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##### Cheshire & Warrington Local Enterprise Partnership

**Performance and Investment Committee**

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| **Title: Programme Manager Update Report**  | **Agenda item:6** |
| **Prepared by: Rachel Brosnahan** | **Date of Report: 21st March 2018** |

1. **Executive Summary**

As we move to the end of the final quarter of the financial year, the LGF programme is looking in good shape. Spend is not as high as we expected just three months ago, but should exceed £16m for the year. The outputs achieved are slowly starting to increase and the contracted outputs comfortably exceed our BEIS targets.

Moving into 18/19 and the mid year of the programme, we expect all the projects to have been issued conditional offers by the end of the year and expect spend to increase significantly over the next two years.

We should now start to look at the impact of the schemes and consider carrying out mid-term evaluation of the programme and evaluations of the projects completed.

1. **Local Growth Fund 1/2 Updates**
	1. **Sydney Road Bridge**

Good progress has been made with moving the project forward. The implementation agreement with Network Rail has now been signed and the commuted sum for the bridge agreed. Planning permission has been granted for the revised compound site and work will start on the cable diversion in April. We have written to CEC to confirm that we will extend the conditions of the conditional offer letter until the end of June to give them time to finalise the business case, in anticipation of the main works starting in October.

* 1. **Warrington Centre Park Link**

There has been some very positive news for the project; WBC have been successful in their Housing Infrastructure Fund (HIF) bid and have secured £3.686m. This means that the scheme is fully funded and they can proceed with the compulsory purchase of land required. However, there has also been positive movement in this respect and a verbal agreement has been reached with the key land owner. It is hoped this will be confirmed in a legal agreement over the coming weeks.

* 1. **Warrington West Station**

Work is progressing and the site compound and temporary footpath are now complete, however they have lost the blockades booked for April which has meant the project has been delayed by three months. This is apparently due to lots of pressure on the network due to work elsewhere and competing demands for blockades. Another blockade has been booked for June and they’re trying to book contingency blockades to help pull the programme back. The delay has impacted costs and the contractor will come back by the end of March with revised figures.

There have been two complaints about the proposed network changes, one from East Midlands and one from Northern rail, who will be the train operating company.

* 1. **M62 j8**

The project is still on track to complete at the beginning of May. The project was forecasting to come in under budget, but the bad weather delayed works and increased costs. It should still complete within budget.

* 1. **Reaseheath College projects**

The Learner Hub project has been completed. Output – 454 m2 renovated floor space, 25 learners have benefitted 2017 /2018.

The Employment Hub space is not yet fully operational as the IT connections and fire escapes need to be completed but we can now count 140m2 of new learning space completed and 170 m2 renovated.

The sports hall main building frame is now up.

The extension to the existing Agritech workshops have been completed providing 363 m2 of commercial space constructed and this is benefiting 24 students.

* 1. **Ellesmere Port Central Development Zone**

The Invitation to tender for the masterplanning work has now been issued, albeit, considerably later than expected.

An options appraisal meeting was held at the end of February to score the four potential building options. The option with the highest score was to put the new building on the shopping site but it is understood that from a financial perspective this would be challenging due to the amount the shopping centre owner wants for that part of the site. The second highest scoring option was the new build on the existing Civic Way site.

The LEP is expecting the updated business plan by the end of the month.

* 1. **Thornton Energy Demonstrator**

John Adlen to provide update on wider site development at the meeting.

1. **LGF3 update**
	1. **Crewe High Speed Ready Heart**

Peveril Securities have been appointed to develop out the Royal Arcade following a procurement process. The Council is continuing with site assembly and will shortly advertise notices for the appropriation of land and for the proposed disposal of public open space at Royal Arcade.

Consultation process has been completed for Crewe Market. The resulting actions have created an additional cost pressure for interim arrangements. Procurement of long-term market operator to commence by end of February.

* 1. **Unlocking Winsford Industrial Expansion Land**

Work is continuing developing the masterplan. The planning application is due to be submitted at the end of the March.

The council has requested legal advice to review state aid implications of including Tiger Trailers scheme more fully within the scope of the LGF bid. CWAC are looking at giving £500k to tiger trailers towards their infrastructure works from the £5m secured for this scheme from LGF and CWAC. Details have been requested on how this impacts the delivery of the scheme presented to P&I for conditional approval.

