

HOTSW Investment Programmes

Highlight Report No 55 – SIP April 2020

Reporting period

March 2020

Summary Comments

At the March SIP no new business cases were approved. A SIP recommendation to the LEP Board to reallocate funding from Yeovil Western Corridor to the Toneway scheme was approved. The SIP received an update on the digital call to allocate mobile funding, with approval of applications to take place at the April SIP meeting. Amber project reviews have been moved to green as discussed at the March SIP as solutions are now in place to ensure this funding is spent.

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. In addition, the new digital call projects will need to be set up with funding agreements in Q1 20/21.

Feedback from project sponsors was that in general Covid-19 had not impacted projects building on site during w/c 23rd March, however it is expected that this may change as increased employee numbers move to social isolation across sites and government policy on construction may change in future. Supply chain issues are also likely to come into play. An exercise is needed to review progress during April/May and ascertain whether government needs to be approached for an extension to the March 2021 deadline for all monies to be spent.

Two recipients of GPF loans have asked for repayment holidays and any terms for these will be considered with financial information to support and recommendations to SIP for approval on this as required.

Spend profiles updated in detail with Q4 reporting will be presented to the May SIP meeting. The current estimate from the claims processing is that the Q4 expenditure is £20.4m including accruals, making this a very successful quarter and this figure includes project management costs and the use of freedoms to cover the CDS delay. Theme leads, PMO and the Accountable Body team have worked hard to chase project sponsors and finalise other arrangements to achieve this figure. This brings our cumulative spend for 19/20 to £40.14m and our overall cumulative spend to £148.62m. The forecast profile for Q4 was £35.91m, meaning we are estimated to be £4.22m or around 12 % ahead of the profile submitted to government for 19/20 and means we have around £49.48m LGF remaining to spend in 20/21.

An impact assessment of the LEP investments is being carried out by Ash Futures, with the intention to include figures and case studies and for a draft report presented to the May SIP meeting.

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 bulk of funding agreements transferred over and the funds to move for the start of the new 20/21 financial year.

Growth Deals

Business cases and funding agreements

All GD1 business cases 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, as follows:

Project	Funding Agreement Status
GD1	None
GD2	None
GD3	
Somerset Innovation Centre Phase 3	Business case approved at April 2019 SIP. Funding agreement developed – awaiting signing.
CDS Phase 3 and Mobile	Broadband element is 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. Funding agreement ready – remote signing processes being set up due to Covid-19. Final approval due.

Delivery

At end Q4 19/20, 40 capital projects have completed spending their Growth Deal funding, including: 26 GD1 projects, 11 GD2 projects and 3 GD3 projects.

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

Annual Performance Review and project monitoring – no update

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.

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
Timescale	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.	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. £4.07m mobile funding to be reallocated to digital projects at April SIP.	G

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	Ongoing	Ongoing
Claims paid	Claims paid to end Q4 19/20 total cumulative spend of approx £149m including Growth Hub/Rev GD2 projects	Quarterly
Monitoring and Evaluation	Outputs/finance sheet completed for submission to government for Q3.	Complete Feb 2020

Other activities in next period Q1 20/21

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 st March 2020
		22 nd 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

Q4 Claims Estimate

Q4 Actuals total	£8,447,095.43
Q4 Accruals total	£3,923,169.57
Total	£12,370,265.00
Bridgwater School	£6,164,978.17
Project Management costs	£1,850,000.00
Overall Total	£20,385,243.17

Budget summary – at end Q3 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 **£0.187m** 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	109.68
Forecast spend £m (GD2)	0	0.86	5.51	4.61	12.61	16.41	40.38
Forecast Spend £m (GD3)	0	0	0.99	7.72	8.35	28.35	45.72 (including reallocation of £2.15m from GD1)
Forecast spend £m TOTAL	20.92	30.74	29.52	26.98	30.30	56.84	£195.77m (headroom/project mgmt. allocation of £2.06m)

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. 2 projects have requested repayment holidays and in the current Coronavirus situation further requests may be received.

DC Homes – claims all paid. Progress claims will continue to be received until project completion. Variation requested for repayment schedule and meeting held in March 2020 to discuss. Subject to detailed management information this case to be reviewed in the autumn 2020. Short-term repayment holiday given in the meantime (delegated decision).

Millfields – Genesis Centre. A repayment holiday request has been submitted and will be considered in the same way as DC Homes above.

