

**DERBYSHIRE COUNTY COUNCIL
IMPROVEMENT AND SCRUTINY – RESOURCES COMMITTEE**

REVIEW OF LOCAL GROWTH FUND MONITORING ARRANGEMENTS

SCOPING REPORT

21 September 2017

1. Purpose of the Report

To inform Members about the scope of a review of Local Growth Fund (LGF) monitoring arrangements.

2 Information

Derbyshire County Council is the Accountable Body for the LGF, on behalf of the D2N2 Local Enterprise Partnership (LEP). The LGF is a £250m programme to support economic growth in the D2N2 area (Derby City, Derbyshire, Nottingham City and Nottinghamshire). The programme commenced in 2015/16 and will run to 2020/21. It is now in its third year and some projects have been completed and are moving into the delivery of outputs stage. Depending on the project, delivery outputs may include jobs, homes or learners, for example.

The Infrastructure and Investment Board (IIB) meets monthly to approve funding and monitor progress of project delivery and spend. At the end of quarter 4 2016/17, six projects were reported to the IIB as having missed their output target. The promoters of these projects were asked to provide a formal response to the Board as to why their target was missed and to explain what mitigations are planned to make sure that outputs are delivered.

The Department for Communities and Local Government (DCLG) require the annual grant allocation to be fully spent. This requires the Accountable Body to ask promoters to provide evidence that the grant paid over to them has been fully spent and can be evidenced with invoices. Due to slippages in some projects and the length of time some large capital projects may take to progress i.e. through planning applications, the profile given by Government does not match the profile of expenditure predicted by the promoters of the projects. This caused the programme to have a cash flow underspend last year and another is predicted this year. In 2016/17 the DCLG allowed use of the Section 31 grant the monies to be used for non LGF projects i.e. other

capital spend within the Council and then the monies which should have been used to fund these projects subsequently returned to the LGF programme in future years. This flexibility was utilised last year and is planned to do so again this financial year.

The aim of this scrutiny review will be to consider the current systems in place for monitoring LGF outputs and spending. It will seek to ensure that the monitoring arrangements are timely and robust and, if required, identify and recommend additional measures to minimise missed outputs and underspends.

During the course of the review evidence will be gathered from numerous sources, including;

- Director of Finance and ICT (Section 151 Officer)
- Strategic Director Environment , Transport and Communities
- Senior Accountant and Project Monitoring Officer
- LEP Chief Executive
- Infrastructure and Investment Board Chairman

A working group will be appointed by this Committee to undertake the review. The working group will submit progress reports and a final report to the full Committee at the conclusion of the review. It is anticipated that the review will be completed by December 2017.

3. Considerations

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

4. Officer's Recommendations

The Committee is requested to note the scope of the review of the monitoring arrangements of the Local Growth Fund and appoint Members to the working group.

John McElvaney
Director of Legal Services