

Change Management of Project Pipeline funding to maintain the LEP and its priorities

This paper sets out a protocol to be applied to the Growth Deal funds released in the event of a project failing or needing less funding, that ensures the LEP has sufficient funds for programme management (ie employment of LA staff to do necessary work) and for further projects that meets HotSW strategic priorities.

Background

The LEP's Assurance Framework sets out our governance and change management process. The escalation route is from Leadership group or LTB to Strategic Investment Panel (SIP) to LEP Board.

In 2015 the SIP and Board agreed the following arrangements for top-slice of Growth Deal project budgets towards LEP programme and operational management costs:

- Of up to 2% of GD2 and subsequent projects could be used for top-slice
- For GD 1 projects, underspend of up to 2% of budgets could be utilised for top slice

So if the funding from an underspend originates from a GD 1 project the first allocation would be to top slice up to the 2% of GD 1 programme value (ie 2% of £111.6M - £2.23m) which would go towards LEP programme and operational management costs in future years Circa £400,000 of headroom has already been utilised in this manner

After provision of top slice as above, the following protocol will be applied:

The second priority after top slice is to fund shortfalls in other existing approved GD project's funding that have arisen because Govt did not allocate funding for that project despite including it in the project announcement. To date Tiverton EUE is the only such example of a sub programme in which insufficient funding was allocated to meet the plans approved by Govt. Amounts may be reduced to reflect revisions in the business case since the original submission – so if less outputs or match is available, GD funding allocated to the new project may also be reduced by the Board for other reasons

The third priority is to fund the next project on the latest priority list , subject to there still being a need for funding confirmed by the project sponsor and a robust business case that addresses the LEPs current strategic priorities. The following should be noted here:

- The latest priority list is for GD3 which was agreed in November 2016 after an extensive and wide-ranging process. Given the prioritisation process, this list should remain valid until a new priority list is developed. If a new funding programme is announced in the meantime, this prioritisation should in any case be revisited.

- The underspend released may not be sufficient for the GD allocation a project was seeking. In this case the next project on the list is to be offered the opportunity of the additional monies and that if this is not sufficient then the offer passes to the next project and so on. In all cases the LEP board will make these final decisions, and will require a robust business case and signed funding agreement in accordance with the assurance framework.

- Amounts allocated may be reduced to reflect revisions in the project's business case since the original submission – so if less outputs or match is available, GD funding allocated to the new project may also be reduced by the Board for other reasons.