

Subject:	Coast to Capital Growth Deal - implications for Greater Brighton		
Date of Meeting:	29th July 2014		
Report of:	Chair, Greater Brighton Officer Programme Board		
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LA(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report updates the Board on the outcome of the Coast to Capital Local Enterprise Partnership (LEP) Growth Deal which was announced on 7th July and sets out the projects that fall within the Greater Brighton City Region which are funded by the Local Growth Fund (LGF), as well as initial proposals on governance and delivery arrangements and we move into the next phase of delivering funded projects whilst also developing the pipeline of projects for future funding rounds.
- 1.2 The LEP's Growth Deal announcement marks the culmination of the first phase of the Greater Brighton initiative which focused upon the Greater Brighton City Deal bid and supporting the LEP with the development of their strategic economic plan and growth deal bid. This has seen a total of £83.4m funding allocated to the city region. This includes:
- £31.4m funding allocated to Greater Brighton through the City Deal process
 - £52.4m funding allocated through the first round of the Coast to Capital Growth Deal process

2. RECOMMENDATIONS:

- 2.1 That the Greater Brighton Economic Board:
- (1) note the success in securing Local Growth Funding for projects that fall within the Greater Brighton city region
 - (2) Endorse the approach taken regarding the planning for the delivery of LGF funded projects
 - (3) Request that the Greater Brighton Officer Programme Board should focus their work on urgently developing final business cases and delivery plans for all first year LGF funded projects that fall within the city region so that they are ready to start delivery from April 2015
 - (4) Ask for a revised list of city region pipeline projects agreed with partners which will be developed into full business cases for future LGF funding rounds

(5) Note that the resource requirements to ensure capacity to both deliver funded projects and secure further funding for the City Region from future LGF rounds are outlined in a report that also appears on the agenda for this board meeting.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Coast to Capital LEP submitted their Strategic Economic Plan and Local Growth Funding bid in March 2014. The Strategic Economic Plan set out a very ambitious proposal for a £3.3bn, six year programme with a £559m bid for Local Growth Funding resulting in 60,000 jobs, 26,000 homes and 975,000 sqm for employment space.

3.2 The Coast to Capital Growth Deal was announced on 7th July and sets out the first year of projects from the Coast to Capital Strategic Economic Plan which are to be funded by the Local Growth Fund (LGF). For the whole of the Coast to Capital region, the headlines are:

1. The Local Transport funding already announced last year of £24.2m
2. Local Growth Funding of £38.0m in 15/16, £202.4m overall.
3. £450,000 for a business Growth Hub.
4. Provisional allocation to transport projects starting in 2016/17 and beyond of £16m.

Greater Brighton Projects funded by the Local Growth Fund

3.3 The Greater Brighton City Region has secured £52.4m of Local Growth Fund funding for projects that fall within the City Region.

3.4 Greater Brighton has received a significant allocation of Growth Deal funding. The figures outlined below are funding for all years (not just 15/16).

	15/16	Total All Years	IMPACT		
	LGF	LGF	Jobs	Homes	SQM
Newhaven flood defences – linked to City Deal	£700,000	£1,500,000	5000		177000
Shoreham Harbour Flood Defences – linked to City Deal	£2,000,000	£9,500,000	4450	2320	36600
Advanced Engineering Centre - UoB and Ricardo	£4,500,000	£7,000,000	50		5000
Preston Barracks Central Research Lab - City Deal Growth Centre	£1,000,000	£7,700,000	740		
Brighton Circus Street	£1,500,000	£2,700,000	1063	100	9012

Local Transport Body	15/16	Total All Years	IMPACT		
	LGF	LGF	Jobs	Homes	SQM
Valley Gardens Phases 1 & 2 (LTB)	£4,000,000	£8,000,000			

Provisional Allocation to transport projects starting in 16/17 or later	15/16	Total All Years	IMPACT		
	LGF	LGF	Jobs	Homes	SQM
Newhaven Port Access Road	0	£10,000,000		335	1000
Brighton Valley Gardens Phase 3	0	£6,000,000			

3.5 All areas of the Greater Brighton city region could also potentially benefit from the following funding packages that have been agreed to support the whole Coast to Capital LEP area:

- Sustainable transport package (£32.7m)
- Business Finance package (£9.5m)
- Transport resilience package (£30.9m)

The LEP have also been given approval for up to £88m Public Works Loan Board (PWLB) facilities which can be accessed by local authorities for prudential borrowing at an advantageous rate.

