



**CABINET**

**14 FEBRUARY 2017**

**CORPORATE DIRECTOR FOR PLACE COMMISSIONING: TONY CIABURRO**

**DIRECTOR OF FINANCE: DAMON LAWRENSEN**

**DEPUTY LEADER AND CABINET MEMBER WITH RESPONSIBILITY FOR PUBLIC  
PROTECTION: COUNCILLOR ANDRE GONZALEZ DE SAVAGE**

**AND**

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR ROBIN  
BROWN**

<b>Subject:</b>	<b>Future Management of Local Growth Fund and Growing Places Fund Responsibilities following the merger of NEP and SEMLEP</b>
<b>Recommendations:</b>	That Cabinet: <ol style="list-style-type: none"><li>1. Agrees the proposals outlined in Section 4 to enable the transfer of Local Growth Fund and Growing Places Fund responsibilities to Luton Council and SEMLEP</li><li>2. Agrees that delegated authority be given to the Section 151 Officer, in consultation with the Cabinet Member for Finance, to negotiate and authorise related contracts and agreements'</li></ol>

**1. Purpose of Report**

- 1.1 Northamptonshire County Council (NCC) is currently the Accountable Body for Northamptonshire Enterprise Partnership (NEP), meaning it is responsible for overall programme and financial management including the approval of claims, payments and change requests for various Government Funding Streams.
- 1.2 Government agreed a merger between NEP and the South East Midlands Local Enterprise Partnership (SEMLEP) in 2016.
- 1.3 The purpose of this report is for Cabinet to formally agree proposals for the transfer of Accountable Body responsibilities for the current funding streams, namely the Local Growth Fund (LGF) Round 1 and 2 and Growing Places funding (GPF), to SEMLEP and their Accountable Body Luton Borough Council.

**2. How this decision contributes to the Council Plan**

The Council's vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county's communities and/or safeguarding the county's communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by ensuring that:

- People achieve economic prosperity, in a healthy, low carbon economy which give access to jobs, training and skills development.
- Communities thrive in a pleasant and resilient environment, with robust transport and communications infrastructure.
- Resources are utilised effectively and efficiently, in coordination with partners and providers.

### **3. Background**

3.1 NCC agreed to take on the role of the Accountable Body for NEP at its Cabinet meeting on 9<sup>th</sup> September 2014.

3.2 The primary role of the Accountable Body is to hold devolved Government Funding Streams, entering into formal contracts with delivery bodies (and agree any contractual changes as approved by the NEP board), and making payments based on evidence of spend. It accounts for these funds in such a way that they are separately identifiable from its own funds, and provides financial statements to NEP as required. The funds held by NCC on behalf of LEP shall only be used in accordance with NEP decisions.

3.3 The funds currently held by NCC on behalf of NEP are the Local Growth Fund (LGF) Rounds 1 and 2 and the Growing Places Fund (GPF). NCC is also the Accountable Body for Growth Hub funding.

3.4 The responsibilities of the Accountable Body include the following:

- Ensuring that the Funds are used as outlined in the Grant Determination and provide an annual statement to Government confirming this
- Ensuring that the decisions and activities of NEP and delivery bodies in relation to Local Growth Fund conform with legal requirements with regard to equalities, social value, environment, State Aid and procurement
- Ensuring (through their Section 151 officer) that the funds are used appropriately and subject to the usual local authority checks and balances
- Ensuring that any contractual requirements are fulfilled
- Ensure that arrangements are in place for local audit of funding allocated to NEP through LGF
- Ensuring that LGF decisions are made in accordance with the NEP assurance framework
- Ratification, where necessary, of matters relating to decisions made by the NEP Board on LGF matters
- Managing the GPF loan programme, securing repayments and providing an annual statement to Government confirming that the conditions of the original Grant Determination have been met

3.5 Responsibilities of both bodies in terms of the Accountable Body function are covered in a Grant Funding Agreement dated 31<sup>st</sup> March 2015 which runs until 31<sup>st</sup> March 2017 and related variations covering specific funding awards to NEP.

3.6 Decisions regarding the operation and management of NEP LGF are made in accordance with the NEP Assurance Framework (March 2016). This outlines responsibilities for NEP and NCC as the Accountable Body.

3.7 Government formally agreed a merger between NEP and SEMLEP in 2016. This involved NEP ceasing active operations from 30<sup>th</sup> September. NEP has retained a down-sized Board and small executive team to manage outstanding responsibilities and its effective closedown at the end of the current financial year.

3.8 SEMLEP is currently reviewing their Assurance Framework to ensure that it complies with the latest Government guidance and incorporates post-merger arrangements.

#### **4. Proposals for the transfer of LGF and GPF funding to SEMLEP**

4.1 The following proposals have been developed to enable the transfer of LGF and GPF responsibilities by 31<sup>st</sup> March 2017. They have also been informed by the on-going discussions with SEMLEP, Luton Council and the Government's Cities and Local Growth Unit on the future operation and management of LGF and GPF.

