

HOTSW Investment Programmes

Highlight Report No 64 – SIP September 2021

Reporting period

July/Aug 2021

Summary Comments

At the July SIP, 3 projects business case variations were approved to utilise Getting Building Fund underspend to generate increased outputs or ensure delivery.

On 21st July a special SIP meeting convened to review EOIs for Growing Places Fund projects to utilise the unallocated funding balance. A total of 6 applications were received; 2 projects were invited to full application and a 3rd was invited on the understanding that it was a reserve project.

A variation to the Devon Work Hubs project was agreed by email 12th August.

The Q1 21/22 GBF report was submitted by the required deadline. The next report to reflect spend in Q2 21/22 is due to be submitted in November. 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.

The Accountable Body has been working on updating the SIP Terms of Reference with a paper coming to the September SIP for review prior to Board approval.

Growth Deals

Business cases and funding agreements

On GD3 - CDS GD3 is now the only business case outstanding. Following July SIP, a recommendation that a request and review of further information on alternative solutions is made to the HoTSW LEP Board. A deep dive session is taking place on 3rd September and we are expecting a paper to come to the Special October SIP meeting.

Delivery (no update)

At end Q1 21/2, 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. Q1 spend was £392,472.

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	N/A	November 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 6-monthly reporting submission will be completed by the deadline.	Nov 2021

Critical risks and issues

Risk/issue	Management /Mitigation	Owner
n/a		

Budget summary - At Q1 21/22 (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 23 and 1 (Dunball Junction) is 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

At July SIP 3 business cases have been varied to utilise underspend to generate increased outputs or ensure delivery. 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 Q1 21/22 15 projects have claimed and the entire £17.7m allocation was spent, using Freedoms and Flexibilities. Cumulative claims processed totalled £7.435m. Delivery is in progress with the project review document highlighting only 2 amber schemes. No schemes are currently red RAG rated. Q2 21/22 claims will be processed for the next report to government due in November 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 £0.43m 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	23 funding agreements signed, Dunball Junction outstanding.	Due end Sept 2021

Project business case approval	No project business cases outstanding but some variations to be considered as needed.	Ongoing
Claims paid	15 projects have claimed totalling £7.435m 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 Sept 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	November 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 Q1 21/22 (no update)

Of gov't allocation of £35.4m, £7.435m 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. £0.43m)

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 - Project Reviews

Attachment 2 – GBF Summary

LEP PMO 31/08/21