

Growth Deal Programme – Programme Performance and Delivery

Report to the Investment and Regulation Board, 7 September 2018
Report from Karen Oliver-Spry, Investment Programme Manager

1. Summary

This paper updates the Investment and Regulation Board on programme performance and delivery.

2. Recommendations

2.1. That the Investment and Regulation Board notes the report.

3. Programme position

3.1. As previously advised, 18/19 is a critical year for the Local Growth Fund programme which has slipped programme spend by £21m over the last 3 years.

3.2. It has previously been noted that there is an expectation that the programme will demonstrate progression in making up for underspend and failure to do so within this financial year could result in some of the LEP's LGF allocation being withdrawn.

3.3. Following the addition of four new projects to the programme, the forecast spend in FY18/19 is **£22.39m**. This is an increase on the £19.9m previously forecast and allows the programme to catch up by **£9.69m** against an allocated LGF profile of £12.7m. We are also over-programming by approximately £7m in 19/20 to get spend back on track.

However, the increased spend in 18/19 is not as big as had been anticipated as we have recently been advised that the **RHICS: Hempholme and Wilfholme** scheme (Full Business Case currently in assessment) will no longer spend in the current financial year, which means that £540k will slip into FY 19/20.

3.4. Approximately **£1.8m** of the Humber's LGF allocation remains uncommitted following the withdrawal of the Goole Intermodal Terminal scheme by the LEP Board in July. £250k is expected to be allocated to the private sector Danish Buildings scheme once assessment of the Outline Business Case has been completed leaving **£1.554m** to be allocated to pipeline projects brought forward in the next few months.

3.5. The following projects are currently going through full business case assessment with further updates to follow – it is expected that most will be ready for a decision at the October meeting:

- RHICS: Connecting the Waterfront
- Central Cleethorpes Regeneration Programme
- Hessle Foreshore Tidal Defence
- RHICS: Hempholme and Wilfholme Pumping stations

- PHASE 1 - A180 South Humber Bank Highway Improvements
- South Humber Gauge Enhancements

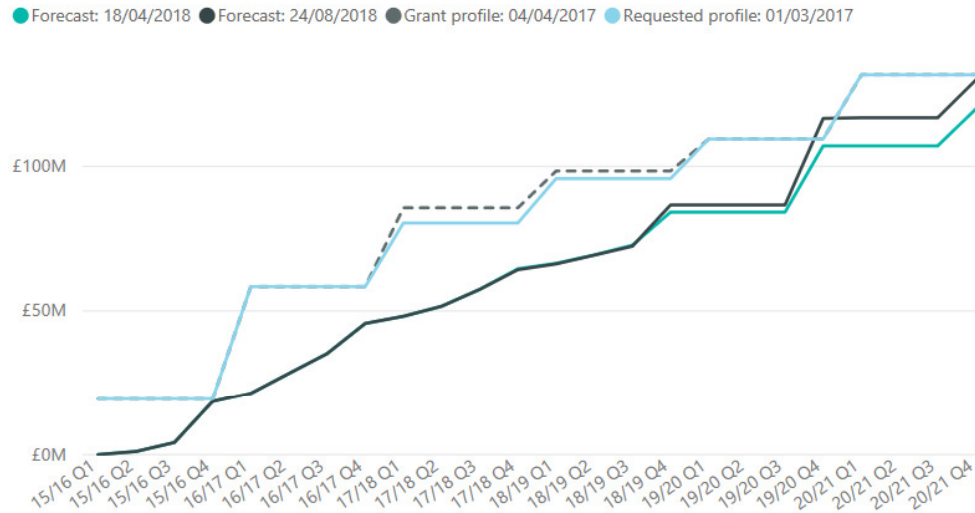
3.6. As required by BEIS, the process for assessing business cases is more rigorous and robust than previously and only once projects have met a stringent set of assessment criteria are they brought forward for a Board/sub Board decision.

