



Department for
Communities and
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building, 2 Marsham Street,
London SW1P 4DP

Mr Chris Ward
Head of Finance and Section 151 Officer
Portsmouth City Council
Civic Offices
Guildhall Square
Portsmouth
PO1 2AR

Email: chris.ward@portsmouthcc.gov.uk

6 February 2015

Dear Mr Ward,

Local Growth Fund

Following the agreement of the Growth Deal between Solent LEP (“the LEP”) and Government I am writing to confirm the arrangements for Local Growth Fund grant payments to be made in 2015-16 by the Department for Communities and Local Government (“DCLG”) to Portsmouth City Council (“the Council”) as the accountable body for the LEP.

DCLG will release a Local Growth Fund capital grant payment of **£40,391,667 in a single instalment on the 1st April 2015**. This covers funding for projects that start in 2015-16 as set out in the Growth Deal. This figure also includes £13.8m of pre-allocated Local Growth Fund (known as the Local Transport Body allocation). Payments will be made under section 31 of the Local Government Act 2003.

Project ‘Tail’ Funding for 2015-16 project starts

As set out in the Growth Deal, 2015-16 project starts also come with a tail of future years’ funding where investment is needed over more than one year. For 2015-16 project starts the total associated tail funding to be paid to the Council in future years is £55.5m (this figure is rounded to one decimal place).

This means that Government is committed to continuing to fund these projects in future years. If projects are not taken forward, for whatever reason, the LEP will not automatically be entitled to receive the associated tail funding. Whether or not the LEP is awarded the tail funding, for projects not taken forward, is subject to discussions with the Government.

Future Years Budget Profiles

The announcement of expanded Growth Deals on 29 January means that further conversations will be needed to finalise the overall annual Growth Deal budget profiles for 2016-17 onwards. These conversations will build on the recent discussions Government has been having with LEPs on annual profiles for the original Growth Deal.

Once these budgets have been finalised, in future years the annual grant letter and grant determination will reflect any changes to that year's overall budget as a result of spending performance in the previous year, and the discussions with Government on that performance.

Local Growth Funding paid by DfT

You should also note that DfT will continue to hold and manage two elements of the Local Growth Fund. Separate arrangements will apply to that funding, as follows:

1. Funding for specific schemes which are still subject to business case sign off by DfT: DfT will pay the grant directly to the accountable body under arrangements to be advised by them.
2. The approved tail of existing major schemes included in the pre-committed element of the Local Growth Fund: DfT will continue to pay this funding directly to the scheme promoter.

Funding Requirements

We expect that all funding paid pursuant to the Growth Deal, irrespective of whether paid by DCLG or DfT will fulfil the following requirements:

- 1) It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal.
- 2) It will be deployed solely in accordance with decisions made through a local assurance framework agreed between the LEP and the Council as the accountable body. This framework must be consistent with the standards set out in the national assurance framework. In the case of specific schemes which are still subject to business case sign off by DfT, the DfT business case sign-off process may mean that the local assurance framework process is not required in full. This will be agreed on a scheme by scheme basis.
- 3) That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.

As set out in the Growth Deal, the Council as the accountable body and the LEP will have the flexibility to manage the implementation of the Growth Deal in order to deliver the outcomes agreed. It is recognised that scheme spending profiles are not static and therefore the level of spending on any particular scheme in any particular year is for the LEP to manage. If the LEP wishes to make significant changes to projects that have been agreed as part of the Growth Deal, they should first discuss this with their LEP's Cities and Local Growth Unit relationship manager who will be able to advise on next steps.

The Council is reminded that as the accountable body for the LEP it is responsible for ensuring that expenditure is spent in accordance with all applicable legal requirements. This includes, for example, state aid and public procurement law. The Council is reminded that any development decisions for specific proposals must go through the normal planning process and be guided by local plans, taking into account all material considerations. The Council will, of course, be subject to their normal internal and external audit controls.

The LEP and the Council are also reminded of their responsibilities under the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010 and should have regard to these requirements when apportioning Local Growth funding.

Finally, as set out in the Growth Deal, the expectation is that the Council and the LEP will comply with any current publicity requirements (including any branding guidelines) for Growth Deals.

Yours,

A handwritten signature in blue ink, appearing to read 'Tom Walker', written in a cursive style.

Tom Walker
Director, Cities and Local Growth Unit