

## Summary

- On 7<sup>th</sup> July 2014 the Tees Valley secured £90.3m of Local Growth Funding through a Growth Deal with government. This funding will deliver 15 capital projects across the Tees Valley; these include transport projects, innovation builds/developments, further education establishments and opening up sites to enable development.
- With funding confirmed, TVU are now working closely with government to put the necessary arrangements in place to manage and deliver the Growth Deal successfully.
- Local management of the Growth Deal funds will be through a LGF Programme Management Framework which will operate under the existing TVU Joint Agreement.
- To ensure efficient and effective decision-making, it is proposed that the TVU governance groups assume full management responsibilities for current and future Growth Deal/LGF funding.
- Cabinet is asked to undertake the following:
  - Note the requirements, and progress made with the 2015/16 Growth Deal Funding Agreement and Implementation Plan;
  - Note the principles and approach for decision making under the LGF Programme Management Framework;
  - Approve the devolution of current and future Growth Deal/LGF management to TVU governance groups, as detailed under the existing Partnership Agreement and in accordance with the LGF Programme Management Framework.

# 1 Background

- 1.1 In response to Heseltine's Report 'No Stone Unturned' Government devolved £2bn of capital funding to LEPs in 2015/16 through Growth Deals to unlock jobs and growth creation. This is part of a wider initiative to devolve a minimum of £12bn over the course of the next 6 years by redirecting central Government funding down to the LEP level.
- 1.2 This funding, called Local Growth Funding (LGF) was split into competitive and non-competitive elements, with £1.1bn available to pre-approved projects (predominately transport) and £930m available to LEPs through a competitive process.
- 1.3 On 7<sup>th</sup> July 2014 the Tees Valley Unlimited (TVU) secured £90.3m of LGF through a Growth Deal with government (see Annex 2). This funding will support the delivery of 15 new capital projects across the Tees Valley; these include 5 transport projects, 4 innovation builds/developments, 2 Further Education establishment builds/refurbishments, 3 projects which open up sites to enable development, and continued funding of capital grants to businesses through Business Compass – the Growth Hub for the Tees Valley.
- 1.4 Of the £90.3m secured, over £72m came from the LGF competitive element; the area performed well compared to other LEPs, coming 9<sup>th</sup> out of the 39 LEPs in terms of the amount of funding secured per capita (£108 per head of population, £31 more than the England average). Indeed, per capita the Tees Valley outperformed areas such as the North East (11<sup>th</sup>), Greater Manchester (12<sup>th</sup>), Leeds City Region (13<sup>th</sup>), Humber (15<sup>th</sup>), and York, North Yorkshire and East Riding (22<sup>nd</sup>). Appendix 1 provides a detailed breakdown of the rankings.
- 1.5 With funding confirmed, TVU is now working closely with government to put the necessary arrangements in place to manage and deliver the Growth Deal/LGF projects successfully. This report outlines these requirements.
- 1.6 Local management of LGF funds will be through a Programme Management Framework which will operate under the existing TVU Joint Agreement (see Annex 3); the latest version of the Framework can be found in Annex 4. To ensure efficient and effective decision-making, it is proposed that the TVU governance groups assume full management responsibilities for Growth Deal/LGF funding.
- 1.7 Approval is therefore sought from Cabinet to devolve responsibilities to the TVU governance groups under the existing Joint Agreement and in accordance with the LGF Programme Management Framework.

## 2 Tees Valley Growth Deal – Government Requirements

### **A Funding Agreement with Government signed off in October**

- 2.1 Government has confirmed a 'simple' offer letter for LGF will be issued to LEPs with no extensive conditions; the grant will be fully awarded upfront through a section 31 arrangement. TVU are expecting the Funding Agreement to be signed off in October 2014 and to get the 2015/16 funding award in April 2015.

### **An Implementation Plan will be signed off in October**

- 2.2 TVU is required to sign off an Implementation Plan with government. The Plan is 'high level' and 'light touch', with a 2015/16 focus. It sits alongside a suite of documents which detail the joint commitments between the LEP and government.

These include an *Assurance Framework* that ensures value for money from projects, a *Monitoring and Evaluation Plan* and a *Strategic Communications Plan*.

2.3 Implementation Plans are expected to be signed off in October; TVU has had sight of a first draft and it covers the following:

- **Wider offer actions and milestones** secured through the Growth Deal – particularly with regard to the Homes and Communities Agency working with TVU towards a strategy for Onsite sites and to explore with DCLG options for driving forward the Enterprise Zone. These ‘Asks’ formed part of our Strategic Economic Plan also submitted to government alongside our LGF bid.
- **High level LGF Project milestones** which cover dates for completing Due Diligence, having Funding Agreements in place, procurement issue date, contract let, start/completion/site open dates.
- **Programme Management arrangements** and timescales for implementation, outputs and spend. It also covers details on local accountability and assurance frameworks, governance, delivery management, communications and monitoring and evaluation.
- **Risk Monitoring** which mainly relate to general project risks and detail a requirement to keep in regular contact with government on project development.