Project sponsors are required to provide a greater amount of information to support their case for funding than they might have done previously and consequently it takes longer for some projects to meet the benchmark than others. We continue to work closely with project sponsors to ensure that they understand and are able to meet the requirements to demonstrate their suitability for funding.

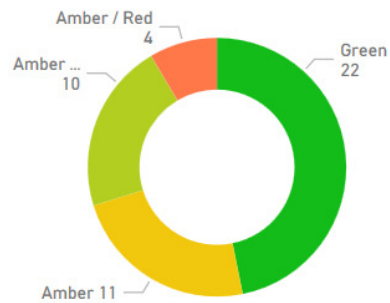
4. Programme Performance dashboard (based on Q1 return)

Growth Deal programme spend and status overview - to end Q1 2018/19
August 2018

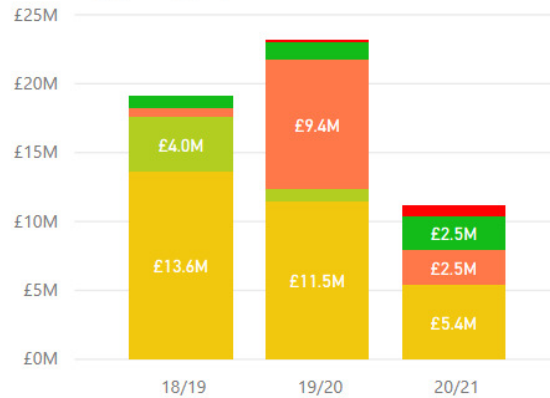
Cumulative LGF spend vs grant profile



Number of projects (full programme)

