

HOTSW Investment Programmes

Highlight Report No 51 – SIP 5th September 2019

Reporting period

August 2019

Summary Comments

At the July SIP no decisions were made on business cases but a way forward was agreed for Growth Hub future delivery. There was an update on the Growth Deal 2 and 3 Connecting Devon and Somerset and GD1 4G mobile projects presented with a discussion around the timescales for the digital strategy and local broadband plan to be produced, as well as an update on the current contract under GD2. The SIP will be consulted on the digital strategy at the September meeting leading up to a decision later in the Autumn, expected at November SIP.

One key issue is around the ability for the LEP to spend all the funds allocated to these schemes in the required timescales, and if not, what is our contingency plan. Suggestions included, delaying GPF spend, agreeing with HM Treasury/DCMS the extension of £6m LGF expenditure to 2023, the funding of a backhaul with the GD1 mobile element and/or producing a voucher solution for both technologies, plus the identification of a potential pipeline of other projects which could come forward and spend quickly. See below for more information.

Further to the meeting, discussions are taking place regarding opportunities for this pipeline from FE Colleges, transport schemes and unlocking growth fund schemes, as these are the type of projects that tend to be able to spend more quickly. The growth hub could be another option.

Following the annual performance review at the August SIP further work has been undertaken with the majority of project sponsors now responding and updated outputs sheets and dashboard have been produced, which we can now view with more confidence regarding deliverability.

The quarterly dashboard report was produced for August SIP sign off, as part of the quarterly monitoring process on outputs and expenditure to be submitted to government.

Exeter Science Park has written to the LEP regarding outstanding conditions on the Open Innovation Building grant funding agreement – these are now discharged.

Growth Deals

Business cases and funding agreements – no update

All GD1 business cases are approved or partially approved – with 1 remaining to finalise for funding agreement/decision on proceeding. See table below for details of outstanding actions.

All GD2 business cases are now approved and funding agreements signed– 15 in total, including 8 in Unlocking Growth Fund. There are also agreements in place for the 3 Growth Hub/Hinkley business support projects which have been delivering for some time.

10 GD3 business cases are now approved - 6 GD3 business cases approved by SIP - South Devon College, North Devon Enterprise Centre, iAero, SEIC Phase 3, Blue Screen ICT and Constructing Futures, plus 4 GD3 transport projects with Programme Entry approval – Huntspill Energy Park, Toneway, Houghton Barton and Plymouth Central Station. 1 GD3 business case – Blue Screen ICT - has been approved subject to conditions and further information to be provided.

4 GD3 funding agreements are signed, with 7 yet to be completed.

There are now **8** outstanding GD1, GD2 and GD3 funding agreements, as follows:

Project	Funding Agreement Status
GD1	
4G Mobile	First stage business case approved. Updated business case presented at November 2018 SIP Jan 2019 Board meeting decision to halt project in line with digital strategy.
GD2	None
GD3	
Somerset Innovation Centre Phase 3	Business case approved at April 2019 SIP. Funding agreement in development
CDS Phase 3 and Mobile	Pre-business case approval – supporting digital strategy in development.
iAero (South) Centre	Business case approved at November 2018 SIP.
Blue Screen ICT	Business case approved at May 2019 SIP meeting subject to conditions. Variation proposal expected at September/October SIP.
Houghton Barton Package	Programme Entry approval at December 2018 LTB. Final approval target March 2020
Taunton Toneway	Programme Entry approval at October 2018 LTB. Final approval target December 2019
Plymouth Central Station	Business case Programme Entry approval – LTB Dec 2017. Final approval target June 2019.

Delivery

At end Q1 19/20, 30 projects have completed spending their Growth Deal funding, including: 24 GD1 projects, 4 GD2 projects and 2 GD3 projects.

