### **DORSET PERFORMANCE AND INVESTMENT COMMITTEE**

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| --- | --- | --- | --- |
| **Meeting Date** | 3 September 2020 | | |
| **Security Level:** | **Confidential ☒** | **Commercially Sensitive ☒** | **Unclassified ☐** |
| **Paper Title** | Programmes Delivery Update | | |
| **Papers are provided for:** | **Decision ☒** | **Discussion ☒** | **Information ☒** |

**RECOMMENDATIONS:**

* The Committee notes the Growth Deal financial update.
* The Committee recommends that the final addendum is completed by the Council and submitted to Dorset LEP for approval in a timely manner.
* The Committee approves the change request and extends Wessex Fields grant agreement from 31 December 2020 to 31 March 2021 and approves a reduction in Growth Deal funding.
* The Committee recommends that a comprehensive update on the status of the project is provided to the Board in September.
* The Committee to approve the change request and extend AUB Innovation Studio grant agreement from 30th September to 31st December 2020.
* The Committee notes key positive developments of Dorset Gateway.
* The Committee discusses the project and provides recommendation whether to move the project to 2nd stage - due diligence.

## Purpose

This paper gives an overview of Dorset LEP programme delivery. It is accompanied by several annexes, which are all classified as confidential due to containing commercially sensitive information:

* Annex 1: July 2020 meeting minutes - confidential
* Annex 2: Growth Deal programme overview – Covid-19 - confidential
* Annex 3: Wessex Fields Change Request - confidential
* Annex 4: AUB Innovation Studio Change Request - confidential
* Annex 5: Growing Places Fund programme overview - confidential
* Annex 6: Growing Places Fund – 5-year forecast – confidential

## SuMMary/Background

**A) GROWTH DEAL PROGRAMME**

**Annexes 2** provides a high level overview of all Growth Deal programmes and projects. This document has been updated specifically to outline risks to the programme related to the Covid-19 emergency. Any projects that require the Committee’s attention, are high risk or had significant change since the last report are also identified in the text below with more details.

**Dorset Growth Deal - Contractual Commitments**

The following information is up to date as of 24 August 2020. In this reporting period, one project was closed and one entered into grant agreement.

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| --- | --- | --- | --- |
|  | **Previous reporting period** | **Current Reporting Period** | **Forecast for Next Reporting Period (Sept & Oct 2020)** |
| **Total no of LGF projects:** | **50** | **50** | Anticipated **56** |
| Total no of closed projects: | 27 | 28 | 32 |
| Total no of ongoing projects: | 22 | 22 | 24 |
| Projects in due diligence: | 1 | 0 | TBD |
| Change from last reporting period: | In this reporting period, the Blackwater Junction project was closed (BCP Council).  The Defence Innovation Centre grant agreement (MOD and Dorset Council) was signed on 24 August 2020. | | It is anticipated that there will be at least 6 new projects (from pipeline 2020) agreed by the Board in September. |

**Dorset Growth Deal - Financial Update**

Dorset LEP updates the forecast profile on quarterly basis following the receipt of quarterly expense reports from our partner institutions. Our team of Programme Managers is in daily/weekly contact with all our partners to monitor any changes in the financial profile or programme delivery and reports to Dorset LEP senior management any early signs that could indicate the projects will not drawdown their full funding by March 21 as currently anticipated.

**Lansdowne Business District - BCP Council**

Following approval, the amended design works are due to be completed by mid to late September which will result in procurement starting in Q3. Due to preliminary design completing so late in Q2 it is expected that Q2 will also show an underspend from the current forecast. It is expected that Q3 will redress this underspend with an increased forecast reflecting the start of material and contractor procurement.

This project holds a risk to the programme as the timeline for the delivery cannot allow for any further delays in order to deliver what is required by March 2021, this tight timeline along with the current final Q4 claim forecast pose risks to the overall Growth Deal programme. Dorset LEP is in regular weekly contact with the BCP Council Project Manager and as it stands they are confident that this project can be completed and deliverables achieved by March 21.

