

HOTSW Investment Programmes

Highlight Report No 65 – SIP November 2021

Reporting period

Sep/Oct 2021

Summary Comments

At the September SIP, a variation to the Growth Deal underspend policy was approved and a Getting Building Fund variation for Brunel Plaza which made use of Freedoms & Flexibilities was approved.

On 5th October an additional SIP meeting convened to review the Growth Deal Digital Investment Programme and an existing Getting Building Fund project proposal for underspend was approved for recommendation to the LEP Board with a planning consent condition.

A SIP Terms of Reference paper was approved for submission to the LEP Board by email 8th October. The paper reflects a recommendation for longevity for additional Panel members and that in a minimum quorum of 4, at least 2 were LEP Board Members.

A variation to the Growth Deal SEIC2 and SEIC3 project was agreed by email 15th October.

A variation to the Firepool and Taunton Station Access project approving the use of Freedoms & Flexibilities was agreed by email 26th October.

The Getting Building Fund Torquay Gateway project timescale has slipped due the discharge of planning consent conditions however it is still expected to complete by March '22.

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.

Growth Deals

Business cases and funding agreements

On GD3 – A paper proposing the Growth Deal Digital Investment Programme was approved for recommendation to the LEP Board at an additional SIP meeting in October. Approved by the LEP Board, the project requires a revenue exchange.

A variation to the SEIC2 and SEIC3 funding agreement was approved via email which addresses a revision to the operating model of 2 buildings located on the SEIC Campus. The campus will continue to provide funded business support to the clean energy sector.

Delivery

21/22 Q2 expenditure and outputs report due by the end of November and will be shared with SIP.

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 | Total cumulative claims spend of approx. £197.83m (inclusive of F&F) | 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. Between April – September 2021 £648,917 was spent under F&F. 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 all. Project expenditure is permitted from the announcement on 4th August 2020.

Business cases and funding agreements

At the additional October SIP meeting a business case was approved for recommendation to the Board allowing for a variation to utilise underspend to generate increased outputs. Two existing GBF projects have been approved subject to DLUHC approval for additional funding: Devon Work Hubs and Smarter Carbon.

Delivery (no update)

At end Q1 21/22 15 projects have claimed and the entire £17.7m allocation was spent, using Freedoms and Flexibilities. Cumulative claims processed for 20/21 totalled £7.435m. All projects are now delivering and are green on our RAG rating report. 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 Q2 spend an estimated £6,948,658.

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 | Headroom reallocated in October additional meeting to Devon Work Hubs with remaining £50k awaiting SIP approval for Business Resource Efficiency Fund | G |

Programme milestones and activities this period

| Activity | Comment | Completion date |
|--------------------------------|---|-----------------|
| Funding agreements signed | 24 funding agreements signed. | |
| 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 | Q1 reporting submitted to government | Aug 2021 |

Other activities in next period Q1 21/22

| Activity | Comment | Completion Date |
|---------------------------|--|-----------------|
| 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 (Q2) | 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 govt 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 08/11/21