

Coast to Capital Board meeting No. 29 12 May 2016	Ref No. 29.16
Report Title: Growth Deal Implementation Update	
Report by: Paul Castle	
Recommendations: <ol style="list-style-type: none"> 1. The Board notes the successful implementation of Growth Deal 1&2. 2. The Board approves the Growth Deal funding for the Transform Leatherhead, Southern Gateway project. 3. The Board notes the approach to be taken for Growth Deal 3. 	

Growth Deal Implementation

1. For the financial year 2015/2016, Coast to Capital was allocated £41,530,000. A total of £38,205,322 (91.9%) has now been evidenced by delivery bodies as expenditure and is now being released as payments. A total of 39 funding agreements were completed in the year.
2. The £38,205,322 includes the two projects, the development of Clare and James House in Leatherhead and the regeneration of Queens Square in Crawley which we were able to identify as a contingency in order to make use of monies allocated for expenditure in 2015/16 where projects were unable to deliver.
3. As shown in the table below, the £2,599,678 is made up of unallocated funds for the year (£1,989,678) and the ASEAN Gateway 15/16 allocation (£610,000). £856,000 has been carried over into the 16/17 financial year as these projects required further work.

Description	Amount	Proposal
Total claim request including use of flexibility and accruals	38,074,309.00	
Unallocated 2015/16 LGF	1,989,678.00	Reserves Account
ASEAN Gateway – No Business case	610,000.00	Reserves Account
Bike Hire, 5G and Catapult - Business Case but no FA	725,000.00	Underspend - Sweep into AB account
Projects with completed FA but underspent	131,013.00	Underspend - Sweep into AB account
2015/16 LGF allocation	41,530,000.00	

4. It has been agreed that the £2,599,678 can be swept into the accountable body reserve account and released again in the 16/17 tax year when required. Therefore only 6.2% of our yearly allocation will be reported as underspend to Government.

5. The Growth Deal allocation for this current financial year has now been approved by Government and the amount of £53,774,557 is to be received by the accountable body soon.

Transform Leatherhead – Southern Gateway

Background

7. An Infrastructure Sub Committee meeting was held on 14th January 2016 to appraise the business case for Leatherhead Southern Gateway, Church Street. The Sub-Committee was chaired by Martin Heffer and representatives of the Accountable Body were in attendance. The sub-committee are recommending that the Board approve the business case for Leatherhead Southern Gateway, Church Street.

Summary of Project

8. The public face of Leatherhead as presented by Church Street is poor and there have been repeated calls to improve it. The public realm is tired and cluttered with ad hoc interventions.
9. The Church Street Gateway retail intensification project has been endorsed by the Transform Leatherhead stakeholder reference groups as an early commitment by the public and private sectors to work in partnership and invest in the regeneration of Leatherhead. The project will deliver quality retail floor space, additional jobs, an anchor to increase footfall in this part of the town centre and supports a healthy mix of commercial floor space and a more welcoming and attractive public realm to set a standard for future schemes.
10. The proposed project delivery route is one that will deliver a comprehensive public realm enhancement for the Church Street gateway incorporating features that are of practical importance for the operation of the proposed food store. The project will be delivered as two interrelated projects: the new food store with related car parking and highway works being one major element and the public realm enhancements to complement the new store and provide a better environment in which to showcase the town.
11. The project is being led by Mole Valley District Council (MVDC) who will work closely with Surrey County Council. The project is expected to complete by the end of the 16/17 financial year. To deliver this project MVDC requires £262,500 from the LGF specifically to ensure that the public realm works can be delivered to a high standard and set a standard for quality to be taken forward by the masterplan for Leatherhead under the Transform Leatherhead banner.

