

HOTSW Investment Programmes

Highlight Report No 52 – SIP email 3rd October 2019

Reporting period

September/October 2019

Summary Comments

At the September SIP no decisions were made on business case approvals and there was no October meeting. The LTB on 12th September gave final approval to 3 project business cases: A382 Widening Newton Abbot Stage 1, Plymouth Railway Station, Gravity (Hunts Mill Energy Park) Link Road.

This means there are now only 4 business cases with approval/final approval outstanding – 4G Mobile, CDS GD3, Houghton Barton and Taunton Toneway. The two connectivity projects will be coming to the November SIP for a decision and the two transport projects both have programme entry approval with final approvals due in the next 6 months. The table below has more information on approval and funding agreement timelines.

The Mid Year review with government took place on 5th September which looked mainly into governance and delivery performance. This appeared to go well and we identified how we will monitor and maintain spend against target and outputs, updating on our Annual Performance Review actions. We will provide the Mid Year Review report to a future SIP meeting when finalised.

Further work has been undertaken on outputs with the majority of project sponsors responding and updated outputs sheets and dashboard have been produced. A summary is attached showing the projects with a difference between their current outputs forecast and the forecast in their funding agreement.

Monitoring is slightly behind this quarter, as late claims in for processing have meant spreadsheets cannot be updated as yet. However, the report to government will be submitted by the November deadline. Q2 claims are estimated at £8.4m, slightly ahead of the agreed profile of £7m. This will be confirmed to SIP members via email as part of the dashboard sign off process. Q2 outputs monitoring will be reported at the same time.

Growth Deals

Business cases and funding agreements

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.

5 GD3 funding agreements are signed, with 6 yet to be completed.

There are now **7** 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 delayed re conditions to be met. Expected funding agreement completion Jan/Feb 2020.
CDS Phase 3 and Mobile	Pre-business case approval – supporting digital strategy in development.
iAero (South) Centre	Business case approved at November 2018 SIP. End November 2019 deadline for funding agreement.
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
Plymouth Central Station	Business case Programme Entry approval – LTB Dec 2017. Final approval target June 2019.

Delivery

No update - 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 – no update

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.

Delivery - Contingency Plan and Potential Pipeline Review

Paper on investment pipeline coming to November SIP meeting.

Annual Performance Review – no update

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	51 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/finance sheet in development for submission to government	Nov 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	Complete reporting cycle for Q2 dashboard report to MHCLG.	22 nd 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 – no update

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 – no update

- 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 –no update - 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 loan has been paid.

Other GPF projects are in repayment or complete.

Other projects

Careers Hub update

The action to establish a HotSW Cornerstone Employer Group (CEG) has been discharged. The following eleven organisations, targeted in a bid to ensure representation of key employment sectors, have confirmed their commitment to provide strategic support and challenge to me as Hub Manager:

Debbie Joce, Resourcing & Early Careers Lead, **Babcock International**

Sam Mullins, Lead HR Business Partner, **Devon County Council**

Simon Girling, Director, **girlingjones**

Jo Hickey, Clinical Apprenticeship Manager, **University Hospitals Plymouth NHS Trust**

Karl Tucker, Executive Chairman , **Yeo Valley Production**

Graham Hole, Group HR & Training Manager, **Richardson Hotels**

Mel Squires, Regional Director/Andrew Butler Devon County Advisor, **NFU**

Natasha Stansby, Head of HR, **Gregory Distribution Ltd**

Julie Hawker, Joint Chief Executive, **Cosmic**

Stuart Jarvis, Regional Manager, **Santander**

Tom Thayer, HPC Inspire Education Programme Lead, **Hinkley Point C**

Working collaboratively the CEG will: further leverage access to employers to provide young people and teaching professionals with up to date knowledge and experiences of the workplace, support the development of resources to demonstrate how teaching and learning in school/college relates to future employment and share information about the range of training and employment opportunities within key sectors. By understanding of the world of work young people and all those that support them are enabled to make informed decisions about educational choices and future career pathways. Through the raising of aspirations and by supporting young people to realise their full potential the CEG will support the development of a workforce talent pipeline able to deliver the organisational aims and growth ambitions of HotSW businesses.

The following strategic priorities have been agreed with the CEG to drive the achievement of Gatsby Benchmarks across HotSW schools, colleges and FE institutes in line with the government's Careers Strategy and the HotSW Careers Hub & EAN funding agreement:

PRIORITY 1: Support the recruitment of Enterprise Advisors by promoting the opportunity to employees, supply chains and business networks

PRIORITY 2: Gatsby Benchmark 2 - Learning from career & labour market information

PRIORITY 3: Gatsby Benchmark 4 - Linking curriculum learning to careers

PRIORITY 4: Gatsby Benchmark 5 – Encounters with employers and employees

During November and December I will meet with each CEG representative to agree actions against the above priorities.

Digital Skills Partnership update

The Digital Skills Partnership annual report has been and can be accessed [here](#). This has been shared with stakeholders, [DCMS and other government departments](#).

Digital Skills Innovation Fund

[We have had a total of 123 participant enquiries:](#)

- [95 of which are eligible for the programme \(82 females and 13 male\)](#)
- [17 in-eligible for the programme \(Not resident in eligible areas\)](#)
- [12 awaiting confirmation \(Awaiting reply/ response from candidates to Digital Momentum voicemails/ emails\)](#)

Through the triage conversation, the following candidates for Digital Momentum learning pathways have been allocated:

- 17 candidates for Pro Digital (Level 6)
- 4 candidates for Essential Skills Training (Level 2)
- 9 candidates for CompTIA A+ (Level 2/3)
- 3 candidates for CompTIA Security+ (Level 3)
- 61 candidates for Love Digital 2.0 (Business productivity tools)

Careers Learning Pilot update

The Careers Learning Pilot was run in the Heart of the South West area from April 2018 until July 2019 as part of the wider National Retraining Scheme. The pilot aimed to test whether subsidised provision combined with an outreach/work coaching model would encourage those with Level 2 qualifications to take up learning at Level 3 and above. The subsidised provision was offered through a variety of learning providers across the region. The final national report will be published in December 2019 but the interim report, published in July ([Link](#)) suggests that the final learners numbers for the Heart of the Southwest region are likely to have reached our 450 target figure. Final learner figures, including achievement and retention data, will be available in the December report.

Work Coach/Outreach support (to targeted areas/groups) was offered through South Devon College, Somerset Skills & Learning, and Learn Devon. This consisted of one to one support (with travel/childcare bursaries being available) and outreach activities to promote the pilot and furthering the wider knowledge of adult learning and career development opportunities. Outreach was supported by Prospects who provided advanced Career IAG to those within the programme and to the wider population who met the conditions of the target groups. Information from the outreach teams was received by 280k adults across the region using a variety of marketing activities, from this 3500 adults responded to the call for action resulting in 300 participants accessing work coaching support and 289 participants accessing career IAG support through Prospects.

Total spend for the project was £405k of the £688k budget, an underspend of £283k.

CONFIDENTIAL ATTACHMENTS:

Attachment 1 – Amber project reviews

Attachment 2 – Outputs difference summary

Attachment 3 – Outputs review guidance

LEP PMO 30/10/19