**Wessex Fields (BIG Programme) – BCP Council**

BCP Council has confirmed that the project is now back on track however expenditure will now go into Q4 due to the above-mentioned delays. Furthermore, the project completed the extension to the site boundary and savings were identified, therefore the total budget allocation will be reduced by this amount. The outputs and outcomes remain the same. **Please see a change request combining the contract end date extension request and reduction of funding for your approval on page 5.**

**Innovation Studio – Arts University Bournemouth**

The current project end date is 30th September 2020; therefore, the project has submitted a change request to extend the project end date by a quarter, to allow more time to draw down the remainder of the funding **(for more details on the change request see page 6).** There is currently no risk to Dorset LEP as the project hopes to draw all the funding in Q2; however, AUB submitted a change request to allow three more months to do so. Additionally, there is further three months of time contingency available, should it be required, before the end of GD Programme in March 21.

**Centre of Excellence for Construction – Weymouth College - amber risk**

See below in Amber Risk projects for further information on the project update and the reasons for underspend.

**Dorset Smart Place Pilot – BCP Council**

The claim had unclaimed costs that had not been processed by the BCP Council accounting team in time to appear on the system for the Q1 financial reporting deadline. The remaining underspend is partly due to procurement delays resulting from the COVID-19 pandemic as well as long lead times for procuring equipment. The equipment being so innovative has meant it has taken longer than anticipated to build - engineering and prototyping for the 5G antennas will take 6 months to complete but going for the latest technology means the project will be able to exploit the latest 5G releases. Procurement has now taken place and the project spend should be back on track for Q2. No programme risk is identified at this time.

**ORI Phase 2 – Bournemouth University**

The now signed contract will utilise a large portion of the remaining budget which the project advised will all be drawn in Q2, with the project ending in September 2020. There is no risk to Dorset LEP at present and the project has committed to spend the remaining budget in Q2. Additionally, there is six months of time contingency available should it be required, before the end of GD Programme.

**Dorset Smart Place Investment Plan – BCP Council**

The project has now reforecast its spend to reflect this delay and the majority of spend is expected to be in Q3 and Q4 when legal fees will start to be incurred. No risks are identified at this time.

**RECOMMENATION:**

**The Committee notes the Growth Deal financial update, including risks identified.**

**Lansdowne Business District – BCP Council**

This project submitted a change request which was approved by the July Board. The change request resulted in a reduction of funding and significant changes to the project deliverables. The total funding is now reduced, thus reducing project outcomes which are now mainly public realm improvements to Holdenhurst Road with a focus on cyclists and pedestrians and creating a feature square for events at Fire Station Square.

Dorset LEP supplied a draft addendum, reducing the funding, to BCP Council on 10 August outlining areas that needed to be supplied by the Council. Since this date, the addendum has not been completed by the Council.

**Note: At the point of writing this report (27/8), the final addendum has not been received from BCP Council and it is yet a subject to agreement with Dorset LEP.**

**RECOMMENDATION: The Committee recommends that the final addendum is completed by the Council and submitted to Dorset LEP for approval in a timely manner.**

**Wessex Fields (BIG Programme) – BCP Council**

BCP Council have submitted a Change Request for the Wessex Fields project requesting an extension of the current Grant Agreement to 31 March 2021 (currently Dec 2020) to mitigate against external delays that have impacted delivery. At the same time, the change request will reduce the current grant agreement allocation. For more details see the full change request in **Annex 3.**

**RECOMMENDATION: The Committee approves the change request and extends Wessex Fields grant agreement from 31 December 2020 to 31 March 2021 and approves a reduction in Growth Deal funding, which will be returned to the Pipeline.**

**Centre of Excellence for Construction - Weymouth College**

Due to the lockdown impact of COVID19 the College has experienced many delays to several aspects of the project. They submitted planning permission mid-July and expect a positive outcome mid to late October.  The College will be going to tender by w/c 31st August and expect to appoint a contractor by mid-October. The College anticipates making a final decision on the build following the receipt of planning approval and tenders in mid-October. This will provide the College with a 5 month period to deliver works.

Dorset LEP is working closely with the College to come to the appropriate solution.

