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Meeting & Date:	Joint Strategic Economic Committee - 1 July 2016		
Subject:	Local Growth Deal 3		
Attachments:			
Author:	Paddy Bradley	Total no of sheets:	6

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary & Recommendation:
<p>Summary</p> <p>The Swindon and Wiltshire Local Enterprise Partnership (SWLEP) board met for a private workshop on 16 June 2016 to discuss the strategy for the local growth deal 3 (LGD3). The process for this deal is more complex than the earlier two rounds. The discussion covered the rationale for the bid, what projects will be included and why and an initial debate on prioritisation of the chosen projects. The workshop was held in private due to the nationally competitive nature of the bids.</p> <p>The workshop succeeded in agreeing the broad rationale and which projects would be included in the bid. These projects cover the SWLEP priorities of skills and talent, transport improvements, place-shaping and indirectly, business development. Board members will give an initial indication of their priority order for the chosen projects through a separate email process and then confirm the full bid, including prioritisation at its next full meeting on the 13 July 2016.</p> <p>The SWLEP needs to submit an initial outline document to government by the 24 June 2016 and the full bid by the 28 July. In between these dates, a group of board members will attend a challenge session with a government minister.</p> <p>In addition, the board considered options to re-allocate £3.7m of funding from a local growth deal 1 project, improvements to junction 15 of the M4, which was now progressing using alternative funding. The board determined to use the funds to support a project to implement ultra-fast broadband in rural areas of the SWLEP and to provide demonstrable financial backing to two bids to the Heritage Lottery Fund for cultural and arts provision through the Salisbury Plain Heritage Centre and the Swindon Museum and Art Gallery.</p>

Recommendations

The Joint Strategic Economic Committee is asked to:

- 1) Note the requirements of the Local Growth Deal 3 and the progress of the preparation made to date.

Detail

1. The workshop was held in order to enable the SWLEP board to consider options and decide on the elements which will constitute the LGD3 bid from the SWLEP.

In the context of this main purpose, the workshop aims to provide the strategic direction and parameters for officials to draft the two documents required of the SWLEP by the Secretary of State for Communities and Local Government and the Cities and Local Growth Unit (a snapshot and a full bid) and to prepare for a Ministerial Challenge session.

- Ahead of any challenge sessions taking place, we will need to submit a snapshot of our developing proposals. The snapshot should be in a format which we could use to pitch to ministers and should – as a minimum – outline our thoughts on the overall amount of Local Growth Fund we will be seeking (broken down into our main themes), an indication of what this ‘buys’ (for example jobs, housing, leverage), and any interventions we want to draw ministers attention to in particular. **This is not a draft proposal, and the Cities and Local Growth Unit is not expecting a project list to be submitted at this point, however it is an important part of the submission process.** Inevitably, the better prepared we are, the greater our chances of success. Advice from government officials is that evidence of local prioritisation will increase Ministers’ confidence in the proposed approach. The submission date for this is 12 noon 24 June 2016.
- Each LEP will have a ministerial challenge session. The purpose of this will be to give us an opportunity to pitch our ideas to ministers, who will provide high-level feedback. This is designed to help us to shape our proposal ahead of final submission. Challenge sessions will take place from the end of June onwards. We are likely to have a small team of board members (perhaps up to 5?) who will make the pitch to government, outlining the case for the government to support a deal with the SWLEP on mutually acceptable terms. The challenge will come in response to the SWLEP’s pitch and the government response to our snapshot document.
- The format of the detailed bid submission, which will build on the snapshot document is at our discretion. However, it should make a clear and well-evidenced case for investment within our area, including joint approaches over

larger areas where this makes sense. We should specifically address the criteria set out in the Secretary of State's letter (see section 4.2 below). Our proposal should also set out a specific figure for the LGF funding sought, along with a prioritised list of projects making up this figure. Supporting the narrative will be a project by project description of activity, outcomes, performance metrics and spend profile. The submission date is 12 noon on the 28 July 2016. Submissions received after the date agreed with government will not be accepted.

