



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Strategic Board Meeting Agenda Pack

Friday 29th June 2018, 10:00am – 12:30pm
High House Production Park, Purfleet, RM19 1RJ





Agenda

10.00	1	Welcome and introductions	Chris Brodie
10.05	2	Minutes and actions from 16 th March 2018 meeting page 4 Declarations of interest Matters arising <ul style="list-style-type: none"> - LEP Review & Thames Estuary 2050 Growth Commission - Record of meetings - Sector Support Fund 	Chris Brodie Chris Brodie Adam Bryan
10.10	3	Garden Communities page 10 <ul style="list-style-type: none"> - Progress update from North Essex Garden Communities Ltd - Consideration of the LEP role - Future Garden Settlement discussions 	Cllr John Spence & Richard Bayley, NEGC Ltd
10.35	4	Tri-LEP Energy Strategy page 13 <ul style="list-style-type: none"> - Update on the development of the BEIS-sponsored Energy Strategy, shared with Enterprise M3 and Coast to Capital LEPs 	Victor Sellwood, Siemens & Jo Simmons
11.00	5	SELEP Skills Strategy page 19, appendix 5a <ul style="list-style-type: none"> - <u>Decision</u> on the approval of the Strategy 	Angela O'Donoghue with Louise Aitken and Skills Board leads
11.25	6	Developing a SELEP pipeline of projects page 24 <ul style="list-style-type: none"> - <u>Decision</u> on process 	Rhiannon Mort
11.45	7	Capital Programme Update page 39 <ul style="list-style-type: none"> - Regular programme update 	Rhiannon Mort
11.55	8	Transitioning to a new Growth Hub model page 53 <ul style="list-style-type: none"> - Update on the development of future model options for the Growth Hub 	Suzanne Bennett
12.10	9	Governance page 57 <ul style="list-style-type: none"> - <u>Decision</u> on Investment Panel ToR & board recruitment approach - <u>Decision</u> around minor changes to all previously approved policies including SELEP Terms of Reference 	Adam Bryan
12.30	10	AOB & Close <ul style="list-style-type: none"> - Internal Audit Report appendix 10a <p><i>Board members are asked to note that, at the request of the Vice Chairmen, a smaller workshop session on the <u>Strategic Economic Plan</u> is planned for 12.45pm – 2.45pm. Attendance for this has been arranged through the Vice Chairmen and the federal boards.</i></p>	Chris Brodie



Attached for information only:

- a. Material from [16th March](#) and [27th April](#) and [15th June](#) Accountability Boards

Future Meeting Dates

- 1. 28th September
- 2. 7th December
- 3. 22nd March 2019

Strategic Board Forward Plan	Meeting
Strategic Economic Plan approval Garden Communities: Ebbsfleet Next steps - LEP Review Team Plan Sector Support Fund bids Annual General meeting	28 th September
Assurance Framework refresh Growth Hub Further items TBC	7 th December

Minutes of 16th March 2018 meeting

Attending	Company	Representing
Chris Brodie	Chair	
Adam Bryan	Managing Director	
Graham Peters	Vice Chair for East Sussex	East Sussex – Business
Christina Ewbank	ACES	East Sussex – Business
Clive Soper	East Sussex FSB	East Sussex – Business
Cllr Keith Glazier	East Sussex County Council	East Sussex – Local Authority
Cllr Peter Chowney	Hastings Council	East Sussex – Local Authority
<i>Cllr Martin Kenward for Cllr Bob Standley</i>	Rother District Council	East Sussex – Local Authority
George Kieffer	Vice Chair for Essex	Essex – Business
David Burch	Essex Chamber of Commerce	Essex – Business
David Rayner	Birkett Long	Essex – Business
Perry Glading	Thurrock Business Board	South Essex – Business
Colette Bailey	Metal	South Essex – Business
Cllr John Lamb	Southend on Sea Borough Council	Essex – Local Authority
<i>Cllr Tom Cunningham for Cllr Graham Butland</i>	Braintree District Council	Essex – Local Authority
Cllr Kevin Bentley	Essex County Council	South Essex – Local Authority
Geoff Miles	Vice Chair for Kent & Medway	Kent – Business
Jo James	Kent Invicta Chambers	Kent – Business
Douglas Horner	Trenport Investments	Kent – Business
Paul Thomas	DLS Limited	Kent – Business
Cllr Peter Fleming	Sevenoaks District Council	Kent – Local Authority
Cllr Simon Cook	Canterbury City Council	Kent – Local Authority
Cllr Paul Carter	Kent County Council	Kent – Local Authority
Cllr Rodney Chambers	Medway Council	Kent – Local Authority
Graham Razey	East Kent College	Further Education
Penny Shimmin	Sussex Community Development Association	Social Enterprise

Apologies received	Cllr Graham Butland Cllr Rob Gledhill Prof Anthony Forster
Voting Members/Alternates attending	25 out of 28 (quorate)

1. Welcome and Introductions

- 1.1. Chris Brodie welcomed the board members and observers to the meeting.
- 1.2. Chris welcomed three new board members - Perry Glading and Colette Bailey from Opportunity South Essex and Penny Shimmin, the new board member for Social Enterprise.
- 1.3. Hannah Rignell, Deputy Director, and Iain McNab, SELEP Relationship Lead, from the Cities and Local Growth Unit, were also welcomed as guests to the board meeting.

2. Minutes and Actions from 15th December 2017 meeting, Matters Arising and Declarations of Interest

- 2.1. The Board agreed the minutes as a matter of record.

Matters Arising – Housing Infrastructure Funding (HIF)

- 2.2. Adam Bryan made the Board aware of the recent success of the Housing Infrastructure Fund awards in the SELEP area. Details available [on the website](#).

Matters Arising – Marketing and Website update

- 2.3. Adam advised the Board there had been a large amount of work completed to both the LEP website and communications using electronic media sources. This has greatly enlarged the LEP's footprint online. Adam thanked Paul Martin for his work on this.

Matters Arising – Sub-national Transport Bodies updates / nominations

- 2.4. Adam advised the Board that the two Sub National Transport Bodies across the LEP area require representation from the LEP.
- 2.5. Transport for the South East hold two seats for the five LEPs in its area. Adam advised that SELEP should offer an alternate when the two representative LEPs cannot field a board member.
- 2.6. Transport East have recently met and each LEP has a position on the board. Councillor Kevin Bentley advised the board George Kieffer is currently sitting on the board and would be well positioned to offer LEP representation.
- 2.7. Nominations to deputise on the Transport for the South East can be sent to Adam directly and any dissention on the matter of George sitting on the Transport East board should also be sent to Adam.

Declarations of Interest

- 2.8. Jo James declared an interest in the Growth Hubs. Kent Invicta Chambers are the delivery partner for the Kent and Medway Growth Hub.
- 2.9. Douglas Horner declared a non-pecuniary interest in the Historic Dockyard at Chatham as a trustee.

3. Governance and Transparency

- 3.1. Chris advised the Board that following on from the review of SELEP after the Annual Conversation, the positive Deep Dive feedback and the recent letter from Hannah Rignell, there are a number of steps to be taken to ensure SELEP are fully compliant with the National Assurance Framework and requirements as laid out in the Mary Ney report.

