

Coast to Capital Board Meeting No. 34 11 March 2017	Item No. 34.04 A
Report Title: Growth Deal Update	
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Recommendations

The Board is invited to agree :

1. The 2017/18 Growth Deal management strategy outlined below and that a call for applications is launched for this year's unallocated funding pot of £11.168m including the further £16.6m of unallocated funding available over the following three years.
2. That decisions around necessary release of funding, on 'stalled' projects, are delegated to the Investment Committee, with a report back to the Board, together with responsibility for formulating a strategy for the new 2017/18 unallocated funding bid call.

1.0 Summary

This paper sets out the proposed 2017/18 Growth Deal management strategy.

2.0 Detail

- 2.1 The year-end position for 2016/17 shows a very favourable spend position based upon the remedial measures agreed by the Board late in 2016 :

Growth Deal 1 & 2 2016/17 Year End	Aggregate Position (£)	Expenditure on project delivery (£)	Funding released flexibly in return for 'I owe you' (£)
Total Allocation 2016-17	57,230,241		
Less Spend in 2016-17	52,162,516	45,240,311	6,922,205
Carry forward to 2017-18 (majority historically earmarked for Gatwick Skills)	5,067,725		

- 2.2 The May projects dashboard shows the current delivery body forecast expenditure position and risk rating for each project under Growth Deal round 1 and 2. It also highlights the 17/18 Growth Deal 3 forecast expenditure against the allocation provided by Government of £15.8m. BEIS has requested that if the full allocation for 17/18 cannot be drawn down, any unspent balances should be released to delivery bodies flexibly. As only £8m was requested for

2017/18, it is proposed that the CEO be given delegated authority to release, at the appropriate time, any unspent GD3 balances under flexibility arrangements.

2.3 On GD1&2 we have £11.1m of funding to allocate and draw down on new projects during this financial year including the previously earmarked Gatwick skills funding. In addition to this a further £16.6m of unallocated funding is available for future years, and it is recommended to launch a new call for applications accordingly. The Investment Committee will be invited to draw up a strategy and criteria to shape a targeted call for new investment applications against the unallocated funding, with focus on the Industrial Strategy response.

2.3 Table 1 below summarises the financial position on GD 1 & 2 for 2017/18:

	Growth Deal 1 & 2 17/18 (£)
1) Allocation from Government	36,017,630
2) Programmed Spend	29,916,884
3) Unallocated funds (1-2)	6,100,746
4) Carry forward from 16/17	5,067,725
Total to Allocate (NB Further £16.6m Available over next 3 Years)	£11,168,471 (3+4)

2.5 There are also several projects programmed for 2017/18 which are 'stalled' or unlikely to be able to proceed to spend to allocation, namely the small business finance grants scheme and digital infrastructure scheme (broadband vouchers). Recommendations will be taken to the next Investment Committee meeting relating to these.

2.6 Active monitoring of all projects this year will include delivery bodies being required to attend the Projects Committee to account for project underspends and delays.