

HOTSW Investment Programmes

Highlight Report No 59 – SIP November 2020

Reporting period

September/October 2020

Summary Comments

Decisions at the September and Special October SIP meeting were as follows:

At the September SIP meeting no capital funding decisions were made.

At the October SIP meeting 21 Getting Building Fund (GBF) projects were reviewed and 20 were approved with 1 deferred for further details to be provided. Subsequently the final scheme was also approved by email. 5 project business cases were subsequently put forward for appraisal and review at the November SIP meeting, as there was headroom identified against the original allocations.

Further to the October SIP meeting a variation was agreed for the Somerset Flooding project to reflect changes in deliverables and enable expenditure to be managed through LEP freedoms and flexibilities for part of the project.

The Local Transport Board (LTB) met on 19th October and final approval was awarded to Houghton Barton, meaning the only Growth Deal project with business case approval outstanding is CDS GD3.

However, this funding allocation will be spent by the deadline under LEP freedoms and flexibilities. The LTB need to approve the scheme for Stage 4 of Torquay Gateway and that is expected to take place in November 2020.

The final 1/3 of LGF funding was confirmed by government and a positive Mid Year Review meeting took place in late September with no specific additional delivery actions identified.

The Q2 20/21 total LGF spend as per the dashboard due to be submitted to government and including freedoms and flexibilities was £13.78m, ahead of forecast for the quarter, bringing cumulative spend to approx. £170m.

The Getting Building Fund business cases were all submitted by the 1st September deadline, have been appraised and decisions made at the October SIP meeting. A further 5 business cases, next on the ranked list, have been appraised for decision at the November SIP to enable the underspend to be reallocated.

Outputs for Q2 are being processed and the quarterly dashboard will be circulated for email sign off by SIP and Somerset's s151 officer.

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 - CDS GD3 is now the only business case outstanding.

Delivery

At end Q2 20/21, 45 capital projects have completed spending their Growth Deal funding. We have 16 live capital projects to complete expenditure in 20/21 with no live issues raised currently.

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.

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 1 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 Q2 20/21 total cumulative spend of approx £170m	Quarterly
Monitoring and Evaluation	Q2 reporting activities underway for sign off and submission to government	22 nd November 2020

Other activities in next period Q3 20/21

Activity	Comment	Completion Date
Funding agreements to be finalised	In progress – all complete bar 1	Ongoing
Management of Expenditure	PMO to continue with forecasting role. Individual project meetings to be set up for review of delivery if required.	Ongoing
Monitoring and Evaluation	Next quarterly reporting submission	22 nd November 2020

Critical risks and issues (no update)

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 Q2 20/21 (initial estimates)

At end Q2 20/21: **Of govt allocation of £197.83m, £170m** has been spent and **£27.4m** approx. is remaining to spend in 20/21.

Headroom of approx. £0.44m is currently being used as underwriting for the Growth Hub, so is not available for reallocation.

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	39.96	48.96	£197.39 (headroom of £0.44m)

Getting Building Funding (GBF)

At the October special GBF SIP meeting 20 projects were approved with 1 deferred. The deferred scheme was subsequently approved by email, following further details being provided.

Project name	Decision
ZebCat 2	Approved
Green Homes	Approved
Smarter Carbon	Approved
EPIC	Approved
iAero	Approved
Torbay Business Centre	Approved
Devon Work Hubs	Approved

Bruton Enterprise Centre	Approved
Plymouth City Business Park	Approved
Centre for Clean Mobility	Approved
Health Tech Incubation Hub - Plymouth	Approved
Torquay Gateway	Approved
Concourse Phase 2, Brunel Plaza, Plymouth	Approved
Firepool and Taunton Station Access	Approved
Ilfracombe Watersports Centre	Approved
Burrows Centre	Approved
Exeter Bus Station	Deferred – then Approved by email
Enhancement of Future Skills Centre at Exeter airport (former Flybe Training Academy)	Approved
Taunton Digital Innovation Centre	Approved
Welding Centres of Excellence	Approved
Exeter Science Park Grow Out Building	Approved
TOTAL ALLOCATED	£33.94 m

5 Further projects are to be appraised at November SIP Meeting were next on the LEP's ranked list and are as follows:

- Digital Biosphere
- Bunford Innovation Park
- Plymouth Sound
- Unlocking East Quay, Watchet
- Dunball Junction

Funding agreements are due to be completed and signed by Christmas 2020 with project expenditure allowed from the announcement on 4th August 2020. Theme leads have been allocated to work with projects, SCC and PMO to work through the conditions and get signed funding agreements in place. Once all funding has been allocated, government guidance received and funding agreement schedules developed detailed expenditure and progress forecasts will be provided as per Growth Deal.

Growing Places Fund (no update)

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 – 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.

Careers Hub, Digital Skills Partnership – no updates

CONFIDENTIAL ATTACHMENTS:

Attachment 1 – Programme Summary Q2 20/21

Attachment 2 – Project Reviews

LEP PMO 23/10/20