

HOTSW Investment Programmes

Highlight Report No 57 – SIP July 2020

Reporting period

May/June 2020

Summary Comments

Due to the Covid19 pandemic the May SIP meeting took place by Teams and this will continue for meetings for the foreseeable future. There were no decisions made at the May meeting.

There remain 2 existing projects with business cases with approval/final approval outstanding – CDS GD3 and Houghton Barton. However, significant progress has been made with funding agreements. At end June only the CDS GD3 project is needing business case approval for a funding agreement to be finalised.

The table below has more information on approval and funding agreement timelines.

A project forecasting exercise was carried out in May/early June to feed into CLGU by 17th June, on delivery, commitments and forecasts for 20/21 financial year - see attached “Live Project Forecast” excel spreadsheet presented to government.

This exercise was carried out to indicate our need for the entire 20/21 allocation. Govt are in a process of evaluating all LEPs forecasts for 20/21 to see whether some of the funding can be reallocated and they have therefore provided 2/3 of the allocation now with the remaining 1/3 to come in the Autumn, subject to a successful review. The papers presented at the July SIP regarding 2 transport projects reflect the need to clarify funding positions as part of this exercise.

Despite Covid delays highlighted at April/May SIP meetings, the forecast project delays in the review exercise were less significant than was expected, with the bulk of projects now delivering on the ground, under social distancing measures. The attached project reviews sheet provides current forecasts, showing nearly all plan to complete by March 2021. Government have stated that LEPs will have to use their freedoms and flexibilities, as there is no provision for spending beyond March 2021 due to Covid delays. Delivery of outputs due to Covid delays will also need to be considered during the collection and reporting of the Q1 20/21 outputs.

The Q1 20/21 claims processing is near completion and the estimated total is £11.9m, ahead of our forecast, bringing cumulative spend to approx. £160m, subject to Q4 19/20 accrual adjustments.

An impact assessment of the LEP investments was carried out by Ash Futures and presented to the LEP Board members.

On Growing Places Fund, the novation documents are complete between DCC and SCC and with legal departments ready for signing. There has been a slight Covid 19 delay with this, so the transfer will now be completed during July 2020.

Growth Deals

Business cases and funding agreements

All GD1 business cases are approved or partially approved. All GD2 business cases are now approved and funding agreements signed.

On GD3 - 8 GD3 business cases have been approved by SIP - South Devon College, North Devon Enterprise Centre, iAero, SEIC Phase 3, Constructing Futures and the 3 digital call projects, 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. CDS GD3 is the only business case outstanding.

Update on business cases/funding agreements is 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 signed June 2020.
CDS Phase 3	Pre-business case approval, awaiting outcome of procurement. Funding allocated to Bower Lane project on a loan basis with a signed funding agreement.
Houghton Barton Package	Programme Entry approval at December 2018 LTB. Funding agreement signed early June 2020. Final approval due Sept 2020.
Digital Call – A Boosting Mobile Connectivity	SIP and Board approval April 2020 subject to conditions. Funding agreement signed early July 2020
Digital Call – B 5G Smart Sound Plymouth	SIP and Board approval April 2020 subject to conditions. Funding agreement signed early July 2020
Digital Call – C Further Education Digital Accelerator Programme	SIP and Board approval April 2020 subject to conditions. Funding agreement signed early July 2020

Delivery

At end Q1 19/20, 41 capital projects have completed spending their Growth Deal funding, including: 26 GD1 projects, 12 GD2 projects and 3 GD3 projects. 1 project completed this quarter – Claylands and we have 20 live capital projects to complete in 20/21.

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 (no update)

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 and 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. Due to the Covid 19 pandemic delivery 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. A small amount of headroom remains which is currently underwriting the Growth Hub.	G

Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	54 funding agreements signed. Others in progress or outstanding as above.	Ongoing
Project business case approval	Ongoing	Ongoing
Claims paid	Claims paid to end Q1 20/21 total cumulative spend of approx £160m including Growth Hub/subject to accruals being finalised.	Quarterly
Monitoring and Evaluation	Outputs/finance sheet in development for submission to SIP/s151 officer and government by the deadline.	August 2020

Other activities in next period Q2 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 August 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.	Medium Risk. SIP to monitor within Amber Projects review process and put mitigations in place, as needed. Risk level has been reduced from High to Medium.	SIP/LEP Leadership Groups/LTB/PMO/AB

Budget summary - At Q1 20/21

At end Q4 19/20: Of govt allocation of £197.83m £148m has been spent and £48.96m is remaining to spend in 20/21.

Headroom has increased slightly due to a mixture of factors but with the bulk being released by the cancellation of 1 project. Currently it is being used as underwriting for the Growth Hub, so is not available for reallocation.

Estimates for Q1 20/21 expenditure give £11.9m spent, ahead of profile but with some reconciliation needed (e.g. re Q4 19/20 accruals).

LGF	2015-17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 Forecast £m	Total £m
Spend £m TOTAL	50.49	30.6	27.38	39.41	48.96	£196.84 (headroom of £1m)

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, as yet no further projects have requested extensions.

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. A further request has now been received.

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

The HotSW Careers Hub EOI to expand to full coverage across the LEP area, supporting 161 schools, colleges and FE institutions and creating the largest Careers Hub in the country, has been approved. The CEC have provided the following feedback on why the bid was successful:

- Scale – moving to fully covering all schools across the whole HOTSW area, including Special schools and Alternative Provision.
- Structure – as the largest Careers Hub in the country we are keen to test how the HOTSW staffing structure works as an efficient way to bring the hub model to all schools.
- Commitment - from local partners in the form of match.
- Confidence - in the team that have been delivering the existing hub.

The majority of match has been secured subject to formal funding letters being received. Once funding is confirmed, the offer letter from The Careers & Enterprise Company will be submitted to DCC County Treasurer, Mary Davis, for sign-off. Work will begin this week to take all other steps necessary to confirm acceptance of the offer (legal, data processing etc). The deadline for returning the documents to CEC is 10th July. Recruitment needed to create the capacity to work with 161 institutions within a Hub model will commence at the earliest opportunity.

Digital Skills Partnership update – see attached update.

CONFIDENTIAL ATTACHMENTS:

Attachment 1 – Devon Skills Partnership update (not confidential)

Attachment 2 - Programme Summary Q4 19/20

Attachment 3 – Outputs Programme Summary at Q4 19/20

Attachment 4 – Local Growth Fund information request 20/21

Attachment 5 – SEIC Phase 1 outputs

Attachment 6 – Project Reviews

LEP PMO 30/06/20