INDIVIDUAL CABINET MEMBER DECISION REPORT

Published on 11\textsuperscript{th} December 2012

Gloucestershire Infrastructure Investment Fund (Growing Places Fund)

| Dates between which decision will be taken | Earliest date: 19\textsuperscript{th} December 2012  
|                                           | Latest date: 28\textsuperscript{th} December 2012 |
| Cabinet Member for Planning Economy and Environment | Cllr Chas Fellows |
| Key Decision | Yes |
|                                           | Leadership Gloucestershire agenda updates - 8\textsuperscript{th} December 2011 and 21\textsuperscript{st} June 2012 can be found here: [http://www.gloucestershire.gov.uk/extra/article/108309/Leadership-Gloucestershire](http://www.gloucestershire.gov.uk/extra/article/108309/Leadership-Gloucestershire)  
<p>|                                           | Background papers and application guidelines related to the Gloucestershire Infrastructure Investment Fund can be found here: <a href="http://www.gloslep.co.uk/gloucestershire-infrastructure-investment-fund">http://www.gloslep.co.uk/gloucestershire-infrastructure-investment-fund</a> |
| Location/Contact for inspection of Background Documents | Further information can be sought from Claire Edwards and Angela Presdee - <a href="mailto:claire.edwards@gloucestershire.gov.uk">claire.edwards@gloucestershire.gov.uk</a> and <a href="mailto:angela.presdee@gloucestershire.gov.uk">angela.presdee@gloucestershire.gov.uk</a> |
| Main Consultees | Gloucestershire Local Enterprise Partnership (LEP); Department of Local Government and Communities (the lead Government Department); Leadership Gloucestershire; District Councils; Homes and Communities Agency (HCA); private sector, including potential applicants for funding. |
| Planned Dates | As set out in the report, consultations between the main partners have been underway since November 2011 and will continue as the detailed business cases for funding are brought forward by scheme promoters. |</p>
<table>
<thead>
<tr>
<th><strong>Divisional Councillor</strong></th>
<th>All</th>
</tr>
</thead>
</table>
| **Officer**              | Any representations should be sent to:  
- Nigel Riglar, Commissioning Director: Communities and Infrastructure  
  Tel: 01452 328470  
  Email: nigel.riglar@gloucestershire.gov.uk  
  by 5.00pm on Tuesday 18 December 2012 |
| **Purpose of Report**    | The purpose of the report is to re-confirm the Council’s commitment to act as the Accountable Body and to enable appropriate operating procedures to be finalised for this purpose. |
| **Recommendations**      | That agreement is given to:  
- The Council to act as the Accountable Body for the Gloucestershire Infrastructure Investment Fund; and,  
- that authority is delegated to the Commissioning Director: Communities and Infrastructure, in consultation with the Strategic Director: Finance and Cabinet Members for Economy and Environment and Finance and Change for establishing all necessary financial, programme management and reporting arrangements that the Council will require as Accountable Body and to enter into repayment agreements with approved projects. |
| **Reasons for Recommendations** | The Council has already indicated, as part of the original submission to Government, that it was willing to act as the Accountable Body and resolution 1 formalises this position. As set out in the report significant work has been done with partners, including the LEP, to establish the overall approach and arrangements for the Gloucestershire Infrastructure Investment Fund (GIIF). The detail of the operating arrangements will need to be finalised as practical experience grows and the first fundable proposals are brought forward by scheme promoters. To enable operational matters to be expedited effectively resolution 2 seeks delegated authority for the Commissioning Director and s.151 officer in consultation with the relevant Lead Cabinet Members to put the necessary procedures in place. |
| **Resource Implications** | The £8,498,295 grant is split between £7,855,018 capital funding and £643,277 revenue funding. There will be a revenue requirement out of the £643,277 grant to support the cost of internal resource to fulfil the role of the Accountable body, as well as help facilitate the operational management of the investment fund and the development of a robust portfolio of project work.  

There is no requirement of revenue or capital funding from the County Council. Dependent on the complexity of development schemes being brought forward for funding the Accountable Body may need to engage external professional advice, particularly to assure value for money and legal compliance. Government guidance is that up to 2% (£157,100) of the total capital fund can be used to fund the management costs of the Accountable Body and charges can also be passed onto funded schemes.  

Finance will be included as a member of the Investment Panel Pool to ensure decisions are inline with the grant funding conditions. |
Background:

The Government announced its £500 million Growing Places Fund on 7 November 2011.

The fund is designed to ‘unlock’ developments by forward funding infrastructure, in doing so creating jobs and homes by unlocking private investment. Examples could include forward funding of:

- a link road and access works;
- flood storage capacity;
- A community facility, such as a school.

The allocations awarded to each Local Enterprise Partnership (LEP) area were made at the end of March 2012 and were calculated using a simple formula based on population and employed earnings. LEPs had to complete a pre-qualification questionnaire for DCLG in order to secure the allocation, which for Gloucestershire is £8.5m.

