

HOTSW Investment Programmes

Highlight Report No 63 – SIP July 2021

Reporting period

May/June 2021

Summary Comments

At the May SIP meeting the Growing Places Fund approved payment holidays to 2-projects until March 2022 in reflection of the impacts of the pandemic.

A review of the Getting Building Fund underspend at the May SIP meeting resulted in Theme Leads identifying 3 projects to be invited to submit business case variations to generate increased outputs or ensure delivery. These updated business cases are to be considered at the July SIP.

A discussion took place at the May SIP regarding Growing Places Fund monies and a further paper will come back to a future SIP meeting regarding the funding parameters for the existing projects. In the meantime, a request for projects EOIs to utilise the unallocated funding balance has subsequently been approved by SIP by email and the fund launched. A special SIP meeting later in July has been set up to review applications received.

The Q4 2021 report was submitted by the required deadline for GD and GBF. GBF will continue with quarterly reports to government – the next report to reflect spend in Q1 21/22 due to be submitted in August.

The new process for reporting outputs on Growth Deal projects will be based on the expected 6-monthly cycle for outputs. Projects that have utilised the Freedoms and Flexibilities and are therefore effectively “live” will still be required to file quarterly claims until they have spent their grant monies and this will also be reflected in SIP reports.

Growth Deals

Business cases and funding agreements

On GD3 - CDS GD3 is now the only business case outstanding. This is in development with an expectation it will come to the July SIP.

Delivery (no update)

At end Q4 20/21, 55 capital projects have completed spending their Growth Deal funding. We have 7 live capital projects to complete expenditure in 21/22 under Freedoms and Flexibilities. The attached spreadsheet summary shows the position.

Monitoring will continue as per the projects’ Monitoring and Evaluation Plans. Going forward the reports will be filed bi-annually.

Programme Overview (no update)

	Comment	RAG
Timescale	Programme is live. Business case approval is complete for all but 1 GD3 projects. Delivery of the remaining projects 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	61 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 Q4 20/21 total cumulative spend of approx. £197.83m	Quarterly
Monitoring and Evaluation	Q4 reporting information collation in progress	22 nd May 2021

Other activities in next period Q1 21/22

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 on remaining projects. Individual project meetings to be set up for review of delivery if required.	Ongoing
Monitoring and Evaluation	Next quarterly reporting submission will be completed by the deadline.	Nov 2021

Critical risks and issues

Risk/issue	Management /Mitigation	Owner
n/a		

Budget summary - At Q4 20/21 (no update)

Under Freedoms and Flexibilities **£20.6m** is allocated to projects as per the attachment. We do not have a final Q4 actual expenditure figure until the variation request is considered for Exeter Science Park and a couple of accruals are finalised. However, using Freedoms and flexibilities the entire Growth Deal fund has been spent by the March 2021 deadline.

To be confirmed: Headroom of approx. £0.54m is currently being used as underwriting for the Growth Hub. This is included in the F&F total to be finalised, once we have finalised the figures for the Q4 reporting.

LGF	2015-17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Spend £m TOTAL	50.49	30.6	27.38	39.96	49.4	£197.83

Getting Building Funding (GBF)

Further to March SIP decisions we now have 24 projects in total with funding allocated and business case approval. Funding agreements are completed for 22 and 2 (TDIC and Dunball Junction) are awaiting signature subject to schedules /special conditions resolution. Project expenditure is permitted from the announcement on 4th August 2020.

Theme leads are working with projects, SCC and PMO to work through the conditions and complete the full complement of signed funding agreements.

Business cases and funding agreements

Since the last SIP 3 business cases have been updated for reallocation of underspend to be reviewed at the July SIP. It is expected that there will still be a small programme underspend to reallocate following this exercise for a future SIP meeting to agree.

Delivery

At end Q4 20/21 13 projects have claimed and the entire £17.7m allocation was spent, using Freedoms and Flexibilities. Claims processed totalled £3.919m. Delivery is in progress with the project review document highlighting only 3 amber schemes. No schemes are currently red RAG rated. Q1 21/22 claims will be processed for the next report to government due in August 2021, with figures coming to SIP by email for approval in advance.

Programme Overview

	Comment	RAG
Timescale	Programme is live. Business case approval is complete and delivery will be monitored closely with issues presented to SIP 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 Headroom for reallocation, estimated at £0.8m and this is under review to be confirmed at July SIP	G

Programme milestones and activities this period

Activity	Comment	Completion date
Funding agreements signed	22 funding agreements signed, 2 outstanding	Due end July 2021

Project business case approval	No project business cases outstanding but some variations to be considered as needed.	Ongoing
Claims paid	13 claims totalling £3.919m have been processed	Quarterly
Monitoring and Evaluation	Q4 reporting submitted to government	May 2021

Other activities in next period Q1 21/22

Activity	Comment	Completion Date
Funding agreements to be finalised	In progress	Due end July 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	August 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
Post-Brexit cost escalation	Medium risk, SIP to monitor. Projects to review value engineering opportunities	SIP/Theme Leads

Budget summary at end Q4 20/21 (no update)

Of govt allocation of £35.4m, £3.919m has been spent and £14.6m approx. is being absorbed through Freedoms and Flexibilities. Currently £34.6m is allocated to projects.

GBF Govt Profile	2020/21 £17.7m	2021/22 £17.7m	Total £35.4m
Spend £m TOTAL	17.7	17.7	£ (headroom of approx. £0.8m)

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 Summary Q4 20/21 (updated)

Attachment 2 - Project Reviews

Attachment 3 – GBF Summary

LEP PMO 28/06/21