



Report to the Joint Executive Committee

Meeting Date – 9th September 2024

Key Decision – No

Public/Private – Public

Portfolio – Cllr Mark Fryer, Leader Cumberland Council and Cllr Jonathan Brook, Leader Westmorland and Furness Council

Directorate – Assistant Chief Executive Service, Westmorland and Furness Council

Lead Officer – Liz Watson, Accountable Body & Assurance Manager, Westmorland and Furness Council

Title – LEP Legacy Programmes Overview

Brief Summary:

This report provides an overview on the LEP legacy programmes for which Westmorland and Furness Council provide assurance support to support Cumberland Council in its role as accountable body, following the integration of LEP functions. The report also recommends that the Joint Executive Committee (JEC) approves a change control in relation to the Grizebeck project.

Recommendations:

For the reasons set out in this report, the Joint Executive Committee is recommended to:

1. Note the current status of the legacy programmes and the ongoing reporting requirements.
2. Approve the change control in relation to the Grizebeck scheme.
3. Note a revised MoU for the Kingmoor Enterprise Zone will be brought to the next meeting of the JEC for agreement.
4. Note a more detailed report on the Cumbria Infrastructure fund will be provided at the next meeting of the JEC.
5. Note that a Local Assurance Framework is being developed, and this will be brought to a future meeting of the JEC for agreement.

1. Background

- 1.1. At its meeting on 28th March 2024, the Joint Executive Committee (JEC) approved the transfer of LEP functions. The JEC subsequently approved updated Terms of Reference at its meeting on 14 May 2024 to include '*ongoing oversight monitoring and review of the Cumbria wide economic programmes grant assets functions and programmes transferred from the LEP...*'.
- 1.2. In addition to the programmes managed by Enterprising Cumbria, there are several legacy programmes for which assurance support is provided to Cumberland Council (in its role as accountable body) by Westmorland and Furness Council. The arrangements for this are to be set out in the collaboration agreement between the two Councils.
- 1.3. The legacy programmes are: Local Growth Fund (LGF); Getting Building Fund (GBF); Cumbria Infrastructure Fund (CIF); Northern Cultural Regeneration Fund (NCRF); and Regional Growth Fund (RGF). The collaboration agreement sets out that the assurance support provided by Westmorland and Furness Council in relation to these programmes will include ongoing collating of output / outcome monitoring; preparation of six-monthly government reports for review and sign off by Cumberland's s151 officer; and preparation of change controls.
- 1.4. The collaboration agreement will also set out general support to be provided by Westmorland and Furness Council, including co-producing a local assurance framework and a revised MoU for the Kingmoor Park Enterprise Zone.
- 1.5. This report provides an overview of the current position of these legacy programmes and the ongoing reporting requirements in relation to these, to support members in their oversight, monitoring and review role going forward. The report also includes a change control for the Grizebeck scheme in the context of the LGF programme for consideration.

2. Proposals

Local Growth Fund (LGF)

- 2.1. A total of £60.3m Local Growth Fund was received by CLEP between 2015-2021, and this was fully committed and spent in line with government's timescales of March 2021. 34 schemes were supported through LGF, with all these now practically, financially, or totally complete apart from the Grizebeck scheme, in which work is ongoing.
- 2.2. There is a requirement for ongoing collating of output and outcome monitoring and the submission of six-monthly reports to government. The original timescale for

this reporting was to the end of 2024/25, but recent guidance has indicated that reporting may continue to 2030. The six-monthly reports will be provided to the JEC for review going forward, prior to sign-off by Cumberland's s151 officer.

- 2.3. The reporting focuses upon the status of projects and the achievement of key outputs. Whilst the programme offer letters contain no formal target for outputs, targets were agreed with government against which to monitor progress, and these were recently clarified by CLEP in late 2022. These key output targets and progress to date is summarized in the below table:

Output	Target	Achieved
Jobs Created / Safeguarded	3,000	2,176
Investment	£60m	£88m
Learning Opportunities	1,700	6,254
Housing	3,000	1,107
Premises Created / Refurbished m2	62,000	129,610
Premises with access to superfast broadband	5,000	11,223