One of the distinguishing features of the Government’s ‘Growing Places’ initiative is that best endeavours are used to ‘revolve’ the funds, with returns on initial investments effectively ‘recycled’ to support the development of further proposals/investment propositions. It is for local areas to decide the appropriate geographical scope for the fund, the nature and governance arrangements of the managing partnership, how a process of prioritisation will be undertaken and the likely mechanisms to be used to create sustainable and locally revolving funds. The LEP is explicitly identified as having a central role. Government expects the LEP’s to robustly prioritise and to work in partnership with the Accountable Body to use the fund in a way that demonstrates value for money and legal compliance.

Within Gloucestershire, it is the intention to use the opportunity to develop a ‘portfolio’ of strategic investment opportunities, beyond just focussing on infrastructure, but to also consider transport, regeneration and housing initiatives, as far as possible and where a good economic return is achievable. It is believed that this will enable the county to be better placed, generally, in its ability to respond to a range of current and future funding streams/investment opportunities likely to emerge over the new few years. Members may like to note that a separate report concerning the localisation of Major Transport Funding from 2015 will be brought to a future Cabinet meeting and this will need to dovetail with the GIIF.

Overall approach to GIIF

Officers from the main partner bodies, including the LEP, County Council, Homes and Communities Agency (HCA) and District authorities, established a Local Investment Team/Working Group to help shape and develop the fund’s local management arrangements. The team has drawn on knowledge and experience within the HCA, who have successfully managed the South West Regional Infrastructure Fund. The proposed governance structure (Appendix 1) and Project Application Process (Appendix 2) for GIIF has been agreed by the LEP Board and endorsed by Leadership Gloucestershire. This sets the overall context within which the Accountable Body will need to operate.

The process will be an iterative one, whereby scheme promoters will be required to develop increasingly detailed business cases, by passing a series of appraisal gateways, before final sign off and
endorsement by the LEP and Leadership Gloucestershire. On reaching this point the Council, as Accountable Body, will make the necessary arrangements for the release of funding and enter into appropriate repayment contracts.

**Role of Accountable Body:**
As Accountable Body, the Council will need to take a number of responsibilities:

- ensuring that the decisions and activities conform with legal requirements with regard to equalities, environmental, EU issues (e.g. procurement, state aid);
- acting as the commissioner of approved projects;
- ensuring (through the Section 151 Officer) that the funds are used appropriately;
- ensuring that any assurance framework approved by the lead Government department(s) is being adhered to, including filing a 6-monthly financial return;
- ensuring appropriate approaches to governance, including regular local audit and assurance, registers of conflicts of interest and gifts and hospitality;
- maintaining an official record of relevant proceedings and holding all related documents; and,
- Where necessary defending any legal challenges to decisions taken.

**Key Project Timelines:**
An initial call for projects was undertaken by the LEP in July 2012. 7 were received and after review 5 have been given the go ahead to move to the next stage of business case development. It is anticipated that the first LEP approved business cases will be passed to the Accountable Body in the first half of the 2013 calendar year.

**Risk Assessment**
The risk and costs associated with business case development will rest with the scheme promoter. However, once in a funding agreement any occurrences that delay repayment could have negative impacts on overall programme management, including delaying funding to other projects. The Governance arrangements being developed are designed to minimise the risk of this and in developing its repayment contract the Accountable Body will ensure robust default arrangements are in place.

**Officer Advice**
The Council has the particular role of Accountable Body to play within the wider GIIF arrangements. Sufficient partnership arrangements are in place to enable close working with the LEP. As such Cabinet is asked to re-confirm its commitment to act as Accountable Body and delegate authority for making sure appropriate operational and financial arrangements are put in place.

**Consultation Feedback**
The LEP and Leadership Gloucestershire have been involved in the development of the scheme and are supportive of the approach described.

**Performance Management/Follow-up**
The Commissioning Director: Communities and Infrastructure to take the necessary steps to enable the Council to act as Accountable Body and to have these in place by no later than March 2013. Members may like to note that DCLG require a 6 monthly progress report/financial return detailing any commitments/allocations of funding to specific projects. Individual applicants will also be required
to demonstrate effective performance management as part of the standard conditions of their funding agreement, which will include regular progress reports on the key deliverables and economic outputs relevant to each investment case, alongside key financial information. Material such as this will be aggregated at a programme level in order to provide regular management information for the portfolio as a whole, to serve a number of relevant reporting forums.
A1: Gloucestershire Infrastructure Investment Fund: Governance Arrangements

Investment Fund proposition submitted to working group/Local Investment Team
('Ambassadors' for programme – awareness/liaison with wider business community and public sector interests)

Stakeholder Consultation
ongoing as project portfolio develops and
Investment Strategy evolves key stakeholders
– Leadership Glos, GCC, local authorities

Working group/Local Investment Team refine/review and prepare documentation for the Fund Investment Panel

On receipt of full business case, commission objective appraisal/viability assessment (external expertise)

Investment Panel 'Pool'
(incl use of cross border/inter-LEP expertise and objectivity)