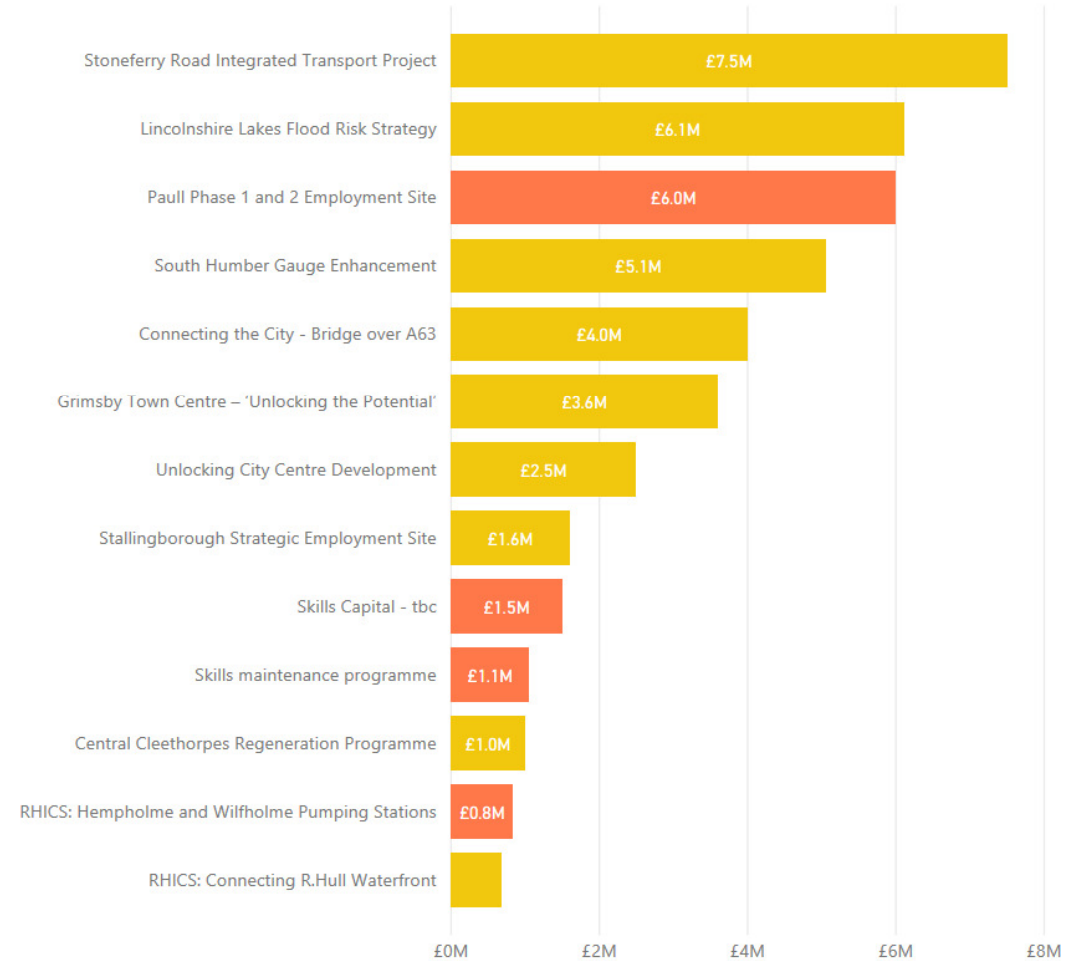


Remaining spend by project RAG status



Total LGF	Spent	Profiled	Unallocated	Projects	Complete	Delivery	Appraisal	Future
£132M	£66M	£64M	£1.8M	47	20	15	6	6

Total remaining spend (red and amber projects)



5. Project Monitoring

- 5.1. Projects that have been accepted onto the programme are required to provide regular progress updates against delivery of milestones, outputs, funding profile and risk management. These returns are used to inform sub board / board updates and also quarterly data submissions to BEIS.
- 5.2. The most recent quarterly updates were due by 20th July and while a number of returns were late or incomplete, these have now been reviewed and information collated.
- 5.3. As previously, we have provided below a summary of the returns highlighting some of the issues / concerns arising along with mitigating actions being undertaken by the accountable body/LEP Executive programme management team. Where pertinent actions for the Investment and Regulation Board have also been included (highlighted in red).
- 5.4. It should be noted that projects that are progressing well and ragged as green or green/amber have not been included here. Where projects have been rated amber, this does not necessarily mean that they will not spend on time but may reflect issues with wider delivery, including outputs.
- 5.5. Minor issues will continue to be dealt with by officers, but the LEP Board and sub-boards will be provided with additional information to support them to be more active in monitoring and managing project and programme-level risks.

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Project	Responsible Officer	Qtly update received		Monitoring checks				Q1 LGF Spend			Sponsor overall RAG Rating				LEP Overall RAG rating	Comments	Recommended actions
		Received - Y/N	Days late	Accurate/Consistent?	Risk Assessment updated	Milestone progress reported	Progress in meeting outputs reported	Amount profiled (£m)	Amount claimed (£m)	Amount paid (£m)	Delivery	LGF spend	Match spend	Outputs			
Stage 3 Projects: FBC approved																	
Gauge Enhancements South Humber	Lesley Potts	Yes	0	No	Yes	Yes	-	£0	£0	£0	Green	Green	Green	?	A	Draft business case now submitted and peer reviewed. Awaiting Implementation Agreement.	Final FBC submission at end September will need to be supported with signed implementation Agreement.
Lincolnshire Lakes flood defence works	Lesley Potts/Louisa Simpson	Yes	0	Yes	Yes	Yes	Yes	£1,011,750	£160,557	£160,557	Amber	Green	Amber	Red	A	Project sponsor still needs to submit a revised output profile for consideration by LEP/BEIS.	Project sponsor to be given a deadline of end September for submission of reprofiled outputs.
Howdenshire FAS	Andy McLaughlan	Yes	11	No	No	Yes	No	£0	£0	£0	Green	Green	Green	Green	A	Project still has a significant amount of match to evidence. Incomplete form submitted - insufficient information submitted.	Arrange project review meeting Sept/Oct. Close monitoring of Q2 return.