- 2.4. Whilst most output targets have been exceeded, jobs and homes figures continue to be challenging. There are several reasons for this, including that output targets were not associated directly with the pipeline of projects that evolved over the life of the LGF programme.
- 2.5. A more detailed review of outputs will be provided at the time of the next six-monthly report, due in November. This will also provide an update on the status of all schemes within LGF. This includes the Carlisle Airport scheme, which received a £4.95m LGF investment in 2019 and following the impact of COVID and subsequent sale of the asset, made a repayment of £500k to CLEP. This funding will form part of the funds transferred to Cumberland Council upon the closure of CLEP as part of the budget to be managed by the JEC in line with the Terms of Reference.
- 2.6. The Grizebeck scheme, which received and spent £2.244m of LGF prior to March 2021, is still in delivery. There have been significant cost increases since the original approval, with detail included in the change control attached as appendix A. The change control remains on the CLEP template which would have been the format considered by the relevant CLEP governance prior to the transfer of functions.

2.7. The key changes noted are an increase in the total project budget from £23.29m to £27.43m and a revised final completion date from August 2026 to July 2028. There is no change to the LGF amount and no material change to what is being delivered by the project and it is therefore recommended that the change control is approved.

Getting Building Fund (GBF)

2.8. CLEP received £10.5m under the Getting Building Fund between 2020-22 to support strategically important ‘shovel ready’ projects that were approved by MHCLG as part of the application process. Two projects were supported, A595 Bothel Improvements (£5m) and Marina Village (£5.5m) within the government’s timescales of March 2022. Both schemes are now practically complete and are in the final stages of compliance reporting.

2.9. There is a requirement for ongoing collating of output and outcome monitoring and the submission of six-monthly reports to government to the end of 25/26 as a minimum. The six-monthly reports will be provided to the JEC for review going forward, prior to sign off by Cumberland’s s151 officer. The outputs aligned with GBF are directly related to the approved projects and are summarized in the below table:

Output	Target	Achieved
Housing Units Unlocked	214	0
Km of road built and maintained	1	1

2.10. The completion of Bothel means that the road output has already been achieved, and it is forecast the housing unit output will be delivered in full within GBF timescales with the planned development of the Marina Village site. The output relates to the number of housing units to be unlocked by the intervention, rather than the physical delivery of housing units and can therefore be reported as achieved upon planning permission being obtained, with this currently anticipated by May 2025.

Cumbria Infrastructure Fund (CIF)

2.11. In 2012, Cumbria received a £6.162m capital allocation from the Growing Places Fund, the use of which was led by CLEP. Known locally as Cumbria Infrastructure Fund, its objective was to support infrastructure schemes which would unlock houses and jobs. The fund was designed to be evergreen in nature.

- 2.12. In 2022, CLEP identified that CIF was not proving attractive and options for the repurposing of CIF were considered in line with CLEPs governance. CIF has been invested in a series of capital commitments exceeding the original capital allocation, and there are no ongoing government reporting requirements. Westmorland and Furness Council currently provide management of the fund, with the available monies to be transferred to LEP for onward transfer to Cumberland Council in line with the tripartite agreement, once finalized. A more detailed report on the fund will be provided following the closure of CLEP.
- 2.13. As of 31 March 2024, the available funds within CIF were estimated at £710k, with further repayments anticipated to March 2027. Other funds to be transferred as part of this arrangement will include the £500k received by CLEP in relation to the LGF Carlisle Airport scheme and any remaining CLEP reserves. Going forward, these amounts will form a single budget of which the JEC will have oversight in line with the Terms of Reference.

Northern Cultural Regeneration Fund (NCRF)

- 2.14. The Northern Cultural Regeneration Fund was a £15m legacy fund launched by the Department for Culture, Media and Sport (DCMS) in August 2017. The World Heritage Lake District Project, comprising of 3 distinct elements – Windermere Jetty, Reimagining Wordsworth and Abbot Hall - was successful in securing £3.29m of funding as part of a competitive process. Delivery was impacted by COVID-19, with a final closure report submitted by CLEP to DCMS in April 2023. There are no ongoing reporting obligations, with Westmorland and Furness Council retaining documents in accordance with requirements.