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

HotSW Careers Hub expression of interest to participate in The Careers & Enterprise Company (CEC) Special Education Needs and Disability (SEND) pilot, developing Communities of Practice for SEND provision, has been successful. £3,500 is being made available to HotSW Careers Hub this academic year. This ringfenced money will be used to further embed and scale-up the work currently

delivered by the team. HotSW is one of 18 Hubs taking part; best practice models and resources developed will be used by CEC to inform at the national level. It is likely DfE will fund the SEND pilot again next year and also launch a similar project targeting Pupil Referral Units (PRUs). There are 33 SEND schools and 10 PRUs across HotSW.

Due to Covid-19 HotSW Careers Hub & EAN activity within schools, colleges and FE institutes has been suspended. CEC is in discussions with DfE regarding adjustments to CEC's funded targets/periods and in turn those of Careers Hubs & EANs.

Digital Skills Partnership update

In response to Coronavirus, the Digital Skills Partnership has coordinated digital resources for businesses, education and communities and is keeping these updated [online](#) * and sending out regular [newsletters](#). Before the school closures, we shared information on remote learning tools with Schools, the Careers Hub and Local Authority Schools teams. The Partnership is exploring further ideas to help; weekly webinar's on digital resources and training, digital buddying within sectors and a central ideas swap forum to enable an exchange of resources, skillset and data that can help mitigate issues arising from Coronavirus.

**The DSP has offered resource to the Growth Hub team to re-structure the Coronavirus webpage. A proposal has been put forward to organise the content by Government guidance, Support for Business, Support for Employers and Digital Resources. Pending the Growth Hub web content being able to support the Digital Resources content, the information will be moved here.*

The Digital Skills Innovation Fund, Digital Momentum project was due to complete July 2020. Completion of the program will be impacted by the Coronavirus, with approximately £40,000 of the £190,000 delivery currently paused. There is the flexibility to either re-commence this activity in Autumn or redeploy the remaining training allocation into a Covid-19 digital training response fund. Should this latter option be favoured the program will still have met its own objectives of digitally upskilling 150 women or individuals from deprived wards. The latest report on the Digital Momentum project is attached which features the program's quantitative data and qualitative data from the Data Science online program which is still running.

The Heart of the South West LEP Digital Skills Partnership was been encouraged by DCMS to take forward a proposal to raise digital engagement at KS3. As a Proof of Concept one of its kind, the PoC will support 15 Secondary schools across the LEP region with a range of additional digital additives; technology speakers in school, visits to industry, extra-curricular digital clubs, linking digital across curriculum subjects and digital careers inspiration. The PoC will evaluate which interventions have a positive impact on both the number of pupils that chase digital pathways at KS4 and the gender balance of those pupils. The PoC has an active Steering Group which consists of Heart of the South West LEP Careers Hub, Assistant Director of DCMS, Digital Skills & Inclusion Team, DfE, National Centre for Cyber Security, CyberFirst, STEM Learning and South West Institute of Technology. The Steering Group reports into the National Digital Skills Partnership Schools Group through which it has garnered involvement of Cisco, Morgan Stanley and PWC. The PoC will be funded with a Section 31 grant from DCMS for £95,000. The current situation is that the Business Case has been approved by Treasury and is with MHCLG for sign-off. Pending sign-off the PoC will move to procure delivery to start pending schools returning.

Last week the Heart of the South West LEP Digital Skills Partnership was notified that our application to the NESTA Career EdTech Challenge had been successfully chosen as one of the 20 projects to participate in the challenge. The proposal is a collaboration between the DSP, Learn Devon and Skilllab. The Skilllab technology to date has been developed to work in immigrant communities where job roles, organisations coupled with gaps in working history were barriers to individuals finding work. We proposed to use the technology with lower-skilled (- Level 2) mature workers in the LEP region whose current job may be at risk of redundancy through automation** to re-position their experience and highlight skills 'bolt-on' to help remove barriers to work. Learn Devon was chosen as a tri-partner due to their experience working with this cohort and their appetite to explore how their learning programs can be mapped and integrated. The DSP will provide project management and Skilllab technology. The process is that each of the 20 finalists enters into a 9-month development program funded by £50,000 of seed to develop their idea. This culminates in one team winning the Prize (£120,000) and a runner-up (£80,000) to scale the concept.

**[Skilllab](#) is a Dutch Technology company who have developed a platform that helps job seekers better understand how their skill sets fit into local labour markets. Their technology was selected to be part of the Google AI Tech Accelerator program and it beat nearly 1,000 entries to be selected to pitch at the final SWSW Startup in March this year (SWSW was cancelled due to Coronavirus)*

*** Given the current situation the end-user group has been enlarged due to the unforeseen redundancies resulting from Coronavirus.*

CONFIDENTIAL ATTACHMENTS:

Attachment 1 –Project reviews

Attachment 2 – Programme Summary

LEP PMO 31/03/2020