Consider proposition against key criteria
Review viability assessment
Identify contractual issues (draft Heads of Terms)

Decision

Recommendation to invest (from Growing Places Fund)

LEP Board
Formal endorsement

Leadership Glos Consultation

Accountable Body (GCC)
‘fund manager/guardian’

Fund administration and contract management
Preparation of legal/contractual agreement(s) and Monitoring Plans

Monitoring and evaluation/
LEP Board
A/C Body (GCC)
Progress reporting - key stakeholders incl Leadership Glos

Local Investment Team discuss future of proposition signpost to alternative progression routes

Rejection
A2: GIIF Project Application Management

**APPLICANT**

- Submission EOI

Consideration by LEP Board
Feedback from Local Investment Team

- Consensus View

**Approved EOI**

**Rejected EOI**

**Timeframe**

- dependent on development scenario and project issues.
- Suggest 3months min and 1yr max.

**Business Case Preparation**

- Identification of issues and critical path for resolution
- Exploratory meetings with applicant, LPA, key stakeholders
- Preliminary business case submission
- Refinement of business case (technical and financial issues)
- Final business case submission

**External Appraisal and Viability Assessment**

**Appraisal Report Recommendations**

**Investment Panel**

- Leadership Glos notification
- Approval
- Decline
- Deferral
- Intention to Invest - terms
- LEP Board decision

**Internal Appraisal**

**Investment Panel**

- preliminary viability assessment

**Leadership Glos**

**Accountable Body. Contract management reporting**

- LEP Board endorsement
- Monitoring and Evaluation
- Leadership Glos notification
<table>
<thead>
<tr>
<th><strong>Report Title</strong></th>
<th>Gloucestershire Infrastructure Investment Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory Authority</strong></td>
<td>Section 1 Localism Act 2011 and Section 151 Local Government Act 1972</td>
</tr>
<tr>
<td><strong>Relevant County Council policy</strong></td>
<td>Gloucestershire County Council Corporate Plan Priority – Economic Stimulus Package</td>
</tr>
<tr>
<td><strong>Resource Implications</strong></td>
<td>As outlined in Cabinet Report</td>
</tr>
</tbody>
</table>

**Sustainability checklist:**

**Partnerships**

GCC/LEP officers are working closely with the HCA, District Authorities, LEP Board and a number of business-led sector groups, to encourage projects to make submissions to the fund application process, as well as consider potential pipeline proposals for inclusion in an emerging broader strategic investment portfolio.

**Decision Making and Involvement**

A draft governance structure, fund management arrangements and project application process have been discussed and reviewed by the LEP Board, GCC officers and Leadership Gloucestershire.

**Economy and Employment**

Establishing the mechanism for the operation of the Gloucestershire Infrastructure Investment Fund has enabled the County to draw down £8.5m of investment funding allocated under the Government’s ‘Growing Places Fund’, promoted by DCLG. Accelerating the development of stalled sites will help stimulate and attract investment, generating economic growth and local business benefits. It could also make a positive contribution to a number of regeneration priorities for the County, which will be one of a number of strategic considerations in the prioritisation and formal assessment process for the projects/schemes to be taken forward. The funding will therefore contribute significantly to enabling an improved climate for economic growth, increasing employment prospects by bringing forward sites for economic development in a number of localities in the County. Associated infrastructure/highways improvements may also assist with improving connectivity and/or the efficiency of the local transport infrastructure in Gloucestershire.

**Caring for people**

The GIIF will contribute to an improvement in local job prospects and opportunities for individuals in number of localities across the County.

**Built Environment**

The overall impact on the built environment of each investment proposal will be taken into account as part of an external viability assessment prior to formal consideration for a funding award. Generally however, the fund is associated with enhancements to the built environment.
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Landscape</strong></td>
<td>The overall impact on the natural environment, heritage and landscape of each investment proposal will have been assessed as part of the applicant’s planning application to the appropriate Local Planning Authority. This will be a pre-requisite for any subsequent investment award.</td>
</tr>
<tr>
<td><strong>Education and Information</strong></td>
<td>Not directly applicable to the nature of the funding award/criteria, other than indirectly as a potential component of a broader mixed use development.</td>
</tr>
<tr>
<td><strong>Tackling Climate Change</strong></td>
<td>Any impacts such as carbon emissions/climate change in relation to specific projects/schemes would like to have been formally considered as part of a relevant planning application submission.</td>
</tr>
<tr>
<td><strong>Equality Impact Assessment (EIA)</strong></td>
<td>Has an EIA been completed? Yes, attached</td>
</tr>
<tr>
<td><strong>Human rights Implications</strong></td>
<td>It is not envisaged that any proposals supported financially by the Gloucestershire Infrastructure Investment Fund will have any significant human rights implications.</td>
</tr>
<tr>
<td><strong>Consultation Arrangements</strong></td>
<td>See ‘Main Consultees’ section above.</td>
</tr>
</tbody>
</table>