

<b>Marches Enterprise Joint Committee</b>	
<b>Meeting date:</b>	<b>18 July 2017</b>
<b>Title of report:</b>	<b>Growth Deal 3 - Funding Allocations</b>

## Classification

Open

## 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 Marches Growth Deal 3 Single Local Growth Funding allocations towards five projects, agreed with government, to support economic growth across the Marches.

## Recommendation(s)

THAT:

- (a) **Single Local Growth Funding of a minimum of the value shown in column 3 of Table 1 be allocated to the named Growth Deal 3 projects, set out in Table 1; and**
- (b) **Should additional funds for this purpose be forthcoming, funding of a maximum value of that shown in column 2 of Table 1 be allocated to the named Growth Deal 3 projects, set out in Table 1.**

## Summary

### Background

1. On 28 July 2016, the Marches LEP submitted proposals for the third competitive round of Growth Deal, comprising of a prioritised list of projects, detailing the financial package and outputs, for which round 3 funding was being sought and a set of supplementary paperwork covering the Marches approach to investment for growth, current programme delivery progress, governance and assurance around value for money.

2. Following submission, the LEP team provided further clarification to government on projects of interest. The government's Cities and Local Growth Unit Director advised the LEP team on 21 February 2017 that the Growth Deal award to the Marches LEP is £21.91m.
3. The funding award was not sufficient to cover the five schemes of interest. The Marches LEP Board met on 7 March 2017 to discuss the funding award and how this might be allocated against a set of the submitted projects, to maximise the investment opportunity across the Marches and the economic growth potential for the business community it serves. The LEP agreed that the funding award of £21.91m would be allocated to all five schemes of interest, as follows:-

**Table 1: GD 3 Project Allocations.**

<b>Project</b>	<b>GD3 Submission Funding Request</b>	<b>LEP Board Agreed Allocation (07/03/2017)</b>
Hereford Centre for Cyber	£3m	£2,830,200
Newport Innovation & Enterprise Package	£7.4m	£6,374,200
Investing in Our Workforce	£2.9m	£2,765,200
Shrewsbury Flax Mill	£2m	£1,930,200
NMITE	£10m	£8,010,200
<b>Totals</b>	<b>£25.3m</b>	<b>£21,910,000</b>

4. Since the announcement, project promoters have been at pains to restructure their financial profiles based upon a lower GD3 funding allocation. The LEP Team has sought evidence from project promoters to demonstrate the ability of the project to proceed on the basis of a lower allocation, without significant compromise on outputs and quality. Notwithstanding this, the LEP Team is continuing to pursue additional funding with a view to being able to allocate the originally planned combined funding allocation of £25.3m against the schemes.
5. Should additional funding become available, the LEP Board would wish to allocate funding to the value of the originally submitted funding request shown in the second column of Table 1.

## **Reasons for recommendations**

6. To ensure that the selected Marches Growth Deal 3 funded projects are delivered in a manner that maximises project quality and optimises outputs and outcomes for economic growth for the Marches area.

## **Alternative options**

7. It is highly unlikely that alternative funds will be made available by the Government during this parliamentary term. The selected projects were independently assessed and the projects with the strongest business cases, that represent strong rationale for investment, good value for money & private sector leverage have been selected.

## **Financial implications**

8. 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.

## **Legal implications**

9. The approval of the individual project allocations will be set out in grant agreement letters and will be subject to the respective project promoter governance approvals prior to implementation.

## **Risks, opportunities and impacts**

10. 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.
11. There is a risk that some project quality – outputs and outcomes – could be compromised if they proceed on the basis of the lower allocations. In mitigation, the LEP team has worked with project promoters to gain reassurance on outputs that might be achieved and promoters will contract with the LEP based upon agreed minimum outputs.
12. 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.
13. The funding 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**

14. The LEP Board has been consulted at four board meetings (15 March 2016, 24 May 2016 and 5 July 2016 and 7 March 2017) on the key dates for Growth Deal 3, the timetable and process for independent appraisal leading to submission, the project appraisal and prioritisation and the allocation of funds to the selected projects.

## **Additional Information**

15. There is no additional information to accompany this paper.

## **Appendices**

Appendix 1: Marches Growth Deal 3 Award letter

## **Background papers**

None identified