

Delegated Decision Report

1 April 2020

Subject: **Investment Fund Update, Part A**

Report of: **Director of Economic Growth**

Portfolio: **Economic Growth**

Introduction

A decision on this matter was expected to be made at the Cabinet meeting to be held on 24 March 2020. In response to the Coronavirus pandemic, central government announced on the evening of 23 March 2020 further restrictions on when and how people could meet and leave their homes. In response to this announcement the Cabinet meeting was cancelled.

Standing delegation HPS11 in Part 2.9 of the Constitution allows the Head of Paid Service:

To take an urgent decision where a decision needs to be made urgently and it is not practical to convene a quorate meeting of the Cabinet or relevant committee or subcommittee of the Authority, in consultation with the Chair (or in their absence a Vice Chair) of the Cabinet or relevant committee or subcommittee, the Chief Finance Officer and the Monitoring Officer.

It has been agreed with Mayor Driscoll, as Chair of Cabinet, the Chief Finance Officer and the Monitoring Officer that all the decisions expected to be made at Cabinet on 24 March 2020 will now be made by the Head of Paid Service as Delegated Decisions in accordance with HPS11 to ensure the efficient conduct of the Authority's business.

Report Summary

The purpose of this report is to provide an update on delivery of the Investment Fund and proper arrangements for decision-making for smaller scale investments through the BCDF and further investment proposals in our priority sectors. This follows Cabinet commitments approved in January for Digital, Culture, Creative and Tourism sector programmes.

The recommendations outlined in item B seek approval of plans which would commit in principle:

- £12m until 31 March 2023 for delivery of an Offshore Fund
- £10m until 31 March 2023 to establish a Green New Deal Challenge Fund
- £2m to deliver a skills programme to support effective Green Growth.
- £100,000 to develop a Carbon Reduction Fund by 31 March 2021
- £100,000 until 31st March 2023 for activity in citizen, community, business and public sector

This is in addition to the allocations approved at January Cabinet bringing our total commitments against our £100m 5-year Investment Plan to £64.66m.

Specifically, against our key sector workstreams commitments will be:

- £30.70m to support the growth of key sectors and new sectoral opportunities;

- £4.75m to support skills for growth; and
- £8.25m to support Culture, Creative and Tourism.

Recommendations

The Head of Paid Service is recommended in this report to:

- i) Note progress to date on the Investment Fund, achievements of key milestones and ongoing development work.
- ii) Approve, in consultation with Investment Panel, Business Case Development Fund (BCDF) investment decisions up to the value of £150,000 of NTCA Investment

1. Background Information, Proposals and Timetable for Implementation

1.1 Background

Progress against delivery of the North of Tyne Investment Plan continues at pace. Work on developing the offer to our priority sectors is starting to take shape with proposals on Digital, Culture, Creative and Tourism approved by Cabinet in January. This continues with our offer for Energy, Green Growth and Climate change (as set out in item B) and work continues on developing our Ageing Narrative.

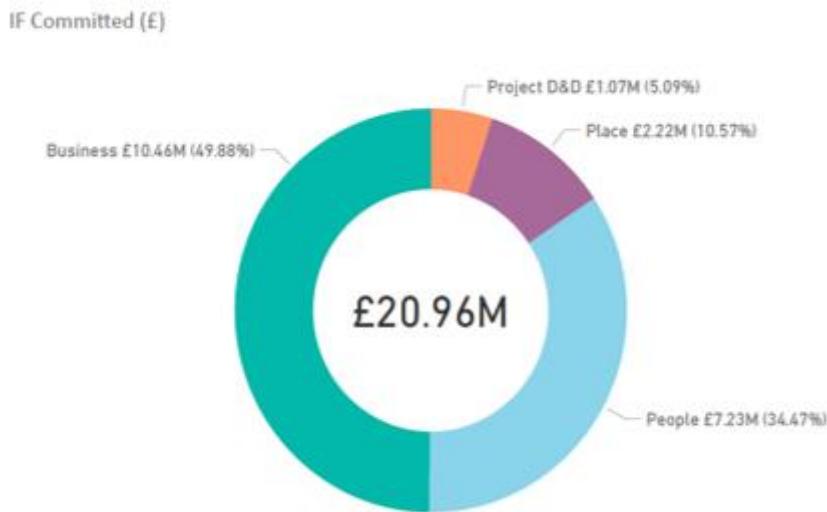
The Investment Fund programme is moving into operational delivery, with defrayment of the first claim payments and implementation of performance management arrangements. Regular review is embedded within our processes, we strive to improve our processes to ensure we are delivering our programmes as efficiently as possible while continuing to remain compliant. Following agreement at Investment panel, a request for delegation to the Interim Head of Paid Service, in consultation with Investment panel, is made in respect of smaller scale BCDF applications.