- NCC submit a Statement of Grant Usage to Government by end of February 2017 confirming that the full LGF capital allocation will be spent in 2016/17
- All non-NCC LGF projects be assigned to Luton Council and SEMLEP from 1<sup>st</sup> April 2017
- NCC projects continue to be delivered through the NEP Assurance Framework until 31<sup>st</sup> March 2017. This involves NEP continued consideration/approval of quarterly monitoring and claim reports, following checks and verification, and change requests with the support of NCC officers
- Progress on all LGF projects is reported to SEMLEP through its governance arrangements from 1<sup>st</sup> April 2017
- The current Grant Funding Agreement between NCC and NEP in relation to Accountable Body arrangements ceases at 31<sup>st</sup> March 2017
- The NEP Assurance Framework be terminated on 31<sup>st</sup> March 2017 and from this date all project monitoring and reporting should take place through the SEMLEP Assurance Framework
- Funding agreements secured between NCC, Luton Council and SEMLEP for the following projects which will continue to be funded via LGF beyond 31<sup>st</sup> March 2017
  - A43 Phase 1b
  - A43 Phase 2
  - Smart Commuting
  - Smart Corridors
- Following agreement by the NEP Board, the current Funding Agreement between Tresham, NEP and NCC for the redevelopment of the Wellingborough Campus be amended through a contract variation, with the new scope now involving demolition and clearance of the site only with works to be completed by 31<sup>st</sup> March 2017. This will ultimately facilitate the redevelopment of an

important site in Wellingborough town centre following the outcome of the SEMLEP area-based review process

- NCC manage any LGF underspend through ‘Section 31 Principles’ and this be retained, with the agreement of Luton Council and SEMLEP, to support LGF delivery
- Further funding is required from SEMLEP through LGF in 2018/19 to enable the completion of the Smart Commuting (£1m) and Smart Corridors (£1m) projects
- The two existing GPF loan agreements for Home Farm, Bulwick and Priors Hall West Link Road be assigned to Luton Council and SEMLEP
- The outstanding GPF balance of £3.67m be transferred to Luton Council and SEMLEP. This includes interest paid and £1m identified for the Kettering East development
- Joint letters be sent out to lead bodies for all LGF and GPF projects explaining the merger, the assignment of responsibilities to Luton Council and SEMLEP and intended timescales

4.2 The implications of these proposals would be that from 1<sup>st</sup> April 2017 all LEP grant funding would be paid to Luton Council on behalf of SEMLEP. All decisions on this funding will be made by SEMLEP. This includes decisions on the next round of Local Growth Deal funding (LGF3). It also means that there will no longer be a ring-fenced allocation for Northamptonshire.

4.3 An announcement from Government is expected shortly on LGF3. The outcome of this and support from SEMLEP will be important to the County Council to enable it to continue to bring forward infrastructure projects to facilitate new housing, jobs and bring private sector investment to the county. SEMLEP will also be responsible for decisions beyond LGF and GPF, such as allocating Government funding for the successful Northamptonshire Growth Hub to support ‘start-ups’ and business growth.

4.4 SEMLEP will need to agree the proposals. Outlined in Section 5.1. This will take place at its Board meeting on 23<sup>rd</sup> February.

## 5. Consultation and Scrutiny

5.1 The decision on the LEP merger was taken by NEP and SEMLEP with the approval of Government. It did not involve a public consultation. Luton Council is the Accountable Body for SEMLEP and it is the view of SEMLEP that it continues in this role.

## 6. Equality Screening

6.1 There are no equalities implications directly arising from this report.

Reason that no EqIA is required	✓ as appropriate
The paper is for information only	
The proposal/activity/decision has no impact on customers or the service they receive	X
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (please explain further)	

\* where a proposal affects staff, the appropriate HR processes will be followed, which have already been subject to the EqIA process and will be compliant with HR legislation

## 7. Alternative Options Considered

8.1 As it is clear that Luton will be the Accountable Body for all matters from 1<sup>st</sup> April 2017, the only options to consider therefore relate to the practical transfer of responsibilities. The view of both NEP and NCC is that these should be designed to enable the transfer to take place as soon as is practically possible. The proposals in Section 5.1 have been designed accordingly.

## 8. Financial Implications

8.1 This report only deals with the Accountable Body responsibilities associated with NEP. NCC received no funding for undertaking the Accountable Body role.

## 9. Risk and Business Continuity Management

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Northamptonshire will lose influence and funding as a result of the merger and a lack of a LEP focused solely on the county's interests	Work closely with SEMLEP and monitor performance	Green
Luton Council do not take on responsibilities	Early discussions involving SEMLEP and Luton Council	Green
Exit of NEP operational team at end of September undermines ability to deliver LGF and GPF commitments for remainder of 2016/17 and overall programme management	NCC team fulfilling void created by NEP	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
NCC could seek to retain responsibility for existing contracts, but this would have additional resource implications and add complexity in terms of monitoring, reporting and governance	Amber

## 10. List of Appendices

None.

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Background Papers:	Northamptonshire Growth Deal NEP Assurance Framework
Does the report propose a key decision is taken?	NO
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so, please outline the timetable here	NO
Does the report include delegated decisions? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: Rosemarty Pallot NO
Has the report been cleared by the relevant Director?	YES Name of Director: Tony Ciaburro, Damon Lawrenson
Has the relevant Cabinet Member been consulted?	NO Cabinet Member: Deputy Leader, YES Cabinet Member for Finance
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee:
Has the report been cleared by Legal Services?	YES Name of solicitor: Allis Karim
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property issues been cleared by Property and Asset Management?	YES Name of officer: Susan Carmichael
Are there any community safety implications?	NO
Are there any environmental implications:	NO
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	ALL, Countywide