**18 November 2021**

Report of **Delegated Authority** **Subgroup** in relation to the meeting of **4th November** **2021**

**For:** (I) Information (R) Ratification (D) Discussion and decision

**SPMG did not meet in November. This is a report of the Delegated Authority Subgroup.**

**On 21/10/21 SSLEP Executive Board approved delegated authority to a sub-group to progress challenges presented by Blythe Park Extension scheme and Cornhill Small Business Units scheme.**

**Key agenda items discussed by the Delegated Authority Sub-group on 04/11/2021:**

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| 1. **Blythe Park Extension scheme** (£1.25m LGD grant, £1.4m GPF loan)
* Scheme sponsor has confirmed that they wish to progress with the new scheme
* Much-needed scheme – employment is needed in this area. Logical site to bring forwards; jobs and housing outputs.
* The original design (2 roundabouts) was proposed by SCC Highways to aid traffic flow; the new design (T-junctions) requires less land and less cost.
* Spend timescale: the LGF grant is already considered as “spent” by BEIS as monies were paid over to SCC Highways at the end of March 2021 under the conditions of the s278 contract.
* A cost reduction of c.£1m is mooted under the new proposals; however, it should be noted this is not a saving as such but will simply bring costs back in line with the spend package/profile originally approved for grant and loan (SCC costs had increased by £1m during time taken to contract).

**Risks:** * Governance issue: it is a different design. We have committed to one thing but now it is something else.
* Legal paperwork does not match. Changes will need to be made to the current SSLEP contracts (grant, loan and Flow of Funds letter)
* The LEP has committed an amount of grant/loan; £ amounts and/or the mix of grant/loan may change.
* Risk of monies not being utilised/goals not being achieved within reasonable timescale.

**Conclusion:*** SSLEP is keen to support the scheme
* It is now a different scheme, so a new business case needs to be submitted for appraisal, to include full details, timescale and costings..
* Changes to the legal documentation will be required, or new documentation put in place, so that it relates to the new scheme.
* Costs of the changes/new paperwork will need to be met by the scheme sponsor.

**Update:*** A letter was sent to the scheme sponsor on Monday 8th November, with a request to provide a new business case within 2 weeks (deadline Monday 22nd November). The requirement for the sponsor to meet any legal costs was noted in the letter.
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| 1. **Cornhill Small Business Units** (£291k GBF grant, £284k SSLEP funding from reserves)
* Contracting has been delayed due to uncertainties around the ability of the project to complete GBF spend or deliver within the GBF timescales
* SSLEP CEO met with SMDC on 02/11/2021.
* The integrity of the scheme has not changed but timescales have.
* SSLEP is keen to support this project to progress and find a solution – other approaches to defrayment may be considered.
* As funding for the 4 contingency schemes is half and half GBF grant and SSLEP funding from reserves, there is also potential to switch GBF and SSLEP funding ratios across the schemes to ensure GBF spend deadlines are met and all contingency projects are enabled to progress.
* SMDC is currently reviewing timescale and will come back the SSLEP shortly with a revised realistic timescale, which will then be reviewed and considered by the sub-group with Delegated Authority.
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**Decisions and/or Recommendations**

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| * **Blythe Park**. There are **no decisions** regarding the Delegated Sub-group’s update but it should be noted that another agenda item, where a decision is required, links to this scheme as it is currently part-funded by a GPF loan, under a Parent Company Guarantee:
	+ **Agenda item 10 (appendix 1), the Growing Places Fund securities paper**
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