

GFirst Local Enterprise Partnership

Board Paper – 12th Dec 2017

1. Agenda Item Siv : Local Growth Fund Programme - Performance Update as of 30-9-17

2. What is this item for:

The Board is asked to note the progress of the Growth Deal programme against key metrics and latest timings for current forward plan. No decision is required, this is for information only.

To Board is also asked to note the new reporting framework (to replace the LOGASNET system) to be used by BEIS/CLoG and the requirements for both the LEP board and the Accountable Body Section 151 officer to approve the submission on a quarterly basis.

3. Summary:

Programme Highlights - a number of significant programme events have occurred in the last few months including (but not exclusively) :-

- Significant progress of construction on expanded Growth Hub/Business School at Oxstalls, on track for opening Aug 2018.
- First Growth Hub Network Centres opened in Gloucestershire Libraries.
- Full opening of the GREEN skills centre at Berkeley in September 2017 with c120 students enrolled.
- Official Opening of the Berkeley Cyber Centre 10th November.
- Berkeley Bridge (Northbound) completion and opened 29th June.
- Farm 491 Harnhill centre officially opened 30th June. Main campus centre and Cotswold Growth Hub on track to open May/June 2018.
- Cinderford Northern Quarter spine Road phase 1 completion June 2017. New FoD college construction on site started May 2017.
- Elmbridge Roundabout opened 28th Sept
- Gloucester Transport Hub - Groundworks/utilities & highways complete, Kier (main contractor) took control of site 9th October to start construction of main building. Due to complete September 2018.
- Airport new 4000m2 hangar due to complete Dec. Phase 2 to start 2018.
- First full year of operation of improved STEM centres at Gloscol, Hartpury College and Cirencester College.

4. Details

See attached "Dashboard Update Q2 17-18" for the period to 30-9-17.

For the financial year to date we have a cumulative out turn (i.e. transfer of funds to projects) of £43.69m. Against this out turn, the projects have actual expenditure of £39.04m. The reason for the difference between the two figures is where we have transferred funds in advance to approved delegated schemes (e.g. Gloucester Transport Hub, Blackfriars etc) to assist in the management of the spend profile.

We anticipate a further c£5m of out turn during F/Y 17-18, with funds being transferred to the A419 Corridor Improvement scheme approved at the October board, the Growth Hub Expansion scheme, Growth Hub Network, Farm 491 and potentially Cheltenham Spa Station if approved.

Actual spend is also on track for F/Y 17-18 with spend accelerating at Gloucester Transport Hub, Blackfriars & Quayside, Growth Hub Expansion and Network and Farm 491 (main campus site).

Jobs outcomes reported to date total 1180. 91% of the total of 15584 forecast jobs outcomes for the Growth Deal come from the proposed Cheltenham Cyber Park (48%) and the combined Growth Hub (43%). Jobs outcomes to date are shown as 'amber' as currently tracking behind plan, however further work is required over the next 2-3 months to establish an accurate total to date with specific attribution to the Growth fund investments.

There has been some adjustment to the total jobs outcomes committed to the combined Growth Hub, based on the final agreed ERDF commitments out to 31-12-2019. Between 1-1-2017 and 31-12-2019 the core Growth hub activity is expected to create 1000 additional jobs. The wider Growth Hub Network is expected to create a further 1700.

Total Leverage is ahead of schedule to date with a confirmed total of £98.53m of 3rd party (public and private sector) investment being secured in addition to Growth Deal funds to date. Latest forecast for total leverage is £310m across the full programme.

The Annual review meetings for 2017 for all STEM projects funded from LGF funds have been completed but full results for the academic year 16-17 apprenticeship and qualification output figures vs plan are still being compiled. The results will be available for the February board meeting. Initial indications are that both STEM based apprenticeships and student enrolments for 17-18 are above trend indicating a positive impact of the investment in STEM capacity and facilities. Enrolments at the GREEN skills centre were above expectations with c120 students on site against an expectation of closer to 100 from September.

