

HOTSW Investment Programmes

Highlight Report No 60 – SIP January 2021

Reporting period

November/December 2020

Summary Comments

At the November SIP meeting 5 further Getting Building Fund (GBF) projects were reviewed and 3 were approved subject to LEP Board approval. Subsequently, further appraisal activities have meant several GBF projects have had minor variations approved in 3 emails issued during November and December. Further to this, a handful of projects are coming forward to this January SIP meeting for further review.

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 by email in October. Subsequently, we have been notified that the table in the paper provided was incorrect, so an updated version of the table is attached to this paper. However, this is purely for audit trail purposes and does not change the recommendations or decision made.

An email decision was also made regarding the profiling of the Growth Deal 2 Broadband project with an extension of LGF expenditure to end of 2024 approved.

The Local Transport Board (LTB) met on the 18th November and approved the scheme for Stage 4 of Torquay Gateway. This means the only Growth Deal project with business case approval outstanding is CDS GD3. There was no December SIP meeting.

The Q2 20/21 total LGF spend as per the dashboard due to be submitted to government and including freedoms and flexibilities was £14.8m, ahead of forecast for the quarter, bringing cumulative spend to approx. £171m. At the time of writing we do not have the figures for the Q3 claims as yet.

Outputs for Q2 are being reviewed as Government has queried the outputs received which are lower than expected. However, Covid 19 is likely a major factor in the ability for projects to provide the information, as well as potential slow down on some plus the usual cycle where the bulk of outputs come in following Q4 year end.

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 – will be updated when Q3 claims have been processed

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. 1 outstanding and handled via Freedoms and Flexibilities.	Complete
Project business case approval	1 project business case outstanding	Ongoing
Claims paid	Claims paid to end Q2 20/21 total cumulative spend of approx £171m	Quarterly
Monitoring and Evaluation	Q2 reporting submitted to government	22 nd November 2020

Other activities in next period Q4 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 February 2021

Critical risks and issues

Risk/issue	Management /Mitigation	Owner
Covid 19 pandemic is causing some projects to stall or be delayed in delivery and expenditure.	Low Risk. SIP to monitor within Amber Projects review process and put mitigations in place, as needed. Risk	SIP/LEP Leadership Groups/LTB/PMO/AB

	level has been reduced from Medium to Low.	
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Budget summary - At Q2 20/21 (no update)

At end Q2 20/21: **Of govt allocation of £197.83m, £171.4m** 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)

3 Further projects were recommended to the Board for approval at the November SIP Meeting and were subsequently approved by the Board, as follows:

- Digital Biosphere
- Plymouth Sound
- Unlocking East Quay, Watchet

This means we have 24 projects in total currently. Funding agreements are due to be completed and signed by Christmas 2020 for the October approvals and end Jan for the November approvals, 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.

Business cases and funding agreements

Some minor variations have been approved by email with some further variations due at January SIP or follow up emails.

Delivery (no update)

At end Q2 20/21 a nil report was submitted to government on spend. We are expecting to produce a Q3 report in early 2021. 8 funding agreements have been signed as at 14th December with a further 3 expected by 18th December.

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but a couple of projects requiring variation updates. Due	A

	to the Covid 19 pandemic delivery will be monitored closely each month via the amber projects review process.	
Scope and objectives	Programme is within the scope and objectives agreed by LEP Board and government	G
Budget	Currently there is a small amount of Headroom for reallocation, estimated at £xxx	G

Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	8 funding agreements signed, 3 near signing. 13 outstanding	Due end Jan 2021
Project business case approval	No project business cases outstanding but some variations to be considered as needed.	Ongoing
Claims paid	No claims paid as yet.	Quarterly
Monitoring and Evaluation	Q2 reporting submitted to government	13 th November 2020

Other activities in next period Q4 20/21

Activity	Comment	Completion Date
Funding agreements to be finalised	In progress	Due end Jan 2021
Management of Expenditure	PMO to continue with forecasting role. Q3 claims to be used to get an up to date view of 20/21 forecast. Individual project meetings to be set up for review of delivery if required.	Ongoing
Monitoring and Evaluation	Next quarterly reporting submission	Feb 2021

Critical risks and issues

Risk/issue	Management /Mitigation	Owner
Covid 19 pandemic and other factors are causing some projects 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 set at Medium as LEP freedoms and flexibilities can be brought in if needed.	SIP/LEP Leadership Groups/LTB/PMO/AB

Budget summary at end Q2 20/21

Of govt allocation of £35.4m, £0m has been spent and **£17m** approx. is remaining to spend in 20/21. Currently £35.275m is allocated to projects. Unable to provide detailed forecast until all funding agreements have been signed. Forecast from November 2020 indicated we are able to meet Government's targets, even if we have to utilise Freedoms and Flexibilities to complete the full 50% target by end March 2021.

To be completed:

GBF Govt Profile	2020/21 £17.7m	2021/22 £17.7m	Total £35.4m
Spend £m TOTAL			£ (headroom of £xxxm)

Growing Places Fund

DC Homes – A repayment variation request was received in March 2020, prior to COVID lockdown. Due to lockdown and ongoing COVID restrictions the project was given a repayment holiday until March 2021. A revised variation request will be requested early in 2021 for review and consideration by the SIP for arrangements post April 2021.

Millfields – Genesis Centre. Due to lockdown and ongoing COVID restrictions the project was given a repayment holiday until March 2021. A revised variation request will be requested early in 2021 for review and consideration by the SIP for arrangement April 2021 onwards.

Broadband – GPF funding agreement signed December 2016 and project mobilisation has begun. A request to accept an amended expenditure profile has recently been reviewed and agreed by SIP this will extend the repayments until 2023/24.

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

CONFIDENTIAL ATTACHMENTS:

Attachment 1 – Growth Deal Programme Summary Q2 20/21

Attachment 2 – Project Reviews

Attachment 3 – GBF Summary

Attachment 4 – GD29 Somerset Flooding updated variation paper

LEP PMO 16/12/20