

Getting Building Fund

Report to the Investment and Regulation Board, 4th September 2020
Report from Karen Oliver-Spry, Investment Programme Manager

1. Summary

1.1. This paper introduces the IRB Board to the LEPs new Getting Building Fund programme, outlines progress so far and defines the next steps for programme development.

2. Recommendations

2.1. That the IRB notes the addition of the projects and in-principle allocations outlined in Appendix 1 to the Getting Building Fund Programme by the LEP Board on 17th July

2.2. That the IRB agrees to review business case assessments outside of the meeting in order to make timely recommendations on funding commitments to the LEP Board.

3. Background

3.1. On 10th June the Secretary of State wrote to all LEPs and mayoral combined authorities requesting proposals for “shovel ready” capital projects that could be delivered within the next 18 months. Projects were required to demonstrate clear deliverability and strategic fit with two priorities; economic growth and green recovery.

3.2. The Humber LEP was only able to put forward projects for Hull and the East Riding. Any existing Humber projects that the LEP wished to continue would need to be on the basis of this geography.

3.3. The response was required by 18th June and the LEP was able to submit a long-list of projects representing a total funding request of £82m. This was drawn from the project pipeline and accelerations of existing Government-funded business cases, prioritised against Government’s criteria and approved by the LEP Chair due to the time constraints.

3.4. On 30th June, the Prime Minister set out the Government’s ‘New Deal’. As part of that announcement, the Prime Minister announced that Government will be making £900m available through the new **Getting Building Fund** investing in local infrastructure projects to drive economic growth. This was followed by a communication from the Minister for Regional Growth and Local Government confirming an allocation of **£13.4m** for the Humber LEP, over 2020/21 and 2021/22. Allocations were based on “population and Covid-19 exposure and resilience”.

3.5. Officers subsequently liaised with project leads to minimise funding requests and ensure the availability of match etc, enabling the investment to go further, and gain assurance of deliverability.

3.6. Further discussions took place with the Cities and Local Growth Unit along with the two Local Authorities and the LEP Board to confirm the indicative allocations recommended to form the basis of the new programme which was submitted to Government for approval on 17th July (the required deadline).

3.7. The programme was subsequently approved by Government and the £13.4m funding allocation confirmed.

4. Governance

4.1.1. Assurance Framework

4.1.1.1. The LEP's Assurance Framework sets out how programmes are governed. It is designed to ensure the LEP can quickly introduce new programmes on the basis of established governance mechanisms that are compliant with Government's requirements.

4.1.1.2. As this is a new programme, an additional Schedule will be added to the Assurance Framework to describe how it is governed. It is proposed to utilise all of the existing Local Growth Fund processes without any substantive modifications and authority has been delegated by the LEP Board to the Executive Director Strategic Policy and Business Development, in consultation with Hull City Council S151 Officer, as the Accountable Body to make the necessary additions to the LEP's Assurance Framework to accommodate the Getting Building Fund programme.

4.1.2. Programme management

4.1.2.1. The programme will be managed and monitored by the LEP's experienced Investment Programme Management Team, with support from officers of the Accountable Body. Reports and decisions will come to the LEP Board and sub-boards in the usual way.

4.1.2.2. Timely spend will be critical for this programme – a clear steer has been received from MHCLG that any programme slippage or underspend may be clawed back. For this reason, projects will need to aim to complete spend by end December 2021, with the final quarter for mopping up only. It is by no means certain that the Accountable Body will be able to undertake capital switching to ease spend management.

4.1.2.3. Decisions to commit funding will likewise need to be timely in order to maximise delivery. The executive may need to request approvals by written procedures outside of the regular meeting schedule.

4.1.3. Accountable Body

4.1.3.1. The funding will be paid via Section 31 grant to the LEP's accountable body, Hull City Council, in the usual way. The

accountable body will then enter into funding agreements with projects on the LEP's behalf.

5. Programme Decisions

- 5.1. A total of six new projects have been identified to form the basis of the LEP's new Getting Building Fund programme (see **Appendix 1**).
- 5.2. All projects are in alignment with the draft Humber Local Industrial Strategy. As a package, they will contribute to the local economic recovery – supporting the creation of new sustainable jobs, the resilience and sustainability of the local transport network, and accelerating the development of new homes. They are aligned with Government's aim of a "green recovery", which plays to the Humber's strengths as a carbon-intensive industrial cluster in the midst of transitioning through clean growth.
- 5.3. The indicative allocations represent efforts to optimise the affordable programme for deliverability and overall impact, identifying scalable packages and challenging promoters further on their match funding.
- 5.4. The LEP has an "exceptional" Annual Performance Review rating for delivery. No projects are proposed that are considered undeliverable or at a high risk of non-delivery in the timescales.
- 5.5. Compared with our previous programme, this is a lower-risk selection of projects. All either have full or outline planning permission or do not require it. Most are continuations of existing projects, with several already having contractors procured and on site, and others being able to appoint quickly through existing frameworks.
- 5.6. Since being added to the programme, projects have been requested to submit a Full Business Case for assessment and approval before final funding commitments are made. At the time of writing (24/8/20) two of the three project business cases within the decision making remit of the IRB have been submitted and are in assessment with the third expected shortly.
- 5.7. Due to the need for timely decisions it is the intention of the programme delivery team to seek decisions on funding commitment at the meeting of 17th September. In order for the IRB to make their recommendations to the LEP Board, it is likely that business case and assessment summaries will need to be circulated outside of the meeting and endorsement obtained from IRB members by written procedures.
- 5.8. **The IRB is asked to agree to undertake timely review and comment on the three business cases as the assessments are completed and as needed.**

6. Financial and resource implications

6.1. A ring-fenced allocation of 3% of the programme total has been identified to ensure that the programme can be managed in a way that is fully accountable and meets the high standards for delivery previously set. This covers appraisal, accountable body, due diligence and Investment Programme Management Team costs. It also takes account of integration of Growing Hull & East Yorkshire programme management currently performed by NELC and legacy Local Growth Fund management costs.

Karen Oliver-Spry – Investment Programme Manager

24th August, 2020