3.6 The Growth Deal document also sets out initial responses to Coast to Capital's requests for local freedoms and flexibilities. Discussions about an Enterprise Zone at Newhaven are ongoing.

Implementing the funded projects

3.7 The Coast to Capital Growth Deal sets out only the start of the six year programme agreed in the LEP's Strategic Economic Plan. The LEP are in the process of developing an overall implementation plan.

3.8 West Sussex County Council will act as the overall accountable body for the Local Growth Fund. The overall annual Local Growth Fund allocation will be paid from the Government to the Accountable Body at the start of each year. The respective responsibilities and obligations of Coast to Capital LEP and the Accountable body will be set out in a Service Level Agreement.

3.9 To govern the delivery of funded projects and the delegation of responsibility for their successful and complete delivery, the LEP envisage that they will develop and agree with key partners a Schedule of Delegated Authority which will set out how each block of LGF funding or individual projects will be managed. This will include delegation of accountability from the LEP Board for full delivery of both the funding allocated and the outputs. The scope of the delegation will vary - it will be a mixed regime and the LEP will adopt what works best in each circumstance:

- Responsibility for delivery of the funded transport projects as an overall programme will be delegated to the Local Transport Body. The Coast to Capital Board will set out the scope of the delegation for the funding and the eligible projects/packages on an annual basis. Practical day-to-day management of delivery of individual projects will be managed by the county/unitary local authorities in their Highways Authority role.
- Some individual projects might be delegated to named delivery organisations.

- Blocks of funding and projects might be delegated to the Greater Brighton Economic Board who might be accountable to the LEP Board for delivery of a number of projects in their area. Alternatively, the Greater Brighton Economic Board could seek strategic overview and ask for individual projects to be commissioned or procured more directly by the lead authority for the project.
- 3.10 The final delivery arrangements and schemes of the delegation will be agreed by the Coast to Capital LEP Board in September 2014 and reported to the Greater Brighton Economic Board in October 2014. The intention is that, as a minimum, the Greater Brighton Economic Board will be able to see clearly how every project that falls within the city region will be delivered and which organisation is responsible, with a named lead project management.
- 3.11 Every funded project has still to go through a further business case process. For the transport projects it is the Assurance Framework that the LEP has agreed with the Department for Transport. The LEP are currently developing a process and template for the non-transport projects, appropriate to the size of the funding.
- 3.12 The monitoring and reporting requirements for projects that fall with the Greater Brighton city region will be passed on down the chain of delegated authority to the Greater Brighton Economic Board as the LEP itself will only have the resources to monitor and report at the highest level. There will be three main outputs - leverage, homes and jobs.
- 3.13 Coast to Capital is in the category of LEPs which have freedom to flexibly deliver their SEP programme within the funding allocation from Government. This means that they can vary the projects they fund, but only after seeking agreement in advance from Government who are likely to require good reason, and business cases for the alternatives.
- 3.14 The Government is placing significant weight on the ability of LEPs to deliver in full in 15/16 - to have unspent funding at the end of the year will very significantly dent our credibility for future rounds. The local flexibility the LEP has been granted will allow them to shift the programme around if some projects get delayed or fall away altogether. However, the Greater Brighton Economic Board will need to ensure that there is a strong oversight of deliver and need to impress on delivery partners the imperative of starting planning right away to be ready for delivery from 1st April 2015, including doing much of the preparatory work in 14/15.

Developing the pipeline projects through the Greater Brighton Investment Programme

- 3.15 The negotiation of both the Coast to Capital Growth Deal and Greater Brighton City Deal has demonstrated the importance of developing strong pipeline of projects with robust and well developed business cases. Generally business cases which are well developed and projects which are further advanced have attracted funding.
- 3.16 The Coast to Capital LEP will engage in yearly negotiations with Government for the remaining years of the Growth Deal programme. This presents a significant

opportunity to secure further funding for projects that fall within the Greater Brighton city region. This process is likely to commence immediately - during Summer 2014.

