

Meeting Date:	24 th March 2020					
Agenda Item:	6 a					
Item Subject:	Growth Deal Update					
For:	Discussion	X	Decision	X	Information	X

Purpose:

- 1) To update Board Members on progress in delivering the Marches LEP Growth Deal Programme and outlining measures to mitigate any impending risks.

Recommendations:

- 1) To note the current performance of the Growth Deal Programme, as set out in section's 1, 1.1.
- 2) To approve the recommendations relating to Growth Deal spend, as set out in section 1.2.
- 3) To note the project updates, as set out in section 2.
- 4) To note the update relating to the Skills Project Call, as set out in section 3.

1. Current Performance Q3 – 2019/20

Quarter 3 saw Local Growth Fund (LGF) spend align with the Marches LEP's profile for the 2019/20 Financial Year. Traditionally a large proportion of LGF grant is spent within the Q4 period, this current Financial Year is no different. At the LEPs Annual Performance Review (APR) on the 23rd January 2020 a detailed performance report was submitted to colleagues from the Cities and Local Growth Unit (CLG) highlighting how the Marches LEP would mitigate risk associated with achieving our LGF 2019/20 spend profile.

This Quarter 3 LGF Claim reflects the position outlined at the APR, providing confidence around spend. To mitigate risk the LEP team has recently undertaken monitoring visits with all projects, confirming they are able to meet their grant allocations.

1.1 Outputs & Match Funding Position

In terms of Match Funding £10,023,476 has been verified during this period with additional values expected in Q4. This quarter has been productive in terms of generating Outputs with 79 Jobs, 1,201 Homes and 10 Hectares of Employment Land reported.

Table 2 provides an overview of the key achievements to date for 2019/20

Table 2 – Programme Outputs achieved to date - 2019/20

Outputs	Total outputs profiled 19/20	Achieved to date (Q3)
Jobs created or Safeguarded	1,425	607
Homes	1,831	1,831
Work Placements	10	2
Employment Land	12.48 ha	10.13 ha
Commercial Floorspace	7,700 (sqm)	280 (sqm)

The outputs submitted have been checked and verified by the LEP, ensuring they meet the latest Government Guidance (LGF Data Reporting Guidance, July 2019).

1.2 Underspend Recommendation

At the 17 December 2019 Performance Risk and Monitoring Committee members discussed potential solutions to help mitigate risk around underspend during the 2019/20 Financial Year (FY). Members endorsed the approach to defer the reimbursement of temporary virements for the Eastern Gateway and Shrewsbury Integrated Transport Package project from 2019/20 FY to 2020/21 FY, enabling the LEP to incur an additional value of £1,150,130 of expenditure.

Table 1 – Temporary Virement Proposal

		2018/19	2020/21
Contract Variation 1	Shrewsbury Integrated Transport Package	£ 750,284.00	-£ 750,284.00
	Oxon Link Road	-£ 750,284.00	£ 750,284.00
Contract Variation 2	Eastern Gateway	£ 339,846.00	- £ 339,846.00
	Newport Project	-£ 340,000.00	£ 339,846.00
Total		£ -	£ -

To help address some of the risks identified relating to Growth Deal spend the LEP Board are asked to:

1. Approve the temporary virement figures as outlined in Table 1.
2. During the 2020/21 Financial Year the amounts are then reallocated back to the respective projects (as outlined in the Table 1), ensuring this doesn't compromise on their overall delivery

2. Project Updates

2.1 NMiTE (Phase 2)

At the LEP Board meeting on the 27th January members received an update on progress in relation to the development of the NMiTE Phase 2 Growth Deal Funding Agreement and that despite a number of officers (LEP, Shropshire & Herefordshire Council) working on the Funding Agreement on a daily basis the development of the Funding Agreement had reached an impasse.

An alternative solution was found in the form of Herefordshire Council taking on the role of accountable body and an email was sent to Board members on the 25th February setting out the written resolution and terms of the transfer of Local Growth Funds from Shropshire Council (acting as Accountable Body for the Marches LEP) to Herefordshire Council for NMiTE Phase 2.

