

Growth Deal programme report

LEP Board
18 September 2020

Paper G

Richard Kendall – Executive Director Strategic Policy
and Business Development

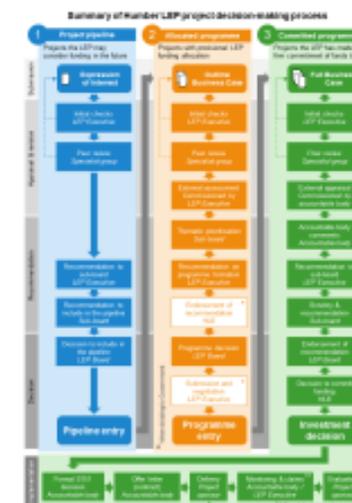
Karen Oliver-Spry – Investment Programme Manager

	Updates	Decisions
Project pipeline	✓	
Allocated programme	✓	
Committed programme	✓	

Background and summary of recommendations

The LEP's decision-making process* takes projects through three stages:

- **Project pipeline** – projects the LEP may consider funding in the future
- **Allocated programme** – projects with a provisional funding allocation from the LEP
- **Committed programme** – projects the LEP has made a firm commitment of funds to, which then move into delivery



The LEP Board is recommended to make the following decisions:

- Note the latest progress report
- Note the Q1 20/21 LGF Data submission to the Department for Business, Energy and Industrial Strategy (BEIS) (Appendix 2)

* See <http://www.humberlep.org/assurance/project-decision-making-process/> for details

Spend Dashboard – Q1

Growth Deal programme spend status overview - to end Q1 2020/21

July 2020

Total LGF

£132M

Spent

£107M

Profiled

£25M

Unallocated

£0

Projects

54

Completed

38

In Delivery

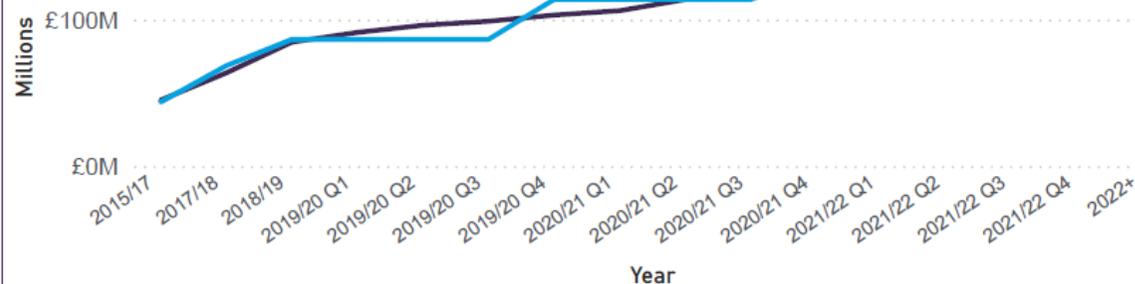
16

In Appraisal

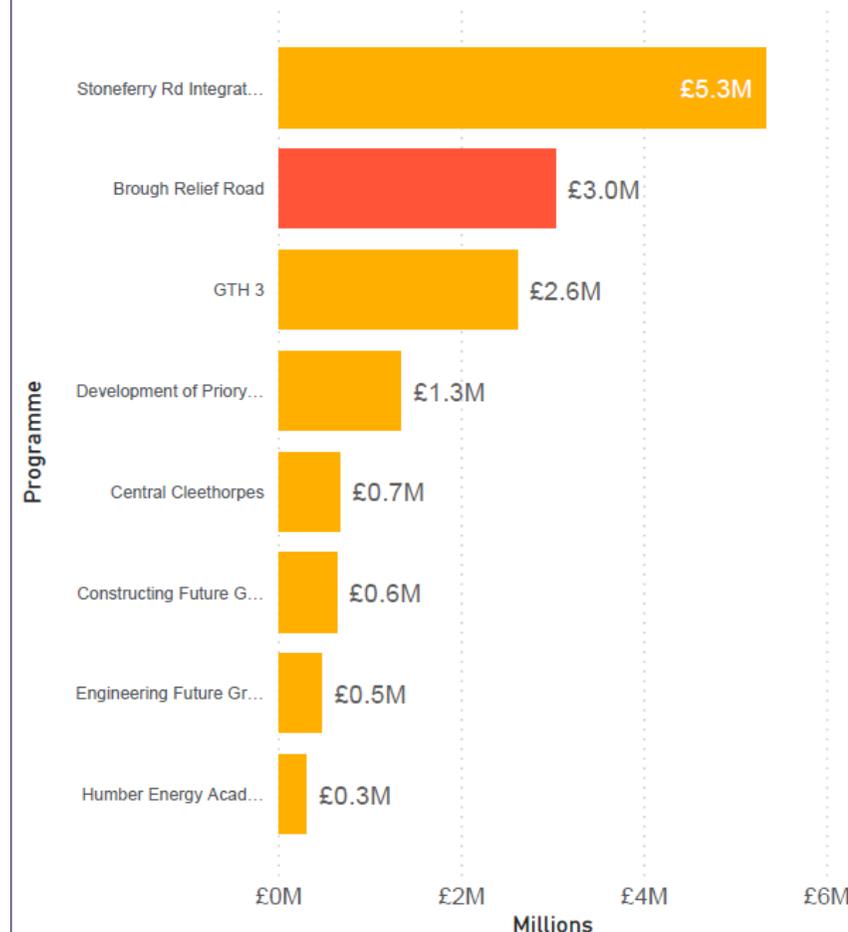
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LGF Spend - Actual (Cummulative) and Forecast (Cummulative) (Q1 20/21)