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

Connecting Devon and Somerset (CDS) / 4G Mobile

The following projects sit within the CDS / mobile portfolio with the future expenditure on these subject to 2 main factors:

1. Agreement of the priorities for future spend through the digital strategy and local broadband plan
2. Resolution of contractual issues affecting expenditure on the GD2 broadband project

In summary, the LEP funding allocated to these projects is as follows:

Project	LEP Funding	Funding Agreement Status
GD1		
4G Mobile	£2.5m LGF	First stage business case approved. Updated business case presented at November 2018 SIP Jan 2019 Board meeting decision to halt project in line with digital strategy.
GD2		
CDS (Broadband)	£6m LGF £4.2m GPF £806k LGF spent.	Funding approved and grant agreement in place for Growth Deal and GPF funding. Growth Deal expenditure has begun and is forecast for some elements of scheme. The main part of the spend is halted due to contractual issues, which may need to extend part of the expenditure beyond March 2021.
GD3		
CDS Phase 3 and Mobile	£9.57m	Pre-business case approval – supporting digital strategy and Local Broadband Plan in development. This would underpin business case submitted for approval. Potential for some expenditure to need to take place beyond March 2021.

Currently the forecast is for £1.198 of GD2 funding to be spent in 19/20 with the balance in 20/21 and this relates to the elements of the project not in dispute. In addition, £1m GPF could be reallocated to a later date, meaning an additional £1m GD2 could be spent before March 2021. Clarity is required on the balance of the fund, around £4m and whether this can be spent during 20/21 as currently forecast. It is expected the way forward will be agreed in the same timescales as decisions on the digital strategy/local broadband plan and the GD3 and mobile funding.

In addition to the consultation timescales below, the CDS project is also reporting to the LEP Board and LEP Scrutiny during September.

Digital strategy and local broadband plan timescales:

- Digital strategy and Local Broadband Plan: First drafts produced end July 2019
- Second draft of digital due 28th August 2019, to be consulted on during September 2019, including SIP, LGs and EDOs across HotSW.
- Local Broadband Plan next draft 6th September.
- Dates confirmed for SIP (5th Sept), Business LG (2nd Sept) and Place LG (11th Sept).
- CDS consultation on 11th September
- EDO consultations to take place during September, likely via email.
- Final drafts due end September.
- Options paper to November SIP for decision.

Contingency Plan and Potential Pipeline Review

The contingency plan ideas include delaying £1m GPF spend as above, agreeing with HM Treasury/ DCMS the extension of £6m LGF expenditure to 2023, the funding of a backhaul with the GD1 mobile

element and/or producing a voucher solution for both technologies, plus the identification of a potential pipeline of other projects which could come forward and spend quickly. This includes FE Colleges, transport schemes and unlocking growth fund employment space schemes or the Growth Hub.

Realistically we are looking for projects that could deliver in around 12-15 months, so refurbishments or other projects that can be “shovel ready” quickly need to be considered. Planning process lead ins would almost certainly discount completely new projects, unless very small.

-FE Colleges – People LG have identified approx. £8-10m approx. FE Colleges projects that could be delivered in tight timescales, some linked to IoT activities. One of these colleges has not previously received LEP funding. All would need a decision fairly soon if they are to build in capacity for delivery next year.

- Transport – TBC

- Unlocking Growth Fund - TBC

Annual Performance Review

Regarding actions from the Annual Performance Review identified at the May SIP, following some chasing by the theme leads, updated expenditure profiles were produced and reviewed at the August SIP meeting. These will now be reviewed quarterly. We will now endeavour to work with projects to ensure this profile is adhered to, within a 10% variation, as per government’s request.

We will contact any projects deviating from their planned profile by more than 10% when Q2 claims come in and each subsequent quarter to identify any issues to bring to the attention of SIP. The Amber Project Review sheet will be used to raise any projects with delivery issues to the SIP and enable decisions to be made on how to address these. Minor slippages to be caught up in the subsequent quarter will be recorded.

