

Report to: Lead Cabinet Member for Strategic Management and Economic Development

Date of meeting: 3 November 2015

By: Director of Communities, Economy and Transport

Title: Local Growth Fund – Re-profile and re-allocation of spend in 2015/16

Purpose: To seek agreement to a request for a re-profile and re-allocation of the South East Local Enterprise Partnership’s Local Growth Fund monies in 2015/16 on East Sussex approved schemes.

RECOMMENDATIONS: The Lead Cabinet Member is recommended to:

- (1) Agree to re-profile the South East Local Enterprise Partnership’s Local Growth Fund allocation within the agreed arrangements under the South East Local Enterprise Partnership Accountability and Assurance Framework;**
 - (2) Agree that all the available funding is re-allocated in 2015/16 on approved priority East Sussex schemes that are able to be brought forward for spend in this financial year;**
 - (3) Agree that the S151 Officer recommend to South East Local Enterprise Partnership’s Local Growth Board for East Sussex (Team East Sussex) under its ‘advisory capacity’ to formally agree the variation under the Local Accountability arrangements; and**
 - (4) Delegate authority to the S151 Officer to take any further actions required to enable the request for variation to be taken to the SE LEP Accountability Board for approval on the 13 November 2015.**
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1 Background Information

1.1 In March 2014, the South East Local Enterprise Partnership (SE LEP) and Coast to Capital Local Enterprise Partnership (C2C) submitted their proposals to Government for a Growth Deal to drive economic expansion in their respective areas over the next six years up to 2021.

1.2 Both LEP’s initial Growth Deals were agreed in July 2014 with further Growth Deals agreed in February 2015. Within East Sussex, over £71m across the two LEPs has been secured to date towards infrastructure projects that will bring new jobs and homes until 2021. In 2015/16, a total of £11.35m has been allocated to three approved schemes in East Sussex:

- (i) Queensway Gateway Road (QGR) (£10m);
- (ii) Newhaven Flood Alleviation Scheme (NFAS) (£750,000) and
- (iii) the Eastbourne and South Wealden Walking and Cycling Packages (ESWWCP) (£600,000).

Whilst the QGR and NFAS schemes have continued to progress over this financial year, it is unlikely that they will achieve the full spend of their allocated Local Growth Fund (LGF) monies this financial year.

1.3 The NFAS is being delivered by the Environment Agency. As they have been developing the designs, they have identified technical problems with part of the scheme, which has resulted in a delay in implementing the scheme and the overall spend profile. At a decision making meeting of the Lead Member for Strategic Management and Economic Development on 15 September 2015, it was resolved to re-profile the £1.5m (£750,000 in both 15/16 and 16/17) across three rather than two years with £400,000 in 15/16, £700,000 in 16/17 and £400,000 in 17/18. This request has also received Team East Sussex (TES) approval as the local federated board to the SE LEP on 21 September and will be presented to the SE LEP Accountability Board on 13 November 2015 for

final approval. As a direct consequence, £350,000 is available from the NFAS for reallocation on other LGF projects this financial year.

1.4 In addition, with the delay in the planning decision on the QGR, as well as the identification of alternative engineering options for delivering the scheme which has driven down the overall scheme cost, it is expected that assuming planning permission is given, only £3m of the £10m will be required in 2015/16 (a further £5m is allocated to Queensway Gateway Road for 2016/17). Accordingly, there is £7m from the 2015/16 QGR LGF allocation which is available to reallocate to other East Sussex LGF approved projects.

1.5 As summarised below, across both schemes, there is a total of £7.35m now available to re-allocate in this financial year onto approved schemes. The Government is very clear that the LGF monies should be spent in the year in which it is allocated and therefore there is no option to simply re-profile funding to future financial years. Equally any project that has already been agreed to re-position funding to future years, as is the case with NFAS, must be allocated funding in that year within the overall programme spend.

Scheme / Years	Allocated funding in 2015-16 (£m)	Revised planned expenditure 2015-16 (£m)	Residual funding proposed for re-profiling (£m)
Queensway Gateway Road	10	3	7
Newhaven Flood Alleviation Scheme	0.75	0.4	0.35
Eastbourne & South Wealden Walking & Cycling packages	0.6	0.6	0
TOTALS	11.35	4	7.35

1.6 This has resulted in the need to identify other East Sussex Local Growth Fund schemes that are in a position to be brought forward and, subject to the production of business cases being assessed by the SE LEP Independent Technical Evaluator (ITE) and approved by the SE LEP Accountability Board, achieve spend this financial year. The County Council and its delivery partners is in an excellent position to accelerate and bring forward its pipeline of already allocated LGF schemes with funding that is provisionally profiled for spend from 2016/17 onwards.