**RECOMMENDATION: The Committee recommends that a comprehensive update on the status of the project is provided to the Board in September.**

**GREEN PROJECT UPDATES**

**AUB Innovation Studio - Arts University Bournemouth**

Arts University Bournemouth submitted a third change request for the AUB Innovation Studio project requesting an extension to the project end date until 31st December 2020 (currently 30th September 2020) to allow three more months to draw down the remainder of the funding. See the change request in **Annex 4.**

The delays were caused due to the restrictions imposed by the Covid-19 lockdown in this period and the reduced activity on the project as a result, which was difficult to estimate especially in terms of duration. The current project end date is 30th September 2020; therefore, the project has submitted a change request to extend the project end date by a quarter, to allow more time to draw down the remainder of the funding. There is currently no risk to Dorset LEP as the project hopes to draw all the funding in Q2; however, AUB submitted a change request to allow three more months to do so. Additionally, there is further three months of time contingency available, should it be required, before the end of GD Programme in March 21.

**RECOMMENDATION: The Committee approves the change request and extends AUB Innovation Studio grant agreement from 30th September to 31st December 2020.**

**Defence Innovation Centre – Ministry of Defence and Dorset Council**

Following many lengthy and complex conversations on this project, we are pleased to announce that the Defence Innovation Centre grant agreement between MOD, LEP and Dorset Council was signed on 24 August 2020.

**Recently Closed Projects – End of Project Reports**

The three projects below have now submitted their End of Project Reports. You can read about the success of the projects and future projected outcomes on our Dorset LEP website.

* **Bournemouth University** - [**Institute for Medical Imaging and Visualisation**](https://www.dorsetlep.co.uk/userfiles/files/Website%20Version%20-%20IMIV%20End%20of%20Project%20Report_Final.docx) (£1.4m)
* **BCP Council (Port of Poole) -** [**Darbys Corner**](https://www.dorsetlep.co.uk/userfiles/files/Darbys%20Corner%20End%20of%20Project%20Report%20FINAL.docx)(£23k)
* **BCP Council (BIG Programme) -** [**Blackwater Junction & A338 Widening**](https://www.dorsetlep.co.uk/blackwater-junction-a338) (£10,802,500)

**B) GETTING BUILDING FUND**

In July 2020, Dorset LEP secured £11.8m for the new Getting Building Fund. At the July Board meeting, the Board approved the following 10 projects for this funding:

1. Kingston Maurward College - University Centre and Rural Business Development Hub (up to £3.5m)
2. Poole Harbour Commissioners - Border Control Post (up to £365k)
3. Poole Harbour Commissioners - Public Trade Office (up to £330k)
4. Bournemouth University - Research Active Dorset Clinical Trials Unit (RAD CTU) (up to £497,397k)
5. Bournemouth and Poole College - Network Infrastructure (up to £689,600k)
6. Weymouth College - Higher Education Centre (up to £250k)
7. Bournemouth, Christchurch and Poole Council (BCP) - Old Town Creative Live/workspace (up to £1,750,000)
8. Bournemouth University and the Royal Bournemouth & Christchurch Hospitals NHS Foundation Trust  - Institute of Biomedical Materials & Tissue Engineering Research (up to £1,416,792)
9. Dorset NHS Clinical Commissioning Group on behalf of Dorset Integrated Care System  - Long term condition remote management of hypertension (up to £300k)
10. AECC University College - Integrated Healthcare Centre (up to £2.7m)

All 10 projects are currently at various stages of due diligence and it is anticipated that these projects will be going to the LEP Board for funding approval either via written procedures in early September or to the LEP Board meeting on 23rd September.

**C) DORSET GROWING PLACES FUND**

**Annexes 5 and 6** provide high level overview of Growing Places Fund projects. For more information on programmes/projects that have not had any significant change since the last report, are not high risk or require an approval/recommendation from the Committee, please see these annexes. Any projects that require the Committee’s attention, are high risk or had significant change since the last report are identified in the text below.

