

Executive Decision Report

**MANAGEMENT OF FUNDS AS ACCOUNTABLE BODY TO THE
LEICESTER AND LEICESTERSHIRE ENTERPRISE PARTNERSHIP
(APPROVAL OF GRANTS FROM THE BUSINESS RATES POOL
FUNDS 2015/16)**

Decision to be taken by: City Mayor
Decision to be taken on: 23 March 2017
Lead director: Phil Coyne



City Mayor

Useful information

- Ward(s) affected: All
- Report author: Colin Sharpe, Head of Finance
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- Report version number: 15-03-2017

1. Summary

The City Council is the accountable body for the Leicester and Leicestershire Enterprise Partnership (LLEP), and hence is legally responsible for receiving, managing and accounting for LLEP funds. This report seeks Executive approval to make grants from the 2015/16 countywide business rates pool surplus.

2. Recommendations

- a) That the grants to projects and the programme management fee, as described in the report and totalling £871k, be approved;
- b) That the Strategic Director (City Development and Neighbourhoods) be authorised to distribute the £1.129m balance of the 2015/16 business rates pool funds, as may be approved by the LLEP Programme Board in the future; and
- c) That the City Barrister and Head of Standards be authorised to enter into the necessary legal agreements.

3. Supporting information including options considered:

The Council as accountable body provides the final sign-off of LLEP decisions and can query or challenge them on grounds such as risk, prudence, legality, public interest, proposed form of contracts and the reputation of the Council and/or the LLEP. In effect, the City Council holds a 'red card'. LLEP funds should be added to revenue and capital programmes in line with the City Council's usual governance procedures.

By agreement with the councils in Leicestershire (including the Combined Fire Authority), the LLEP has control of the net levies (or surplus) arising from the county wide business rates pool. Essentially, this is the share of business rates increases that the district councils would have paid over to the Government in the absence of a pool, after any safety net payments that would have been received. Note that the County and City Councils and the Fire Authority do not pay levies.

The LLEP has control of £2m from the pool in respect of the confirmed 2015/16 surplus, which was received by the City Council as accountable body in Autumn 2016. The LLEP Board determines how the funds should be applied strategically and the LLEP Programme Board determines the allocations to individual projects. The Programme Board is informed by detailed work from the Project Review Panel and the LLEP team.

The LLEP Board has agreed that the funds can be used to make grants to support:

- a) Project development costs associated with capital schemes which could then be eligible for investment through the Local Growth Fund, European Structural Funds, the Local Transport Fund or other sources of capital investment such as Heritage Lottery Funds, Arts Council, etc.
- b) Implementation costs of schemes in the LLEP's project pipeline. The funding would cover a contribution to the revenue costs of undertaking projects, in addition to project development costs.

The Programme Board has thus far approved funding for development costs to five projects, totalling £355k, as follows:

Project Sponsor	Name of Project	Funding
Leicester University	DNA & Forensics Visitor Centre	£150,000
Leicester Cathedral	Leicester Cathedral Revealed	£25,000
Loughborough Generator CIC	Firing the Generator	£25,000
Leicester City Council	National Space Park/Pioneer Park Infrastructure	£80,000
Twycross Zoo	Twycross Zoo Life Sciences Masterplan	£75,000
		£355,000

The Programme Board has recently considered recommendations to approve implementation cost funding for seven projects, totalling £466k. A formal decision by the Board is expected shortly. The projects are:

Project Sponsor	Name of Project	Maximum Funding
Leicester-shire and Rutland Sport	Delivering the Sport and Economy Growth Strategy	£40,000
Leicestershire Education Business Company	Work Experience Capacity Building in Growth Sectors	£5,600
Leicester City Council	LeicesterShire to Work	£98,000
Go Travel Solutions	SmartGo Strategic Development	£30,000
The Prince's Trust	Better Off in Business	£92,600
University of Leicester	Start-Up Leicester	£100,000
LLEP	Enterprise Adviser Network	£100,000
		£466,200

The LLEP receives a 2.5% programme management fee on most funds under its control, which equates to £50,000 on the £2m rates pool fund.

Hence, the total identified spend to date is £871,200.

Requests will continue to be received and evaluated on an on-going basis, with quarterly decisions by the Programme Board. It is proposed that the Strategic Director (City Development and Neighbourhoods) be authorised to distribute the £1.129m balance of the £2m in due course, as such decisions are made.

If the Executive does not give the necessary approvals, then the developments and projects are unlikely to proceed and the benefits would not be realised. In addition, the standing of the LLEP and the Council with regards to economic growth and the accountable body role respectively could be impaired.

4. Details of Scrutiny

None specifically – this report is to implement LLEP decisions.

5. Financial, legal and other implications

5.1 Financial implications

This report is concerned with financial implications throughout, reflecting the Council's role as accountable body to the Leicester and Leicestershire Enterprise Partnership.

As accountable body, the Council ultimately bears the financial and legal risks associated with the LLEP. This risk is mitigated through the LLEP being based within the Council, being subject to the Council's governance arrangements and through the LLEP's wider resources and expected future income streams.

With regards to the specific proposals in this report, the Council would be distributing funds that have already been received, and hence any risks to the Council are reputational rather than financial.

Colin Sharpe, Head of Finance, ext. 37 4081.

5.2 Legal implications

Overall the legal advice is that the proposals detailed within this report are not likely to pose issues in relation to state aid, however this will need to be reviewed in relation to each Individual funding proposal.

The funding should be subject to a funding/grant agreement which will be drafted by legal services for the City Barrister and discussed with the LLEP officers.

Emma Horton, Head of Law (Commercial, Property & Planning) ext. 37 1426

5.3 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

6. Background information and other papers:

None

7. Summary of appendices:

None.

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

Yes.

10. If a key decision please explain reason

One-off or capital expenditure of over £1 million is to be committed on a scheme that has not been specifically authorised by the Council.