Regional Growth Fund (RGF)

- 2.15. The Regional Growth Fund was a scheme designed with the objective of supporting the creation of new, sustainable private sector jobs. Through RGF3 and RGF4 Cumbria received just over £4m in funding for activity between April 2013 and December 2015 and supported almost 50 projects. Both RGF programmes were formally closed in 2019 and there are no ongoing reporting obligations, with Westmorland and Furness Council retaining documents in accordance with requirements.

Kingmoor Park Enterprise Zone

- 2.16. Kingmoor Park Enterprise Zone was established in April 2016 and is a site designated for business development which may offer incentives to encourage and accelerate economic growth and investment. The incentives were available to

business occupying the site by 31 March 2021 who are then able to benefit up to 31 March 2026. All business rates growth generated is retained by the local area for 25 years to reinvest in local economic growth. An MoU was established between CLEP, Cumbria County Council and Carlisle City Council in May 2016 for the governance of the Enterprise Zone. A revised MoU is now required to establish the required governance at this stage of the Enterprise Zone's operation, and to reflect the updated parties.

General Support

2.17. General support is also to be provided by Westmorland and Furness Council through the provision of advice and guidance, as well as the co-production of a Local Assurance Framework to govern delivery of countywide programmes and initiatives, and a revised MoU for the Kingmoor Park Enterprise Zone. Both of these documents will be brought to future meetings of the JEC for agreement.

3. Alternative options considered

3.1. Not applicable.

4. Conclusion and reasons for recommendations

4.1. This report is recommended for approval by the Joint Executive Committee. The report provides an overview of legacy programmes and the recommendation for approval of the change control will enable full delivery of the Grizebeck scheme.

Contribution to the Council's Plan Priorities –

The proposals set out in this report will help support sustainable, inclusive, economic growth across Cumbria, supporting the opportunity for the two Councils to work together with a shared approach to supporting economic growth across Cumbria and in turn contributing to the visions and ambitions set out in the two Council Plans.

Relevant Risks and explain how risks can be mitigated –

There are minimal risks given the nature of the paper. There is the risk that if the Joint Executive Committee does not approve the change control, the Grizebeck project could not be delivered in full.

Consultation / Engagement –

N/A

Legal –

The Terms of Reference for the Joint Executive Committee have been updated and approved and therefore it is within the Joint Executive's power to make a decision in relation to these recommendations.

A number of the recommendations are of note but may require further decisions of the Joint Executive at a future date.

Finance –

Finance comments not received. There are no direct finance implications as a result of recommendations in this report as they are of note but may require further decisions of the Joint Executive at a future date.

Information Governance –

There are no direct Information Governance Implications arising out of this report

Impact Assessments –

Have you screened the decision for impacts using the Impact Assessment? No
If you have not screened the decision using the Impact Assessment, please explain your reason – Not key decision

Lead Officer Contact details:

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Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

Appendices attached to report:

- Appendix A – Grizebeck Change Control



PROJECT CHANGE CONTROL AND APPROVAL

CUMBRIA
LOCAL
ENTERPRISE
PARTNERSHIP

Project Name:	A595 Grizebeck Improvement Scheme
Project Ref No:	GD033
Case Officer (within LEP / AB):	Liz Watson
Change Control Raised by (within applicant organisation):	Chris Myers / Simon Boyd
Change Ref No:	3
Date Completed:	04/07/2024

1. Please confirm the key change(s) proposed to the project:

- change to loan / grant value
- change to sources or amounts of match funding
- change to LEP Funding or match funding contribution rates
- change to scope of project activity
- change to outputs and/or results
- change to total project budget
- change to project duration
- other: Please specify below:

Change to project milestones

2. Please provide a brief explanation for the proposed change(s);

- Provide a reason for each change requested
- Detail the current position and the change requested for each change i.e. from / to
- If the change(s) involve a fundamental change to the way the project is being delivered please describe this in full
- Financial and output changes should be detailed in the appropriate Annexes

The £2.244m grant for the Grizebeck Improvements project has been expended against an agreed spend profile and associated project milestones. The investment by CLEP was focussed on the scheme development costs to enable and secure further funding from the Department for Transport (DfT) for the construction work by submission of a full business case for approval.

In January 2022, it was reported that costs were anticipated to have risen by £2.721m to £17.683m due to inflationary pressures during the time it had taken to secure DfT approval, and that Cumbria County Council at the time had agreed a contribution to meet this gap. A change control reflecting this and changes to milestones reflecting an extended project duration was approved by the Investment Panel in March 2022.

