

22nd March 2016

Agenda Item: 5

REPORT OF THE CORPORATE DIRECTOR, PLACE

LOCAL GROWTH FUND ROUND 3 UPDATE

Purpose of the Report

1. The purpose of this report is to update the Economic Development Committee on the anticipated third round of the government's Local Growth Fund (LGF3).

Background

2. Committee Members were updated on proposals from the D2N2 Local Enterprise Partnership (LEP) for managing the anticipated third round of Local Growth Fund at their meeting in December 2015. Since that meeting, the LEP has clarified the next stage of the process and this was outlined in a note to all project sponsors from the Chief Executive of the LEP. This note outlined the categorisation of projects following an independent assessment by Genecon, the LEP's consultants for LGF and set out the process going forward.
3. A copy of the note from the Chief Executive of the LEP is appended to this report. Since the note was circulated, the LEP has agreed to relax the timescales associated with further business case development as follows:
 - Short update / response from project sponsors to Genecon assessment to be submitted to the LEP **by 29th February**
 - Workshops with Genecon for priority schemes on **9th / 10th March**
 - Submission of revised business cases to the LEP **by 1st April**
4. It is anticipated that the government will make further announcements about the process for LEPs to access LGF3 at the Budget Statement on 16th March. Until that announcement is made, work on revising and strengthening business cases effectively continues at risk, but the LEP is trying to mitigate this by offering more in-depth support from their core team and Genecon.
5. Schemes that were assessed as being in pool A have been invited to go forward to full business case development and submission on the basis that they are the highest scoring, most deliverable proposals submitted. Schemes in pools B and C are considered less well-developed and two of these from each upper-tier council area will be put forward for additional, intensive support from the LEP and Genecon. A verbal update on this will be offered at the meeting.

Reason(s) for Recommendations

6. To ensure that the Economic Development Committee is briefed on the latest position with regard to potential investments through Local Growth Fund Round 3.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the body of the report.

Financial implications

8. None at this stage.

RECOMMENDATION

9. It is recommended that the Economic Development Committee notes the content of this report.

Tim Gregory
Corporate Director, Place

For any enquiries about this report please contact:
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Constitutional Comments [EP 08.03.2016]
The contents of this report are for noting only.

Financial Comments [SES 08/03/2016]
There are no specific financial implications arising directly from this report.

Background Papers

- *Local Growth Fund Round 3 Proposals* – report to Economic Development Committee, 01-12-2015, published

Electoral Division(s) and Member(s) Affected
All

Appendix A: A copy of the note from the Chief Executive of the LEP



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Possible LGF 3 next steps Paper

In September 2015 D2N2 invited projects for potential future Growth Deal funding with a view to establishing a pipeline of good projects in anticipation of future funding announcements expected later in 2016. A deadline of the 28th of October was set for all interested parties to submit an application form setting out their proposal, 35 projects were received from the public and private sector.

As yet, no official announcement has been made by Government stating when a new round of LGF will take place, however D2N2 has decided to put forward a plan of next steps for the process with the aim of improving existing bids and providing support alongside inviting new projects to be submitted. The LEP wishes to work with sponsors to facilitate the best possible bids for submission in readiness of any announcement.

35 projects were received by the 28th of October and following an initial sift only 32 projects were forwarded for appraisal (3 of the projects were requesting feasibility funds). A further project was received after the 28th however and this was not progressed.

Genecon were appointed by D2N2 to externally appraise the 32 submissions received and assessed each project based on the economic, delivery and strategic case using the Single Assessment Framework. Two other measures of additionality and value for money were used as additional criteria for the scoring and ranking of projects. Once ranked the projects were put in to three pools A, B and C based on their strategic, economic and deliverability. Pool A projects are in line with the SEP and are ready to progress. Pool B projects require some additional work and Pool C projects require a significant amount of work in order for them to be forwarded for possible funding.

A summary of the external appraisals are attached.

The summary from Genecon is attached and in order to progress the projects through to successful business cases (i.e Pool A), D2N2 will be hosting a number of surgeries in late January/ February focusing on assisting project sponsors on improving business cases. The aim of the workshop is to provide a feedback and assist projects progression with a view to facilitate more efficient and effective project delivery alongside the sponsors. The Surgeries will provide general feedback and business case creation advice in the morning sessions delivered by Genecon and then more focused 1 to 1 discussions about specific projects with D2N2 officers. Proposed dates will be confirmed shortly.

Chairman: Peter Richardson
The Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire
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Following the conclusion of the surgeries D2N2 will go back out to call for projects. Projects can resubmit their applications for reappraisal. Projects that were unaware of the previous deadline will also be invited to submit an application in to a new round of submissions. We do not propose any further calls ahead of the funding announcement.

Sponsors therefore have four options of how to progress now:

- **Re-submission** - Previous submissions that were pooled in to pool's B&C can work with the help of the LEP to improve their business cases and re submit the projects for reappraisal at the February 4th deadline.
- **New submissions** - New projects can complete an LGF 3 proforma and submit proposals to be appraised by our external appraisers and join the D2N2 project pipeline.
- **Project Withdrawal** – Projects that scored and ranked low in the previous appraisal stage of LGF 3 that do not wish to resubmit or further their application can withdraw from the D2N2 project pipeline.
- **Feasibility Applications** – Projects can apply for feasibility funding to progress to a position where they would be ready to apply for future funding designations.

After all submissions have been appraised and a defined list is agreed by the EPC and LEP Board has been approved, projects will be required to submit a formal submission of a business case to D2N2. A deadline will be set for these submissions in preparation for a possible call for projects in the budget. The formal business case submission stage will follow on from the previous rounds of LGF 3 and will work as a two stage business case process as outlined in D2N2s Local Assurance Framework.

Potential Feasibility Fund

In anticipation of budgets being available D2N2 is looking to launch a feasibility fund to assist promoters in developing good business cases. Promoters will be asked to submit their proposals by 12 noon on Monday the 8th of February. The Feasibility funding allocation will provisionally total £250k and all project sponsors that wish to utilise this money will be required to match fund at least 50% of any feasibility study.

Yours Sincerely,



David Ralph
Chief Executive