- 3.2. Hannah Rignell formally thanked SELEP for engaging so positively in the recent Deep Dive process, this had given her an opportunity to put in writing that SELEP is indeed considered to be operating well, but that there are a few areas that require improvement.
- 3.3. Adam noted there are 6 areas that require board agreement to unlock future funding, including the core LEP funding and future Local Growth Funding. There are 2 further areas for noting at this meeting.
- 3.4. Firstly, to **adopt the updated Terms of Reference**, this has been updated to be fully aligned with the recent changes to the Assurance Framework which the board had agreed via electronic procedure.
- 3.5. **This was agreed.**
- 3.6. Secondly was for SELEP to have **oversight of recruitment to Federated Boards**. Adam confirmed this is already done but for there to be a written process with a systematic and consistent approach, which will continue to work alongside the Federated Boards in our established culture. This will ensure all board recruitment is done in an open and transparent manner.
- 3.7. David Rayner confirmed the LEP Chair and Managing Director are already engaged, is this process to do so on a public basis at the Strategic Boards? Adam confirmed this was correct; and that recruitment would be confirmed to subsequent meetings of the Strategic Board.
- 3.8. Cllr Peter Fleming suggested this is agreed in principle and that further updates to requirements are brought to the June Strategic Board Meeting. Adam confirmed there will be no requirement for fundamental changes to processes following the recent letter from the Ministry of Housing, Communities and Local Government (MHCLG). For completeness, a further paper will be brought to the June Strategic Board Meeting with procedural detail.
- 3.9. Councillor Kevin Bentley asked for confirmation on the meaning of the LEP having oversight. Adam confirmed this is reporting to the SELEP Strategic Board.
- 3.10. **This was agreed.**
- 3.11. Thirdly, the board are asked to **re-affirm the Investment Panel**, which they agreed in principle at the June 2017 Strategic Board Meeting. The Investment Panel is explicitly a sub-board of the Strategic Board and will agree the prioritisation of projects, when required. It was confirmed there will be no changes to the Accountability Board and its functions, the Investment Panel allows SELEP to respond to funding calls from Government when opportunities arise outside of the Strategic Board cycle.
- 3.12. Terms of Reference will be agreed subsequently at the June Strategic Board.
- 3.13. **This was agreed.**
- 3.14. Fourthly, Adam went on to advise the board the next point for consideration is the building of a **single pipeline of projects**, this will be used when slippages occur and further funding opportunities emerge.
- 3.15. Adam confirmed the Accountability Board manage the current process for SELEP underspend well; having a pipeline of projects will offer clear sight on projects.
- 3.16. Cllr Paul Carter noted there was a conversation at the Accountability Board discussing what options there are to support with overspend on a project when delays are unseen; he would like the process to support with both over and underspend of projects.
- 3.17. Cllr Keith Glazier recommended when agreeing a pipeline of projects, consideration must be given for changes to circumstances which would result in a moving list.
- 3.18. **This was agreed.**

- 3.19. Fifthly, a **standard approach to calls for projects across all areas of SELEP** needs to be formalised. Whilst this is something all Federal boards currently complete; a consistent approach must be adopted across all areas, ensuring the same message and communication channels are being utilised to reach our wider audience.
- 3.20. Councillor Keith Glazier asked if there will be a signposting method of members of the public who require further information. Adam confirmed this will be part of the SELEP marketing strategy.
- 3.21. Paul Thomas noted the communication is a two way channel and thanked the LEP for endorsing the last round of HIF bids as this worked very well.
- 3.22. Councillor Simon Cook suggested SELEP utilise local authorities existing connections with the business community. Jo James reminded the board there is currently an excellent reach to the wider business community through board members such as herself at the Chamber of Commerce and colleagues at the Federation of Small Businesses.
- 3.23. Douglas Horner welcomes the opportunity to engage with the wider private sector; Douglas requested Hannah Rignell could share best practice from other LEPs, enabling us to fully capture the variety of methods to do so.
- 3.24. Hannah confirmed she will action this, and share best practice from other LEPs with SELEP.
- 3.25. **This was agreed.**
- 3.26. Adam commented further on business engagement SELEP currently has, with over 200 businesses regularly engaged with SELEP through a variety of methods; this is far greater than a number of other LEPs.
- 3.27. Sixthly, the last recommendation that requires a decision is to **formalise the board induction process**; Adam reiterated, this again happens at all Federal Areas a variety of methods, and this action requires us to formalise a consistent process.
- 3.28. David Burch commented that a written, glossy document to give to prospective board members would be a positive action. He further noted that all information should be in plain English with details of all acronyms.
- 3.29. **This was agreed.**
- 3.30. Adam advised the board the next two recommendations do not require a decision today; however they are to be brought to the Board's attention.
- 3.31. **First** of these are to have **time limited tenures for all board members**, including federated boards. Currently only the Chair has a time limited tenure and it would be best practice to widen this.
- 3.32. Concerns were raised about the board members who could be lost as a result of time limited tenures, Hannah clarified it is best practice to have positions time limited, however, if appropriate, existing board members can be renewed, the process will allow for changes to be made when required.
- 3.33. Councillor Kevin Bentley commented that as a voted, public sector member, his position is reappraised every year. To engage new business members who are enthused by the work carried out through SELEP is an exciting opportunity.
- 3.34. In principle the **recommendation has been agreed**, a paper with more detail will be brought to the next SELEP Board meeting.
- 3.35. The final recommendation which does not require a decision is **Gifts and Hospitality process**. Cities and Local Growth Unit have been explicit that all board members who are in receipt of gifts and hospitality are required to declare these.
- 3.36. Adam confirmed the process for declaring gifts and hospitality will be shared with the Board in the coming week, there is currently no lower threshold for declarations. Adam confirmed all declarations will be shared on the SELEP website for full transparency.
- 3.37. Perry Glading requested a minimum threshold is used that sits in line with other LEPs, Hannah confirmed this is £50.

- 3.38. The process for reports gifts and hospitality were agreed in principle, changes will be made to the existing policy to bring our minimum threshold in line with other LEPs.
- 3.39. This **recommendation was agreed**.
- 3.40. Hannah Rignell confirmed, following on from the conversation she has heard this morning, that SELEP are well placed for the release of next year's funding. She confirmed, subject to an open call for funding being agreed, that SELEP are compliant with the National Assurance Framework.

4. Chair Recruitment

- 4.1. Adam confirmed that the item and paper is withdrawn as Chris has accepted the offer to extend his position as Chair for a further two years.
- 4.2. Jo James commented that SELEP has taken great strides in the past two years, and currently has a strong voice into Government under Chris' chairmanship which she thanked him for.

5. South East Business Hub

- 5.1. Suzanne Bennett updated the Board on the latest position of the South East Business Hub. The Department of Business, Energy and Industrial Strategy (BEIS) have announced a further two years funding; the principles of funding are currently in draft format.
- 5.2. Suzanne noted, whilst no confirmation has been received, Growth Hubs nationally will be driven to support high growth businesses.
- 5.3. Suzanne confirmed the Growth Hub will come back to the board in June to agree the forward plan approach for the next 24 months.
- 5.4. Jacqui Ward, Strategic Programme Manager, Kent County Council, Graham Marley, Let's Do Business Group and Murray Foster for Business Essex Southend and Thurrock (BEST) Growth Hub gave presentations on the set up of the local Growth Hubs, delivery and governance of the Growth Hub model. Their presentations can be found [here](#).
- 5.5. Cllr John Lamb reiterated Southend on Sea Borough Council are very supportive of Growth Hubs and highlighted the need for start-up businesses to not be forgotten about if the direction from BEIS is to support high growth businesses.
- 5.6. David Rayner commented the Growth Hubs are a fantastic success story for the LEP and is unsure why we would want to change the model. He raised concerns on where start-ups would seek advice if this was not driven through the Growth Hub.
- 5.7. Cllr Simon Cook raised the wider issue of retaining potential entrepreneurs in the University towns around SELEP. Whilst there is start up space available, affordable housing needs to be considered alongside this in a holistic manner.
- 5.8. Cllr Kevin Bentley requested numbers were provided to the Board on the amount of businesses support, by location and sector. Suzanne confirmed she would get this sent over. Once the reporting definitions are available from BEIS we will ensure data is fed back to the Board on an ongoing basis.
- 5.9. Penny Shimmin noted there will be links between the Social Enterprise working group and the Growth Hubs and she is keen to see this progress. Graham Razeby advised the board the Skills Advisory Group and the Growth Hub are working closely together.
- 5.10. Chris thanked the group for their presentations and contributions

6. Capital Programme Update

- 6.1. Rhiannon Mort updated the Board on both the Local Growth Funding (LGF) and Growing Places Fund (GPF) projects that are currently underway in SELEP.
- 6.2. Rhiannon gave an overview of the suggested principles to highlight LGF projects that are yet to be approved with a view to reallocating funding which is allocated to projects which are unlikely to spend in the period up to 2021.