2.4 Government acknowledge that LEPs need the flexibility to change the Implementation Plan as required and has confirmed this can be discussed as part of the regular dialogue between the LEP and a government nominated ‘Relationship Manager’.

2.5 ***Action: Cabinet is asked to note the requirements, and progress made with the 2015/16 Growth Deal Funding Agreement and Implementation Plan.***

### **3 Tees Valley ‘LGF Programme Management Framework’**

3.1 At a local level it is important that there is robust programme management systems and governance in place to ensure government requirements are met at all times (see section 2 above) and to ensure all projects are clear on what is expected of them at each stage of their development. TVU has drafted an LGF Programme Management Framework to handle projects from ‘cradle to grave’ (Annex 4) and which exceeds government requirements.

3.2 The LGF Programme Management Framework has been developed with full support from SBC as Accountable Body and with the full involvement of government. The LGF Programme Management Framework has also been approved by the TVU Investment Panel at their meeting on 23<sup>rd</sup> September.

3.3 This Framework sets out how current and future LGF projects will be managed through the following stages:

- Stage 1: Project Planning and Development
- Stage 2: Project Calls
- Stage 3: Local Prioritisation and Selection
- Stage 4: Government Approval
- Stage 5: Due Diligence and Project Approval
- Stage 6: Project Funding Agreement
- Stage 7: Delivery, Monitoring and Evaluation
- Stage 8: Project Closure

3.4 The principles set out in the Framework for LGF management and governance are crucially important; here are the key points to note:

**a) Key Responsibilities for General Programme Management:**

- **Leadership Board** will formally 'select' projects to put forward for future LGF funding (based on Investment Panel recommendations – stages 1-3 above);
- **Investment Panel** will oversee the management of these projects (stages 5-8 above);
- **Investment Panel** will be responsible for managing any future developments or changes to the LGF Programme Management Framework;
- **The Accountable Body** - SBC will assume legal responsibility for LGF decisions under the existing Joint Agreement. The arrangement has been used successfully to deliver major schemes in the past, such as elements of the Tees Valley Metro Scheme, Single Programme and ERDF funded projects.

**b) Key Responsibilities for Project Changes and Variations:**

- **Investment Panel will be responsible for overseeing and approving any project changes;**
- **Investment Panel will be able to re-profile and re-allocate spend to other 'selected' projects** where there is a requirement to do so (for example, if there is a project underspend or if a project drops off). This may be to the following:
  - Existing projects (for extra outputs);
  - Agreed 'strategic projects' (agreed at stage 1 by Leadership Board)
  - Projects previously 'selected' by the Leadership Board for LGF funding through an 'open call' (stage 2) but which were not successful with Government (stage 4).
- **Leadership Board would need to approve any 'new' projects** which have not been previously considered and/or put forward for LGF funding to Government (i.e: those that do not fall into the three categories above)
- **All projects would need to be (re-)assessed** to demonstrate they fit strategically, are deliverable and offer value for money, in line with the PMF and Accountable Body requirements.

3.5 ***Action: Cabinet is asked to note the principles and approach for decision making under the LGF Programme Management Framework.***

**Seeking Formal Approval for the LGF Programme Management Framework**

3.6 The LGF Programme Management Framework more than meets current government requirements and we are working closely with our Relationship Manager to ensure any future developments are in line with expectations.

3.7 Approval is also being sought from each of the five Local Authorities as the existing Partnership Agreement does not adequately provide the existing TVU governance groups with the delegated authority to make decisions regarding LGF funding.

3.8 **Action: Cabinet is therefore asked to approve the devolution of current and future Growth Deal/LGF management to TVU governance groups, as detailed under the existing Partnership Agreement and in accordance with the LGF Programme Management Framework.**

3.9 Please note that any arrangements put in place for LGF will be superseded by a future Combined Authority arrangement.

## **4 Recommendations**

4.1 The **Cabinet** is asked to undertake the following:

- Note the requirements and progress made with the 2015/16 Growth Deal Funding Agreement and Implementation Plan.
- Note the principles and approach for decision making under the LGF Programme Management Framework.
- Approve the devolution of current and future Growth Deal/LGF management to TVU governance groups, as detailed under the existing Partnership Agreement and in accordance with the LGF Programme Management Framework.