* 1. **Tarvin Road**

The appraisal has now been received and is covered in a separate paper.

* 1. **Joint Cheshire and Warrington Sustainable Travel Access Fund**

The applications have been reviewed. Discussions have been held with two local authorities about whether they can sensibly reduce their proposed schemes down to a level which would enable the LEP to grant each local authority and equal amount. The schemes are detailed below.

The Local Transport Board will be asked to approve the schemes in principle and the allocation of funds at their meeting at the beginning of April.

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| --- | --- |
| **Scheme** | **Proposed Allocation****£’000s** |
| Wilmslow Strategic Route (CE) | 500 |
| A5117 (CWaC) | 380 |
| Sutton Way (CWaC) | 640 |
| TPT Upgrade (W) | 600 |
| Burtonwood (W) | 500 |
| Chester RRd (W) | 600 |
| NW Crewe (CE) | 1100 |
| Station View & Towpath (CWaC) | 680 |
| **Total** | 5000 |

**The P&I committee are also requested to approve in principle the projects listed above and allocation of funding.**

**Please see Appendix A for more detailed breakdown of the projects.**

One these approvals are in place the local authorities will be invited to work up the projects using a short form business case template and to have each project independently appraised, using a template provided by the LEP.

1. **Transport Projects**
	1. **A500**

Traffic modelling work is still ongoing. Middlemoss Roundabout will need to be enlarged. The option with the greatest land take will be used for the planning application. Both the planning application and Outline Business case are due to be completed in June.

* 1. **Middlewich Bypass**

Works is progressing through design phase and towards submission of planning application in June 18. Environmental site surveys progress on site and Planning Performance Agreement is in preparation for exchange with CEC. Traffic modelling, engineering design and consultation/Comms work is proceeding in preparation for Preferred Route consultation in Spring 18.

1. **Growing Places Fund (GPF) Update**
	1. **Cheshire Green**

The project is progressing really well. The first phase of infrastructure works are complete with the second phase due to start in June. There has been strong interest in the site with over 15 acres currently in various stages of being sold.

* 1. **Further applications**

Heads of terms have been drawn up for the sub-station project. Approval of the loan is likely to be sought from P&I in April.

An application from a property management company for grant funding towards the cost of a new build has been received and is under consideration.

1. **Finance**

The funding profile on a number of projects has continued to slip which has been disappointing. It seems that it is the LGF that is used by many projects to help manage their own funding issues, while this is frustrating and difficult to manage it is not having a big adverse impact on our programme overall as we were able to meet the important LGF1/2 profile figure in September. The funding that has pushed the LGF into next year in many case has had to be spent this year or will be lost and that isn’t in the interests of the LEP to see funding lost.

While there has been a lot of slippage over the last few months, we have looked at ways to increase spend this year. We have by agreement claimed the CEC contribution to the Life Sciences Fund for the first two claims, which was just over £1m. If Warrington East is approved we will pay all the costs to date this year which are estimated at £1.2m and now that the CPO on Warrington Centre Park Link is fully funded we can start paying claims on that project again so should achieve spend of approximately £4.6m for the quarter taking the spend for the year to over £16m.

Spend is likely to ramp up very quickly over the coming months as several large projects start on site. The combined BEIS profile for next year is £16m and this amount will be paid to the LEP at the beginning of April. The funding profile of all projects will be updated in April so we have a clearer idea of how much will be spent by year, but at the moment it looks like we should spend over £20m.

The latest profile is included with the papers.

1. **Outputs**

BEIS are still waiting for clarification of what impact sites can be counted on LGF projects. Therefore for now, the outputs achieved at Omega have been taken out of the figures below, but the houses already built around the site of Warrington West Station are included.