- 6.3. SELEP is currently over half way through the life LGF of which there are 97 projects underway. Rhiannon gave a presentation on the progress to date of these projects, which can be found [here](#).
- 6.4. Cllr Peter Fleming raised a concern regarding the way LEPs are marked down on underspend and slippage on forecast of projects by Government. He noted the only underspend in Sevenoaks is due to delays caused centrally and does not feel it is appropriate for SELEP to be penalised because of this. Chris advised this will be raised through the Accountability Board.
- 6.5. Cllr Keith Glazier agrees with the principles outlined by Rhiannon but would like to see an extension to the end of the financial year. Rhiannon agreed to this but asked the Board to be mindful this leaves a risk of less than two years to spend.
- 6.6. Hannah Rignell advised the Board that CLoG are looking for a high quality pipeline and robust integration of projects.
- 6.7. Rhiannon advised the Board that SELEP are still awaiting the grant offer letter for 2018/19, conversations to date have been positive and SELEP are anticipating receiving the offer soon.
- 6.8. The principles were agreed; Rhiannon will make changes to the timescales and bring an updated approach to the June Strategic Board.
- 6.9. Rhiannon gave the board an overview of the GPF, with GPF round 1 underway and payments coming forward. To date the Accountability Board have agreed 5 projects for GPF Round 2, with a further three projects to come forward.
- 6.10. Rhiannon advised the Board that payments coming forward to date enable the start of GPF round 2 projects in a timely manner. If slippage were to occur, this would impact on the progression of approved projects. It was agreed where more than one slippage occurs during a project's lifetime these must be brought forward to the Strategic Board.

7. Strategic Economic Plan

- 7.1. Georgina updated the Board on progress to date with the Strategic Economic Plan (SEP). Since December's board meeting work has continued to engage with all parts of SELEP.
- 7.2. Georgina noted that despite the absence of further guidance on the definitive role and responsibilities of the Local Industrial Strategies and the UK Shared Prosperity Fund, development of the SEP would continue.
- 7.3. Georgina proposed that a special meeting for Strategic Board members on the draft SEP is scheduled for May, and in advance of the next Strategic Board. Engagement with all federated areas would also be maintained.
- 7.4. Adam advised the Board that, irrespective of the shape or custodianship of Local Industrial Strategies or UK Shared Prosperity Fund, SELEP need an action plan and the projects we support require a means to gauge strategic fit, meaning the SEP remains a key document. Hannah Rignell agreed with this and confirmed this is Government's perspective and that a really robust evidence base that reflects the local economic analysis is required. Hannah furthered this by stating the document must be owned by SELEP and look like the SELEP area at a glance to engage all at Whitehall.
- 7.5. Cllr Paul Carter asked if Sir John Armitt had received the opportunity to feed into the SEP refresh, it was confirmed that SELEP has had conversations with Sir John Armitt.

8. Any Other Business and Close

- 8.1. David Rayner requested details on output of jobs and homes through the various funding stream/ Rhiannon agreed this would be available at the next board meeting.
- 8.2. The Chair thanked the Board for their attendance.

Garden Communities

1. Purpose

- 1.1 The purpose of this paper is to provide an update to the SELEP Board on the work that North Essex Garden Communities Ltd (NEGC) is undertaking to progress the delivery of three Garden Communities in North Essex.
- 1.2 John Spence (who is the Chair of NEGC) and Richard Bayley (who is the Group Managing Director of NEGC) are attending the next SELEP Board meeting on 29 June 2018 and will give a presentation which, in addition to providing more details of the progress that NEGC is making, will also highlight mutually complementary areas for joint working that NEGC would like to explore with the SELEP Board.

2. Recommendations

- 2.1 The Board is asked to note this paper and presentation, to take note of best practice and lessons learned and consider their application to the development of Garden Settlements elsewhere in the SELEP area.
- 2.2 The Board is also asked to consider areas that SELEP and NEGC could work together in the future.

3. Background

- 3.1 NEGC Ltd was formed by on 30 January 2017 and is wholly owned by four councils in North Essex, namely: Essex County Council; Braintree District Council; Colchester Borough Council; and Tendring District Council. Its purpose is to deliver three Garden Communities in the area which are called: West of Braintree; Colchester-Braintree Borders; and Colchester-Tendring Borders. Garden Communities are the central element of the future housing strategy for the North Essex Authorities (NEA). Equally, at 43,000 homes with 43,000 jobs, the three Garden Communities as represented by NEGC constitutes by far the largest project in the Ministry of Housing Communities and Local Government (MHCLG) garden cities/towns/villages portfolio.
- 3.2 NEGCs overall approach is to ensure that it works with partners to develop the Garden Communities as well as an Infrastructure and Economic strategy for the area. The interdependency of all three elements are crucial to the future success of the area - Garden Communities run the risk of being dormitory towns without supporting strategies for infrastructure and the economy; equally investment in infrastructure (including roads, rail, public transport, ports and airports) and the economy (jobs, education, skills training and health) is likely to be in isolation without the provision of good quality housing.
- 3.3 In terms of the Garden Communities work programme, NEGC is focusing principally on planning and delivery during 2018/19. The former includes working with the statutory planning authorities and Government agencies to put in place the strategic planning and transport framework necessary to support the three Garden Communities. The latter includes work with MHCLG and HM Treasury to develop what is likely to be the first Locally Led Development Corporation (LLDC) in the country following the laying of revisions to The New Towns Act 1981 in Parliament on 04 June 2018.

- 3.4 The infrastructure work programme involves working with relevant strategic transport authorities and Government agencies together with local groups such as the A120 consortium to ensure that the area has sufficient investment in transport infrastructure to support its future growth plans over the next 30-50 years. Specifically this includes: A12 and A120 major road upgrades by Highways England (with the potential for future Housing Infrastructure Fund support from Government); Greater Anglia mainline rail upgrades including better frequencies and longer trains; and the development of a new Rapid Transit System principally along the A120 corridor in North Essex.
- 3.5 The economic work programme involves developing an economic strategy and workplan for the North Essex sub-region. Working with partners, NEGC has commissioned CEBR to produce a report setting out the principal elements of a future long term economic strategy for North Essex. Initial work has identified that currently North Essex is some way behind its comparative sub regions in the Greater South East on almost all economic and social indicators. It has identified that, through the key economic sectors and research strength of the University, North Essex is in a position to deliver the four Grand Challenges of the Industrial Strategy. It has also provided some initial estimates of how the GVA per capita for North Essex could be improved: by maximising the direct and indirect benefits available from delivering the garden communities; inward investment programme to attract large private and public sector organisations to locate to North Essex; investing in the key elements of the Industrial Strategy in particular digital technology to equip individuals with the ability to be more economically productive. The intention then is to develop an economic workplan with the partners to deliver the strategy which would include areas such as land availability, skills, infrastructure and marketing & promotion. In respect of the latter, North Essex partners have decided to take a stand at MIPIM UK on 17 & 18 October 2018.
- 3.6 In addition, other areas of joint working that NEGC are involved in are education at all levels including with its partner University of Essex and health at all levels principally with the Clinical Commission Groups (CCGs) and local authorities.

4. Future joint working

- 4.1 The first potential area for joint working is NEGC and how we can collaborate to maximise the economic benefits from delivering the Garden Communities. Clearly this area would help input into the housing and commercial elements of the SEP. Further downstream, NEGC could also potentially benefit from the involvement of SELEP's housing group to support the actual delivery of the Garden Communities.
- 4.2 The second potential area for joint working to explore is how NEGC and its partners can work with SELEP to ensure the wider infrastructure (including education & health) and economic strategies for North Essex are leveraged and delivered. This is partly about how those elements sit in the SEP and partly about collaborative work to ensure delivery.
- 4.3 The third potential area is collaboration at a regional, national and international level to put this part of the Greater South East 'on the map'. Here NEGC and its partners would like to explore with SELEP how the wider area can best combine its future economic potential by focusing on how best to join up the London-Cambridge corridor with the emerging North Essex corridor (which would include Stansted, Ports of Felixstowe & Harwich, Sizewell & Bradwell, Universities of Essex & East Anglia & Anglia Ruskin).

4.4 SELEP involvement would initially through input into finalising the North Essex Economic Strategy and associated Workplan and thereafter working with NEGC and its partners to secure future inward investment and infrastructure (including education & health) including Government support and involvement. This may also mean SELEP taking the lead on some areas such as partnership working across the wider South East and East Anglia regions including the development of local industrial strategies.

5. Next steps

5.1 Following discussion with the SELEP Board, the intention would be for NEGC and its partners to work with SELEP to refine the economic issues and opportunities.

5.2 Thereafter, NEGC and its partners would then like to work with SELEP to identify areas for joint working and collaboration and then agree how to progress them.

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Date: 21st June 2018

Tri-LEP Energy Strategy

1 Purpose

- 1.1 The purpose of this paper and accompanying presentation is to update Board members on the development of the South2East Energy Strategy and Action Plan.

2 Recommendations

- 2.1 The Board is asked to **note** the approach and progress of the Energy Strategy and Action Plan, and **discuss** how members might best review and comment on the strategy with a view to endorsing the final document at the next Board meeting in September.