---

**Originator:** Heather Heward, Strategic Investment Planning Manager,  
Tees Valley Unlimited

**Contact Tel:** 01642 524416

**E-mail:** [Heather.heward@teesvalleyunlimited.gov.uk](mailto:Heather.heward@teesvalleyunlimited.gov.uk)

---

## Appendix 1: Tees Valley Local Growth Funding Allocation Compared to Other LEPs

### COMPETITIVE LGF ONLY

Order	LEP Competitive	Total Competitive Allocation £ph	Order	LEP Competitive	Total Competitive Allocation £m
1	SWINDON AND WILTSHIRE	£171.31	1	GREATER BIRMINGHAM AND SOLIHULL	322.4
2	GREATER BIRMINGHAM AND SOLIHULL	£164.47	2	<b>LEEDS CITY REGION</b>	<b>295.5</b>
3	THAMES VALLEY BERKSHIRE	£161.09	3	<b>GREATER MANCHESTER</b>	<b>273.1</b>
4	OXFORDSHIRE	£152.39	4	LONDON	236.1
5	CHESHIRE & WARRINGTON	£136.53	5	SHEFFIELD CITY REGION	234.6
6	SHEFFIELD	£134.45	6	SOUTH EAST	208.2
7	HERTFORDSHIRE	£130.19	7	<b>NORTH EAST</b>	<b>196.2</b>
8	LIVERPOOL CITY REGION	£124.52	8	LIVERPOOL CITY REGION	188.2
9	<b>TEES VALLEY</b>	<b>£108.50</b>	9	COAST TO CAPITAL	178.2
10	BLACK COUNTRY	£101.24	10	HERTFORDSHIRE	147
11	<b>NORTH EAST</b>	<b>£101.20</b>	11	LANCASHIRE	133.9
12	<b>GREATER MANCHESTER</b>	<b>£101.07</b>	12	D2N2	131.5
13	<b>LEEDS CITY REGION</b>	<b>£99.41</b>	13	CHESHIRE & WARRINGTON	123.7
14	THE MARCHES	£97.76	14	SWINDON AND WILTSHIRE	118
15	<b>HUMBER</b>	<b>£95.31</b>	15	BLACK COUNTRY	116.1
16	COAST TO CAPITAL	£91.67	16	OXFORDSHIRE	100.7
17	LANCASHIRE	£91.36	17	SOLENT	100.1
18	WEST OF ENGLAND	£79.77	18	HEART OF THE SOUTH WEST	98.1
19	NORTHAMPTONSHIRE	£79.50	19	ENTERPRISE M3	93.8
20	CORNWALL & ISLES OF SCILLY	£74.05	20	<b>HUMBER</b>	<b>87.8</b>
21	DORSET	£72.24	21	WEST OF ENGLAND	86.2
22	<b>YORK, NORTH YORKSHIRE AND EAST RIDING</b>	<b>£72.11</b>	22	THAMES VALLEY BERKSHIRE	82.4
23	BUCKINGHAMSHIRE THAMES VALLEY	£70.19	23	<b>YORK, NORTH YORKSHIRE AND EAST RIDING</b>	<b>82.1</b>
24	WORCESTERSHIRE	£69.07	24	NEW ANGLIA	81.8
25	COVENTRY AND WARWICKSHIRE	£67.50	25	<b>TEES VALLEY</b>	<b>72</b>
26	LEICESTER & LEICESTERSHIRE	£64.56	26	GREATER LINCOLNSHIRE	67.3
27	GREATER LINCOLNSHIRE	£64.29	27	THE MARCHES	64.6
28	SOLENT	£64.27	28	SOUTH EAST MIDLANDS	64.6
29	GLOUCESTERSHIRE	£64.26	29	LEICESTER & LEICESTERSHIRE	63.8
30	D2N2	£61.94	30	STOKE-ON-TRENT AND STAFFORDSHIRE	61.7
31	HEART OF THE SOUTH WEST	£58.48	31	COVENTRY AND WARWICKSHIRE	58.8
32	ENTERPRISE M3	£57.05	32	GREATER CAMBRIDGE GREATER PETERBOROUGH	57
33	STOKE-ON-TRENT AND STAFFORDSHIRE	£55.99	33	NORTHAMPTONSHIRE	55.7
34	SOUTH EAST	£51.78	34	DORSET	54.2
35	NEW ANGLIA	£51.20	35	CORNWALL & ISLES OF SCILLY	40
36	GREATER CAMBRIDGE GREATER PETERBOROUGH	£41.23	36	WORCESTERSHIRE	39.3
37	CUMBRIA	£38.07	37	GLOUCESTERSHIRE	38.7
38	SOUTH EAST MIDLANDS	£37.23	38	BUCKINGHAMSHIRE THAMES VALLEY	35.9
39	LONDON	£28.42	39	CUMBRIA	19
	<b>TOTAL COMPETITIVE ALLOCATION £PH</b>	<b>£77.76</b>		<b>TOTAL COMPETITIVE ALLOCATION</b>	<b>4508.3</b>
	<b>TOTAL LEP POPULATION</b>	<b>57,974,799</b>			
	<b>TV v National</b>	<b>£30.74</b>			