

HOTSW Investment Programmes

Highlight Report No 56 – SIP May 2020

Reporting period

April 2020

Summary Comments

Due to the Covid19 pandemic the April SIP meeting took place by Skype and this will continue for meetings for the foreseeable future. At the meeting 3 new digital/mobile business cases were recommended for Board approval and subsequently were approved by the Board. Additional funding for Growth Hub delivery was approved and a GPF repayment holiday of 3 months.

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.

Subsequent to the meeting project sponsors were contacted to ascertain whether their progress and 2020/21 LGF expenditure would be impacted by the Covid19 pandemic. A table of the responses provided is below which shows that 10 projects possibly, or definitely, will need an expenditure extension beyond March 2021 and many are subject to delays of varying lengths either in procurement or construction phases. Government have been contacted with this information. The LEP Network has highlighted this as an issue across LEPs.

Plymouth CC as Business theme lead also identified an impact on some live projects that have completed their Growth Deal spend which is included in a further table below. This will impact on outputs delivery, as will the social distancing measures with many live projects. This will need to be considered during the collection and reporting of the Q1 20/21 outputs.

No update: 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 a draft report produced and presentation of findings to the May SIP meeting prior to finalising the report.

Due to Covid19 there has been a delay in transferring over the funding and finalising the novation of the funding agreements, with the current aim to complete the transfer by 1st June.

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 6 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 – signing delayed due to Covid19.
CDS Phase 3 and Mobile	Broadband element is pre-business case approval. Mobile element now in digital call with GD1 funding.
Houghton Barton Package	Programme Entry approval at December 2018 LTB. Funding agreement ready – signing delayed due to Covid19. Final approval due.
Digital Call – A Boosting Mobile Connectivity	SIP and Board approval April 2020 subject to conditions. Funding agreement to be developed.
Digital Call – B 5G Smart Sound Plymouth	SIP and Board approval April 2020 subject to conditions. Funding agreement to be developed.
Digital Call – C Further Education Digital Accelerator Programme	SIP and Board approval April 2020 subject to conditions. Funding agreement to be developed.

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.

The Covid 19 pandemic has been acknowledged as an issue for project delivery and 10 projects have identified a need to spend beyond March 2021 – see attached spreadsheet.

Monitoring will continue as per the projects' Monitoring and Evaluation Plans but we are expecting some outputs delays with live projects, as well as those in development, due to social distancing measures etc.

Annual Performance Review and project monitoring

Actions from the May 2019 SIP reflecting the 2019 annual performance review (APR) have been effectively implemented and 2019/20 spend has come in within the agreed government targets.

Following the APR that took place in January 2020 the outcome was received in early April 2020 and confirmed as:

Governance: Good

Delivery: Good

Strategic Impact: Requirements Met

This means we will continue with the good practice put in place in 2019 but do not need to develop further measures at this stage to monitor project delivery and expenditure.

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. Due to the Covid 19 pandemic this will be monitored closely each month via the amber projects review process already in place.	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 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 in development for submission to SIP/s151 officer and government by the deadline.	22 nd May 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	Complete reporting cycle for Q4 dashboard report to MHCLG.	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/AB
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/AB
Covid 19 pandemic is causing some projects to stall or be delayed in delivery and expenditure.	High Risk. SIP to monitor within Amber Projects review process and put mitigations in place, including contacting government regarding March 2021 expenditure deadline extension.	SIP/LEP Leadership Groups/LTB/PMO/AB

Budget summary --NO UPDATE

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

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. A short-term repayment holiday given in the meantime (delegated decision). Their first payment was due in August 2020 and agreed LEP to review by November.

Millfields – Genesis Centre. A 3-month repayment holiday request has been submitted and was approved at the April SIP meeting with a letter sent to the project sponsor to confirm.

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 submitted an expression of interest to CEC's Wave 3 programme to further expand the existing model. If successful, subject to match funding, the bid will allow all 160 mainstream secondary and middle schools, FE Colleges, SEND and PRU institutions to be invited to join the HotSW Careers Hub Community during the next academic year. The outcome of the EOI stage is expected at the end of May. The HotSW Careers Hub team is now experiencing a strong level of engagement from stakeholders and is undertaking a variety of tasks, using digital tools, to ensure a high level of service is maintained.

Digital Skills Partnership update

- Covid-19 Digital Support
 - Early dissemination of remote teaching tools shared with schools pre-closure and ongoing support continues around digital learning tools and resources.
 - Regular updates on digital skills opportunities for learners, furloughed workers and businesses being shared through Newsletters which have reached 5000+ individuals.
 - Engaging with the DeviceDotNow campaign to leverage hardware and connectivity to vulnerable households
 - Re-purposing of the DSIF project underspend is underway to implement a programme of digital support to help SME's affected. The 'Digital Skills Resilience' programme will help 600 businesses with cover short courses covering how to set up e-commerce websites,

- transact online and use digital bookkeeping services, productivity tools, digital marketing and cybersecurity. Plan is for this programme to be available mid-May.
- Working paper to support the Tourism sector at this time drafted and developed for Carl Wyard, LEP Tourism lead. Work ongoing.
 - Piece of work to support the Growth Hub's online presence ongoing.
 - Digital Skills Innovation Fund
Project due to complete July 2020 and will have helped 150 individuals upskill or retrain into digital careers. Full evaluation report to follow at project close.
 - Raising Digital engagement at Key Stage 3
£95,000 of funding to deliver this project has been signed off by treasury pre Covid-19 outbreak but remains with MHCLG for processing.
 - NESTA Career ED Tech Challenge
The Digital Skills Partnership led a proposal to work with Learn Devon (Devon County Council's Adult Education service) and Skilllab (A Dutch startup who have developed an AI engine that matches skills against ESCO, the European Skills, Competences, Qualifications and Occupations framework) into the prestigious NESTA Career ED Tech Challenge. The proposal was selected as one of 20 finalists at the end of March and will now join the 9-month product development challenge support mature workers educated upto level 2 to access an increasingly digitized world of work.

CONFIDENTIAL ATTACHMENTS:

Attachment 1 –Project reviews

Attachment 2 – Covid 19 affected projects

LEP PMO 30/04/2020