3 Background

- 3.1 In 2017, LEPs were invited to bid for grant money from the Department of Business, Energy and Industrial Strategy (BEIS) to produce an energy strategy and associated evidence base throughout the early months of 2018.
- 3.2 SELEP formed a collaboration with Coast to Capital and Enterprise M3 to pool resources in the development of a tri-LEP Energy Strategy and Action Plan, and was successfully awarded £120,000 in November last year to lead the tri-LEP initiative branded South2East.
- 3.3 Siemens were contracted in February 2018 to (i) deliver a series of engagement events that would raise awareness, gather evidence and seek local views on actions and priorities; and (ii) develop a data and intelligence tool that would generate recommendations to build the action plan from the bottom up. The products from these activities will be an Energy Strategy and Action Plan and associated Intelligence Tool, which are due to be launched in Autumn 2018 to align with the SELEP Strategic Economic Plan.

4 Purpose of the Energy Strategy and Action Plan

- 4.1 The need for UK PLC to transition to a low carbon economy for affordable, reliable and clean energy supply into the future is clearly explained in the Industrial Strategy. It is a Grand Challenge that can only be properly achieved through a transitional, collaborative and iterative process.
- 4.2 Local benefits will be derived through the prediction that the low carbon economy will grow at four times the rate of GDP; our traditional energy infrastructure is no longer fit for purpose and new technologies to transform it are emerging at pace. The purpose therefore of a LEP-level energy strategy is to help identify what alternative technologies can be employed locally that will reduce carbon emissions in a cost effective way. Energy needs to be supplied in renewable forms that complement existing supply, and in ways that can be stored so that it is available when demand is high.

4.3 The Energy Strategy and Action Plan project will evaluate options and scenarios to produce a pipeline of energy projects and recommendations that will help transform the current energy ecosystem for power, heat and transport. This will be informed by current demand hotspots and where they are likely to grow based on planned developments. It will also consider what types of technologies are most applicable to our localities.

4.4 Engagement activities to date have identified six themes around which actions need be designed:

- Heat networks and a move away from oil
- Renewables and biofuels
- Industrial and domestic energy efficiency
- Smart energy systems e.g. battery storage
- Enabling a transport revolution
- Non-technical interventions to increase efficiency, capacity, resilience and quality of life

Projects and recommendations will be categorised as short, medium and long-term around these themes, with identified lead organisations (e.g. local authorities), timeframes and potential funding streams where possible.

5 Implementation of the Energy Strategy and Action Plan

5.1 The Energy Strategy and Action Plan will be a delivery driver for SELEP's Strategic Economic Plan, and local authority local development, economic and environmental plans and strategies. Implementation will need to take place at a local, regional, pan-LEP and multi-LEP level if the transition to a low carbon economy is to be achieved.

5.2 BEIS has committed nearly £5m for the creation of five multi-LEP hubs to drive forward some of the actions in the LEP-level energy strategies over the next two years, with an objective for the hubs to become self-sustaining thereafter.

5.3 SELEP is one of eleven LEPs that comprise the Greater South East Local Energy Hub, which has to date established a Local Energy Hub Board comprising representatives from each constituent LEP and a delivery model approved by BEIS, with Cambridgeshire and Peterborough Combined Authority acting as Accountable Body . The hub has subsequently received £1.26m grant funding to resource a team of specialists that will provide support and expertise to LEPs and local authorities in developing, aggregating and/or upscaling local energy projects identified in the energy strategies, to achieve economies of scale and private investment.

5.4 It is envisioned that this is a crucial step in the process of transitioning to a sustainable and low carbon energy ecosystem, to help address the currently fragmented approach to adopting new technologies that are often of insufficient scale to secure funding, and to galvanise collaboration and joint working.

6 Presentation and Discussion Session

- 6.1 Board Members will receive a presentation from the Siemens South2East Energy project manager, explaining the approach taken to date, and high levels expectations of the final piece of work. A draft Executive Summary is included as an appendix for background.
- 6.2 Members will then be invited to discuss and agree how the Board wishes to review and comment on the draft strategy and action plan, with a view to endorsing the final documentation prior to its launch in the Autumn.

7 Accountable Body comments

- 7.1 Essex County Council as the Accountable Body for the SELEP, received a grant of £120,000 from BEIS to support the delivery of an Energy Strategy across the South2East initiative by the tri-LEP collaboration.
- 7.2 The use of the grant is being overseen by a Steering Board with representatives across the tri-LEP area; primarily the grant will be used to meet the costs of the contract with Siemens, who are delivering the Energy Strategy, plus additional resource to support and provide oversight to the Steering Board.
- 7.3 The Accountable Body is acting as the contracting authority for the contract with Siemens to deliver the Energy Strategy and action plan as identified in paragraph 3.3 above.

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Appendix 1 - Draft Executive Summary to the South2East Energy Strategy and Action Plan

Our economic growth, our environment, and the health and wellbeing of our communities are all profoundly affected by the design and operation of our energy system.

But the energy system that has served us for more than 120 years is in the midst of great change, driven by the emergence of new technologies and a growing social consensus around climate change and sustainability. Analysts from across industry, government and academia agree there is a global trend away from high-carbon economies and towards a low-carbon alternative. This transition presents a significant opportunity and an enormous challenge for both the public and private sector. Success hinges on us developing a coordinated approach to the way we deploy policy, technology and capital so that we use our resources effectively and support our businesses to exploit new opportunities around the world.

Over the last two decades the UK government has set an ambitious agenda to foster the transition to a low carbon economy. The Climate Change Act (2008) provided a strong legislative basis for the future direction of our energy industry and wider economy, and this led the way to many other fundamental reforms to energy, transport, industrial, agricultural and fiscal policy. The government's Industrial Strategy and Clean Growth Plan, launched in 2017, have laid out a path towards building a system that is cleaner, smarter, more efficient, and reflective of the environmental costs of greenhouse gas emissions.

At the forefront of this transition will be the Local Enterprise Partnerships (LEPs), in which the public and private sectors come together to drive economic growth. The Department for Business, Energy and Industrial Strategy has empowered LEPs to take a more active role in the energy eco-system of their area and provided funding to establish regional energy strategies like this one. The five new Local Energy Hubs that have been set up across England will work under the direction of the LEPs to deliver impactful energy projects that support the national trajectory for decarbonisation, and stimulate the low carbon economy.

This energy strategy was developed by three organisations – Coast to Capital LEP, Enterprise M3 LEP and the South East LEP – and covers a geographic area from Essex to Hampshire, representing a large swathe of South East England. It has two main aims. The first is to analyse the whole energy system - electricity, heat and transport – and articulate the opportunities and challenges facing the region. The second is to use this knowledge to conceive an action plan of key projects that can help to reduce emissions and fuel the growth of the low carbon economy.

Through extensive primary and secondary research this strategy has identified a number of features that characterise the energy system in the South East of England. It has found that the area is rich in natural resources; solar irradiation levels and the density of woodland for instance are amongst the highest in the country. Our findings have also shown that the key regional players – the public sector, utility companies, industry, universities and land owners – are all keen to engage and support investment in new technology. What's more, the large amount of development that is taking place offers significant opportunities to pioneer new ways of generating, distributing and consuming energy.

Yet on the other hand there are several challenges facing the South East that must be addressed. There is quantitative and qualitative evidence to show the region is affected by heavily constrained electricity networks and by other factors such as energy inefficient housing stock, which risk undermining economic growth and slowing the pace of decarbonisation. It is also evident that we don't make full use of our existing energy resources and the economic value they create. Kent for instance generates 12% of its own electricity requirements, but sees little economic return from this because of ownership models and way

they are connected into the national electricity network. It is clear that the local community has enjoyed limited benefits from the emerging low carbon economy, and so reform is needed to reverse some of the ineffective dimensions of current arrangements.

Progress is being made; the Tri-LEP region for instance has reduced its emissions significantly since 1990 when it produced more than 63 million tCO₂e. The latest statistics from 2015 show this has reduced to 40 million tonnes, but the area's emissions will need to fall to around 13million tCO₂e by 2050 if the South East is to support the national decarbonisation trajectory set out in the Climate Change Act. The extensive stakeholder engagement exercise delivered in support of this strategy as well as our techno-economic analysis has shown that a wide range of new thinking will be required if we are to achieve this.