In November 2022, working alongside the economic programmes team, a further change control was submitted to CLEP. This requested an adjustment to the spend profile based on a revised estimated scheme cost of £23.292m at that time, which helped clarify required detail for the re-contracting process. This also included a note regarding the application of 15% overheads to direct staff costs which makes clear what the contracted cost is. This change control was approved by the CLEP Investment Panel on 8 November 2022.

These cost increases were a direct result of the continued inflationary pressure within the construction industry leading to direct increases in construction material costs and indirect risks allocated by contractors in pricing contracts. The overall trend in cost increases is understood to have been exacerbated by Russia's invasion of Ukraine in February 2022.

The Full Business Case was submitted to the DfT on 13 November 2023 following completion of detailed design. The overall cost for the delivery of the scheme was estimated at £27.429m as set out in Table 1 below and based on a construction start in September 2024 and a 22-month construction programme.

Table 1 Element of Scheme Cost	FBC submission	Story final Contract price
	(£)	(£)
	Nov-23	Dec-23
Construction Works Cost	14,566,308	15,230,734
Project Management & Design	3,391,604	3,391,604
Client management costs	1,210,280	1,210,280
CPO Public Inquiry related costs	146,746	146,746
Statutory Undertaker costs	1,021,148	1,021,148
Land and compensation costs	1,579,848	1,579,848
Part 1 Claims	202,884	202,884
Quantified risks	1,143,816	1,437,220
Sub-Total:	23,262,634	24,220,464
Inflation (for construction 24/25)	1,371,964	913,844
Sub-Total:	24,634,598	25,134,308
Unquantified risks and contingency	2,794,340	2,294,631
Total:	27,428,939	27,428,939

The Full Business Case was approved by DfT on 16 April 2024 with the DfT agreeing to provide £23.312m or 85% of the grant funding overall from the Major Road Network funding programme. The remaining 15% is through local contributions of £2.244m from CLEP and £1.873m from Westmorland

and Furness Council.

As a consequence of the increased scheme cost, consequential rise in match funding value, revised construction start and finish dates and refinements made following FBC submission, the following changes are requested:

Change to match funding

The match funding profile will change as follows:

Match Funder	Original Profile (MoU)	March 2022 Change Control (Approved)	November 2022 Change Control (Approved)	Revised Profile
CLEP	£2,244,000	£2,244,000	£2,244,000	£2,244,000
WFC	£0	£2,720,808	£8,330,216	£1,873,000
DfT	£12,718,192	£12,718,192	£12,718,192	£23,312,000
Total	£14,962,192	£17,683,000	£23,292,408	£27,429,000

Change to Total Project Budget & Expenditure Headings

The Project budget and expenditure headings will change as follows:

	Original Cost (MoU)	November 2022 Cost (MoU)	Revised Cost
Preliminary Design and Planning	£328,499	£837,802	£837,802
Technical Advice	£66,876	£66,876	£66,876
Project Management (WFC Internal Costs)	£0	£614,248	£1,388,915
Surveys	£236,775	£378,008	£378,008
Statutory Utility Diversions	£207,264	£461,734	£1,171,867
Land Acquisition (incl. claims & Public inquiry costs)	£302,000	£813,270	£2,214,575
Design & Build	£13,820,758	£20,120,470	£21,370,957
Total	£14,962,192	£23,292,408	£27,429,000

As noted above, the majority of the cost increase is a direct result of the continued inflationary pressure within the construction industry. Land acquisition costs have also increased as the overall requirement for both temporary and permanent land has increased through preparation and development of the CPO process and to facilitate essential habitat mitigation. Land acquisition costs also include for public inquiry and Part 1 claim costs.

Forecast inflationary increases, quantified and unquantified risks, as per FBC figures, have been pro-rated across future activities.