- 3.17 To succeed in the next round Greater Brighton partners will need to have strong, well advanced business cases and that are towards being "shovel ready". The competitive environment between LEPs will also ratchet up.
- 3.18 Developing robust business cases that meet government requirements is expensive. Working from the existing SEP priorities, Greater Brighton partners will need to agree with the LEP which projects for 16/17 onwards should be worked up further.
- 3.19 The Greater Brighton Officer Board will co-ordinate the development of business cases for the pipeline of projects that fall within the Greater Brighton city region, as part of the Greater Brighton Investment Programme approach that was agreed at the May 2014 meeting of the Greater Brighton Economic Board. There is significant urgency to both agreeing the revised list and getting the business cases underway.
- 3.20 The cost of developing the business cases for both the 15/16 LGF funded projects and the future project pipeline will have to fall on partners as the LEP will not have funding for this. There will be scope for collaboration across all our authorities and with the private sector, but it's recommended that the Economic Board consider whether resources can be identified to improve the capacity deliver business cases for the Greater Brighton city region within the tight timescales.
- 3.21 A report proposing resource requirements for this next phase of work to ensure capacity to secure funding for future LGF rounds appears elsewhere on the agenda of this Board meeting.

Finding other delivery routes

- 3.22 There is no revenue funding as such included in the Growth Deal, the exception being the Growth Hub. This impacts in particular on our ability to deliver the LEPs aims for skills, business sectors and innovation. Further, some projects which Greater Brighton might have given high priority, have not been selected by Government. For these projects we may need to work with the LEP to seek alternative means to fund and deliver them. Possible alternative sources of funding include:
 - The Public Works Loan Board (PWLB) lending facility of £88m which the LEP have been allocated. This can be accessed by local authorities.
 - EU Structural & Investment Funds (EUSIF) funding - this is likely to be the best source of funding for skills and sector activity. However, the LEP are currently unsure of the degree to which they will have good control of how EUSIF funding is procured and commissioned.
 - Other forms of EU funding - this may be suitable for innovation and research activity
 - New instruments such as Local Asset Backed Vehicles and Social Impact Bonds.

6. CONCLUSION

- 6.1 The Growth Deal allocation represents a significant success in terms of the projects that fall within the Greater Brighton city region receiving Local Growth Fund funding.
- 6.2 There is an opportunity for Greater Brighton to secure further funding for the future years of the programme, but this is likely to require additional resources to be found by members of the Economic Board, in order to deliver a strong pipeline of robust and well advanced business cases. For these reasons now is the right time for the Economic Board to consider ensuring that there is sufficient capacity to deliver the next phase of the Greater Brighton Investment Programme. A report proposing resource requirements for this next phase of work to ensure capacity to secure funding for future LGF rounds appears on this agenda.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Coast to Capital Local Enterprise Partnership (LEP) Growth Deal has identified a total of £83.4m to the city region with £31.4m identified through the City Deal and £52.4m through the first round of the Coast to Capital growth Deal.

There will be a requirement for the Greater Brighton Officer Programme Board to develop final business cases for projects that fall within the city region which are anticipated to commence from April 2015. Match funding may be required to deliver individual projects and funding routes have been detailed in paragraph 3.22 above. The use of Public Works Loan Board funding, of which up to £88m facility has been agreed across the region, will incur financing costs and these costs will need to be factored into the business cases for each project. Resources to support the delivery of the business cases are yet to be finalised and options to support this will be explored.

The final delivery arrangements for the delegation of funding will be agreed by the Coast to Capital LEP Board in September 2014 and reported to the Greater Brighton Economic Board in October 2014.

Finance Officer Consulted: Rob Allen, Principal Accountant, BHCC

Date: 17/07/14

Legal Implications:

- 7.2 Legal documentation will need to be agreed between the parties to capture the roles of the Accountable Body (WSCC), the LEP and the end recipients of the funding.

Lawyer Consulted: Bob Bruce, Deputy Head of Law BHCC Date: 17/07/14

Equalities Implications:

- 7.3 No equalities implications have been identified at this stage of the process. As the business cases for individual projects are developed, lead partners will be asked to develop an Equality Impact Assessment on their project.

Sustainability Implications:

- 7.4.1 The Coast to Capital Growth Deal includes a 31.7m funding package for sustainable transport projects.

Any Other Significant Implications:

- 7.1 None

SUPPORTING DOCUMENTATION

Appendices:

1. None

Background Documents

1. Coast to Capital Strategic Economic Plan
2. Greater Brighton Economic Board Investment Programme Brief