This strategy has identified five key themes that we need to focus on in order to drive forward the decarbonisation and clean growth agenda. These are:

- District heat and a move away from oil as a fuel for heating homes
- A push towards community owned renewables, plus investments in biofuels and 'clean' gas
- Energy efficiency in both the industrial and domestic sectors
- Investment in smart technology systems
- Enabling the transport revolution through integrated transport systems and support for new ultra-low emitting vehicles

Key investments in these areas will address the challenges and opportunities identified above. By utilising smart energy systems such as batteries and demand response technology for instance, we could unlock constraint on the electrical network in a cost effective way. Also, by deploying solar onto unused land like old landfill sites the area could generate much more of its own energy, even potentially becoming self-sufficient. By ensuring such investments are owned by the community or local authority, and through the use of micro grids or private wire networks, we can ensure the economic value they generate benefits the people who live there.

The parcel of interventions set out in this strategy provides a practical and impactful way of delivering the twin goals of decarbonisation and clean growth. We have calculated that the total cost of these investments will be in excess of £xx but will deliver a reduction of XXXX tCO₂e annually. The benefit to the local low carbon economy could be significant, with as many as XXXX new jobs created and £XX of potential GVA uplift over the next XX years. The programme could also support local authorities and other public sector organisations, who could generate returns of more than £XXXXX through targeted investments and 'invest to save' programmes.

However, it is clear that technology does not hold all the answers. We must augment these five themes with a whole range of non-technological measures that will help to address problems in the energy system and drive forward the low carbon economy. One example is to lobby government to continue support for subsidies such as the Renewable Heat Incentive (RHI). From our discussions with key regional stakeholders such as SGN, the gas network operator, we know the RHI is crucial to enabling the advancement of transformative low or zero carbon fuels such as hydrogen, biomethane and synthetic natural gas, which are so crucial to our efforts to decarbonise and stimulate the low carbon economy.

It is important that the action plan delivers benefits not just in the immediate future but in the coming decades too. Therefore the investments we have proposed have been structured into short, medium and

long-term; representing both an evolutionary and revolutionary shift in the way we produce, distribute and use energy.

Ultimately, this strategy contends that we can and must do more to improve the way our energy system works so that it protects our greatest assets – our community and environment - and it supports our economic growth plans long into the future so that we may capitalise on the many opportunities offered by the low carbon economy.

SELEP Skills Strategy

1. Board approval for South East LEP Skills Strategy 2018 -2023

1.1 The purpose of this paper is to seek strategic Board approval for the South East LEP Skills Strategy 2018-2023.

2. Recommendations

2.1 The Board is asked to approve the LEP Skills Strategy. All federated Business and Skills Boards have considered the strategy and support its adoption by SELEP. The Draft strategy is included in this pack as Appendix 5A

3. Background

3.1 The last Skills Strategy was produced in November 2014. The landscape has changed significantly in recent years including the new apprenticeship levy and reforms and the forthcoming introduction of T (technical) Levels. The government has also published the Industrial Strategy and a new national Careers Strategy. Therefore a refresh was necessary. The LEP Skills Advisory Group and Board agreed that this should be an employer led clear articulation of skills and employment priorities across the LEP area to drive activity, influence government and shape future focus. It was agreed that the strategy should convey the crucial role played by skills and its impact on productivity and growth.

3.2 Consultation for the strategy commenced in autumn 2016 and included presentations to the Strategic Board in December 2016 and December 2017. As well as a wide range of partners such as provider networks, there has also been engagement and presentations to all federated Business and Skills Boards who have endorsed the strategy.

3.3 Alongside the strategy, there will be a suite of documents added to the SELEP website as part of the commitment to be evidence led. These will be regularly updated and include:

- Sector reports, with a detailed construction report produced by the Construction and Industry Training Board (CITB)
- LEP wide statistics and figures for key skills and economic data
- District tables with statistics and figures broken down into local areas
- Local economic overviews and supporting papers on Brexit and the digital economy

3.4 The consultation, evidence and strategy development has enabled a shared vision, priorities, action and ambition. These are included in the summary below (annex 1) which provides an outline of the strategy, along with the final draft attached with these papers.

3.5 There are a range of activities already underway to start delivering against the strategy including:

- A LEP wide workshop with CITB, employers and educators to deliver the construction action plan
- A draft proposal for LEP Sector Support funding to address a shortage of tutors aligned to growth industries
- Agreement with the Department for Work and Pensions (DWP) to become one of the first LEP areas nationally for 'inclusive growth' commencing with a joint event in Harlow (September 27th) with Public Health England

- A proposal submitted to DCMS to become one of the first Digital Skills Partnership areas nationally
- An expansion of innovative work underway such as a Skills Portal (Thurrock) and virtual reality to showcase logistics (Essex ESB) through European Social Funding.

4. Next steps

- 4.1 There are some final design and formatting changes to make to the current version (Appendix 5A) Comments from the Board can also be incorporated with a view to finalising the strategy in short order following the 29th meeting.
- 4.2 Once finalised, SELEP will hold a formal launch in summer 2018 and call to action. The launch will be held at one of the LEP's skills capital projects. Promotion and publicity about the strategy will accompany this.
- 4.3 The strategy and action plan will be overseen by the Skills Advisory Group and recently formed SELEP Skills Employer Panel, comprising of the employer Chairs of the three Employment and Skills Boards. Chairs will bring in sector leads to discussions as appropriate.
- 4.4 Regular reports on progress against the strategy will be provided to the Board.

5. Accountable Body Comments

- 5.1 The adoption of the Skills Strategy is supported. The interdependencies between this strategy and other emerging strategies including the over-arching Strategic Economic Plan should be made clear to Strategic Board as those strategies come forward.
- 5.2 To enable the strategy to be delivered, the SELEP should be ensuring that it is maximising all funding opportunities available as currently there is no funding dedicated to the delivery of the strategy.

Annex 1: Skills Strategy Executive Summary

South East LEP Skills Strategy 2018 – 2023 Executive Summary

An employer led partnership approach to skills for a flourishing, inclusive economy

- 1. Background**
- 2. Challenge and opportunity**
- 3. How we are already responding**
- 4. National context**
- 5. Vision, priorities and ambition**
- 6. Conclusion and next steps**

1. Background

The South East LEP skills strategy sets out the collective challenge, opportunity and ambition for the next five years. SELEP’s Skills Advisory Group (formed of colleges, universities, local authorities, training providers and voluntary sector representatives) has overseen its development. It has also included extensive consultation with the LEP’s federated business and skills boards and with employers through an online survey. Supported by a detailed evidence base, the strategy is led by economic growth and employers who will play a leading role in delivering against the vision and priorities. The strategy itself includes further detail and an action plan and the evidence base is available on the SELEP website.

2. Challenge and Opportunity

‘It is an exciting time for the South East LEP, the largest in the country. This is an area of national and international significance. We are instrumental to keeping goods and services moving and our productivity impacts on the national picture. We look to the future with enthusiasm and skills is absolutely fundamental to our response’.

(Skills Strategy Foreword, Christian Brodie, South East LEP Chair)

Key challenges include

- Skills levels below the national average at levels 2-4 (GCSE and degree equivalent)
- Nearly 180,000 people with no qualification
- Nearly 50,000 people on out of work benefits
- 178,400 workless households and growing numbers of homeless people
- Workplace earnings below the national average and that of neighbouring LEP areas
- Population growth to 5 million by 2039 with greater proportions (21%) aged 70+
- Some of the most deprived areas in the country including rural and coastal
- Fluctuating apprenticeship numbers in recent years and short-term decline
- Declining adult participation in further education

Key opportunities include

- High numbers of vacancies (nearly 370,000 in 2017/18)including nursing, programming, engineering, caring and construction jobs
- Significant growth including Lower Thames Crossing, Public Health England’s relocation to Harlow, a new Entertainment Resort in north Kent, one of Amazon’s largest warehouses at the Port of Tilbury, Southend Airport growth, Bradwell Power Station plans, Newhaven Enterprise Zone, North Kent Enterprise Zone and Gatwick Airport growth
- 300,000 new homes to 2030 requiring a skilled construction workforce
- Strong and growing sectors such as manufacturing (100,000 people), construction (98,000 people), health and social care (222,000 people), finance (42,000 people)

- An important and growing land-based industry with growing success in areas such as diversification and wine industry
- A flourishing and influential creative and digital sector, with the south East LEP home to the National Skills Academy for Creative and Cultural

(The Skills strategy includes an overview of all sectors and their growth).