1.7 The table below shows the proposed approved LGF schemes that are able to be brought forward, subject to the assessment by the SE LEP ITE and approval by the LEP's Accountability Board, using the £7.35m funding reallocation. A summary of each of the existing and new schemes are outlined in Appendix A.

Scheme/ Years	Current LGF allocation (pending approval and contract) for 2016/17+ schemes (£m)	Proposed use of re-profiled spend in 2015-16 (£m)	Comments/Risk
North Bexhill Access Road (NBAR) (A21/A259 Growth Corridor)	7.6	5.4	The £5.4m to be accelerated is an additional funding allocation to augment the already committed £7.6m in 2016/17 and not to replace it. Spend in 2015/16 includes land acquisition, construction and supervision costs.
Swallow Business Park, Hailsham (A22/A27 Growth	1.4	1.4	The £1.4m to be accelerated will then replace the current LGF allocation committed for 2016/17. Further

Corridor)			consideration will be required on which scheme(s) this funding will be allocated to in 2016/17. Total Spend in 2015/16 covers the site entrance and infrastructure works.
Sovereign Harbour, Eastbourne (A22/A27 Growth Corridor)– site infrastructure works	1.7	0.7	The £0.7m to be accelerated will then replace part of the current LGF allocation committed to for 2016/17. Further consideration will be required on which scheme(s) the remainder of this funding will be allocated to in 2016/17. Spend in 2015/16 includes site infrastructure works.
TOTAL		7.5	Propose an over commitment to the LGF allocation, allowing a degree of local flexibility should one of the schemes underspend. This will be reflected in contractual agreements and delivered through staged payments.

1.8 We have worked with our partners to identify which projects are able to be brought forward, subject to the development and approval of business cases, to minimise the risk of loss of funding. This then provides the opportunity to re-allocate funding between more projects in the SELEP LGF programme in future years. The NBAR requires the additional funding following the development of the detailed business case, technical re-design and extension to scheme ensuring connection to the main A269, and supports the now adopted Rother Local plan in unlocking additional housing and commercial space needs addressing the priorities in the East Sussex growth agenda.

1.9 In terms of minimising the risk in future years, as more schemes are approved and allocated funding from 2016/17 onwards, this will enable much greater flexibility in the movement of financial resources between projects. This will allow the County Council and its delivery partners to continue to deliver its LGF programme, whilst also developing a pipeline of projects for future years. This has and will continue to be far more achievable with the £839,000 of County Council funding allocated within the Economic Growth and Strategic Infrastructure programme available towards the development of East Sussex LGF schemes.

2 Supporting Information

2.1 A key requirement of SE LEP's Accountability and Assurance Framework (AAF), approved by the Lead Cabinet Member for Strategic Management and Economic Development at his decision making meeting on 2 June 2015, was the establishment of an Accountability Board alongside which each local federated area must establish its own agreed local accountability arrangements. As set out in Appendix B, the Local Accountability arrangements established in East Sussex for managing the devolved funding and responsibility for delivering (taking into account any associated risks) are:

- funding is devolved from Essex County Council as the Lead Accountable Body for the SE LEP to ESCC;
- ESCC is then the Local Accountability Body (LAB) for ES LGF schemes;
- Team East Sussex (TES) is the local federated board termed the 'Area Delivery Board Partnership' that will operate as an 'advisory body' responsible for overseeing local delivery; and
- Project Delivery Agents, which can be the County Council, are our local partners responsible for delivering projects on time and within budget.

2.2 In line with the SE LEP AAF and the local Accountability arrangements for East Sussex, the Lead Member for Strategic Management and Economic Development's approval is required on any variations to spends / outputs within the tolerance thresholds on East Sussex LGF schemes. The

proposed re-profile of £7.35m Growth Deal allocation from the NFAS and the QGR schemes as set out in sections 1.5 and 1.7 above would fall within this requirement.

2.3 Subject to the Lead Member's approval, this will then be referred by the County Council's S151 Officer to Team East Sussex (TES) for their consideration. As part of the devolved local accountability arrangements, TES have to consider the proposed changes and variations to any LGF schemes in an 'advisory capacity' before final submission, along with TES's comments, to the SE LEP Accountability Board for approval.

3 Conclusion and Reasons for Recommendations

3.1 Following a review of the delivery of East Sussex Local Growth Fund schemes in 2015/16, by the County Council a total of £7.35m of the LGF monies has been identified as available to reallocate for spend this financial year towards other schemes committed in our Local Growth Deal with Government via SE LEP. It is important for the County Council and Team East Sussex partners to take full advantage of the flexibility available in the re-allocation of the funding to drive forward economic growth. It is recommended that, subject to adherence to the SE LEP Assurance and Accountability Framework and business cases being approved by the SE LEP Accountability board, funding is re-allocated to the approved LGF projects identified in section 1.7 above.

RUPERT CLUBB

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None