

**Agenda Item No 7(c)**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**25 April 2017**

**Report of the Director of Finance**

**USE OF UNDERSPEND FOR LOCAL GROWTH FUND**  
(STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

**1 Purpose of the Report**

To inform Cabinet of the proposed use of underspend for the Local Growth Fund.

**2 Information and Analysis**

The Local Growth Fund (LGF) provides funding to Local Enterprise Partnerships (LEP) for projects which benefit the local area and economy. The D2N2 LEP brings together the core city of Nottingham and key city of Derby with the counties of Nottinghamshire and Derbyshire. The LGF programme runs for 6 years from 2015-16 to 2020-21 with an allocation from the Department of Communities and Local Government (DCLG) of £187.720m over the 6 years.

In March 2015 Derbyshire County Council was appointed by D2N2 as the accountable body for the LGF.

The DCLG require each years funding allocation to be fully spent on capital expenditure within the year and have issued the grant as a section 31 grant which allows the funding to be used by the Local Authority on other capital expenditure i.e. non LGF projects. The Council have been advised by the Department of Business, Energy and Industrial Strategy to adopt this approach.

Throughout the financial year the LEP and accountable body through the Infrastructure and Investment Board have been closely monitoring planned spend against allocation. During the year the board has tried to avoid this underspend by accelerating grant payments to projects who can demonstrate capital spend and also by accelerating 7 projects forward from the pipeline, despite this, due to delays in projects and two projects being removed from the programme there is an underspend of £10.754m.

The option available to D2N2 is to use the funding to finance other Council capital expenditure and return funding of the equivalent amount back to the LGF in future years when it is required. The Council has identified two schemes within its capital programme, the Street Lighting LED Strategic Network scheme and the Accelerated Highways Maintenance scheme.

The Council has consulted with its external auditors, KPMG, regarding the proposed use of the underspend to ensure that proper accounting arrangements are being followed. KPMG are satisfied that the Council is adhering to the grant conditions and following the correct accounting practices.

### **3 Considerations**

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

### **4 Background Papers**

Papers held in Technical Section, Room 137, County Hall.

### **5 Key Decision**

No.

### **6 Is it necessary to waive the call-in period?**

No.

### **7 Officer's Recommendation**

That Cabinet notes the details of the proposal for the use of the LGF underspend.

PETER HANDFORD

Director of Finance