3. How we are already responding

- A Careers Enterprise Network linking education and industry with 160 secondary schools and employers already engaged
- A £37m capital programme delivering industry relevant training facilities
- £51m European Social Fund projects supporting people into and in work
- Piloting new solutions (online pilot, virtual reality)
- Raising awareness and understanding of apprenticeships
- Working with industry bodies to respond to growth
- Supporting government initiatives and engaging in pilots (inclusive employment, digital partnerships)

4. National context

Nationally, the skills landscape is changing, with apprenticeship reforms, the introduction of T-levels and a range of initiatives arising from the government's industrial strategy. It is important that SELEP and partners help employers to respond to these changes and opportunities and help shape them where possible. Key areas include:

- The industrial strategy and opportunities such as Digital Skills Partnership, the National Retraining Scheme and Sector Deals
- The Apprenticeship levy and reforms
- The introduction of T-levels (new technical qualifications) by 2020
- Institutes of Technology and similar initiatives
- The National Careers Strategy and commitment to stronger employer engagement
- The impact of Brexit and potential skills shortages
- The digital revolution changing the way we work
- National programmes such as 'Fuller Working Lives' and 'Disability Confident'

(The Skills strategy describes these more fully).

5. Vision, priorities and ambition

There is a strong shared commitment to deliver against the findings and conclusions in the strategy. With much excellent work happening at local level, partners have agreed that it is appropriate to focus on areas which will have meaningful impact across the SELEP area.

Vision:

To help deliver a flourishing and inclusive economy across the biggest LEP in the country by equipping employers, adults and young people with the skills, conditions and aptitudes required for significant growth today and tomorrow.

Priorities:

- *Increase apprenticeships and industry relevant qualifications for all ages, particularly in priority sectors and at higher and degree level*
- *Simplify the landscape for employers, stakeholders and individuals*
- *Build an inclusive economy and reduce polarisation*

- *Raise awareness of jobs and growth across SELEP and the area's size, scale, national and international significance*
- *Foster and support the spirit of pride, entrepreneurship innovation and enthusiasm across SELEP to bring about change*

6. Conclusions and next steps

Fundamentally the evidence and feedback throughout the strategy and supporting documents illustrates that the **key requirement across all activity is for greater alignment between education and employers**. With growth forecast on an unprecedented scale accompanied by factors such as the digital revolution and population increases, employers will require support and clarity to respond. This will mean addressing the spectrum of skills needs from entry level through to higher. For the SELEP economy to become more productive and for skills levels to improve, many in SELEP's communities will require additional, in-depth support and facilities. Positively, there is already large scale commitment to respond to challenges from employers, local authorities, education providers and the voluntary sector. As the largest LEP in the country, this represents a public / private partnership on a significant scale.

The action plan supporting this strategy will be a working document, to be overseen by the LEP's Skills Panel and Advisory group. Regular reviews will be provided to show progress. These documents and the full evidence base will be made available on the SELEP website and added to on an ongoing basis to ensure relevance to need and government policy.

"The strategy quite clearly articulates the scale of growth and opportunity across our LEP area. We know that skills is absolutely fundamental to this, which is why it's a top priority for SELEP. What is also evident is the shared commitment and ambition to really make a difference and to deliver our vision of a flourishing, inclusive economy. We look forward to delivering against this strategy and would like to thank all partners involved in current and future work."

Adam Bryan, South East LEP Managing Director

Author: Louise Aitken
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Contact details: louise.aitken@southeastlep.com
Date: 18th June 2018

Developing a SELEP pipeline of LGF projects

1. Purpose

- 1.1 The purpose of this report is to set out a proposed approach to the development of a SELEP single pipeline of LGF projects.

2. Recommendations

3. The Strategic Board (the Board) is asked to:

- 3.1 **Agree** to the development of a short-term pipeline of projects for Local Growth Fund (LGF) investment to 31st March 2021 should funding be made available through one of the three sources set out in section 6 of this report.
- 3.2 **Agree** the proposed approach to the investment of LGF, including the project eligibility criteria, set out in Table 3 and the Assessment Criteria, set out in Table 4.
- 3.3 **Agree** one of the three timescale options, set out in Table 6, for developing the project pipeline:
- 3.3.1 Option 1 – Shorter Timescale – Pipeline to be agreed on the 16th November 2018
 - 3.3.2 Option 2 – Recommended Timescale – Pipeline to be agreed on the 7th December 2018
 - 3.3.3 Option 3 – Longer Timescale – Pipeline to be agreed on the 22nd March 2019

4. Context

- 4.1 The South East Local Enterprise Partnership (SELEP) has secured a total of £570m LGF from Central Government through the three rounds of LGF to date. This funding was allocated to SELEP through a six year Growth Deal with Government (from 1st April 2015 to the 31st March 2021).
- 4.2 Through the delivery of the programme to date SELEP has secured flexibilities and ‘programme privileges’ from Government to make changes to LGF projects and the allocations received by individual LGF projects through the Growth Deal, without requiring further approval from Government. This has seen the introduction of additional projects into the LGF programme where these have been supported by the relevant Federated Board and the project has been awarded funding by the SELEP Accountability Board.
- 4.3 Central Government has, however, made clear through its latest review of LEP Governance and Transparency, their expectation that each LEP should maintain a strong single pipeline of projects which require investment across each LEP area. Whilst SELEP has previously achieved a single list of priorities for specific calls for projects, such as LGF Round 3, this list is now outdated and a process has not been established for new priorities to be added to this list. As such, the Strategic Board agreed at its meeting on the 16th March 2018 to “*establish and maintain a single pipeline of priority projects which will be used to identify the projects which utilise underspends in the event that it becomes available*”.
- 4.4 This report sets out an intended approach to review our investment priorities, to ensure they remain up to date, are aligned with work which is underway in developing the new SELEP Strategic Economic Plan and aligned with SELEP’s strategic objectives to ensure we are able to maximise investment opportunities through the current Growth Deal programme to 31st March 2021.
- 4.5 In the first instance, the development of a new SELEP pipeline is intended to identify short-term priorities for any unallocated LGF or LGF underspends which may become available – by



considering SELEPs short term priorities to 31st March 2021. This call for projects will be referred to as LGF 3B.

4.6 The longer term aspiration will be to apply the prioritisation approach to develop a medium- long term pipeline of projects which will serve as a basis to inform priorities for future funding sources. The development of this medium to longer term pipeline will follow the development of the SELEP Strategic Economic Plan (SEP).

5. Investment to date

5.1 The first three years of the programme has seen spend of £228.733m LGF, including retained and non-retained schemes (*subject to confirmation through end of year 2017/18 reporting*).

5.2 The total amount of funding provisionally allocated to SELEP by Central Government totals £570m. Of this amount £561.6m has been allocated to a total of 97 LGF projects, with **£8.3m LGF remaining unallocated**.

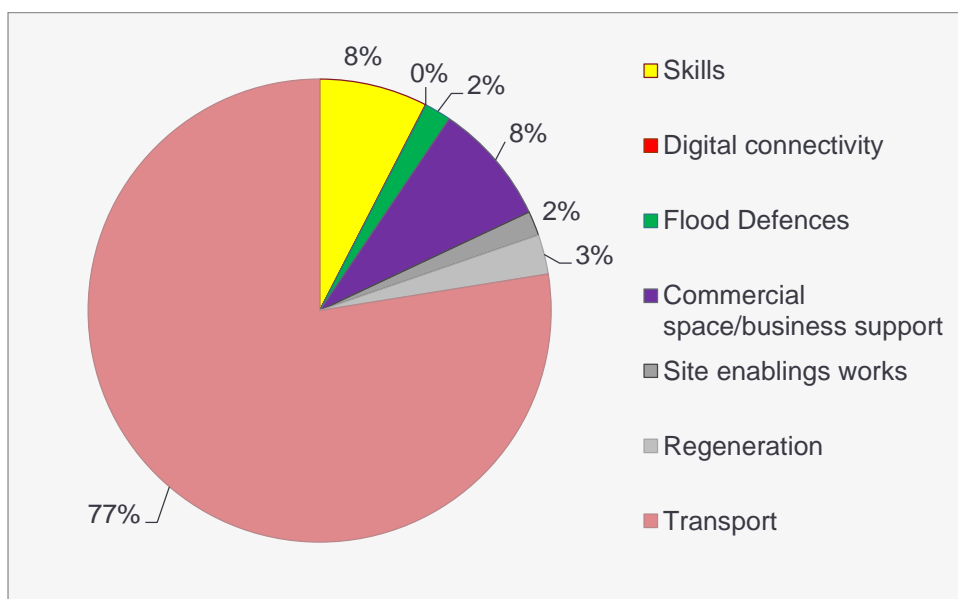
5.3 LGF investment to date has focused predominantly on transport interventions, with the LGF programme currently including the allocation/award of £435.2m LGF to transport projects across SELEP; representing 77% of the LGF programme.