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| --- | --- | --- | --- | --- |
| **Outputs** | **BEIS Target** | **Contracted on projects** | **Achieved to date** |  **Percentage achieved**  |
| New Commercial Floorspace (sqm) |   | 184,272 | 6,913 | 4% |
| Renovated Commercial Floorspace (sqm) |   | 791 | 487 | 62% |
| Businesses receiving investment |   | 58 | 16 | 28% |
| Jobs created | 12000 | 22,935 | 116 | 1% |
| Private sector Leverage | 280 | 290 | 14 | 5% |
| Public Sector Leverage |   | 49 | 14 | 28% |
| New homes completed | 5000 | 11,434 | 2,217 | 19% |
| New home starts |   | 8,092 | 0 | 0% |
| GVA |   | 40.3 | 6.45 | 16% |
| Space occupied at Alderley Park (sqft) |   | 18580 | 939.5 | 5% |
| Learners benefitting |   | 471 | 49 | 10% |

1. **Risks**

The top operational and programme risks are shown below.

**Operational Risks**

|  |  |  |  |
| --- | --- | --- | --- |
| **RISK REF** | **RISK SCENARIO** | **FUTURE CONTROLS / MITIGATION MEASURES** | **Residual risk rating** |
|
|  | **RISK** | **IMPACT** |  | **IMPACT {1-5}** | **LIKELIHOOD {1-5}** | **TOTAL** |
| 20 | Current political landscape and lack of clear support for LEPs from opposition creates risks to delivery of economic development projects in Cheshire and Warrington. May take significant time to transfer delivery to another body. | LEP potentially would have to be wound up and delivery of projects and realisation of benefits could be delayed. | Promote the LEP achievements and its effectiveness at delivering regeneration. | 5 | 3 | 15 |
| 48 | Criticism of credit card transactions | Reputational damage to the company and questions over transparency of process and impropriety could be raised. | Clear policy on the purchase of Alcohol and corporate entertainment. Add notes to credit card statements with details of event attended and who was present when there are transactions for hospitality. | 4 | 3 | 12 |
| 36 | Not complying with the General Data Protection regulation | Could lead to legal action against the LEP by not conforming. | Review current data held and update how information is held so compliant. Appoint a data controller. Ask a consultant to come in and review what info the LEP holds and make recommendations for how the LEP manages info. | 4 | 3 | 12 |
| 34 | Loss of key staff | Causes continuity issues, loss of knowledge and reduction in delivery capability while new staff and employed and get up to speed. Unable to carry out key tasks. E.g. counter sign payments and contracts. | Have adequate approved delegation limits and signatories. Make sure staff don't operate in a vacuum and that key tasks are understood by at least one other member of staff. E.g. how to use the claims system (LOGASNET) or payment systems. Look at developing formal programme to ensure we have ability to cope in short term with loss of member of staff. | 3 | 3 | 9 |
| 38 | Key stakeholders become disengaged | Loss of relationships and potential influence and support for the LEP activities | Review and update stakeholder management plan. Establish a communications committee | 3 | 3 | 9 |
| 29 | Loss of core funding/ Uncertainty about funding from year to year impacts on staff retention.  | Staff don't feel secure in their jobs which could lead to a higher than expected staff turnover, loss of expertise and increase in recruitment costs | Look at developing other funding streams and developing an operational surplus to provide a contingency. Funding now confirmed for two years. Build up EZ reserves to give provide appropriate cushion. | 3 | 3 | 9 |
| 27 | Not delivering programme level outputs | Reputational damage and impact of future awards of funding. Clawback/repayment of grants | Ongoing monitoring and early identification of any slippage. Consider how projects are contracted robustly. | 3 | 3 | 9 |