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Stoneferry Rd Integrated Transport Site	Ruth Stephenson	Yes	0	No	Yes	Yes	Yes	£0	£0	£0	Amber	Amber	?	?	A	Incomplete form submitted. Delayed start and multiple dependencies. Aiming for Full Business Case submission Jan 2019.	Close monitoring of Q2 return. Project review meeting Sept/Oct	
Stallingborough Strategic Employment Site (phase 1b)	Chris Duffill	Yes	3	Yes	Yes	Yes	Yes	£0	£0	£0	Green	Green	Green	Green	A	Slippage in Q1 but now profiling to start spend in Q2	Close monitoring of Q2 return	
Grimsby TC - Unlocking the Potential	Claire Bradbury	Yes	0	No	Yes	Yes	Yes	£235,000	£21,849	£21,849	?	?	?	?	A	Incomplete submission. Project slippage and delayed start.	Arrange project review meeting Sept/Oct. Close monitoring of Q2 return.	
Connecting the City - A63 bridge	Ruth Stephenson	Yes	5	Yes	Yes	Yes	Yes	£0	£0	£0	Green	Amber	Amber	Amber	A	Unlikely to spend until late 18/19	Close monitoring of Q2 return.	
Stage 3 Projects: Completed spend, ongoing monitoring																		
Grimsby Institute learning centre / Environmental Logistics and Learning Hub - £0 claim	Gill Alton	Yes	0	Yes	Yes	Yes	Yes				Green	Green	Green	Red	A	Concern expressed by sponsor that original output profile may no longer be achievable within the context of changing demand/use for the facility.	Sponsor has been asked to submit an updated business case and output profile by end September latest . Review updated business case and output profile – further actions to be agreed as necessary.	
Stage 2 projects: FBC in appraisal																		
RHICS: Connecting the Waterfront	Claire Hoskins	Yes	0	Yes		Yes	No				Amber	Green	Green	Green	A	Business Case is still in external assessment pending the supply of additional information from the project sponsor (should have been provided by end July)	Sponsor has been asked to provide outstanding information by end September latest .	

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															- this is causing delays in delivery.		
Hull - Unlocking City Centre Development	Nic Harne	No													A	No update provided. Business Case still in external assessment pending the supply of additional information from the project sponsor.	Ongoing liaison and close monitoring of Q2 return
Central Cleethorpes Regeneration Programme	Chris Duffill	Yes	10	Yes		Yes	No				Green	Green	Green	Green	A	Business case still in external assessment pending the supply of further information from the project sponsor.	Ongoing liaison and close monitoring of Q2 return
RHICS: Hempholme and Wilfholme Pumping Stations	Claire Hoskins	Yes	0	Yes		Yes	No				Green	Green	Green	Green	A / R	We have recently been advised that timescales have slipped and the project is no longer expecting to spend in the current financial year.	Ongoing liaison and close monitoring of Q2 return. Sponsor has been asked to submit updated business case by end September latest.
Stage 2 projects: Awaiting FBC																	
Paull Phase 1 and 2 Employment Site	Jo Dooley	Yes	4	No		Yes	No								A / R	Incomplete submission. Project slippage and planning not expected to be granted until March 2019. Full Business case	Ongoing liaison and close monitoring of Q2 return

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Risk Management

The table below highlights the projects identified as having most significant risk to programme delivery, along with follow-up commentary.