- Following on from the National Audit Office's review of LEP accountability, the final component of our submission will relate to value for money evidence – the final bullet in Greg Clark's letter. As part of the Cities and Local Growth Unit assessment, civil servants will test each LEP's approach to value for money by considering benefit-cost ratios and sampling the project approval documentation from a small number of projects that we are already implementing. This will be light touch and is not designed to unpick decisions we have made on individual projects.
 - The projects identified by government for this sampled review are the Local Sustainable Transport capital project in Swindon (below £5m cost) and the A350 Chippenham Bypass Dualling (Badger-Brook & Chequers) which is above £5m.
2. The workshop sought to reach agreement on the elements to include in the snapshot document in sufficient detail to enable officials to draft the document and prepare for the ministerial challenge session:
- total amount asked of government, broken down by main themes;
 - identified projects and rationale for inclusion;
 - prioritisation of the projects; and
 - identification of interventions worth drawing to the attention of Ministers.
3. **The pots of finance which make up LGD3 and other associated funds**
- 3.1. Transport majors - £475m, of which £151m already allocated to 2 schemes. Criteria and application process known.
- 3.2. House / Home Builders fund - £1bn grant (already existing) to support starter homes and £2bn (new) loan fund. Criteria and application process not yet known. There is a further £4.2bn available in an existing fund for affordable homes. The Homes and Community Agency is the key partner for all of these funds.

3.3. Local Growth Fund 3 - £1.8bn; criteria and application process known.

3.4. SWLEP board decision on the re-allocation of £3.7m following Swindon Borough Council's successful bid to Highways England for a revised and extended project to improve the M4 junction 15, resourced from a different government fund. This re-allocation process follows the procedures approved in our Assurance Framework and is known to our Department of Business, Innovation and Skills (BIS) Local Relationship Manager.

4. Background information

4.1. Priorities from our strategic economic plan

- Strategic Objective 1: Skills and talent - we need an appropriately skilled and competitive workforce to achieve our growth ambitions;
- Strategic Objective 2: Transport infrastructure improvements - we need a well-connected, reliable and resilient transport system to support economic and planned development growth at key locations;
- Strategic Objective 3: Digital capability - we need to deliver excellence in digital connectivity and cyber transformation to achieve business growth, innovative public services and influence societal change;
- Strategic Objective 4: Place Shaping - we need to deliver the infrastructure required to deliver our planned growth and regenerate our City and Town Centres, and improve our visitor and cultural offer; and
- Strategic Objective 5: Business Development - we need to strengthen the competitiveness of small and medium sized businesses and attract a greater share of foreign and domestic investment into the area.

4.2. The Secretary of State's criteria which form the basis of our bid's assessment.

The following criteria for the proposal we submit by 28 July 2016 were received in a letter from Greg Clark on 12 April 2016 (bold font is as per the original letter).

- Explain how new funding will help to increase growth in the LEP area, over and above the impact of the existing Growth Deals.
- What barriers (in transport, skills, housing supply, for example) could be overcome by new investment?

- **Propose a specific figure** for funding, and describe the purpose to which it would be put.
- Provide details on what LEP proposals will deliver in terms of job creation, investment and housing, as well as what will be required to achieve this in terms of cost and capacity.
- **Strong collaboration between LEP and the local area** must underpin the proposal.
- The work must be owned by both political and business leaders in the LEP area.
- The need for **stronger, reformed governance structures** implies that proposals that are aligned with mayoral Combined Authorities (or proposed Combined Authorities) will have an advantage.
- Outline the positive role the LEP is taking in strengthening local governance.
- The proposal should include **a greater level of private sector investment** than in previous rounds, as well as match funding from other bodies such as universities.
- The expectation is that LEPs will have SME representation on their Board and how this is implemented should be included in the proposal.
- The strategy for the proposal should **engage with government's key objectives within the wider local context** (such as plans for housing delivery and the area reviews into further education).
- The **delivery of existing Growth Deals** will play a part in the consideration of proposals. The proposal should set out the systems in place to ensure value for money and proper use of public money.

4.3. Other factors to take into account

In a range of discussions with government officials, we have obtained the following pointers as aids to our bidding process:

- we need to demonstrate close working between members of the board and clear decision-making in the interests of the area;
- strong emphasis on the need to show ambition and a desire to go beyond existing strategic commitments would be welcomed (!);
- engagement of MPs is of fundamental importance;
- the quality of our delivery over the last two years will be taken into account; and
- Funding for the Growth Deal 3 element of LGF is expected to end in 2020-21, so that is the last year we could bid for Government funding. Therefore government is likely to want projects to complete by then, though if that is a particular problem for LEPs, government hold out the possibility that exceptions could be made.

As a rule of thumb, government expect approximately half of the money in newly agreed Growth Deal awards to fall in 2020-21, with the rest spread evenly between the preceding three years (that is 17-18, 18-19 and 19-20). However, this is subject to change because the exact profile is being kept under review until the time of Ministers making awards.

Projects
Complete

16/17	17/18	18/19	19/20	20/21	21/22
0	16.6%	16.6%	16.6%	50%	0