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| **RISK REF** | **RISK SCENARIO** | **FUTURE CONTROLS / MITIGATION MEASURES** | **FUTURE RISK RATING** |
|
|  | **RISK** | **IMPACT** |  | **IMPACT {1-5}** | **LIKELIHOOD {1-5}** | **TOTAL** |
| 1 | **Delivery of the projects to meet financial and output targets in a timely manner** are adversely affected by changes to factors such as partner staffing resources, capacity or skills, planning or environmental issues, construction related factors, or financial issues, which could result in delays to projects and/or the programme success given the sensitivity of the programme on a small number of key projects. | Projects and/or programme does not deliver cost or quality requirements on time and fails to achieve the targeted outputs and outcomes within the Growth Deal timeframe.Potential to damage relationships with the LEP. Reputation of the LEP as able to deliver bids submitted to Government is negatively affected.DCLG could potentially take back flexibilities given to manage the LGF Programme.Could affect the award of future funding to the LEP. | Look at revising the offer letter to put stiffer penalties in place for non achievement of outputs. | 4 | 3 | 12 |
| 2 | Overall programme performance impacted by poor performance of the Major transport Projects | LGF programme does not realise its economic growth targets due to nature of focus of Department of Transport objectives versus LGF outputs/outcomes. Achievement of the aims and objectives of the programme adversely affected by any significant issue or risk in any one of the projects.Reputation of CWLEP to deliver is adversely affected due to the scale of the transport scheme projects. | - Agreement with DfT and grant recipients on monitoring and reporting requirements against LGF targets.- Work with DfT to understand the funding conditions and any conditions/clawback if the non-transport outputs are not achieved.- Explore to tie in stronger penalties to non-achievement of outputs to the funding offer. | 4 | 3 | 12 |
| 3 | Lack of suitable projects and/or appropriate match funding to **form ESIF programme pipeline** to meet eligible criteria including meeting cross cutting thematic objectives and revised Treasury deadline of March 2018 for final project submissions. Flexibility or delay in decisions to use of LGF3 as match. Lack of partner support to deploy remaining funds and sources of match funding particularly under the European Social Fund. | ESIF programme does not meet its outputs/outcomes which could result in loss of funding for the sub region. Damage to LEP reputation and credibility both locally and nationally as well as with Government which could impact on consideration for future funding rounds i.e. the future prosperity fund.Loss of funding to the Sub Region to support delivery of growth, jobs and businesses in Cheshire and Warrington and delivery of SEP. | Consider more long term staffing arrangements. | 4 | 3 | 12 |
| 7 | Failure to implement the seven recommendations of the **ABR Review** of FE has a detrimental effect on the delivery of FE skills provision across Cheshire and Warrington.. | The benefits to employers, learners, the colleges and the economy more generally will not be achieved. | The Strategic Forum will work to achieve the political buy-in to the implementation | 3 | 3 | 9 |
| 31 | Ellesmere Port Estate project significantly delayed and or reduced in scale | Would need to find another project to take up spend, which will get increasingly harder as time passes. | Potentially need to find new "off the shelf" project that could achieve spend and necessary outputs within LGF timescales | 3 | 3 | 9 |
| 33 | Fragility of current government means that there is a risk the government could change and lead to a change in policy regarding LEPs. | Change in funding and support for LEPs | Continue to promote the work of the LEP and engage counsellors and MPs from all parties. | 3 | 3 | 9 |
| 34 | Due to the unusual investment profile the programme may underperform in 17/18 and then over perform in 19/20 leading to cash flow issues. | There is reputational risk with underperforming this year which could reduce funding available to us in future years. The lack of cash flow in future years again will affect reputation with stakeholders and is difficult to manage once projects are on site. | May need to agree staggering payment profile with LAs. | 3 | 3 | 9 |
| 5 | **ESIF targets and measurement criteria for C&W, set by Government to meet the National targets, pose a challenge in some of the priority axes to deliver against** which puts at risk the achievement of overall LEP ESIF targets and aspirations and could put at risk the 6% performance programme target. | Agreed targets may not be delivered and the ESIF and SEP targets not delivered in full. If by December 2018, the LEP is not forecasting to achieve its targets by the end of the programme, it risks losing a performance reserve of 6% of the programme (approx. £3.6m)Reputational damage if the LEP does not meet its targets. | - Work Northern Powerhouse Investment Fund (NPIF) to explore achievement of additional programme outputs and outcomes and ongoing sustainable reinvestment of EU funds post Brexit.- Possible increase in fund allocation of funds e.g. rural funding. - Work with Government on any early end of programme targets in view of Brexit. Increased output targets for projects required if investments made in Evergreen. New Calls to specifically focus on additional out put requirements in key areas (e.g. grants to business). | 3 | 3 | 9 |
|   | Northgate isn't delivered to the size and scale anticipated when the bus station scheme was approved or within the timescales given. | Loss of outputs and potential reputational damage. Would affect the overall impact of the LGF programme. Chester City continues to lose trade impacting the businesses that already exist there. | Offer to provide additional support to the delivery of the project? | 3 | 3 | 9 |

