

Meeting Date:	27 January 2020				
Agenda Item:	Item 6f				
Item Subject:	Growth Deal Capital Funding Project Call				
For:	Discussion	X	Decision	X	Information
Purpose:	<p>1) To update Board Members on progress relating to the Growth Deal Capital Funding Project call, inviting projects identified as low risk to submit a Full Business Case.</p>				
Recommendations:	<p>1) To note the background in relation to the development of the Growth Deal Capital Funding Project call, as set out in section 1.</p> <p>2) To note the update provided in relation to the Expression of Interest stage, as set out in section 2.</p> <p>3) To review the summary of Expression of Interests received and their risk rating, as set out in Appendix 1.</p> <p>4) To invite the projects categorised as 'low risk' to develop and submit a Full Business Case by 28 February 2020, as set out in section 3 and Appendix 1.</p> <p>5) Projects categorised as 'Medium/High Risk' to be retained on the Marches LEP project pipeline, as set out in section 3 and Appendix 1.</p> <p>6) To note the proposed next steps, as set out section 3 and Appendix 2.</p>				
1. Background	<p>At the 24 September 2019 Board meeting a number of risks attributed to Growth Deal projects and their expenditure were highlighted and discussed. It was agreed that, should assurances not be provided around the Growth Deal funding for these projects, the LEP Board would seek to redistribute the funds towards the approval of new projects.</p> <p>To help mitigate the risk of potential underspend within the Programme the LEP Board agreed the LEP secretariat would develop an Open Call Process should any projects be unable to utilise their full allocations.</p> <p>To ensure a robust pipeline of projects are ready and available (should funding become available), a two-stage process was approved, comprising of an Expression of Interest (Eol) followed by an invitation to submit a Full Business Case if successful at Eol stage.</p> <p>At the 26 November 2019 LEP Board meeting members requested Herefordshire Council confirm in writing to the LEP Director and Chair by 17 January 2020 their decision in relation to the delivery of the £27million South Wye Transport Package (Agenda Item 6a):</p> <p>a) Herefordshire Council do not complete the Pause and Review on the South Wye Transport Package, Or b) Herefordshire Council confirm their decision not to build the Southern Link Road, after undertaking the Pause and Review exercise.</p> <p>This decision was taken to help mitigate potential risks relating to underspend within the Growth Deal Programme and enable available funds to be reallocated as part of the Project Call Process.</p>				
2. Expression of Interest Stage	<p>The Growth Deal Capital Funding Eol Call closed on 6 December 2019. In total the LEP received 18 Eols, including proposals from the 3 Local Authorities and the Private Sector. The total value of Growth Deal funding requested was in excess of £80 million.</p>				

The Marches LEP Team has reviewed all of the Eols and been in regular dialogue with all of the applicants to clarify any queries raised as part of the process. As a consequence of these discussions some projects were revised.

In order to help prioritise projects the Eols have been categorised into Low, Medium and High Risk. The Low Risk projects are those considered to have the potential to spend Growth Deal funding within the stated timescales (31 March 2021) and deliver against Marches LEP priorities, as stated within the guidance document. The Medium and High-Risk projects offer strategic value and address Marches LEP priorities, however are considered less likely to spend the Growth Deal funding within the tight timeframe – examples include the timescales provided associated with purchasing of land, obtaining planning permission and procurement of works etc.

Prior to developing this paper all project promoters have been informed of the risk rating attributed to each Eol submitted and the rationale behind the recommendations made within this paper.

3. Next Steps

It is recommended that the 11 projects (requesting £43million of Growth Deal Funds) rated as Low Risk are invited to submit a Full Business Case and the Medium and High-Risk projects are included on the Marches LEP pipeline project list. Appendix 1 summarises the Eols received and their risk rating.

It is proposed that the Commissioning Group's (see Appendix 2 for membership) role will be to review and sign-off the Full Business Case process, ensuring activities deliver the Marches LEP strategic priorities. The project appraisal process will be overseen by the LEP Secretariat, using established conduct protocols, and undertaken by an Independent Technical Evaluator (ITE), with no prior or subsequent involvement in delivery of the area of work.

A draft Full Business Case Form and Guidance notes have been developed. The Full Business Case aims to address the impact the project will have in delivering the SEP Strategic Priorities and addressing the five-case business model outlined in the 'Green Book'. Applicants will be invited to submit a Full Business Case for completion by 28 February 2020.

The LEP team is currently in the process of developing a procurement specification for an ITE whose role will be to support the Commissioning Group. The ITE will undertake an assessment of the Full Business Cases in March 2020. The assessment will be in accordance with processes and procedures set out in The Marches LEP Accountability and Assurance Framework. The ITE will report to the Commissioning Group on those projects that have scored the highest against the agreed criteria. The Commissioning Group will make recommendations to the 24 March 2020 LEP Board meeting on those projects which are able to deliver against the set criteria, subject to Growth Deal funds being available (see agenda item 6a).

Following the Board's decision on the successful projects, Funding Agreements will be developed between Shropshire Council, as Accountable Body, and the applicant.

Appendix 2 provides a flow chart, explaining the different stages in the Full Business Case process and associated timescales.

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:

- N/A

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 need to be carefully managed.

Appendices:

Appendix 1 – CONFIDENTIAL List of Expressions of Interest Submitted N.B. Partners have asked for this to be marked as confidential as there are commercially sensitive projects in the list
Appendix 2 – Full Business Case Flow Chart

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