Change to Project Milestones:

As a consequence of the increased cost estimate for the scheme and the work undertaken by the County Council to identify additional funding contributions there are some minor changes requested to the project milestones that were approved in November 2022 as set out below:

Ref	Milestone Description	Original Target Date for Completion (MoU)	March 2022 (Approved Change Control) Target Date for Completion	November 2022 (Approved Change Control) Target Date for Completion	Revised Target Date for Completion
1	Project Start	6 Aug 2019	3 June 2019	3 June 2019	3 June 2019
2	Prepare planning application and EIA	30 Aug 2021	20 Feb 2022	20 Feb 2022	20 Feb 2022

3	Statutory Process: Planning Approval	20 Dec 2021	15 July 2022	05 Oct 2022	05 Oct 2022
4	Statutory Process: Public Inquiry (if required)	12 Sept 2022	30 May 2023	26 June 2023	26 June 2023
5	Design and build tender	26 Sept 2022	15 July 2022	6 Oct 2022	6 Oct 2022
6	Statutory Process: Land CPO (if required)	24 Oct 2022	18 Sept 2023	18 Sept 2023	18 Sept 2023
7	Submit land purchase documentation	24 Oct 2022	18 Sept 2023	18 Sept 2023	18 Sept 2023
8	Detailed Design	10 Feb 2023	31 Mar 2023	23 Jun 2023	23 Jul 2023
9	Finalised Cost Plan	13 Feb 2023	29 Sept 2023	29 Sept 2023	31 Oct 2023
10	FBC Submission	13 Feb 2023	29 Sept 2023	29 Sept 2023	13 Nov 2023
11	DfT Full Approval	10 Apr 2023	12 Jan 2024	12 Jan 2024	16 Apr 2024
12a	Construction start		12 Feb 2024	12 Feb 2024	10 Sept 2024
12b	Construction end	26 Aug 2024	8 Aug 2025	8 Aug 2025	5 July 2026
13	Completion	31 Aug 2025	8 Aug 2026	8 Aug 2026	8 July 2028 (2yr maintenance period for landscaping establishment)

Change to Project Outputs:

The increased cost estimate for the scheme will impact the project outputs as set out below:

Indicator	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Original Outputs (MoU)									
New highway built (km)	0	0	0	0	1.4				1.4
Public investment (£)	0	0	0	8,268,146	4,450,046				12,718,192
March 2022 Change Control (Approved) Outputs									
New highway built (km)	0	0	0	0	0	1.4			1.4
Public investment (£)	0	0	0	1,464,520	12,361,760	1,612,720			15,439,000
November 2022 Change Control (Approved) Outputs									
New highway built (km)	0	0	0	0	0	1.4			1.4
Public investment (£)	0	0	583,079	2,177,519	14,909,579	3,378,231			21,048,408
Revised Outputs									
New highway built (km)	0	0	0	0	0	0	1.4		1.4
Public investment (£)	0	0	583,079	1,289,921	6,950,000	12,836,000	3,526,000		25,185,000

3. Please outline changes required to other key project documentation and/or systems;

Programme Summary

Loan / Grant Agreement – Deed of Variation

Other: Please detail below:

Target dates for completion of project milestones.

4. Please explain the impact on the Project of the change request not being approved

- Provide details on the impact on budget and targets (e.g. would there be an under spend / reduction in outputs and/or results if the request was not approved?)

If the change request is not approved, then the Council may no longer be able to proceed with the project as a significant amount of the funding would be at risk.

5. Type of Change to Investment Decision:

- Confirm the type of change and provide any further detail (e.g. reason for it being considered a material change) below if necessary

Up to 10% ¹ and / or a maximum value of £250k and no material change	Yes/ No	CLEP Chief Executive or CLEP Head of Programmes
Up to 20% and / or a maximum value of £500k and no material change	Yes / No	CLEP Chief Executive and Accountable Body Senior Manager and LEP IP Chair
Over 20% and / or over £500k and / or a material change to the project	Yes / No	CLEP Investment Panel Decision or CLEP Board Decision

Whilst there are significant cost increases that have resulted in revisions to budgets headings, there is no change to the value of the LEP grant, or a material change to what is being delivered by the project.

¹It should be noted that a 10% tolerance within budget headings is not considered a change to an investment decision and is therefore not subject to Change Control.

APPROVAL

	Accept / Reject / Defer	Signature	Date
CLEP Head of Programmes:			
CLEP Chief Executive:			
Accountable Body Senior Manager:			
LEP IP Chair:			
		Date of Decision	
CLEP Investment Panel:			
CLEP Board:			

Approval Conditions / Comments

