

Meeting:	Coast to Capital Board Meeting no. 44
Date:	Wednesday 3 April 2019
Report Title:	Local Growth Fund Investment Programme
Report by:	Jonathan Sharrock
Item No:	5 (a)
Part:	A

Recommendation:

The Board is asked to **note** the implementation of new structures for delivery of the Local Growth Fund investment programme.

1. Context

The Government has assessed Coast to Capital's progress in project delivery as Good. With two years left of the LGF investment cycle, further improvement in this area will allow us to improve our national profile and increase the chance of attracting further investment into the region.

The new Assurance Framework therefore further clarifies the role of Investment Committee and Board in overseeing this work. The over-riding philosophy is that governance of the LGF portfolio is done through Investment Committee, with full opportunity for the Board to note this and to be assured on the quality of this work.

2. Investment Committee

The Assurance Framework confirms the role of Investment Committee as the Board sub-committee leading this work. The Investment Committee has full oversight of the LGF programme and will submit a report on its work to every Board meeting. The Investment Committee meeting cycle is aligned with the Board, so that the meeting takes place in good time for a contemporary report to be prepared for every Board meeting. I am prioritising the work necessary to ensure that the Committee fulfils this mandate effectively. The Investment Committee's work can be summarised as follows:

- To be the leading forum for scrutiny, examination and consideration of all projects funded by the LGF.
- To take investment decisions on projects below £2m, based on full scrutiny of business cases.
- To make recommendations to the Board on investment decisions above £2m, following full scrutiny of business cases.
- To consider and approve any proposed material changes in project scope for investments below £2m; and to consider and make recommendations to the Board on any proposed material changes in project scope for investments above £2m.

- To monitor the LGF investment portfolio on behalf of the Board, in line with our agreed approach to risk management. This includes calling delivery bodies to account for their progress in delivering projects, and making representations to Government as appropriate.
- In line with our risk management approach, to escalate to the Board (with a recommendation) projects which are assessed as Red and where it might be necessary to withdraw and/ or re-allocate funding.
- To monitor delivery of the outcomes set out in our different Local Growth Deals with Government.
- To decide the criteria for commissioning projects to allocate LGF underspend, in line with *Gatwick 360*.

The Investment Committee is chaired by Daryl Gayler and the interim Vice Chair is Julie Kapsalis. Leaders of Surrey, Brighton & Hove, West Sussex and Croydon Councils are full members of the Committee, along with four other business members of the Board and the Chief Executive. All other Board members are welcome to attend Investment Committee meetings if they would like. We will be reviewing membership of all Board sub-committees at the July 2019 Board meeting.

3. Board

The Board will receive a consent report from the Investment Committee at every meeting. The expectation is that Board will wish to assure the progress that the Investment Committee is making and to consider issues referred to it. The Board is not expected to go into the detail of individual projects or the evidence base behind them, unless it is asked to do so. The Board's role can be summarised as follows:

- Board members have the right to identify any issue in the Investment Committee report and to ask for this to be discussed at the Board meeting. The Chief Executive and Chair of the Investment Committee will be fully accountable to the Board.
- On investment decisions below £2m, to ask for their reconsideration by the Investment Committee. It is expected that this would only happen under exceptional circumstances, since this would require an exceptional Investment Committee meeting after the Board request.
- To approve investment decisions above £2m, based on the recommendations of the Investment Committee.
- To consider recommendations from the Investment Committee relating to changes in project scope for investments above £2m. This might lead to a decision to withdraw funding if a project is no longer able to deliver the outputs which were promised to the LEP.
- To consider recommendations from the Investment Committee on the performance of LGF recipients, particularly where project risk is high. The Board will need to decide whether funding should be withdrawn from any specific LGF project.
- To note the progress in delivering LGF outputs, as well as the allocation of LGF underspend.

4. Priorities for 2019/20

We aim to improve the delivery of our LGF portfolio and to further impress Government with Coast to Capital's capability and performance.

With only two years to go in our investment programme, we expect delivery risk to increase across different parts of the portfolio. It will be important to keep Investment Committee and Board focused on the performance of individual projects, particularly in the event of scope changes or failure to deliver outputs. This will include the development of more robust processes to "re-govern" projects which differ significantly from original business cases. It will also include the development of a robust process for withdrawing funding from failed projects, particularly given the likely political and reputational risk which would accompany these. We are developing proposals on these as a priority for adoption at the next meetings of the Investment Committee and Board.

5. Diversity Statement

There are no diversity implications for consideration regarding the decisions to note and recommendations set out in this paper.

6. Legal Statement

There are no legal implications for consideration regarding the decisions to note and recommendations set out in this paper.