



LEP – Sub Committee

Growth Deal Management Board

Private and Confidential: Yes

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LEP Update Report

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Executive Summary

This report provides the Growth Deal Management Board (GDMB) with an update on decisions approved by the LEP Board in respect of Growth Deal funding at its meeting on the 15th December 2015.

Recommendation

The Growth Deal Management Board is asked to note the decisions approved by the LEP Board at its meeting on the 15th December 2015 in relation to the management and delivery of Lancashire's Growth Deal.

Background and Advice

At the meeting of the LEP Board on the 15th December 2015, the Board received a report which provided the LEP Board with an update on Growth Deal progress.

The report provided information on those schemes seeking funding approval from the Board at its December meeting and identified schemes seeking funding approvals at the next meeting of the Board in February. The report also provided an update on recent progress with the M55 Heyhouses Link Road scheme and AEM-TEC proposal, which are agreed LEP Growth Deal priorities.

It also provided the Board with a brief financial summary of Growth Deal progress to date and identified options to manage any underspend and/or any variations in funding requirements for schemes in the LEP's existing current Growth Deal or schemes which have emerged as small-scale pipeline projects. It also identified the development of a strategic pipeline of projects.

A more detailed Growth Deal Skills Capital Update was provided by way of a separate item on the Board's agenda. However, the report requested that all unallocated Growth Deal funding, including Skills Capital, be used to support priority schemes approved by the LEP Board.



An update on the outcome of the tender and procurement process to appoint external consultants to undertake monitoring and evaluation of the LEP's Growth Deal was also included in the Board's report.

Summary of decisions from the LEP Board on the 15th December 2015

An £8m contribution towards the £11.57m Burnley-Pendle Growth Corridor Improvements Scheme. The scheme had been considered by Transport for Lancashire at its meeting on the 2nd December, where it had been recommended that funding approval be granted by the LEP Board.

The Board noted that five schemes were due to seek funding approvals from the LEP at its next meeting on the 2nd February 2016. The five schemes are:

- UCLan's Engineering and Innovation Centre (EIC);
- Burnley Vision Park;
- Lancaster Health Innovation Campus;
- Northlight (formerly Brierfield Mill); and
- Rawtenstall Redevelopment Zone.

The Board noted that 100% of the LEP's £39.35m Growth Deal allocation for 2015/16 will have been transferred to capital projects by 31st March 2016.

The Board approved that any underspends arising in the LEP's Growth Deal programme will be used to meet any increased call from existing schemes or emerging small-scale pipeline projects and that the GDMB would manage this process on behalf of the LEP Board.

The Board also approved the use of no more than 20% of the Growing Places Fund (GPF) balance in a cash-flow capacity to support the delivery of the LEP's Growth Deal programme and agreed that any scheme requests which could not be met from underspends would be considered for Growth Deal 2 or signposted to other suitable funding streams.

The Board agreed that in order to limit the number of schemes requiring additional Growth Deal funding on top of their original allocation, new schemes considered for Growth Deal Funding would have to submit an expression of interest which would be business case ready. This would help ensure that accurate financial and VfM information is included for consideration.

Two existing Growth Deal schemes, Northlight and Burnley Vision Park, were approved to receive additional Growth Deal funding. Northlight is to receive an additional £600k and Burnley Vision Park, subject to the outcome of further discussions with the scheme sponsor and the independent appraisal of the scheme business case, could receive up to a maximum £500k in additional Growth Deal Funding.



The LEP also approved a £250k Growth Deal funding allocation to support the delivery of Café Northcote @ Blackburn Cathedral Quarter. The £30m Blackburn Cathedral Quarter Scheme has previously accessed Growing Places Funding by way of a £3.9m commercial loan which has been fully repaid with interest to the LEP. The GDMB will note this is a new small-scale pipeline scheme.

The Board approved the proposal to vary the drawdown of £2m of Growth Deal funds to support the delivery of the M55 Heyhouses Link Road scheme following a series of positive meetings between the GDMB Chair, Mark Menzies MP, the developer Kensington, Lancashire County Council and Fylde Borough Council.

In respect of the AEM-TEC proposal, which is an existing Growth Deal priority scheme, the Board agreed that it should receive a presentation at its 2nd February Board Meeting.

Agreed that up to £1.8m of the £3.68m unallocated Growth Deal Skills Capital Funding can be used to meet any increased call from existing Growth Deal schemes, and, agreed in principle to the Skills and Employment Board's request to use the remaining £1.88m of unallocated Skills Capital funding being used to support the outcome of the forthcoming Area Based Review.

The development of a strategic pipeline of schemes was approved by the Board to help ensure that Lancashire could take advantage of any new Growth Deal allocations or other competitive funding opportunities.

The Board approved the appointment of Warwick Economic & Development Ltd to deliver the Framework Agreement for Lancashire's Growth Deal Evaluation Plan arrangements.

Finally, the Board noted the key points from the Chancellor's Autumn Statement which had included:

- A move away from a grant-based to a loan-based approach;
- Regional Growth Fund to be phased out;
- Confirmation of the continuation of Local Growth Fund until 2020/21;
- The announcement of £12bn of Local Growth Funding which includes some new funding which will be flexible and allocated to places