

<b>Coast to Capital Board meeting No. 26 19 November 2015</b>	<b>Ref No. 26.09.1</b>
<b>Report Title: Growth Deal Implementation Update</b>	
<b>Report by: Paul Castle</b>	
<b>Recommendations:</b> <ol style="list-style-type: none"> <li>1. Note progress on implementing the Growth Deal Programme</li> <li>2. Note that the Annual Conversation will take place on 7 December</li> <li>3. Note the steps being taken on reviewing the Growth Deal Governance processes</li> <li>4. Note the approach being taken to reduce the potential underspend for 2015/16</li> <li>5. Approve the re-profile request for Circus Street, Brighton and Hove, to assist with the programme wide 2015/16 underspend</li> <li>6. Approve the Local Growth Fund top-up request from Surrey County Council for Woodfuel which can be spent in 2015/16 and assist with programme wide underspend</li> <li>7. Approve the re-profile of Preston Barracks Central Research Laboratory, Brighton and Hove</li> </ol>	

### Upstream agreements

1. Government are leading formal conversations with LEPs once a year to review progress on growth deal delivery over the previous year and to confirm LEP ambitions for the following year. This meeting will be held with Coast to Capital and the Accountable Body on 7 December 2015. Key areas of this review will be: managing delivery and operational decision making; delivery, including spend; outputs and milestones; freedoms and flexibilities and a forward look.
2. In preparation for this forthcoming Annual Conversation with BIS, it is essential that we have a clear assessment of project profiles and forecast expenditure to 31 March 2016 and as at 30 November 2015, we have issued a formal request for all delivery bodies to provide us with a realistic profile of expenditure for this year and subsequent ones. Delivery Bodies were encouraged to see whether they are likely to have any underspend or whether they can take advantage of the year end flexibilities and virement that were approved by the Board in July 2015. Any major changes will be subject to Board approval and will come forward as an individual recommendation, three of which are part of this paper.

### Downstream

3. Since the last Board meeting progress has been made at getting through the stockpile of approved projects waiting for funding agreements and additional resource is being taken on by both the Accountable Body and Coast to Capital to progress further and to complete the current backlog of work by December 2015. Coast to Capital has already engaged a lawyer and is close to acquiring additional project management resource.
4. We now have seventeen funding agreements that have been signed or are in the process of being signed. These include all fourteen of the skills projects, Business Finance,

Advanced Engineering Centre and Woodfuel.

5. At the time that this paper was written, £2.59m has been paid out to delivery bodies (this excludes Growth Hub) these have to date all been payments in advance. This is 6.2% of the 15/16 allocation. A further £9.78m has already been committed.
6. It has become apparent that some delivery bodies may be unaware of the relevance and importance of the funding agreement, may be unaware that it is a legal deed and are not sure how to execute it. There have also been some issues with the documentation that has been submitted by delivery bodies as part of their quarterly claims. Coast to Capital and the Accountable Body are looking to hold an update meeting with all delivery bodies in November whereby these concerns will be addressed and we will ask all delivery bodies to sign a Concordat.
7. The latest version of the Programme Management Book and Dashboard can be viewed on the Coast to Capital website at <http://www.coast2capital.org.uk/strategic-objectives/strategic-economic-plan.html>. A cover sheet which highlights the key updates on each project is attached and has been circulated electronically.

As per the request of the Executive Committee we are undertaking a review of the RAG statuses on the dashboard to give a clearer indication of the each project's progress through both Coast to Capital's and the accountable body's procedures.

### **Governance of the Growth Deal**

8. The Coast to Capital Local Assurance Framework which sets out the governance processes, will be reviewed annually. However during the Accountable Body's due diligence review of various projects, some concerns, regarding the effectiveness of these governance arrangements have developed.
9. The Executive Committee has agreed that a Chairman's Committee on Governance will be established whose purpose is to review all governance processes surrounding the Growth Deal funds, to assure the Board that necessary processes are followed correctly and to report back, to the Board, on its findings. It is anticipated that this commission will be completed by December 2015 and that recommendations come forward at the first Board meeting in 2016. Members will include Mike La Rooy, Andrew Swayne (Ricardo), Chris Maidment (formerly PwC) and will be supported by David Smith.

### **2015/16 Underspend**

10. Coast to Capital was awarded £41,530,000 of Local Growth Fund for 2015/16, we currently have £4.9m un-allocated which is a combination of both un-allocated amounts and any re-profiles to date. The Board is asked to note that Coast to Capital team is currently having discussions with projects in which may be able to bring spend forward using the flexibilities set out by the Accountable Body. These include bringing forward the A23 and A217 which were not awarded funding for 15/16, working with Surrey CC to see if they can switch funding to non-growth deal projects, working with Mole Valley District Council and the Leatherhead Plan L in which was awarded Growth Deal 2 funding and which has recently had high volumes of capital spend and overall allocation top-ups for cost increases.

11. Since the last Board meeting we have had three requests for re-profiles, some of which assist with our 15/16 underspend, these are outlined below but the letters that were received from the delivery bodies are included as appendices.
- Brighton and Hove City Council have informed Coast to Capital that for Circus Street they are able to spend the full £2.7m of LGF awarded to them in 15/16. This is an increase in 15/16 of £1.2m from their original allocation. The Board is recommended to approve this request.
  - Surrey County Council has set out in a formal letter that they are also able to spend more funds this year on the Woodfuel Initiative. Their request is for up to £200,000, a firm figure will be available as grant applications are appraised. However, given that this is a grant scheme they would only be willing to spend more than the £400,000 awarded to them in 15/16 if they could get an overall project top-up so that they would still have £400,000 available as grants in 16/17. The Board is recommended to agree to this top up of up to £200,000, this will create additional jobs, but the number of jobs will not come forward until grant applications are submitted.
  - Brighton and Hove City Council would like to re-profile the LGF drawdown for Preston Barracks CRL. The re-profiling of funding is required because of slippage to the anticipated programme, details of which are outlined fully in the letter. The original programme, detailed the ambition to have achieved grant of planning consent by the end of 2015; achieving this milestone could have enabled deconstruction and enablement works to commence in early 2016, which could have allowed Cathedral to spend the full £1m LGF (within FY15/16); it would also have enabled the remainder on the LEP funds to be spent within the remaining two financial years (FY16/17, FY17/18). This is now not possible and they would therefore like to amend their allocation in each year and extend this beyond the three years originally allocated, revised profile is below.

Approved Profile	486,960	1,301,398	3,473,162	2,438,480	7,700,000
Revised Profile	1,000,000	3,000,000	3,700,000	-	7,700,000

The Board is recommended to agree to this re-profile.

12. Further requests for bringing forward spend or increasing total allocations may also come forward as a result of the formal request for profiles issued to delivery bodies on 30 October 2015 and will be subject to Board and Accountable Body approval.

Paul Castle  
November 2015