

## **HOTSW Investment Programmes**

### **Highlight Report No 54 – SIP March 2020**

#### **Reporting period**

January and February 2020

#### **Summary Comments**

At the January SIP no new business cases were approved. However, a decision was made, subject to LEP Board approval to cease work on bringing forward the Blue Screen IT project. The SIP received an update on the digital call to allocate mobile funding, with the intention to approve applications at a special April SIP meeting. A variation to the Exeter Science Park Grow Ons funding agreement was also subsequently approved by email. A Bridgwater school and infrastructure project to enable Somerset CC to use LEP freedoms and flexibilities to enable the Connecting Devon and Somerset programme to avoid losing its broadband funding, as it benefits large areas of Devon and Somerset, was also discussed with the principle approved and a subsequent business case was approved by email during early February.

The Local Transport Board meeting on 17<sup>th</sup> January gave final approval to the Taunton Toneway scheme. The board agreed that, subject to SIP approval, the move of any additional underspend from Yeovil Western Corridor to the Toneway scheme would be desirable. No paper has yet come to SIP on any further funding reallocation.

There was an update on the Houghton Barton and the A382 Section D schemes, with a paper coming to the March SIP on this topic. There was also an update on the Torbay Western Corridor scheme, final section. All other schemes have approval and are complete or in delivery. The meeting also discussed monitoring outputs and project evaluations.

The SIP is now bi-monthly so there was no February SIP.

There remain 2 existing projects with business cases with approval/final approval outstanding – CDS GD3 and Houghton Barton. Houghton Barton has programme entry approval with final approval due in the next 6 months. The table below has more information on approval and funding agreement timelines.

Spend and output profiles have been updated to reflect Q3 reporting, giving a 19/20 cumulative spend of £19.75m to end Q3. Q4 claim forms have gone out with theme leads contacting project sponsors to impress the importance of spending to profile. We have some catching up to do in Q4.

See attached expenditure summary spreadsheet – this provides a summary of which projects have underspent and the reasons why, as well as identifying intended rectifications in Q4.

On monitoring, the Q3 dashboard on spend and outputs was approved by SIP by email and submitted to government by the 21<sup>st</sup> Feb deadline. Government has issued us with a draft report from our Annual Performance Review which did not contain any red flags.

The further outputs review work is nearing completion for 19/20 with no significant update to the previous SIP report provided in January.

An impact assessment of the LEP investments is being carried out by Ash Futures, with the intention to include figures and case studies from Growth Deal, Growing Places Fund and the Enterprise Zones.

Following the LEP’s agreement to move the funding programmes to one Accountable Body we have been working on the transfer of Growing Places Fund to Somerset County Council, with the intention that this will be done ideally by end February 2020, or if delayed, by the end of the financial year.

## **Growth Deals**

### **Business cases and funding agreements**

All GD1 business cases that are progressing are approved or partially approved. The reallocation of mobile funding to the digital call means further business cases will need to be approved quickly in early 20/21. All GD2 business cases are now approved and funding agreements signed.

All 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 (needing final approval only) and Plymouth Central Station. 1 GD3 business case – Blue Screen ICT - has been removed from the programme.

8 GD3 funding agreements are signed, with 3 yet to be completed.

There are now **3** outstanding GD1, GD2 and GD3 funding agreements, as follows:

<b>Project</b>	<b>Funding Agreement Status</b>
<b>GD1</b>	None
<b>GD2</b>	None
<b>GD3</b>	
Somerset Innovation Centre Phase 3	Business case approved at April 2019 SIP. Funding agreement developed and being finalised. Expected funding agreement completion March 2020.
CDS Phase 3 and Mobile	Pre-business case approval. Mobile element to be put into digital call with GD1 funding.
Houghton Barton Package	Programme Entry approval at December 2018 LTB. Final approval target March 2020. Funding agreement signing early 20/21.

### **Delivery**

At end Q3 19/20, 39 capital projects have completed spending their Growth Deal funding, including: 26 GD1 projects, 11 GD2 projects and 2 GD3 projects.