Project	Concerns	Action since last update	Key milestones	Key dates	Proposed action	Recommendation
Stoneferry Road Integrated Transport Site	Project has under-claimed in 17/18 and is now back-loading future spend into the last two programme years. Full scheme has a number of dependencies.	Ongoing monitoring of updates and quarterly claims.	<u>Agreed at PRM</u> Design phase complete FBC submission Completion in 19/20	31/12/18 Jan-Mar 2019 31/3/2020	Further project review meeting agreed to be scheduled Sept / Oct 2018.	Scheme is still deliverable but requires careful monitoring. Other project dependencies are all time restricted and if one falls they all fall providing additional incentive to avoid slippage. End of design phase critical in reviewing scheme viability – need to reconvene project review meeting in Autumn to assess progress

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South Humber Gauge Enhancements	<p>Significant delays to date</p> <p>Full scheme has a number of risks and dependencies</p> <p>NR need to spend before / alongside LEP</p>	<p>Ongoing monitoring of updates and quarterly claims.</p> <p>Draft FBC received and peer reviewed.</p>	<p><u>Agreed at PRM</u></p> <p>Final FBC submission</p> <p>NR and NLC need to finalise Implementation agreement.</p>	<p>30/09/2018</p>	<p>Ongoing monitoring of monthly updates and quarterly claims to ensure timely milestone delivery.</p> <p>Further project review meetings to be scheduled as required</p>	<p>NR aiming to complete Gauge clearance by March 2019 – we understand that NR has started at risk in August to meet timescales.</p> <p>Project sponsor and deliverer are aware of imperative timescales and the need to provide evidence of rigorous governance arrangements</p>
Lincolnshire Lakes	<p>Concerns around wider project delivery and outputs</p> <p>The project sponsor has indicated that the original output profile cannot be delivered within the existing timeframe.</p>	<p>The sponsor had previously agreed to provide:</p> <ul style="list-style-type: none"> - Gantt chart or similar for wider scheme delivery -Letter from Highways England setting out their position in relation to the M181 temporary northern terminal junction -Revised output profile <p>To date the first two have been actioned but not the output profile.</p>	<p>Installation of first piles</p>	<p>6/9/2018</p>	<p>Project sponsor to provide a revised output profile for consideration by LEP/BEIS by end September 2018</p>	<p>BEIS will need to formally agree a significant change to contracted output delivery.</p> <p>Further actions to be identified accordingly.</p>

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<p>Grimsby Institute Learning Centre (Modal)</p>	<p>Project sponsor has highlighted concerns that the contracted outputs are not realistic within the context of current demand and delivery.</p> <p>Lack of clarity around revisions to business plan and implications for output delivery.</p>	<p>Project review meeting held with sponsor 6/8/18</p>	<p><u>Agreed at PRM</u></p> <p>Submission of updated business case and outputs profile for consideration</p>	<p>30/9/2018</p>	<p>Ongoing monitoring of monthly updates and quarterly claims.</p>	<p>Programme delivery team will need to review revised business case and output profile. Further actions to be identified accordingly.</p>
<p>RHICS: Hempholme and Wilfholme Pumping Stations</p>	<p>Project delivery slippage - £540k reprofiled from 18/19 to 19/20</p>	<p>Issue identified in August update.</p>	<p>Updated FBC submission</p>	<p>30/9/2018</p>	<p>Ongoing monitoring of monthly updates and quarterly claims.</p>	<p>Scheme is still deliverable but requires careful monitoring.</p>
<p>Paull Phase 1 and 2 Employment Site</p>	<p>Project delivery slippage – completion now expected March 2021 (previously October 2020).</p> <p>The scheme involves an application to have the existing LDO renewed – we are investigating</p>	<p>Issue identified in August update.</p>	<p><u>As per August update</u></p> <p>FBC due</p> <p>Planning permission granted</p> <p>Start on site</p> <p>Physical completion</p>	<p>30/9/2018</p> <p>29/3/2019</p> <p>3/2/2020</p> <p>5/3/2021</p>	<p>Ongoing monitoring of monthly updates and quarterly claims.</p>	<p>Scheme is currently still deliverable but requires careful monitoring.</p> <p>Board assurance of commitment to the project from the private sector delivery partner (ABP) is required urgently.</p>