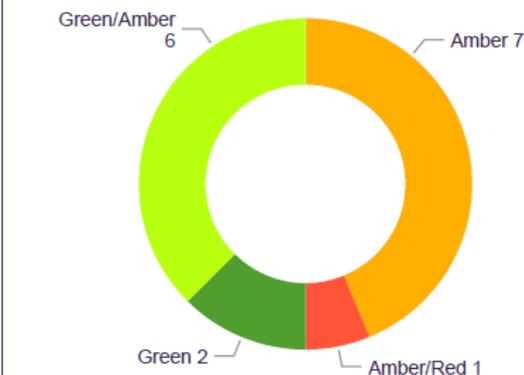
● Actual (Cummulative) ● Forecast (Cummulative)



Remaining LGF Spend (Amber/Red RAG rated Projects)



Number of Projects by RAG (Q1 20/21)



Remaining spend by RAG status (Q1 20/21)



Key Programme Output Dashboard – Q1

LGF (All) Outputs - to end of Q1 2020/21 - July 2020

Outputs achieved to date

Match Funding

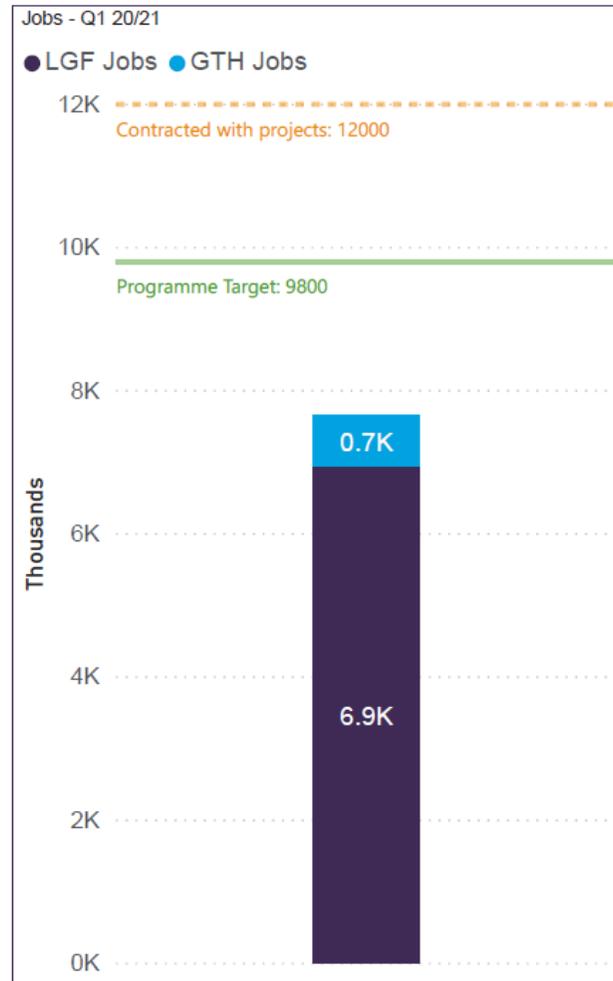
£345M

Jobs

7655

Houses

1682



Programme Commentary

- Following the government's mid-year review of LGF programmes in June, we were able to demonstrate to government that the programme is in a good position and as a result the remaining tranche of funding has been released to us. However, this does not mean we can be complacent – we will continue to receive an increased level of scrutiny from BEIS who will be seeking assurance that projects are continuing to deliver and that all LGF will be defrayed before the end of the financial year.
- The quarter 1 dashboards are representative of project activity during and at the easing of lockdown. All projects are now back in delivery following the government's easing of lockdown measures, although some schemes have experienced further slippage linked to extended tendering processes and design revisions.
- With the exception of a couple of schemes, the majority of projects are still confident of delivering LGF spend in full before 31st March 2021. However, in the interests of robust programme management we are allowing a contingency for additional slippage (e.g. in case of bad weather or a second pandemic spike). We have agreed with the Accountable Body and BEIS the use of capital switching freedoms and flexibilities if necessary. On this basis, our worst-case scenario is that £7m will slip into 2021/22 but we will manage this through the Accountable Body's capital programme to ensure full LGF spend.
- This will be considered a last resort. Projects will need to demonstrate they are making significant progress over coming months and meeting their milestones for contracting and start on site where this is still to be achieved. Any concerns around progress could result in funding being clawed back by government and the programme delivery team will be keeping the programme under constant review over the remainder of the year.
- It is still too early to tell what the longer term impact on output delivery may be, however projects will continue to be monitored against their contracted output delivery profiles until sufficient evidence is presented to warrant consideration of adjustment and sponsors should continue to manage their projects to ensure full scheme delivery.
- A project summary is provided at **Appendix 1**, outlining the position to the end of Q1 (30th June). Additional commentary in relation to specific projects is provided in the Risk Management section below.

Risk Management

Project	Delivery concern	Comments	Action