Outputs forecasts have also been produced and submitted to government for the majority of projects, with theme leads and PMO chasing for the remainder. The updated outputs forecast sheet is attached.

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 1 GD1 and 4 GD3 projects.	A
Scope and objectives	Programme is within the scope and objectives agreed by LEP Board and government	G
Budget	Headroom from GD1 transport projects was reallocated. Some potential for further funds to be reallocated as underspends are identified.	G

Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	50 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	0 projects received approval this month. Others ongoing	Ongoing
Claims paid	Claims paid to end Q1 19/20 total cumulative spend of approx £112m including Growth Hub/Rev GD2 projects	Quarterly
Monitoring and Evaluation	Outputs sheet developed for submission to government	23 rd August 2019

Other activities in next period Q2 19/20

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. Individual project meetings to be set up for review of delivery.	Ongoing
Monitoring and Evaluation	Begin reporting cycle for Q2 dashboard report to MHCLG.	Nov 2019

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. UGF identified as means to utilise any underspend going forward.	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 – at end Q1 19/20

From Government funding of £197.83m available (not including Forder Valley Link Road) £195.9 + £1.85m has been allocated by the LEP to projects + topslice giving **£0.07m** unallocated currently. However, this is subject to change as projects complete and clarification on a handful of projects with the Accountable Body, so cannot be seen as available to reallocate.

Q1 19/20 data and forecast – see table below

- Table below includes latest forecasts from projects for 19/20 and 20/21
- Minor adjustments to previous years (mainly due to accruals, topslice and growth hub)
- At end Q4 18/19 forecast for 19/20 was £36.09m and for 20/21 £38.29m. Current forecast shows slippage of £13.37m into 20/21. However, apart from the Red rated projects, these are all forecasts project sponsors have provided on the basis they can deliver within a 10% variance.
- Headroom has increased slightly with a surplus of £70k over the project management reserved element. This will be subject to change.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Forecast spend £m (GD1)	20.92	29.88	23.02	14.65	13.72	7.56	109.75 (0.54 headroom)
Forecast spend £m (GD2)	0	0.86	5.51	4.61	14.19	15.28	40.1 (0.16 headroom – needs verification)
Forecast Spend £m (GD3)	0	0	0.99	7.72	8.18	28.13	45.72 (including reallocation of £2.15m from GD1)
Forecast spend £m TOTAL	20.92	30.74	29.52	26.98	36.09	51.66	£195.91m (headroom/project mgmt. allocation of £1.92m)

Growing Places Fund

Programme Summary

DC Homes –no update - 16 claims now paid – this is the last claim for GPF funding but progress claims will continue to be received until project completion. Opening event held early November.

All further Collateral Warranties now received for review and signing.

Broadband –GPF funding agreement signed Dec 2016 and project mobilisation has begun. A request to review expenditure profile has been discussed by SIP in January and an updated reprofile is awaited, subject to an overall review of the LEP area delivery contracted.

South Yard/Oceansgate – Funding agreement completed and claims form issued. Loan drawdown to follow immediately.

Other GPF projects are in repayment or complete.

Other projects

Careers Hub

With schools on holidays, HotSW Careers Hub Manager has focussed on the establishment of HotSW Cornerstone Employer Group and, the need to increase Enterprise Adviser (EA) numbers from the current 60 to 121. To ensure employment opportunities and the skills needs of the area are reflected by the group, the identification and recruitment of cornerstone employers has been undertaken on a sector basis. Although the target date for achievement of full EA/school match is August 2020, the HotSW Careers Hub ambition is to achieve this by April 2020, if not sooner.