Funding

12.The funding profile is as follows:

		2016/2017
1	Coast to Capital Local Growth Fund	£262,500
Match funding		
2	Surrey County Council Highways	£15,000
3	Mole Valley District Council S.106 contributions	£297,850
4	Surrey County Council Town Centre Revitalisation Fund	£200,000
5	Hague Investments (highway works)	£30,000
TOTAL		£805,350

Key outputs

13.The following outputs will be realised:

- Bringing a nationally recognised key retail brand to Leatherhead
- Additional retail floor space of 3,530 sq. ft. (328 sq. metres)
- 60 full time/part time jobs including management trainees
- No new residential units but 1,421 sq. ft. of additional space for residents
- 22 additional car parking spaces (including 2 disabled spaces)
- Public sector investment of £300,000

Recommendation

It is recommended to the board that they support the subcommittee's decision to award £262,500 to the Leatherhead Southern Gateway, Church Street project. This project in addition to the funding secured for Clare & James House form part of the Leatherhead Masterplan.

Growth Deal 3 – Update

14. Following confirmation that £1.8bn of LGF has been made available nationally for LEPs our deadline for submissions for the latest round of Growth Deal funding was extended to the 29th April.

15. 38 bids have been received from a mix of local authorities and the private sector, totaling £332m of LGF funding. This leverages in excess of £1bn of private sector investment. One project did not meet the published criteria and has now been removed from the appraisal process. The remaining 37 cover four broad themes:

- Business and Enterprise (Specifically the promotion of business space for SMEs)
- Regeneration
- Skills
- Transport/Infrastructure

16.For Coast to Capital to receive funding from Growth Deal 3 it is recognised this will be a highly competitive process amongst all LEPs. We have communicated to all area partners/Stakeholders our desire to see stronger and better argued applications that have a wide reaching strategic benefit across the region. We have requested bigger projects

that are innovative and are able to leverage a high percentage of private investment. The request for larger projects does carry the risk of receiving a lower number of bids, some of which may not meet with our strategic vision.

17. The ability to deliver projects is also key. Stakeholders have been informed that as part of our appraisal, a full review of the capability of a delivery body will be questioned, including how well they have delivered any growth deal 1 projects. A suitable and dedicated delivery resource is expected and needs to be evidenced within the application.

18. It is expected that final submissions to Government are to be made in Mid-June.

19. A series of prioritisation meetings will be held internally to review applications and decide on those to be submitted as part of the LEPs bid. Due to the limited time available to us it is proposed a joint committee is to be formed, calling on the expertise of current LEP committee chairs, selected external stakeholders and external professional advice where required. This Joint committee will be tasked with the review of applications, providing the necessary challenge to delivery bodies and ultimately preparing a shortlist of bids for board approval.

20. The expected process from receipt of applications to submission to Government will be as follows:

- An update is to be given to the board to provide an overview on the applications received
- A joint committee is held to review applications in detail and prioritise applications for the bid to Government.
- The board is asked to ratify the selected bids – This will be done by correspondence
- The final submission to Government is made in Mid-June.
- The ministerial challenge session is expected to be held in July.

21. The short-list of bids will then be presented to the board for their backing of the projects prior to submission to Government. We are waiting for further detail from Government as to how and what detail is required when submitting the bids. It is however expected for the LEP to attend an individual ministerial challenge session to discuss the bids.

22. The letter from Greg Clark dated the 12th April (attached) explains the process that Government will adopt in assessing the bids. They are looking for the LEP to explain the economic performance of the region and to use evidence of this to put all Growth Deal bids into context. There is an explicit reference to the importance of leveraging private sector investment and promoting projects which cross LEP boundaries

National Audit Office report into LEPs

23. The NAO report into the work of LEPs has now been published, and was discussed in the Public Accounts Committee in late April. One of the main areas of investigation by the NAO has been the quality of LEPs' monitoring, evaluation and assurance regimes.

24. Coast to Capital has one of the largest portfolios of projects funded by the Local Growth Fund, with 63 projects already in place. Responsibility for delivering these is spread across a large number of public bodies, and in many cases the LGF makes a contribution to a wider project involving further funding sources and delivery partners from the private

sector. The major lesson of project delivery in 2015/16 has been that progress in delivering LGF commitments is varied and that significant risk exists in some projects.

25. It is important to develop a monitoring and assurance capability within the LEP that is commensurate with this level of risk. Building on the recruitment of a Chief Operating Officer, we intend to consult with funded parties on the most appropriate way to create and resource such a regime.

Paul Castle
Strategic Manager