



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

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Growth Deal Funding Approval and Update Report (Appendix 'A' refers)

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Executive Summary

This report requests that the LEP Board approves a funding allocation for the North West Burnley Growth Corridor scheme.

The report also provides the LEP Board with an updated approval process for the redistribution of unallocated Growth Deal funds and provides an update on the overall performance of the Growth Deal programme, including the new requirement from Government for the LEP Board to sign-off Growth Deal claims.

Recommendation

The LEP Board is asked to:

- (i) Approve a maximum funding allocation of £4.9m to the North West Burnley Growth Corridor scheme subject to the conditions agreed by the Growth Deal Management Board;
- (ii) Approve the retention of £2.1m of the original £7m allocation for the North West Burnley Growth Corridor scheme for a period of four months and, in the event that the £2.1m is not required for the scheme, agree that it will be subject to the LEP's approval process for redistributing any unallocated funds within the Growth Deal programme;
- (iii) Approve the changes to the Growth Deal unallocated funding approval process as set out in this report; and
- (iv) Approve the process for approving Growth Deal quarterly reporting submissions to the Cities and Local Growth Unit, including providing retrospective approval for the Quarter 3 2017/18 Quarterly Reporting Summary Dashboard.



Background and Advice

North West Burnley Growth Corridor

At the meeting of the Growth Deal Management Board in December, Genecon Consulting Ltd presented their independent appraisal findings of the North West Burnley Growth Corridor business case. The scheme, which was seeking a £7m Growth Deal funding approval recommendation, would deliver infrastructure works at three sites in Padiham and Burnley, to unlock employment and housing growth.

The scheme focused on three main elements:

- Raised flood defences along the River Calder and Green Brook through Padiham to enable housing growth delivery;
- Public Realm Improvements aimed at boosting the vitality of Padiham Town Centre; and
- Junction Improvements at the A6068/A678 Blackburn Road junction, which would enable the development of the proposed Shuttleworth Meade Employment Site.

The Growth Deal Management Board resolved that a funding approval for a maximum £7m of Growth Deal funding be recommended to the next meeting of the LEP Board subject to the conditions precedent identified in the independent appraisal report.

In January, the scheme applicant, Burnley Borough Council, requested that the presentation of the scheme to the January meeting of the LEP Board to seek a funding approval be deferred.

In July 2017, Burnley Borough Council had submitted a full Local Plan for examination with public hearings taking place in November and December 2017. The Local Plan included a proposed change to land use at the Shuttleworth Meade and Baxi Sites, to enable the sites to come forward for employment and housing uses.

The Inspector is proposing a main modification to reduce the employment land allocation from 90ha to 66 ha and the removal of two employment sites, including Shuttleworth Meade, from the plan. The Inspector's proposed modifications are currently being consulted on and once the consultation has been completed the Inspector will make a final decision and issue a report.

The change of land use for the Baxi Site was accepted by the Inspector.

Burnley Borough Council and its partners wish to proceed with a revised albeit smaller scheme, which focuses on enabling delivery of the housing and public realm elements of the scheme, for which they have submitted an Addendum to the Business Case which was presented to the Growth Deal Management Board in December. The Addendum includes an update to each of the five business plan tests required by the LEP's Assurance Framework, removing all references to the proposed junction works and associated benefits at the Shuttleworth Meade Site.



Genecon Consulting Ltd, who completed the independent appraisal of the original business case, have completed a further independent appraisal of the Addendum. This was presented to the Growth Deal Management Board for consideration at its March meeting.

The appraisal of the Addendum concludes that whilst the benefit cost ratio has reduced from 5.8 to 2.4, this still represents an 'acceptable BCR figure that demonstrates the potential for the LEP to achieve a return on its investment'. The scheme is therefore considered to provide value for money in line with the LEP's Assurance Framework, through its delivery of almost 250 new homes and improved vitality and attractiveness to investors of Padiham Town Centre. Genecon's appraisal report is available on request.

On this basis, the Growth Deal Management Board recommended that the LEP Board, at its meeting in April, approve a maximum funding allocation of £4.9m to the North West Burnley Growth Corridor scheme subject to a number of conditions agreed by the Growth Deal Management Board and contained within the independent appraisal reports.

The Growth Deal Management Board also recommended that the £2.1m of the original £7m allocation is retained for a period of four months, by which time the Local Plan Inspector will have made their final decision and issued a report.

Should the £2.1m not be required for the scheme, it will be subject to the LEP's approval process for redistributing any unallocated funds within the Growth Deal programme.

Growth Deal Unallocated Funding Approval Process

At the December meeting of the Growth Deal Management Board, the Board considered and agreed a process to redistribute any unallocated funding within the Growth Deal programme. The agreed approach is set out below:

1. First call would be given to those schemes within the current programme that had requested additional resource;
2. If no schemes were identified via that process, a second call would focus on priority 1 Growth Deal 3 schemes that had failed to secure an allocation;
3. If no schemes were identified via that process, a review of priority 2 and 3 Growth Deal 3 schemes would be undertaken to determine if any schemes were still a priority; and
4. After exhausting the programme, LEP Board approval would be sought for an open call for new scheme proposals.

However, at the January meeting of the Board when this matter was presented, it was requested that this process be amended to reflect those Growth Deal 3 schemes ranked the highest and to not only focus on Priority 1 Growth Deal schemes. As a result, point 2 above has been amended as below to reflect this:



If no schemes were identified via that process, a second call would focus on Growth Deal 3 schemes which were ranked highest, both in terms of deliverability and economic impact, that had failed to secure an allocation.

Steps 1, 3 and 4 of the original approval process remain unchanged.

Growth Deal Programme Performance Update

The £320m Growth Deal programme is delivering in accordance with Lancashire's agreed Growth Deal milestones and Government's reporting requirements, with no queries having been raised in relation to the last claim submitted to Government in February 2018.

In terms of the programme, 100% of funds have been allocated and 81% of schemes within the programme have now received a LEP funding approval. This equates to 36 out of the 44 schemes within the programme. Of the 36 schemes which have a funding approval, 34 have completed contracting. The remaining 8 schemes are on track to progress in line with agreed timescales.

Growth Deal Claim Process

As part of the governance arrangements for the delivery of the Growth Deal programme, Lancashire County Council in its role as Accountable Body for the Growth Deal programme, is required to provide cumulative reporting on the delivery of the Growth Deal programme to the Cities and Local Growth Unit on a quarterly basis. This quarterly reporting includes performance against both financial and output metrics for each scheme within the Growth Deal programme.

In October 2017, the Cities and Local Growth Unit issued new guidance which included the requirement for Local Enterprise Partnerships and their Accountable Body S151 Officers and to approve the quarterly reporting, prior to its submission to the Cities and Local Growth Unit.

As discussed with the Cities and Local Growth Unit, there may be occasions when the LEP Board meeting does not coincide with the quarterly reporting deadline. In this instance, it is recommended that the approval of the quarterly reporting is delegated to the LEP's Executive Committee.

With regards to the quarterly reporting for the period to the end of Quarter 3 2017/18 (October to December), and as agreed with the Cities and Local Growth Unit, retrospective approval is now sought from the LEP Board. The quarterly reporting summary dashboard is attached at Appendix A.

The Board is asked to note that the dashboard identifies a Local Growth Fund award of £226.7m. This number is less than the £320.86m Growth Deal programme allocation, which also includes retained transport schemes and a £26m loan from the Public Works Loan Board to Blackpool Council at a project rate discount of 40 basis points below the standard Public Works Loan Board rate.



List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A