Brough Relief Road Sponsor: East Riding of Yorkshire Council	Project Spend	<p>Works were initially delayed by extreme weather earlier this year and then by COVID disruption. Tendering has taken longer than expected with contracting still to be finalised and start on site slipped to September.</p> <p>The scheme will now complete in May 2021, although the sponsor anticipates no issues defraying LGF spend before March and achieving the majority of the outputs by this point too.</p>	Ongoing monitoring by programme delivery team.
Priory Park Sponsor: Hull City Council	Project Spend	<p>Extended tendering and a need to undertake further ground investigations and detailed design means that the project will not now complete until May 2021.</p> <p>Due to cost increases, cabinet approval has secured an additional £700k match for the project and the scheme is still expecting to defray LGF in full this FY.</p>	Ongoing monitoring by programme delivery team.
Stoneferry Road Sponsor: Hull City Council	Project Spend	<p>The project is progressing in line with the latest programme with detailed design elements continuing to be submitted, reviewed, amended and approved. Full scheme completion is now expected in April 2021 with full LGF defrayal still expected to be achieved in this financial year.</p>	Ongoing monitoring by programme delivery team.
Central Cleethorpes Sponsor: North East Lincolnshire Council	Project Spend	<p>Elements of the scheme are contracted and underway or about to start but the full project will not be completed until 2022. LGF has been accelerated in advance of other match in order to achieve maximum LGF spend in 20/21, although some slippage is expected.</p>	Ongoing monitoring by programme delivery team.

Risk Management

Project	Delivery Concern	Comments	Action
<p>Stallingborough Strategic Employment Site (Phase 1b)</p> <p>Sponsor: North East Lincolnshire Council</p>	Project completion / outputs	The scheme is being held up by protracted negotiations to acquire all necessary land. We understand that letters to the landowner have been issued with a final offer prior to initiation of CPO which would be agreed at cabinet on 4 th Nov.	<p>A revised scheme delivery schedule for scenarios in which either the offer is accepted or CPO is initiated has been requested.</p> <p>Ongoing monitoring by programme delivery team.</p>
<p>Lincolnshire Lakes – Flood alleviation works</p> <p>Sponsor: North Lincolnshire Council</p>	Outputs	<p>Although the scheme is now physically complete, full project completion is dependent on the achieving of outputs (primarily jobs, houses and private sector leverage) linked to development of the wider Lincolnshire Lakes scheme.</p> <p>NLC, as scheme sponsor, has regularly reported that conversations between partners are ongoing but has not provided an indication of the frequency and substance of the conversations or alternative delivery routes explored to ensure delivery of the wider scheme.</p>	<p>Ongoing monitoring by programme delivery team.</p>