**High Level Growing Places Fund Overview and Update**

To date, the Fund has invested into 11 projects, 10 of which are loans and 1 is a grant. As of today, 6 projects were completed and loans repaid. There are still 3 outstanding loans. One loan (Draper Ventilation) has not yet been drawn down.

**UPDATE ON ON-GOING PROJECTS**

**Ultrafast Broadband (grant) – Dorset Council**

In 2017, Dorset LEP awarded £2m grant to Dorset Council for the delivery of the Ultrafast Broadband project. This project has been reported as red risk for delivery/time since September 2018. While still behind the original programme, over the last 3 quarters, the project has seen an increase in delivery of premises.

A total of 3148 premises have now been fully delivered to Customer Ready for Service (CRFS). This is out of an overall contractual delivery of 3856 premises. Field work has not been affected by Covid-19 and the delivery for the initial contracted build of 2960 THP are now complete apart from one snagging issue effecting 3 THP, this should be resolved by the end of Q2. The completion of the full build is subject to the approval by Openreach of the final amended contract change request no 98 (CR98) which was received by Dorset Council on the 28th May. The change request is still in a late stage of final review but the structures covered by it are over 60% complete (10 out of 16 structures) and final structure build should be complete by the end of Q2. It is anticipated that the change request will be signed off by mid-Sep 2020. Subsequently, Dorset Council will re-profile Dorset LEP funding to align the remaining funding allocation with the project changes. Dorset Council will provide details on these changes to Dorset LEP by the end of October.

Update on key Dorset LEP sites under this contract:

* Dorset Innovation Park site is fully complete.
* Aviation Business Park – this is now fully complete and the milestone certificate has been issued.

**POSITIVE / GREEN PROJECT UPDATES**

**Draper Ventilation**

In early April 2020, the Board approved Draper Ventilation for funding subject to the resolution of due diligence conditions. The legal due diligence has been completed in mid-June and, subsequently, the funding agreement was signed on 26 June, thus commencing the implementation of the £740k project at the Dorset Innovation Park.

**DORSET GATEWAY**

**Dorset Gateway Funding: 2020/21**

In addition to the core funding from the Department for Business, Energy and Industrial Strategy (BEIS) which Growth Hubs receive on an annual basis (£12m for 38 LEP Growth Hubs), an additional £10m was agreed in the March Budget for LEPs for their Growth Hubs for 2020-21. Through discussions with BEIS, Dorset LEP has secured an additional £257,000 of funding from this additional budget uplift, effectively more than doubling the current budget provision that is available to support Dorset businesses through the Dorset Gateway. As a result, we have been able to recruit three additional members of the Dorset Gateway team and are in the process of recruiting two additional posts. We are also working closely with other business support projects and partners to increase capacity around areas such as export advice, innovation support and key sector growth.

**Peer Network Programme:** Discussions have been taking place with BEIS regarding a new ‘peer network’ programme for Dorset. As a result, Dorset LEP’s growth hub, Dorset Gateway, has secured a sum of £165,000 to run this programme in Dorset over the next six months. Intelligence gathered as part of the government’s [Business Productivity Review](https://www.gov.uk/government/consultations/business-productivity-review-call-for-evidence?6543) BPR from an extensive range of external stakeholders has indicated that there is unmet demand for peer to peer support. The BPR found that those businesses that adopt formal management practices are more likely to achieve higher turnover, employment and productivity growth. As these networks will continue at least to end March 2021, it is expected that they will be useful in preparing SMEs for the end of the transition period.

**Made Smarter South West**: Over the last eight months, we have been working with colleagues from other south west LEPs on a joint bid for a Made Smarter South West project. This proposal was supported by a consortia made up of the six Local Enterprise Partnerships within the South West of England, the High Value Manufacturing Catapult’s National Composites Centre, South West Manufacturing Advisory Service (SWMAS) and Business West, to express an interest in delivering a Government backed Made Smarter programme in this region.