Table 1 LGF investment by theme (£m)

Theme	Skills	Digital connectivity	Flood Defence	Commercial space/business support	Site enabling works	Regeneration*	Transport	Total
LGF (£m)	42.6	0.2	10.4	48.1	9.6	15.5	435.2	561.6

*Eg. Coastal community and visitor economy projects

Figure 1 LGF Investment by theme (proportion of £561.6m allocated LGF)





6. LGF available

- 6.1 There are three potential sources of LGF available to support the delivery of projects identified through this short term pipeline development:
- 6.1.1 Source 1: £8.3m unallocated LGF
 - 6.1.2 Source 2: LGF which is currently allocated to projects, but which are unable to come forward within the timescales of LGF owing to project issues/delays; and
 - 6.1.3 Source 3: LGF underspends which are identified from projects which have been delivered to date.

Source 1

- 6.2 The LGF allocation for the 97 projects identified in the LGF programme totals £561.662m, whilst the allocation from the Ministry for Housing Communities and Local Government (MHCLG) and Department for Transport (DfT) currently totals £569.992m. As such, there is £8.330m LGF available for investment in 2020/21, as set out in Table 2 below. The difference is due to changes in projects since the original outline submission of projects in 2014.
- 6.3 There is currently forecast to be a slippage of £24.284m from 2018/19 to 2019/20, this is required to help mitigate the difference between the LGF available in 2019/20 and the forecast LGF spend in 2019/20. Should additional slippage be identified from 2019/20 to 2020/21 then there may be some flexibility to accelerate projects identified through LGF Round 3B. However, at this stage **projects are sought which are able to spend the LGF allocation in 2020/21.**

Table 2 LGF allocation relative to LGF actual/forecast spend (£m)

Current Forecast Position - Forecast spend v LGF available							
£m	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Actual spend or current forecast	55.562	69.730	80.732	105.272	90.808	57.900	460.005
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	37.784	24.250	-11.642	
Total grant funding in year	69.450	96.158	118.516	129.523	79.165	66.231	
Over/ (under) allocation		26.428	37.784	24.250	-11.642	8.330	

Source 2

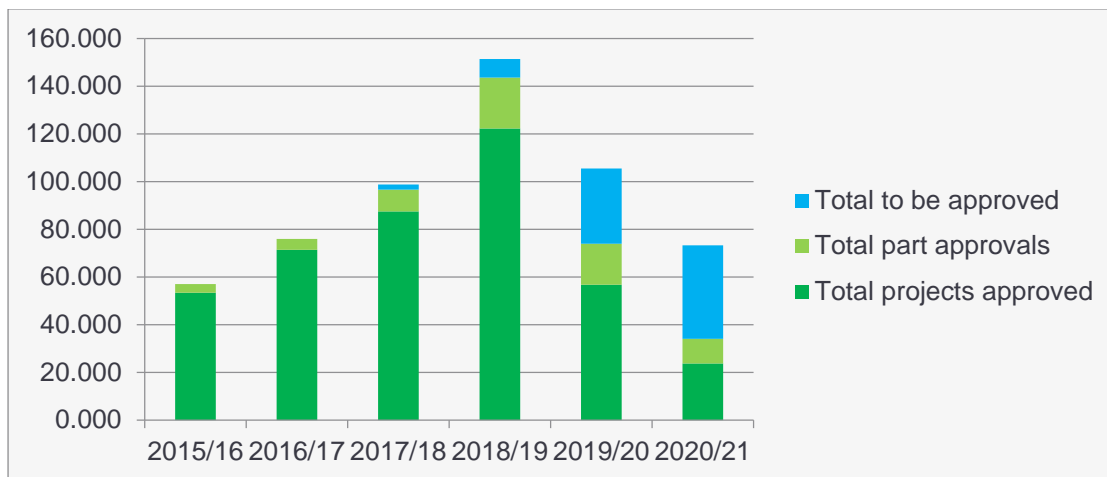
- 6.4 SELEP's Growth Deal programme comprises 97 projects, which have either been allocated for funding by the Strategic Board or have now received a full funding award by the SELEP Accountability Board. A list of these projects is provided in Appendix 6b. These have been divided into projects in green, which have received a funding award by SELEP Accountability Board, light green are those projects with part approval and those in blue which have not yet come forward to the Accountability Board for funding.
- 6.5 Whilst it is expected that a majority of the projects listed in blue will come forward for a funding award from the SELEP Accountability Board in 2018/19, some projects may be unable to demonstrate an ability to spend the LGF contribution by 31st March 2021 due to project funding gaps or other causes of project delays.





- 6.6 At the last Board meeting, the Board agreed the Principles set out in Appendix 1, for the management of LGF underspend. This may result in LGF being identified for reinvestment. The amount of LGF which is currently allocated to projects which have not yet come forward for a final funding award by the SELEP Accountability Board currently totals £64.4m, as shown in Figure 2 below. However, funding which is allocated to Department for Transport retained projects, such as A127 The Bell and A127 Fairglen Interchanges junction improvements and link road¹, is unlikely to be made available to SELEP for investment elsewhere in its capital programme. As such, **the maximum value of LGF which could be made available through Source 2 totals £38.9m.**
- 6.7 The £38.9m does not include projects which have received part funding to date or those more complex projects which have received a funding award by the Accountability Board in part, but where a full Business Case is being developed to secure the remaining funding allocation.

Figure 2 LGF spend approved to date



Source 3

- 6.8 To date, project underspends have been identified through project costs being lower than expected and efficiency measures being achieved through project delivery. It is Government's recommendation following the SELEP deep dive that *“SELEP should take steps to satisfy themselves that any underspend at a federated level is reallocated to the most promising and best value for money projects”*.
- 6.9 As such, it is expected that the pipeline of projects will be used as a basis to inform prioritisation by the Investment Panel about the use of any underspends which become available through LGF programme delivery.
- 6.10 Going forward, it is expected that LGF underspends will be reallocated to projects which are included within the SELEP LGF pipeline. Other emerging priorities may still be considered by the Accountability Board but local partners will need to justify why recommendations are being made to direct funding towards any project which is not included on SELEPs pipeline.

¹ Fairglen Interchange Link Road is not technically a Department for Transport (DfT) retained projects, but the intervention will be considered by the DfT as one overall Business Case for the Fairglen Interchange Junction Improvements and Link Road Project.





7. Development of SELEPs Pipeline - Call for projects

- 7.1** The development of a new SELEP pipeline of high quality and deliverable projects which will have a tangible impact on our economy is a sizable challenge. As such, it is recommended to the Board that the call for projects should first focus on short term priorities for capital grant funding which are deliverable by 31st March 2021.
- 7.2** A further call for projects will take place to identify medium – long term investment priorities, aligned with the new Strategic Economic Plan and any funding criteria identified by Government. The proposed approach in this report will act as a pilot for the development of a medium – long term pipeline of projects during 2019/20.
- 7.3** It is proposed that a three stage process should be implemented, following a similar approach to the recent Growing Places Fund (GPF) prioritisation exercise, as follows:

Stage 1 – Expressions of Interest

Stage 2 – Scheme prioritisation

Stage 3 – SELEP Accountability Board funding decision

8. Stage 1 – Expressions of Interest

- 8.1** The first proposed stage in the process will be to identify potential projects through an open call for projects publicised by SELEP, local authority and Federated Board. The opportunity will be publicised on the SELEP website, social media and through media releases with any bids received by SELEP directly being shared with to the relevant Federated Area. Likewise, the funding opportunity will also be publicised by Local Authorities and Federated Boards.
- 8.2** For all projects identified, the scheme promoter is required to complete an LGF Expression of Interest (EoI) template which will be made available on the SELEP website. The Federated Areas will then sift EoIs using the eligibility criteria set out in Table 3 below, to consider the projects suitability for LGF funding. Projects which fail to meet the key criteria should be discarded by Federated Boards.
- 8.3** Those projects which pass the initial sift against the eligibility criteria should then be considered and assessed based on the criteria set out in Table 4 below.
- 8.4** It should be noted that there is some overlap between the eligibility criteria set out in Table 3 and the assessment criteria set out in Table 4. This is to reflect the fact that eligibility criteria are binary (yes/no) but, for eligible schemes, there may be variation in their performance against these criteria. For example, while two schemes may both be able to spend LGF prior to 31st March 2021 (eligibility criteria), one scheme may have a greater certainty of doing so in advance of this date (assessment criteria).
- 8.5** In order to assist with Stage 1, the Independent Technical Evaluator (Steer Davies Gleave) will prepare a flexible assessment template based upon the criteria in Table 3 and Table 4 that Federated Areas must use to inform their own sifting exercise. In parallel, the ITE will undertake their own assessment using the same template, to inform a discussion with each Federated Area regarding the relative merits of each potential project, ahead of submission of their sifted proposals (and assessment by the Federated Area) to be taken forward into Stage 2.
- 8.6** At the stage of completing an EoI it is not expected that a quantified Value for Money assessment will have been completed. However, a Value for Money assessment will be required as part of Stage 3. Any available evidence regarding the potential Value for Money of proposals may also be used to inform the Stage 2 prioritisation exercise.



