

HOTSW Investment Programmes

Highlight Report No 61 – SIP March 2021

Reporting period

January/February 2021

Summary Comments

At the January SIP meeting 2 further Getting Building Fund (GBF) projects were reviewed - 1 requiring a revised business case – Smart Biosphere and the other progressing to funding agreement, East Quay. A 3rd project considered in the event of residual funding, Dunball Junction, was approved subject to a full business case.

Clarity was requested around an aspect of the Plymouth Railway Station Growth Deal 3 project relating to the freedoms and flexibilities of Plymouth City Council and a funding arrangement with University of Plymouth. Subsequent to the SIP meeting, this was provided by email and SIP Members were in agreement to proceed on this basis.

Subsequent to the January SIP, decisions have been made on variations to business cases on GBF in order to keep momentum in project funding agreement and delivery. This includes an approval for the revised business cases for Smart Biosphere and Zebcat 2.

SIP also agreed a process for inward investment funding decisions by email.

On Growth Deal, some minor variations have been approved by email or to be submitted to the March SIP to enable expenditure by end March, including the use of Freedoms and Flexibilities, including Digital boost, Digital accelerator and Plymouth 5G Smart Sound due to be reviewed. Houghton Barton transfer of funds to A382 is approved by email as at today's date.

On GD3 - CDS GD3 is now the only business case outstanding.

The Q3 20/21 total LGF spend as per the dashboard submitted to government and including freedoms and flexibilities was £11.3m, ahead of forecast for the quarter, bringing cumulative spend to approx. £182.7m.

Outputs for Q3 have also been submitted with a full reconciliation to take place as part of Q4 year-end activities.

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 Q3 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. Theme leads are working on ensuring Q4 claim submission is as expected. Attached spreadsheet summary shows the position.

Monitoring will continue as per the projects' Monitoring and Evaluation Plans but we are expecting some outputs delays with live projects, 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 2020 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 Q3 20/21 total cumulative spend of approx. £182m	Quarterly
Monitoring and Evaluation	Q3 reporting submitted to government	26th February 2021

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	May 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 level has been reduced from Medium to Low.	SIP/LEP Leadership Groups/LTB/PMO/AB

Budget summary - At Q3 20/21 (no update)

At end Q3 20/21: **Of govt allocation of £197.83m, £182.77m** has been spent and **£15.06m** approx. is remaining to spend in 20/21.

Headroom of approx. £0.54m 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	49.4	£197.83

Getting Building Funding (GBF)

This means we have 24 projects in total with a further project progressing for a March decision to utilise residual funding. Funding agreements are completed for 18, 3 are awaiting signature and 4 awaiting approval. Project expenditure is permitted 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 complete the full complement of signed funding agreements.

Business cases and funding agreements

Some minor variations have been approved by email.

Delivery

At end Q3 20/21 a nil report was submitted to government on spend however projects have launched and Q4 claims are expected

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but a couple of projects requiring variation updates. Due to the Covid 19 pandemic delivery will be monitored closely each month via the amber projects review process.	A
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 £0.4m	G
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Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	18 funding agreements signed, 3 near signing. 4 outstanding (1 of which is subject to residual funding)	Due end Mar 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	Q3 reporting to be submitted to government	26 th February 2021

Other activities in next period Q4 20/21

Activity	Comment	Completion Date
Funding agreements to be finalised	In progress	Due end Mar 2021
Management of Expenditure	PMO to continue with forecasting role working with Theme Leads and SCC finance. Individual project meetings to be set up for review of delivery if required.	Ongoing
Monitoring and Evaluation	Next quarterly reporting submission	May (TBC) 2021

Critical risks and issues

Risk/issue	Management /Mitigation	Owner
Covid 19 pandemic and other factors are causing some projects to 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 Q3 20/21

Of govt allocation of £35.4m, £0m has been spent and **£17.7m** 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. We will use the 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 approx. £0.54m)

Growing Places Fund (no update)

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 Q3 20/21

Attachment 2 – Project Reviews

Attachment 3 – GBF Summary

LEP PMO 03/03/21