**COVID-19 SME Support Programmes**

Of the total funding allocated to growth hubs nationally, £2.5m has been agreed by the Treasury to support immediate measures in response to COVID 19 with the current priority to be on business safeguarding and survival. BEIS will provide LEPs with funding for additional advice, diagnostics and running costs, but it cannot be used to make direct grants to business to secure specialist external advice related to COVID-19 impacts. These needs are being addressed through two new European Regional Development Fund (ERDF) funded projects:

* **Support for Tourism and Hospitality**: at the beginning of July, the Government announced £10 million for small businesses to support the tourism and hospitality sector. This was followed by details of the government’s reduction in VAT for a majority of goods and services in the sector until 12th January and the national **#EatOuttoHelpOut** campaign which will subsidise the cost of meals in restaurants and cafés throughout August. The £10 million Kick-starting Tourism Package, will give small businesses in tourist destinations grants of up to £5,000 to help them adapt their businesses following the coronavirus pandemic. Funds will be passed down through Dorset LEP via our growth hub, Dorset Gateway. An indicative allocation of £294,834 has been awarded to Dorset LEP to support this work.
* **Wider SME Business Support Package:** A further package of support similar to the one for tourism SMEs above will be made available to SMEs in other sectors as well. This is part of a £20 million package of support for SMEs and is aligned with the Government’s priority to provide LEP areas with additional funding for Growth Hubs in response to the impact of COVID 19. This will operate as a grant scheme for SME support, providing grants typically in the range of £1,000 - £3,000, although on an exceptional basis the grant recipient may be able to grant up to a maximum of £5,000. These grants will typically support things like 1-2-1 specialist advice which SMEs could call on to address their immediate needs in response to the impact of COVID 19 e.g. HR, accountants, legal, financial, H&S, IT / digital or sector specialists etc. We are awaiting details of Dorset’s indicative allocation.

**Note**: Both of these funds will be administered by Dorset Growth Hub, who currently deliver a £18.4 million business support programme across the county.

**Bid Writing Support Service**: In April 2020, Innovate UK ran a funding competition for companies with innovative ideas to tackle issues arising from COVID-19. The project costs needed to be a maximum of £50,000 per project. The Dorset Gateway’s Bid Writing Support Service supported seven Dorset companies and helped four of these companies to secure grant funding; between the four projects, they have won just under £200,000.

**Business Resilience Programme**: At the start of July, we announced that we were launching a series of webinars offering advice and support to assist businesses trading out of the COVID-19 pandemic. As part of the support package, we are offering businesses the opportunity to access fully-funded one-to-one support with specialists, based on their particular business needs. The webinars will take place throughout September and October and will run concurrently with a number the one-to-one sessions.

**Crowdfund Dorset Business:** In May, Dorset LEP launched a £50,000 fund to give existing micro and small businesses the opportunity to receive grant funding to help them recover from the COVID-19 pandemic. Crowdfund Dorset LEP is an open call for projects that can demonstrate how they will help a business cope with current challenging trading conditions. There is a maximum pledge of £5,000 per project (depending upon the size of the business) contributing up to 50% towards the total crowdfund target. To date the fund has received 13 applications from a range of business across the county. Five projects have had funding pledges made by Dorset LEP, all of which have successfully achieved their funding targets.

|  |  |
| --- | --- |
| **CROWDFUND DORSET BUSINESS** |  |
| Total number of applications | 13 |
| Number applications pledged to | 5 |
| Number of provisional approvals | 2 |
| Number of applications declined | 2 |
| Number of applications under review | 4 |
| Value of approved and provisional applications | £24,800 |
| Value of applications under review | £17,000 |

**Department for International (DIT) Trade South West Trade Budget Uplift**

Through discussions with the DIT's south west office, we have been working on a package of additional support for Dorset businesses. This is part is part of a £1m uplift of DIT support across the three Great South West (GSW) LEP areas. DIT will increase its capacity to support exporters in across the south west by increasing the number of international trade advisers (six additional advisers in total across the GSW region) available to provide personalised support to exporters. There will also be additional support to help assist with the development of local trade priorities, namely clean energy and marine, and agriculture. Dorset LEP has also secured additional funding from the Department for Business Energy and Industrial Strategy for 2020/21 which will fund a new Business Relationship Officer for Trade and Investment activity. This will help to better link the two sides of DITs offer locally and ensure businesses are better able to connect with opportunities to attract investment and trade overseas.