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

## Delivery - Contingency Plan and Potential Pipeline Review – no update

Following pipeline review at November SIP and Board meetings there is a pipeline of projects in place as identified priorities, should funding become available. In addition the board agreed that digital projects will be able to bid into a restricted call for the “freed up” mobile funding, which totals £4.07m (£2.5m +1.57m). This includes bids from mobile-related projects.

## Annual Performance Review and project monitoring

Regarding actions from the Annual Performance Review identified at the May 2019 SIP, following some chasing by the theme leads, updated expenditure profiles were produced and briefly reviewed at the January 2020 SIP meeting. Theme leads and PMO are contacting projects to ensure at Q4 they are maximising their expenditure as much as possible and will work with SCC as Accountable Body to ensure any potential flexibilities are used. We are still working to a cumulative profile within a 10% variation of forecast, as per government’s request.

No update -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.

We have attended the Annual Performance Review 2020 meeting with information provided in advance and a draft report received subsequently. Our expenditure for the year will continue to be monitored including the submission of the Q4 dashboard report in May 2020.

## Programme Overview

	Comment	RAG
<b>Timescale</b>	Programme is live. Business case approval is complete for all but 2 GD3 projects. The digital call will mean more business cases will need to be approved quickly in early 20/21 but these will be for smaller projects that can deliver quickly.	<b>A</b>
<b>Scope and objectives</b>	Programme is within the scope and objectives agreed by LEP Board and government	<b>G</b>
<b>Budget</b>	Headroom from GD1 transport projects was reallocated. £4.07m mobile funding to be reallocated to digital projects.	<b>G</b>

## Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	52 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	1 project (Taunton Toneway) received final approval this month.	Ongoing

Claims paid	Claims paid to end Q3 19/20 total cumulative spend of approx £128m including Growth Hub/Rev GD2 projects	Quarterly
Monitoring and Evaluation	Outputs/finance sheet completed for submission to government for Q3. Annual performance review prepared and meeting attended late Jan 2020.	Complete Feb 2020

### Other activities in next period Q4 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	Any actions from Jan 2020 APR. Complete reporting cycle for Q4 dashboard report to MHCLG.	31 <sup>st</sup> March 2020 22 <sup>nd</sup> May 2020

### 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 Q3 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 **£0.187m** unallocated at the end of Q3. 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.

### Q3 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 to £30m in 19/20 and £56m in 20/21 a slippage of around £18m. 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 and there are plans in place to reallocate funding to the Bridgwater schools project as agreed by SIP members in Feb 2020.
- Headroom has increased slightly with a surplus of £187k over the project management reserved element. This will be subject to change. This does not include reallocation of Blue Screen IT funding, which is additional – as this is at Q3.

	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	9.35	11.77	<b>109.68</b>
Forecast spend £m (GD2)	0	0.86	5.51	4.61	12.61	16.41	<b>40.38</b>
Forecast Spend £m (GD3)	0	0	0.99	7.72	8.35	28.35	<b>45.72 (including reallocation of £2.15m from GD1)</b>
<b>Forecast spend £m TOTAL</b>	<b>20.92</b>	<b>30.74</b>	<b>29.52</b>	<b>26.98</b>	<b>30.30</b>	<b>56.84</b>	<b>£195.77m (headroom/project mgmt. allocation of £2.06m)</b>

## Growing Places Fund

### Programme Summary

As per overall summary, the main activity has been on the transfer of the Accountable Body role over to Somerset CC. This involves transferring files (new section populated on sharepoint), novating funding agreements and transferring the funds. The aim is to complete the work this financial year.

**DC Homes** – claims all paid. Progress claims will continue to be received until project completion. Opening event held early November. Variation request made to repayment schedule and meeting to be held with applicant in March 2020.

**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.

Other GPF projects are in repayment, repayment holiday or complete.

## **Other projects**

### **Careers Hub update – Feb 2020**

HotSW Careers Hub has been offered funding for a further 12 months. The formal offer has yet to be received and acceptance will be subject to securing necessary match funding.

Performance against Gatsby Benchmarks and matching EAs with schools/colleges continues to increase across the LEP area.