LEP Board Members were asked to:

- Agree the terms of the transfer of the £5.66m Local Growth Funds for NMiTE Phase 2 from Shropshire Council, acting as the Accountable Body for the Marches LEP, to Herefordshire Council.
- Authorise J Walton, Section 151 Officer to issue a letter on behalf of the Marches LEP to Herefordshire Council.

Following approval by Board a letter (Appendix 1) was issued to Herefordshire Council from James Walton, Section 151 Officer for Shropshire Council on the 2nd March outlining that the accountable body (Shropshire Council) would delegate responsibility for managing the grant and the relationship with the applicant (NMI TE) to Herefordshire Council. Following receipt of this letter Herefordshire Council are due to take an urgent decision on the accountable body status for NMI TE phase 2 on the 25th March 2020.

2.2 South Wye Transport Package

The termination of the funding agreement for the South Wye Package was agreed at LEP Board on the 27th January 2020, together with agreement to start discussions with Herefordshire Council on the claw back of the £3.8m already paid to Herefordshire Council to support the development of the SWTP project.

The LEP have now instructed a Solicitor to work on their behalf in relation to the clawback of the £3.8m and will be producing a letter to Herefordshire Council later this week early next. The letter will be tabled at Board.

2.3 Oxon Link Road

Shropshire Council considered the Oxon Link Road (OLR) merger with the Shrewsbury North West Relief Road (SNWRR) at its Cabinet meeting on 16 December 2019, the proposal was supported and agreed by Members in line with LEP requirements.

Given the timescales involved in preparing and circulating papers in advance of Full Council meetings the LEP were notified that the Cabinet decision and associated paper would be reported through to Full Council at the next meeting on the 27 February 2020. The LEP has been informed that the paper was agreed by Council at this meeting in regard to the conjoining of the OLR and NWRR schemes for planning, delivery programme, procurement, and construction.

The LEP have confirmation from the project lead that the Output profile and figures approved by the LEP Board (21 May 2019) are still relevant to the proposed OLR/SNWRR merged project.

2.4 Telford College

At a meeting held between Telford College and the Marches LEP on the 9th December 2019 Telford College tabled a response to the audit report they received in November 2019 and presented additional evidence relating to the queries. Following a full and comprehensive review of this evidence by the LEP secretariat and Shropshire Council, a letter (Appendix 2) was sent to Telford College outlining the LEP's response, together with a final position which comprised of:

- Telford College to refund the Marches LEP £11,780 for the Atomic Chair.
- The LEP to receive the funds by 31 March 2020;
- The LEP will not invoke clawback (excluding the Atomic Chair) against Telford College on the basis that the items are now in place and these will enable the contractual outputs to be achieved.
- These items will be reviewed at the next monitoring visit;
- That a review is undertaken by the College relating to the processes and procedures adopted in administering the LEP Grant and the findings of the review are to be shared with the LEP secretariat and Telford College Corporation by 31 March 2020;

- Telford College focus on the achievement and verification of the agreed outputs (for which the Grant was awarded), as set out within the Grant Funding Agreement.

A letter (Appendix 3) was received from Graham Guest, Principle & Chief Executive of Telford College on the 27th February outlining the College's responses to the above and agreeing to the refund of the £11,780. The LEP will conduct a monitoring visit within the next month to check against the actions agreed in the letter.

3. Skills Capital Call

On the 27th January 2020, the Board recommended the following award of funding:

- Shrewsbury Colleges Group: Advanced Manufacturing Engineering and Automotive Expansion Project - £200,000
- Herefordshire, Ludlow & North Shropshire College: Energy Training Centre; for micro-generated electricity and other sustainable technologies - £70,000

These projects are now being contracted.

Financial implications:

- If the LEP underspends against its Growth Deal allocation, this could impact on the level of grant provided by government to the Marches LEP.

Legal Implications:

- Potential clawback of funds from projects as outlined within their Funding Agreement(s).

Risks, opportunities and impacts:

- By not receiving future Growth Deal allocations projects will not be able to deliver the projected scale of outputs.
- Timescales of project development and delivery needs to be carefully managed.

Appendices

Appendix 1 – Letter to Andrew Lovegrove. Transfer of Local Growth Funds for NMiTE Phase 2. 02.03.20

Appendix 2 – Letter to Graham Guest. Telford College. 13.02.20

Appendix 3 – Letter from Graham Guest. Telford College. 27.02.20