

Marches enterprise joint committee	
Meeting date:	20 July 2016
Title of report:	New Growth Deal Submission

Classification

Open

Appendix 3: Exempt from publication by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A Local Government Act 1972, as amended.

Key Decision

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the Marches local enterprise partnership (LEP) area; and

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012

Purpose

To agree the bid for funding support from the local growth fund to support economic growth across the Marches.

Recommendation(s)

THAT: the prioritised project list attached at Appendix 2 be approved for the New Growth Deal submission to Government by 28th July 2016

Reasons for recommendations

- 1 To comply with government bidding requirements and deadlines.

Summary

Background

- 2 On 12th April 2016, the Chairman of the Marches LEP received a letter from the Rt Hon Greg Clark MP, Secretary of State for Communities & Local Government, inviting the Marches LEP to submit proposals for the next round of Growth Deal, a

competitive process among the 39 LEPs (see Appendix 1).

Process for Submission

3 Details of the submission process have emerged over the last couple of weeks, as follows:-

- **24 June** – LEPs were required to submit a “snapshot” providing a strategic overview of their approach to investment for growth and assurance, governance & advancements in developing partnerships, project delivery progress to date and summarising our financial ‘ask’. Details of the projects were not required. The submission had to convey the level of ambition.
- **19 July** – LEP Deputy Chair and Director to attend to a challenge session with the Rt Hon Anna Soubry MP, Minister for Small Business, Industry and Enterprise in London to discuss the snapshot and convey the Marches LEP’s ambition and our progress as a developing partnership.
- **28 July** - LEPs are required to submit:
 - A narrative which fleshes out the snapshot in more detail and references proposed projects
 - A prioritised list of projects detailing the financial package and outputs
 - A set of LEP paperwork (to be agreed with government) that enables an assessment to be undertaken of the LEP’s approach to assurance around value for money.
- **Autumn Statement** – Announcement on outcome of the submission.

Assessment & Prioritisation of Projects

4 In working with project promoters (universities, colleges, councils) to develop a draft project list, the LEP Team has followed the project development, appraisal and prioritisation process set out in the LEP’s Assurance Framework. Project appraisal has been undertaken by an independent technical evaluator (KPMG) which has assessed schemes in line with Treasury Green Book and Dept. for Transport value for money requirements. The KPMG Appraisal Team has extensive experience in government appraisal processes and, specifically, in developing the Growth Deal appraisal process for Dept. for Communities & Local Government. A representative from KPMG attended the 5th July Board meeting to provide a summary of the report and answer questions arising. See Appendix 3 (exempt item)

Key Considerations in agreeing a Prioritised List of Projects

5 The key criteria that the government is looking for in the Growth Deal submission are:-

- The rationale for public sector investment
- A strong economic case that details the return upon that investment
- Good value for money and private sector leverage and

- A phased funding requirement, phasing LGF investment towards later years (2020/21).
- 6 Informal advice from civil servants in DCLG has been that the submission should provide the overall amount of Local Growth Funds we are seeking, broken down into our main themes and an indication of what this ‘buys’ e.g. jobs, housing, leverage.
- 7 KPMG has appraised and prioritised the Marches long list of projects against these criteria. The LEP Board considered this list and agreed that all projects with a positive appraisal score be put forward. There are two additional projects which the Board felt could be improved further so more time has been given to those project promoters, the projects will be appraised again by KPMG and if a positive score results they will be included in the submission. The project list in Appendix 2 provides members with the headline details of the projects to be submitted, the two requiring further work are in *italic text*. The projects are listed under three key themes: business support and innovation; apprenticeships and higher level skills; and jobs and employment sites.

The Scale of the Local Growth Fund Ask

- 8 The scale of the total project list ask from the Local Growth Fund (LGF) pot would be £67.9m (including the two to be worked up further), see Appendix 2. The LEP Board took the decision to select projects which provide a strong rationale for investment, good value for money & private sector leverage and phased funding in later years. The proposed projects should create over 8000 jobs and nearly 5000 new homes, nearly 50ha of employment land will be opened up and over 250,000 metres of commercial floor space made available, 1000 undergraduate and 80 post graduate places will be available, 480 new apprenticeships created and 670 additional learners supported.

Alternative options

- 9 The committee may decide that a submission should not be put forward to the Government, however it is highly unlikely that alternative or additional funds will be made available by the Government during this parliamentary term.
- 10 The LEP team invited partner organisations and the three councils to submit project proposals, these projects were independently assessed and the projects with the strongest business cases as identified by KPMG that represent strong rationale for investment, good value for money & private sector leverage and phased funding in later years have been selected.

Financial implications

- 11 Project promoters and private sector delivery partners will be expected to provide matched funding towards any secured Growth Deal funding and the submission process requires the delivery partners to confirm availability of match funds towards their individual schemes. The required level of matched funding has not been specified in informal advice provided by government, however, Greg Clark’s letter notes that a higher level of private sector leverage is expected than that provided in previous rounds.

Legal implications

- 12 The submission of a new Growth Deal bid does not lead to any contractual commitments for the LEP and, should funding be secured, approval of the individual schemes will be subject to the respective project promoter governance approvals prior to implementation.

Risks, opportunities and impacts

- 13 The new Growth Deal submission follows a prescribed process set by government. If the LEP, in partnership with the respective project promoters (universities, FE colleges and councils), wishes to gain a funding contribution from the Growth Deal Fund there is no alternative to the process.
- 14 There is a risk that government may decide to fund none of our projects. In mitigation, project promoters have developed business cases for each project which KPMG has independently reviewed to enable partners to improve the strength of their projects. KPMG has appraised each project business case in line with government criteria, to inform their appraisal and prioritisation report. This work presents the position at a point in time. It was a valuable tool for the LEP Board in reaching their decision on prioritisation and for the LEP Team and project promoters in assessing further work requirements to get prioritised projects ready for delivery.
- 15 Should funding be secured there will be a variety of risks associated with the development of individual projects. As with previous Growth Deals, these will continue to be identified and mitigated within the further project development work.
- 16 The invitation to bid, set out in Greg Clark's letter, provides an opportunity to undertake a further stage of delivery of the LEP's strategic economic plan and to secure investment towards economic growth for the Marches area.

Consultation

- 17 The LEP Board has been consulted at three board meetings (15th March 2016, 24th May 2016 and 5th July 2016) on the key dates for Growth Deal 3, the letter from Greg Clark and the timetable and process for independent appraisal leading to submission, and the projects which had been appraised.

Appendices

Appendix 1: letter from Secretary of State for communities and local government - 12 April 2016

Appendix 2: The list of projects agreed by the LEP Board for recommendation to MEJC

Appendix 3: KPMG Appraisal and Prioritisation Summary Report – (exempt from publication)

Background papers

None identified