1.2 Investment Fund – progress to date

The Investment Plan was approved by Cabinet in April 2019, it sets out the investment priorities for the first £100m. The combined authority has achieved:

- A commitment of £20.96m of funding against 23 projects and programmes
- Attracting £99.51m of private sector leverage
- A forecast of 2571 jobs to be created.

Diagram 1: Breakdown of Investment Fund Commitments against Investment Plan programmes of Business, People, Place, Project Design and Development.



Investment commitments to date are spread across the priorities of business, people, place, project design and development, and major strategic economic opportunities.

Expenditure defrayed through claims now stands at £419,622. It is expected that the value of claimed expenditure will increase significantly over the next 6-12 months.

The North of Tyne Growth Fund, North of Tyne Rural Growth Fund and North of Tyne Inward Investment Fund are open for business with the first businesses coming forward for support.

Delivery of our STEM and Digital programme is well underway, Kielder Observatory have engaged with 29 schools since September with 3,600 pupils benefitting so far. Activity on the NUSTEM, Digital Catapult and Woodhorn Charitable Trust programmes is also progressing as planned.

On the Inclusive Economy agenda a commitment in principle of £3m has been awarded through the Employability and Skills Fund. Applicants are working up full applications due to be submitted to the

Combined Authority in June. In addition, our Return to Work programme commenced in January and is delivering on target.

A series of stakeholder engagement events on our key sectors are planned in the coming months to present our approach, seek input on next steps, and encourage innovating commissioning and project development

1.3 Business Case Development Fund (BCDF)

The £4.5m BCDF was agreed by Cabinet in February 2019 with the objective of enabling organisations to submit sufficiently well-developed external funding applications. It was also agreed it could support the development of large-scale, complex and strategic projects to reach outline business case stage.

Since the launch of the BCDF, NTCA has committed funds of £1.15m against 11 applications. The average investment to date has been at £105k, with an average intervention rate of 69%. All investment decisions on BCDF have been made by Cabinet, the time taken from submission of an application to a funding decision is around 8 weeks.

A year into delivery the Combined Authority has taken the opportunity to review our approach to the BCDF and consider areas of improvement. In response, Investment Panel has reviewed the decision-making process for investment requests below £150,000, to ensure that the length of the process is proportionate to the level of grant request.

It is proposed that the Interim Head of Paid Service, in consultation with Investment Panel, approve Business Case Development Fund (BCDF) investment decisions up to the value of £150,000 of NTCA Investment.

2. Key Risks

- 2.1** Risks associated with the request for an approved delegation have been fully considered and accounted for in the recommendation.

3. Financial and Other Resources Implications

- 3.1** There are no financial implications.

4. Legal Implications

- 4.1** The Interim Monitoring Officer's comments have been included in this report.

5. Consultation and Engagement

- 5.1** This has taken place in line with the assurance framework requirements.

6. Appendices

- 6.1** No appendices

7. Background Papers

- 7.1** No background papers.

8. Contact Officers

- 8.1** Chrisi Page, Investment Programme Manager, chrisi.page@northoftyne-ca.gov.uk

9. Glossary

NTCA	North of Tyne Combined Authority
BCDF	Business Case Development Fund
STEM	Science Technology Engineering and Maths
IF	Investment Fund