The HotSW Cornerstone Employers who have signed the Commitment Statement to confirm their support of the HotSW Careers Hub are:

1. Babcock International – marine sector
2. Devon County Council – public sector/local govt.
3. GirlingJones – construction sector
4. Hinkley Point C – nuclear sector
5. Plymouth NHS Trust – health sector
6. Richardson Hotels – hospitality sector
7. Yeo Valley - food and drink sector

The following organisations have pledged commitment but, at submission of this update, have not signed the Commitment Statement required by DfE/CEC:

1. Cosmic – digital sector
2. Gregory Distribution – transport and logistics sector
3. Sibelco – minerals/aggregate mining sector

In terms of an **agricultural sector representative**, VG has had discussions with David Fursdon and Mel Squires is attending the first Cornerstone Employer meeting being held in September.

The HotSW Careers Hub team have held a number of Gatsby Benchmark (GB) brainstorming workshops to develop and further enhance the resources available to support HotSW schools to achieve the Gatsby Benchmarks with particular focus on GB5 & GB6.

Digital Skills Partnership

Activity

2nd year funding of Digital Skills Partnership

DCMS finance have signed off 2nd year funding for Digital Skills Partnership full budget proposal of £75,000 has been forwarded to Treasury. DCMS have also confirmed in response to requests made from a growing number of LEP's that the pilot of DSP support will be held at six in total.

Digital Skills Partnership impact to date and alignment with LIS and SAP

Brief shared with DCMS in response to the following request:

New Secretary of State, Nicky Morgan and a new Minister for Digital and Broadband, Matt Warman at DCMS. Over the coming weeks, we will be briefing new Ministers and sharing details on our key Digital Skills policy areas which obviously will include Local Digital Skills Partnerships.

A key theme of the briefing will be around positioning and alignment of the Local DSP with other Government policy areas and regional initiatives that strengthens the role of the Local DSP and in turn, adds value to other policies and skills related programmes. (As an example, Local Industrial Strategies).

Digital Skills partnership membership review

Following July meeting, review of membership was conducted with a view to non-activity partners stepping down to allow expressions of interest received from STEM Learning, Microsoft, NFU to be considered.

Digital Skills Innovation Fund project

Digital Momentum launched – http://bit.ly/Digital_Momentum

Third Digital Skills Partnership Newsletter published

<http://mailchi.mp/521d9d39d510/digital-skills-partnership-newsletter-august-out-now> Subscribers grown to 217 (up from 155) 45 % open rate.

Conversations

North Devon and Torrington Council

Met with Chris Fuller and Dominie Dunbrook to explore how DSP can best support digital delivery in North Devon

Progressing

Makematic/ Skillsumo

Proposal submitted to HotSW Careers Hub Steering Group.

Alongside wider conversation with DCMS about the collaboration across all 6 Digital Skills Partnerships on a Skillsumo shared video library.

Digital Skills Volunteering Campaign

Digital Skills Blueprint

Considering viability to apply to the South West Creative Network Automation open call to fulfil this work

Regional Employer and Training Provider Roundtables

In discussion with Kawasaki, Met Office, Beran and Torbay location to host

Inputting into the LEP Digital Strategy

Considering proposals for ESF calls

Careers Learning Pilot – No update

The Careers Learning Pilot is working towards its second cohort of learners predominantly through learning providers who were successful in recent growth applications. This is enabling the three pilot outreach areas to work on a longer lead in period to be able to test the cost/outreach model further. The three outreach areas are Western Somerset (Somerset Skills and Learning), Plymouth and Torbay (South Devon College) and Northern Devon (Learn Devon) who employ two work coaches each to work with target learners, with additional CIAG provision contracted through Prospects. The Learning and Work Institute will be running a session in early November with the work coaches and

Prospects to look deeper into the outreach work coach model, the session is being supported by Pluss. Hannah Halford has joined the Pilot as Project Manager, Hannah has over ten years' experience working in Adult Learning and has worked on several DfE/LWI projects from within the Learn Devon team.

CONFIDENTIAL ATTACHMENTS:

Attachment 1 – Expenditure profile and summary – Growth Deal

Attachment 2 – Amber project reviews

Attachment 3 – Outputs profile (to follow)

Attachment 4 – Communications update (to follow)

LEP PMO 27/8/19