### **Digital Skills Partnership update – Feb 2020**

As the Digital Skills Partnership enters its second year, it's timely to reflect on the achievements of 2019. The Partnership which consists of; Training Providers, Somerset CCG, The Met Office, UKHO, Leonardo Helicopters, BT, Microsoft, STEM Learning, FE Colleges, Universities, Local and District Authorities has proven to be a highly effective Local Enterprise Partnership group. Key achievements over the 12 months are:-

- Raising £350,000 from Central Government (in addition to the £150,000 for the Partnerships delivery over 2 years) to deliver digital upskilling initiatives for businesses, individuals and young people.
- Leveraging national digital skills opportunities from Lloyds, Google, Buzz Start Academy and Microsoft to facilitate digital workshops across the region for 850 people.
- Presenting to over 1500 young people in Secondary Schools about the breadth of digital careers and pathways into the Technology sector, but also how digital skills are pervasive across all sectors.
- We also spoke to over 600 business leaders about the benefits of developing employees digital capability both in terms of increased production and workforce retention.
- Disseminated funding news and training opportunities through our [newsletter](#) and social media.

Moving into 2020 we're delighted Julie Hawker (Joint CEO of Cosmic) continues in post as the Partnership's Chair, stewarding the Partnership's Strategy of raising levels of digital capability across the region. The 2020 Strategy focuses on key themes of Education, Business and Inclusion and you can see the how we intend to deliver in these areas on our Implementation Plan, please contact [charlotte.collyer@heartofswlep.co.uk](mailto:charlotte.collyer@heartofswlep.co.uk) to receive a copy

In addition, the Digital Skills Partnership will deliver three significant projects in 2020:-

- The Digital Skills Innovation Fund is on track to upskill 170 individuals by July across a range of skillsets which include a 150 hour online learning Data Science course, CompTia qualifications in Networking, Cyber and ITC Practitioner, Digital Productivity for Business & Basic Digital Skills.
- A first of its kind, proof of concept project that will work with 15 schools intensely across a 12 month period to raise digital careers aspiration at KS3 and ultimately the number of pupils choosing digital options at KS4. This project brings together an enthused Steering Group of experts from national organisations; Heart of the South West Careers Hub, the Careers and Enterprise Company, the Department for Digital, Culture, Media and Sport, the Department

for Education, CyberFirst, the National Centre for Cyber Security, the Institute of Technology and STEMLearning.

- Digital Careers film shorts. This is a collaborative project between the six established Local Digital Skills Partnerships. Each DSP will create five, short films featuring a local person, working for a local company in a digital role. Combined this will create a library of 30 digital role film shorts which will form the basis of a marketing campaign to generate digital career aspiration in young people and career pivoter's. The aim of this campaign is to:
  - Raise awareness of digital roles amongst young people (Yr's 7 -13), parents, carers and careers and information guidance teachers through short films accessed online through a curated channel or library.
  - Encourage and inspire people (young people and careers pivoter's) to engage in learning a digital skill
  - Encourage and inspire people (young people and careers pivoter's) to explore a digital tech-based career
  - Raise awareness that digital skills are requisite not just in the technology sector but across a range of roles and sectors
  - Raise awareness of the breadth and variety of digital roles
  - Raise awareness of some of the lesser-known digital roles such as Product Architect, Scrum Master, CAD Designer
  - Show gender-balanced digital roles
  - Highlight individuals who have taken less traditional routes into digital
  - Highlight individuals who have taken digital routes into digital roles
  - Highlight local companies employing digital roles, demonstrating opportunities to live and work locally

Any organisation wishing to showcase a digital role within their organisation should contact [charlotte.collyer@heartofswlep.co.uk](mailto:charlotte.collyer@heartofswlep.co.uk).

## **CONFIDENTIAL ATTACHMENTS:**

**Attachment 1 –Project reviews**

**Attachment 2 – Outputs Q3 programme summary**

**Attachment 3 – Q3 Programme summary (Feb 2020)**

**LEP PMO 26/02/2020**