



Leicester
City Council

WARDS AFFECTED

All wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet

2nd June 2008

APPROVAL OF 3 CITIES AND COUNTIES NEW GROWTH POINT ACCOUNTABLE BODY FUNCTION

Report of the Corporate Director Regeneration and Culture

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval for the Council to take on the accountable body role for the New Growth Point partnership.

2. SUMMARY

- 2.1 The 3 Cities and Counties (6Cs) New Growth Point partnership has been awarded £11,701,448 capital and £1,272,622 revenue grant for 2008/09. As lead authority, Leicester City Council has been paid the whole grant, and now has to distribute it to partners. This is effectively an accountable body function.
- 2.2 The 6Cs Programme Management Board has allocated proportions of this grant to the three Housing Market Areas (HMAs), and the decision has been approved by the 6Cs Leadership Group.
- 2.3 The Council's Constitution reserves formal approval of an accountable body role to Cabinet.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to approve the Council becoming the accountable body for the 3 Cities and Counties (6Cs) New Growth Point partnership.

4. REPORT

4.1 The allocation of grant

- 4.1.1 The £11,701,448 capital and £1,272,622 revenue grant for 2008/09 has been allocated between the 6Cs partners as follows:

- Derby HMA - £350k revenue and £2,590,290 capital
- Leicester & Leicestershire HMA - £350k revenue and £5,290,290 capital
- Nottingham Core HMA - £350k revenue and £2,590,290 capital
- Strategic Green Infrastructure (GI) Project Board - £172,622 revenue and £1,170,145 capital
- Joint projects - £50k revenue and £60,433 capital

4.1.2 There is an indicative 6Cs allocation of £22,422,881 capital / £1,781,671 revenue for the two years 2009/10 - 2010/11, the precise figure to be confirmed in Autumn 2008. There is an expectation that the New Growth Point programme will continue until at least 2016.

4.2 Risks to Leicester City Council as lead authority

4.2.1 The entire block grant for 2008-09 has now been paid by CLG to Leicester City Council. It is not ringfenced. There are no conditions attached, timescales for expenditure, requirements for reporting of spend or output / outcomes. A copy of the grant determination is attached.

4.2.2 The funding letter includes the phrase "other than reflecting the split between capital and revenue funding there will be no grant conditions about how or when lawful expenditure is incurred". The risk to Leicester City Council is therefore limited to any unlawful expenditure, or use of capital grant funding for revenue purposes by any of the partners.

4.3 Transferring and managing the risk

4.3.1 The risk as lead authority here is very different from the risk the Council took as Accountable Body for grant regimes such as SRB and NRF, in that the six grant recipients are principal local authorities with their own Financial Regulations, internal audit and risk management capacity.

4.3.2 The residual risk to the Council outlined in paragraph 4.2.2 will be limited by including an indemnity in the grant contract which will be drawn up between Leicester City Council as accountable body and the partner authorities.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

5.1.1 The grant conditions associated with this funding are not onerous and the level of funding is not directly tied to quantified outputs and outcomes as with other grant regimes. As a result the accountable body function is essentially administrative and limited to ensuring that the expenditure is lawful (as with all expenditure) and correctly classified as revenue or capital.

5.1.2 Leicester City Council's position in terms of clawback of funding will be protected by an indemnity clause in the grant contract between the Council and the partner authorities.

The six recipients will be paid their grant up to and not exceeding the maximum allocated to them by the partnership. Any expenditure over that maximum will be their responsibility. No grant will be paid out until the grant contract has been signed by a responsible officer from the relevant authority.

5.1.3 The costs associated with the accountable body function can be contained within existing revenue budgets.

Martin Judson, Head of Resources R. & C. (Ext. 297390)

5.2 Legal Implications

5.2.1 This report comes to Cabinet in accordance with the provisions in the Constitution in relation to matters reserved to Cabinet.

5.2.2 The report is primarily concerned with financial issues and the arrangements for receipt by the Council of capital and revenue payments to be spent within the city but also in the other areas of the three cities and counties new growth point partnership. Capital payments received that re spent incorrectly may be the subject of a claim for repayment.

Anthony Cross, Head of Litigation (Ext. 296362)

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	NO	
Policy	NO	
Sustainable and Environmental	NO	
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly/People on Low Income	NO	

7. RISK ASSESSMENT MATRIX

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
Some of the New Growth Point funding will be clawed back by CLG, and Leicester City Council will be accountable	L – no grant conditions, not ringfenced, no time limit – risk limited to unlawfulness or wrong use of capital	L – the outline 2008/09 programme has been agreed with CLG, and therefore only minor changes are at risk of being unacceptable	Grant contracts with the 6 principal authorities to indemnify Leicester City Council, PRINCE2 project management to ensure funding is spent correctly, Financial Regulations to ensure lawful expenditure, involvement of GOEM throughout process via 6C’s Partnership and HMA Project Board meetings

L – Low
M – Medium
H - High

L – Low
M – Medium
H - High

8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

Grant Determination extract attached

9. CONSULTATIONS

6Cs Leadership Group
6Cs Programme Management Board
Susan Masters, Leicester City Council Head of Risk Management
Mark Noble, Leicester City Council Chief Financial Officer

10. REPORT AUTHOR

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GROWTH FUND GRANT DETERMINATION 2008/09: No 31/1224

The Minister of State for Housing and Planning (“the Minister of State”), in exercise of the powers conferred on her by section 31 of the Local Government Act 2003, hereby makes the following determination:-

Citation

1. This determination may be cited as the Growth Fund Grant Determination 2008/09 No 31/1224.

Purpose of the grant

2. The purpose of the grant is to provide capital and revenue support to eligible Growth Area and Growth Point local authorities in England towards expenditure lawfully incurred or to be incurred by them.

Determination

3. The Minister of State determines as the authorities to which grant is to be paid and the amount of grant to be paid, the authorities and the amounts set out in Annex A.

Grant conditions

- 4.
- (1) Pursuant to section 31(4) of the Local Government Act 2003, the Minister of State determines that the grant will be paid subject to the following conditions.
 - (2) Capital grant paid to an authority under this determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.
 - (3) If an authority fails to comply with the condition in sub-paragraph (2), by notification in writing to the authority the Minister of State may require the repayment of the whole or such part of the capital grant as she may determine. Any sum notified shall immediately become repayable to the Minister of State.
 - (4) In this paragraph, “capital grant” means that amount of the grant to be paid to the authority which is described as capital in Annex A.

Treasury consent

5. Before making this determination in relation to local authorities in England, the Minister of State obtained the consent of the Treasury.

Signed by authority of the Minister of State for Housing and Planning

Henry Cleary
Deputy Director - Housing & Growth Programmes
Communities and Local Government
28 April 2008

Name of Growth Location/ Partnership	Authority to be paid		Amount of grant to be paid
3 Cities & 3 Counties	Leicester City Council	Capital	£11,701,448
		Revenue	£1,272,622
		Total	£12,974,071

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)