

Report to the Greater Birmingham & Solihull Supervisory Board

29th June 2017

LOCAL GROWTH FUND PROGRAMME UPDATE

Purpose of the report

To note and discuss the progress made in delivering the Local Growth Fund programme.

Recommendations

The Supervisory Board is recommended to:

1. Note the progress in delivering the Local Growth Fund programme;
2. Agree to move to quarterly reporting for low value/low risk projects, so that scarce monitoring resource can be focused where it is most required;
3. Note the project approval for Kingswood Lakeside Phase 2;
4. Note the intention to introduce a Programme Evaluation Plan;
5. Note the intention to register for VAT; and
6. Agree the process for revising the Assurance Framework;

Background

7. GBSLEP receives Local Growth Funding from central government to invest in projects that support delivery of the Strategic Economic Plan. This funding is not directly used by the LEP, but allocated to a range of project sponsors who deliver on our behalf.

Local Growth Fund programme update

8. The final outturn for the Local Growth Programme in 2016/17 was £49.18m – representing full utilisation of the resources available to us. £33.29m was used to establish the pilot Revolving Investment Fund. The investment forecast through to 2021 is set out in the table below. To allow for slippage, the ideal level of overprogramming would be 140%. LEP officers are therefore still working to bring projects forward for this financial year.

	2017/18	2018/19	2019/20	2020/21	Total
LGF Allocation (£m)	25.70	19.30	12.72	31.85	89.57
Forecast Expenditure (£m)	30.29	30.72	12.03	0.00	72.33
Variation (£m)	+4.59	+11.41	-0.69	-31.85	-17.24
Level of “overprogramming”	118%	159%	95%	-	81%
Revolving Investment Fund (£m)	33.29				

9. At its June meeting, the LEP Board endorsed the decision of the Programme Delivery Board to move to quarterly reporting for low value/low risk. This will free resource to focus on more complex/higher value projects.

Project approvals to note

10. The Programme Delivery Board approved a capital grant investment of up to £1,460,000 into the Kingswood Lakeside Phase 2 scheme at its meeting in November 2016. It was accidentally omitted from the list of approved schemes reported to the February Supervisory Board. Further details on this scheme are included in **Appendix A**. The Supervisory Board is asked to ratify the noting of this decision.

Evaluation Plan

11. The Programme Delivery Board agreed, at their May meeting, to introduce a Programme Evaluation plan. This will help ensure lessons are learned from programme performance, enabling better decisions to be taken in the future. This will also help GBSLEP demonstrate to potential funders that money is being used wisely and effectively.

VAT

12. At the April meeting of the Supervisory Board, it was noted that the LEP would be introducing a charge to fund a more proactive approach to programme management. This will require GBSLEP to register for VAT. This was approved by the LEP Board at their June meeting.

Assurance Framework

13. The Assurance Framework is a living document setting out the LEP's governance procedures. During the course of the year, circumstances can sometimes arise which lead to revisions to the Assurance Framework. For example, the proposal in this paper to move to quarterly reporting on some projects.
14. Currently, there is no formalised process for making these changes. Following discussions with the Accountable Body, it is recommended that the process set out in **Appendix B** is adopted. Subject to Supervisory Board approval, this process will be included within the Assurance Framework.

Conclusions

15. This paper sets out the current status of the programme, including projects that have recently been approved. Board member agreement is specifically sought for changes to the reporting cycle for low risk/low value projects, and the process for revising the Assurance Framework.

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