**Innovation Support:** The Dorset Gateway and Business Engagement Manager has been working with the Arts University Bournemouth (AUB) and Enterprise Europe Network (EEN) discuss ways to bolster and better connect out local SME innovation offer. AUB run two European funded innovation projects currently, and Dorset Gateway/LEP offers a successful and fully funded bid writing support service. EEN is mandated by Innovate UK to support IUK grant recipients and they also run a number of business support programmes such as the Innovate to Succeed programme. Following discussions, we have identified that there is a gap around ‘design innovation consultancy’ and have identified a pool of specialists who we can utilise to provide an allocation of support per project. Businesses will need to apply to be part of a local innovation network to access the support and they will be triaged and matched to the most appropriate support based on their needs.

**RECOMMENDATION: The Committee notes key positive developments.**

**DORSET INNOVATION PARK**

The Cushman and Wakefield report on the business rate return from the Innovation Park has been finalised. This was presented at the Performance and Investment Committee in July and will be further discussed at the Dorset LEP Enterprise Zone Committee.

The MOD and Dorset Council grant agreement for the Defence Innovation Centre was agreed and signed on 24 August 2020.

The Enterprise Zone has a strong programme until the end of July 2021 with the construction of the Defence Innovation Centre and the new Draper Ventilation building.

The Cushman and Wakefield report has been useful background for informing the ‘LEP Network’ survey which is to present an argument to HM Government for the extension of the existing EZ periods (beyond the present life cycle) and to add new EZ’s where they might be appropriate.

**CAREERS AND ENTERPRISE COMPANY – CAREERS HUB**

The CEC programme is pleased to share with the Committee that it has secured continuous funding for this financial year, which has been increased from last year.

From September 2020 the existing Careers Hub will grow to include all institution currently within the Enterprise Adviser network, including all secondary schools, middle schools, FE colleges, special schools and alternative provision across Dorset. The expansion is being supported by additional resourced brought to the team.

The Dorset LEP Careers team has been developing and delivering web conferences for young people, teachers and parents in order to promote pathways to employment and present apprenticeships as a ‘re-enforced’ option for the future (as additional grants are available to Further Education centres and employers as incentives to both retain and add to the apprenticeship programme).

The contracts with BCP and Dorset Council that will run from 1st September 2020 have been shared with the partners to support the ongoing delivery. The contracts are due to be in place imminently, should they not be in place in advance of the next Board meeting, an update will be provided to the LEP Board.

Additional funding to the value of £20k has been secured to deliver two new projects to support transitions to post-16 and post-18 education, including support for NEET young people.

July 2020 data demonstrates the current baseline against 2020/21 targets:

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| --- | --- | --- | --- | --- |
| **Performance** | **Target** | **Baseline (August 2020)** | **Measurement** | **Timescale** |
| Coverage | At least 72 schools and colleges in the LEP signed up to EAN | Baseline data determined from x71 EAN schools and colleges excluding:  Portfield School (Autism Wessex)  Longspee Academy  Victoria Education Centre  The Harbour School, Bovington | EANR and joining dates of establishments | EANR to be submitted by last working day of each month |
| EA Matching | 90% of establishments matched to an EA at least once.  All schools and colleges across the network should be offered an EA. | 55/71 matched = 77% | EANR | EANR to be submitted by last working day of each month |
| Benchmark Performance % Achieved | BM1 – 75%  BM5 – 75%  BM6 – 65% fully achieving and 35% partially achieving | BM1 = 72%  BM5 = 72%  BM6 =  61% fully achieving  32% partially achieving  7% not achieving | Compass self-assessment termly | Compass to be completed before the end of each term |
| 6 total BMs achieved for Wave 2 schools  4 total BMs achieved for Wave 3 schools | Wave 2 = 4.98 BMs  Wave 3 = 2.87 BMs | |  |  | | --- | --- | | The average of the number of BMs achieved in each establishment in the LEP or the Hub will be taken |  | | By the end of the academic year |