Some re-profiling of the outputs is also required to reflect the later than planned opening of the GREEN skills centre, however there is high confidence that this will not impact negatively on the total outputs delivered.

To date 12003 m² of new or substantially upgraded 'skills capital' (i.e. skills floorspace) has been delivered under the Growth Deal, the equivalent of 2 full new FE Colleges.

5. BEIS/CLoG Reporting System

The LOGASNET system previously used for the reporting of Growth Deal progress to BEIS up to the end of Q4 16-17 has been withdrawn. A new spreadsheet based system has been introduced, which has introduced some additional requirements in respect of 'signing-off' of the data submitted. The new system as currently proposed will require both the LEP Board and the Accountable body Section 151 Officer to 'sign-off' the submission. The system produces an alternative form of 'dashboard' to report the programme. Note - the core data used is the same as for the GFirst LEP version.

The first submission using the new system was made on November 1st 2017 for Q1 17-18 (copy attached). Due to the short notice given, 'sign-off' by the chief executive and S151 officer only were confirmed as acceptable. There have subsequently been a number of issues highlighted in respect of the new system, in terms of consistency of data from previous submissions and the requirements of the S151 Officer. Currently we are awaiting guidance from government on the process for the next submission, which is due by 20th January 2018 for the Q2 period.

The board will be advised of confirmed requirements as they become clear.

6. Forward Look

The previous version of the Forward Look (Rev10) indicated that the following schemes were due to come before the Board at the Dec meeting :-

- Advanced Renewables Research Centre
- Cheltenham Spa Railway Station Improvements
- Gloucester South-West By-Pass

Cheltenham Spa is presented for approval in a separate paper at this meeting.

The Advanced Renewables Project is also presented as a separate paper at this meeting for review.

Gloucester Southwest by-Pass - Originally the scheme included a significant S106 contribution from the Hunt's Grove development to the south of Gloucester. The scheme has now also reviewed the likely land acquisition costs for the land take required. Consequently there is currently a c£2m budget shortfall for the scheme.

As a result, GCC made a bid under the re-allocation process for an additional £2m in funding to address the shortfall. Subject to full board confirmation the bid was not selected as one of those for shortlisting and so potentially is not fully funded to progress.

Work is on-going with GCC to review options on funding including other funding streams that have been recently announced by government, e.g. "Transforming Cities" Fund. There is also an option to look at a more comprehensive scheme to address pinch points and traffic flows in the wider west of Gloucester city/Quayside area.

Funding for this scheme was scheduled to start in 2018/19. This will be reviewed as options are developed.

7. Risks/issues

In respect of meeting the commitments of the Growth Deal, achieving the expected jobs outcomes is currently viewed as the most significant risk. Whilst the growth in employment in the macro-economy of Gloucestershire is likely to meet or exceed expectations, specific attribution to Growth fund investments may be problematic. In addition, there is often a significant lag between interventions and jobs outcomes. Further work is required to improve data collection and evidence attribution. In addition, almost half of the total jobs outcomes are associated with the Cheltenham Cyber Park, which has still to achieve even outline planning approval, although there is a notable increase in activity since the release of the Inspector's report of the Examination in Public which recommended inclusion of the West of Cheltenham site as a strategic allocation.

In all other respects there is low risk of not meeting committed outputs and in many areas (e.g. total leverage) we are currently forecasting to exceed the requirements of the Growth Deal. Subject to re-profiling, there is high confidence that the apprenticeship and qualification outputs will be achieved.

There is some concern over the impact of the annual funding awards in terms of some of the projects scheduled for later in the programme. Currently we are unable to progress some projects due to the uncertainty of future funding. This puts pressure on the schemes to go through the approval process and then spend their funding allocations within a relatively tight timeframe.

Options are being explored with government to try and bring forward some funding in order to commit projects as early as possible. A revised spend profile will be confirmed following the re-allocation process currently underway, for presentation at the February 2018 board meeting.

8. Attachments

Dashboard Update Q2 17-18

Outputs Summary Q2 17-18

Gloucestershire Local Growth Dashboard Nov 2017 (BEIS version)

Forward Look (Revision 11)

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