**Appendix A**

Sustainable Travel Access Plan Bid summary

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| **Name of Scheme** | **Description** | **BCR** | **Outputs** | **Total Cost of scheme (£)** | **LGF requested (£)** |
| Burtonwood Omega Path | This is a new 3.5m wide shared use path alongside Burtonwood Road/Clay Lane in North Warrington which aims to provide a safe, secure and attractive cycling and walking link between the west side of Burtonwood village and the commercial and employment growth areas of Omega, Gemini and Lingley Mere. The length of the proposed path is 2.4km | 4.57 | Jobs Created 50 Housing starts: 100 Housing Comp: 110 Pedestrian Users p.a.: 98670 Cyclists p.a.: 32,890 Mobility Scooter users p.a.: 987 Public Sector Leverage: £250k Private Sector Leverage:£250k Inc. in GVA: £1.18m |  1,000,000  |  500,000  |
| Chester Road | Pedestrian and cycle route along Chester Road. Will link to Centre Park Link (another LGf scheme)and link into the trans Pennine Way. Design competition proposed. | 3.11 | Jobs Created 100 Housing starts: 25 Housing Comp: 25 Pedestrian Users p.a.: 151800 Cyclists p.a.: 50,600 Mobility Scooters: 1,518 Public Sector Leverage: 300k Private Sector Leverage: Inc. in GVA: £335k |  900,000  |  600,000  |
| TPT Upgrade | To widen and upgrade the Trans Pennine trail which is a tourist attraction as well as a link a link between residential and employment sites. | 5.36 | Jobs Created 50 Housing starts: 20 Housing Comp: 20 Pedestrian Users p.a.: 174570 Cyclists p.a.: 58,190 Mobility Scooters: 1,746 Public Sector Leverage: 300k Private Sector Leverage: Inc. in GVA: £203k |  900,000  |  600,000  |
| Wilmslow Strategic Cycle and Walking route | Upgrading of pedestrian and cycle links between Royal London site and Wilmslow. Fill gaps in the off-road route between Wilmslow and key employment sites inc. Alderley Park, Waters and Manchester Airport Enterprise Zone. Total route length to be upgraded is 2.7km | 4.5 | Jobs Created 1500 Housing starts: Pedestrian Users p.a.: 75900 Cyclists p.a.: 63250 Public Sector Leverage: £400k Private Sector Leverage: £50k Inc. in GVA: £17m |  1,300,000  |  850,000  |
| Northwest Crewe Cycling and Walking Link | Extending a cycling and walking path linking Crewe and Nantwich, the Bentley employment site, Leighton Hospital and residential areas. NR widening bridge at Boulderstone Bridge, this project will link into the widened bridge. | 2.4 | Jobs Created 1350 Housing starts: 200 Housing Completed: 100 Pedestrian Users p.a.: 190143 Cyclists p.a.: 63250 Public Sector Leverage: £800K Private Sector Leverage:£145K Inc. in GVA: £115m |  2,145,000  |  1,200,000  |
| A5117 Cycle Route, Ellesmere Port | 4.5km cycleway linking Ellesmere Port and Chester.  | 7.69 | Jobs Created 5000 Housing starts: 0 Pedestrian Users p.a.: 0 Cyclists p.a.: Public Sector Leverage: Private Sector Leverage: Inc. in GVA:  |  602,000  |  380,000  |
| Station View and Canal Towpath | Enhancement of 2.2km of canal towpath between A41, Ellesmere Port and Chester to shared use. Includes new footbridge over railway line.  | 3.905 | Jobs Created 5750 Housing starts: 2689 Pedestrian Users p.a.: 73000 Cyclists p.a.:73000 Public Sector Leverage: Private Sector Leverage: Inc. in GVA: £202m |  4,379,000  |  2,739,000  |
| Sutton Way Boulevard, Ellesmere Port | 1 mile new shared pathway which will link the town centre with the Western Fringe and residential areas and provide a link to Chester by joining up with Stoney Lane. | 5.99 | Jobs Created: 0 Housing starts: Pedestrian Users p.a.: 36500 Cyclists p.a.: 36500 Public Sector Leverage: £640k Private Sector Leverage: £380k Inc. in GVA: £3.5m |  1,024,000  |  640,000  |
|   |   |   |   |  12,250,000  |  7,509,000  |

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