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	<p>the implications of a European Court ruling in relation to the renewal of LDOs.</p> <p>There is <u>no</u> further room for slippage within the current programme.</p>					
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Appendix 1: Implementation Summary

18/19	£12,721,021	Total forecast	£18,789,234
Programme Target		Actual to date	£1,988,956

Project name	Senior responsible officer	Previous years spend			In-year spend and RAG rating				Total			
		15/16	16/17	17/18	Agreed annual allocation	Actual spend	Yr end actual	RAG rating	19/20	20/21	Allocation	Profile
Connecting the City – Bridge over A63 at Hull Marina	Ruth Stephenson				£4,000,000			A			£4,000,000	£4,000,000
Anlaby and East Ella Flood Alleviation Scheme	Claire Hoskins	£1,066,831	£343,889	£2,576,000	£1,113,280	£98,201	£98,201	G / A			£5,100,000	£5,100,000
Hessle Foreshore Tidal Defence	Claire Hoskins				£243,243			G	£539,000	£1,442,000	£2,000,000	£2,000,000
Cottingham and Orchard Park Flood Alleviation Scheme	Claire Hoskins		£771,000	£1,935,172	£2,293,828	£909,205	£909,205	G			£5,000,000	£5,000,000
River Hull Integrated Catchment Strategy (RHICS)			£1,000,000	£150,000	£965,000			A / R	£1,140,000		£11,896,800	£3,805,000
Lincolnshire Lakes Flood risk Strategy	Lesley Potts	£583,002	£516,759	£5,930,099	£4,047,000	£160,557	£160,557	A	£2,223,320		£13,310,000	£13,300,180
South Humber Gauge Enhancement	Lesley Potts	£2,145,000						A	£2,555,000	£2,500,000	£7,200,000	£7,200,000
Growing the Humber 3	Helen Thompson			£926,675	£1,960,000	£799,144	£799,144	G / A	£2,682,000	£2,431,325	£8,000,000	£8,000,000
Grimsby Town Centre - Unlocking the Potential	Angela Blake			£57,117	£1,886,883	£21,849	£21,849	A / R	£1,738,000		£3,681,532	£3,681,532
Stallingborough Strategic Employment Site Phase 1b	Angela Blake				£1,600,000			A / R			£1,600,000	£1,600,000
Stoneferry Rd Integrated Transport Project	Paul Robinson				£650,000			A / R	£7,500,000		£7,500,000	£7,500,000
Management and Administration	Richard Kendall				£150,000			G			£150,000	£150,000
Skills capital : GIFHE Healthcare Academy	Andy Gaudie				£150,000			G	£49,733		£199,733	£199,733

Business case pending and/or not yet approved

RHICS: Hempholme and Wilfholme Pumping Stations	Claire Hoskins				£540,000			A / R	£840,000		£840,000	£840,000
RHICS: Connecting the Waterfront	Claire Hoskins				£375,000			A			£675,000	£675,000
Unlocking City Centre Development	Garry Taylor/Nic Harne				£1,250,000			A	£1,250,000		£2,500,000	£2,500,000
Skills capital: TBC					£750,000			A / R	£750,267		£1,500,267	£1,500,267
Central Cleethorpes	Chris Duffill				£175,000			A	£207,000	£793,000	£1,000,000	£1,000,000

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Skills Maintenance Programme	tbc						A / R		£1,055,000	£1,055,000	£1,055,000
Pauli Phase 1 and 2 Employment Site	Jo Dooley / David Morriss						R	£3,250,000	£2,750,000	£6,000,000	£6,000,000
Delivering Housing Growth in Hull 2					£1,000,000		G/A	£1,500,000	£1,500,000	£4,000,000	£4,000,000
Development of Priory Park					£240,000		G/A	£1,200,000			
Phase 1 A180 South Humber Bank Highway Improvement Scheme							G/A	£1,496,379	£598,309	£2,094,688	£2,094,688
South Humber Gateway							G/A	£2,497,282		£2,497,282	£2,497,282