unlocking Growth Fund balance). The delayed Exeter Science Park Open Innovation Building has been further delayed due to further business plan information being required. A PMO/People LG meeting was held with Blue Screen IT to progress their GD3 project business case.

The Q2 reporting spreadsheet was completed for SIP and Accountable Body sign off and submission to DCLG by the January deadline. The dashboard was also presented to the LEP Board. A letter is to go out to all projects reminding them of their publicity and outputs reporting obligations. The dashboard will be discussed at March SIP following LEP Board comments.

On Growing Places Fund a letter was submitted by Exeter Science Park regarding the Science Park Centre loan, and a SIP paper was reviewed with a meeting to be organised for February to discuss options with Science Park Company. DC Homes are still aiming for practical completion at Easter and have claimed the bulk of their loan.

The Q3 17/18 expenditure figures have just been produced, showing a total spend of around £70.7m. This is capital only so will be adjusted to include revenue projects and a detailed breakdown of actual and forecast expenditure will be produced for the March SIP meeting.

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. 2 GD3 business cases are approved - South Devon College and Constructing Futures.

All GD1 funding agreements are signed except for 3, 1 of these to be drafted and 2 to be started. 7 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 legal issues to be resolved.
Unlocking Growth Fund	Majority allocated to approved projects. Yeovil, Highbridge signed. In development – Wells, Wiveliscombe, Devonport, Caddsdawn. Claylands due to be developed. The remaining small pot of funding to be allocated to 1 project, subject to SIP approval.
Exeter Science Park – Open innovation building	Business case in appraisal – more information required.
GD3	
Somerset Innovation Centre Phase 3	Pre-business case approval
CDS Phase 3 and Mobile	Pre-business case approval
Constructing Futures	In development now SIP has approved final elements of business case.
iAero (South) Centre	Pre-business case approval
Blue Screen ICT	Pre-business case approval
Houghton Barton Package	Pre-business case approval
Taunton Toneyway	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

Note: Unlocking Growth Fund – Devonport project. The project was revised to only include the workspace element of the development, as highlighted at the September 2017 SIP, meaning HotSW is funding £497k of a £1.4m project, rather than the larger original proposed £6m project. The outputs will need to be reduced to reflect this – PCC are reviewing. The project has delayed LGF spend until 18/19 but is currently aiming to spend all in this financial year.

Delivery

17 projects have completed spending their Growth Deal funding, including: Exeter Science Park GD1, Bicton HPTA, Plymouth College STEM centre, Somerset College ACE, Derriford Hospital, Huntworth Roundabout, A379 Junction, Bridge Road, Torquay Town Centre Access, Deep Lane, Bridgwater College Hinkley skills capital, Bicton HPTA, 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, 2 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	38 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	1 project received approval this month. Others ongoing	Ongoing
Claims paid	Claims paid to end Q3 17/18 total cumulative spend of approx £77m.	Quarterly (based on January 2018 figures)
Monitoring and Evaluation	Chasing projects for monitoring reports. Government datasheet for Q1 17/18 and dashboard signed off	20 th January

Other activities in next period Q4 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	To complete submission for Enterprise Zones into Logasnet.	10 th February 2018
Monitoring and Evaluation	Updating of expenditure profile forecast to reflect Q3 claims information when available	March 2018
Monitoring and Evaluation	To produce the Q3 dashboard for approval by SIP to meet next deadline	April 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
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Budget summary (no change) – will be updated for March SIP to reflect Q3

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 –14 claims now paid.

Project visit took place on 22nd November. Progressing well on site and aiming to open May 2018. Final Collateral Warranties have been received for review and signing and bulk of loan now claimed.

Ocean Studios – loan paid off, so will be removed from this report going forward.

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. May require SIP decision for variation to accommodate MOD's position.

Other projects are on track or complete.

EAN (Enterprise Advisors Network)

- Programme continues across all LAs in the HotSW LEP area.
- Some schools are without an Enterprise Advisor so there is increased activity to recruit in certain areas. Anyone who would like further information should contact Jacqui.Vaughan@cswgroup.co.uk
- Press release has been circulated to local newspapers to celebrate the continuation of the programme and promote to businesses in the area.
- Case study brochure is currently being procured and electronic version of case studies are available on the LEP website.
- The EAN steering group met in January with full attendance and a clear commitment to the programme from all.
- A network meeting of all organisations delivering any work experience/enterprise/STEM activity in to schools has been convened with good attendance and an excellent willingness to share and co-operate. Future meetings will be held quarterly to enable cross referral and share good practice.

Attachment 1 – Investment Programme Summary

Attachment 2 – Amber project reviews

LEP PMO 29/01/2018