

Economy and Enterprise Overview and Scrutiny Committee

26 September 2017

Local Growth Fund



Report of Ian Thompson, Corporate Director, Regeneration and Local Services

Purpose of the Report

- 1 The purpose of this report is to provide Economy and Enterprise Overview and Scrutiny Committee with detail of the current position in relation to Local Growth Funding (LGF).

Local Growth Deals

- 2 Since 2014, the government have awarded Growth Deal funds to Local Enterprise Partnerships (LEPs) for projects that benefit a local area and the national economy. This was to provide a competitive based single pot investment approach that supported infrastructure, business and housing development through collaboration between local authorities and business. The first round of Growth Deals was announced in July 2014, promising at least £12bn nationally, with a second round announced in January 2015, seeing a further £1bn available. The North East Local Enterprise Partnership (NELEP) has worked with partners to develop a project pipeline and submitted projects to government that help deliver its economic ambitions set out within the North East Strategic Economic Plan (SEP).
- 3 The third round of Growth Deals was due to be announced within the Autumn Statement in November 2016, however this was not confirmed until January 2017. In round three, the Government confirmed a national budget allocation £1.8bn, of which £560m was confirmed for the 11 LEPs which covered by the geography of the Northern Powerhouse. The NELEP were awarded £49.7m, with the majority of this resource, £41.9m, supporting the development of the International Advanced Manufacturing Park (IAMP) in Sunderland/South Tyneside. IAMP and is set to create over 5,200 jobs. The remaining resource is to support a mini high growth business, skills and innovation programme. None of the standalone Durham bid submissions were successful as part of the LGF Round 3 funding round.

LGF Rounds 1, 2 and 3 – NELEP Delivery

- 4 As previously reported, since July 2014, the North East Growth Deal 1 and 2 programmes have been central to the delivery of SEP to help drive private sector growth and productivity, and ultimately deliver the '*more and better jobs*' ambition for the north east. The NELEP released calls inviting project proposals from the private and public sector that could be presented to

government and all projects required full business cases. The capital programme has focussed over 50% on infrastructure with the other 50% allocated to projects related to key economic drivers including innovation and skills. The delivery of the LGF programme is monitored by the NELEP board on a quarterly basis.

- 5 As a result of underspend, reflecting upon the LGF Round 3 funding position and to strengthen the LGF Programme, the NELEP board agreed to undertake a three month review in January 2017. This was reported back to the NELEP board in May 2017 and as a result additional projects (that were already deemed priorities by the NELEP Board) were able to secure additional LGF resource. Within Durham, through the successful approval of a business case, Durham City Incubator and Integra 61 (partner led – Citrus Durham - £1.5m for infrastructure works) were awarded funding. Table 1 below lists the Durham County Council projects that have been awarded LGF funding.

Table 1: Durham County Council Local Growth Fund 1 & 2 Funded Projects							
Project	LGF Round	Total Award (£)	Total Spend to Q4 16/17 (£)	Forecast 17/18 spend (£)	Years	DCC Capital	Project Stage
Infrastructure for Forrest Park	1&2	13.00m	9.614m	4.464m	15/16-17/18	No	In delivery
NETPark Infrastructure Phase 3	1	5.09m	1.546m	3.337m	15/16-17/18	No	In delivery
Horden Rail Station	Transport Majors	3.34m	431k	701k	16/17-18/19	Yes	Development and design
NETPark Explorer	2	3.20m	£1.536m	6.957m	16/17-18/19	Yes	In delivery
Auckland Castle Welcome Building Infrastructure Works	2	2.16m	1.277m	368k	16/17-18/19	No	In delivery
Durham City Incubator	2	1.25m	3.244m	675k	16/17-18/19	Yes	In delivery

- 6 All of the above projects are monitored within the Regeneration and Local Services Capital Programme to appropriately phase and match the forecasts for delivery in line with each individual project delivery timescales.

- 7 Other projects that have received funding within the county but that have been led by partners including: National Centre for Healthcare Photonics Stage one and two £8.4m; and Rural Skills Development (East Durham College) £10m.

Post LGF: What is next?

- 8 Government have not confirmed further rounds of Local Growth Funding. Durham County Council continues to work with NELEP to maximise delivery opportunities for the existing LGF Programme and our County Durham investment pipeline. Durham County Council is continuing to consider other national funding opportunities through competitive bidding to deliver our and the NELEP's priorities. Recent funding opportunities include the National Productivity Investment Fund and the Housing Infrastructure Fund.

Recommendations

- 9 The Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment on the contents of the report.

Background Papers:

- 10 None

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Appendix 1: Implications

Finance – There are no financial implications at this stage. Projects that have been awarded LGF are included within the Real Capital Programme and each project sets out individual match funding and cash flow requirements.

Staffing – None

Risk – None

Equality and Diversity – None

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act –None

Legal Implications – None