- 8.7 LGF 3B will operate as an Open Call for Projects. Federated Boards may wish to review previously unsuccessful LGF Round 3 bids and unsuccessful GPF bids. However, there is no intention for greater weight to be placed on previously submitted bids through the prioritisation process.
- 8.8 It is expected that funding requests per project should be between £250,000 and £8,000,000 in value. However, smaller or larger scale projects may be considered if there is an overwhelming strategic case and no substantial delivery risks.
- 8.9 To ensure a proportionate approach to the scale of funding available, no Federated Area should put forward projects to SELEP for Stage 2 which, in total, exceed the maximum potential amount of LGF available (**£47.2m**). For projects to progress to Stage 2 they must be nominated by a Federated Board and have support from the relevant Upper Tier Authority.

Table 3 Project eligibility criteria

Criteria	Evidence Sought	Scoring Guide
Align with SELEP’s objectives to support economic growth	Evidence provided that the scheme contributes to SELEP’s economic growth objectives.	Pass/fail
Requires capital investment	LGF can only be used for capital investment and cannot be used as revenue	Pass/fail
Demonstrate an ability to deliver the project following the legal requirements for investment of public funds	This includes consideration for the requirement to follow public procurement regulations to the extent which is applicable and demonstrate that the investment does not constitute as State Aid.	Pass/fail
Must be able to spend the LGF by 31 st March 2021	The LGF will predominately be available in 2020/21. However, there may be the potential to accelerate the LGF spend in 2018/19 and 2019/20. Evidence is to be provided to demonstrate that LGF will be spent by 31 st March 2021	Pass/fail

9. PAN LEP projects

- 9.1 For Pan LEP projects to be brought forward, they should seek endorsement from a Federated Board and County Council/ Unitary Authority, to act as the promoting authority. For Pan LEP projects, the promoting County Council/ Unitary Authority will be required to provide officer sign off to the Expression of Interest and provided S151 officer sign-off of the Strategic Outline Business Case (SOBC) to be submitted to SELEP.
- 9.2 Endorsement for the project by the Federated Boards of the other areas of SELEP involved in the Pan LEP project is also strongly encouraged, to ensure support as the project progresses to



consideration by the Investment Panel. As a minimum, the lead officer from the other Federated Areas should be made aware of the bid proposal.

10. Projects with existing LGF allocations

- 10.1** Projects with an existing LGF allocation, but with a funding gap which is currently preventing the delivery of the project may be put forward for an additional LGF allocation through LGF Round 3b. These projects will be assessed alongside the emerging priorities for investment and will require Federated Board endorsement, as set out in Stage 1.
- 10.2** Where a Business Case has already been submitted for such a project, then the Business Case should be submitted alongside the EoI.

11. Stage 2 projects

- 11.1** For projects which are identified as meeting the eligibility criteria, listed in Table 3 above, and which are endorsed by the relevant Federated Board, scheme promoters will be asked to prepare Strategic Outline Business Cases (SOBCs) that will be prioritised by SELEP Investment Panel.
- 11.2** An ITE assessment of the SOBC's will be completed for all projects promoted by the Federated Boards, to help inform decision making by Investment Panel. This assessment will be completed based on the proposed assessment approach, as set out in section 11.4, 11.5 and Table 4 below.
- 11.3** Once SOBCs have been submitted the SELEP ITE will undertake an initial sifting exercise to check that each promoter has submitted all evidence required to demonstrate compliance with the eligibility criteria. Following this, the SELEP ITE will proceed to assess the remaining applications for the technical quality of the SOBC.
- 11.4** The quality of the evidence provided under each section of the SOBC will be assessed on a three-point scale as follows:
 - 11.4.1** Red = unsatisfactory/poor quality evidence provided;
 - 11.4.2** Amber = somewhat satisfactory/moderate quality evidence provided; and
 - 11.4.3** Green = satisfactory/high quality evidence provided.
- 11.5** Table 5 sets out how the RAG rating will be applied against each of the assessment criteria.
- 11.6** Following the evaluation of each submission, the SELEP ITE will develop an initial prioritised list. Schemes will be ranked by their performance under sections:
 - 11.6.1** Strategic fit;
 - 11.6.2** Deliverability and benefit realisation;
 - 11.6.3** Evidence of stakeholder support; and
 - 11.6.4** Potential value for money.
- 11.7** Consideration will also be given to the remaining sections of the SOBC, listed in Table 4, especially where there are a large number of projects which score well based on the four criteria listed above.

Table 4 – Assessment Criteria

Assessment Criteria	Evidence Sought	Scoring Guide
Support from relevant Federated Board	The Project must be supported be supported by the relevant Federated Board. This should be evidenced through Federated Board meeting minutes.	Pass/fail
Support from the relevant Upper Tier Authority	Each funding bid must secure sign off from the S151 officer of the relevant Upper Tier Authority.	Pass/fail
Strategic fit	Evidence of a strategic fit with SELEP objectives to deliver economic growth, and evidence that the benefits will be delivered within the SELEP area.	Red/Amber/Green
Option generation and sifting (including evidence of stakeholder support)	Evidence that a broad option generation and sifting has been undertaken with evidence of stakeholder involvement and/or wider public consultation/support	Red/Amber/Green
Rationale for funding request	Clear articulation of the rationale for requesting LGF funding including evidence that funding through the LGF is the most suitable available alternative.	Red/Amber Green
Deliverability and benefit realisation	Evidence regarding the projects deliverability and its readiness to move to delivery and benefit realisation stage within the timescales of the funding stream (including consideration of project design stage, planning consents, land acquisitions, relevant powers).	Red/Amber /Green
Value for money	Evidence of the value for money potential and project benefits relative to the amount of LGF sought.	Red/Amber/Green
Additional funding sources	Evidence of secured/committed additional funding from outside sources preferably from private contributions rather than public.	Red/Amber/Green



Assessment Criteria	Evidence Sought	Scoring Guide
Programme and risk management	Clear delivery schedule including evidence there is a comprehensive risk register and risk management plan in place.	Red/Amber /Green



Table 5 – Assessment Criteria

Section	RAG Rating	Scoring Guide
Strategic Fit	Green	Awarded to business cases which: <ul style="list-style-type: none"> clearly demonstrate the need for intervention; and demonstrate a close fit with SELEP objectives.
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> clearly demonstrate the need for intervention; and demonstrate some alignment with SELEP objectives
	Red	Awarded to business cases which: <ul style="list-style-type: none"> do not clearly demonstrate the need for intervention do not fit with SELEP objectives
Deliverability and benefit realisation	Green	Awarded to business cases which: <ul style="list-style-type: none"> provide evidence that the planning status of the intervention is well advanced; describe the timescales associated with securing any additional approvals required; confirm that all land and property required to proceed has been acquired; provide a detailed programme for delivery; and describe any legal requirements that might delay the programme of delivery/development.
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> provide evidence that the planning status of the intervention is well advanced; describe the timescales associated with securing any additional approvals required; but omit considerations regarding land ownership or any additional legal requirements that might have an impact on deliverability or which do not provide a detailed programme for delivery.
	Red	Awarded to business cases which: <ul style="list-style-type: none"> provide evidence that the planning status of the intervention is well advanced; but omit evidence regarding the additional approvals required, considerations regarding land ownership or any additional legal requirements that might have an impact on deliverability, or do not provide a detailed programme for delivery.
Evidence of public	Green	Awarded to business cases which: <ul style="list-style-type: none"> Demonstrate that a broad option generation and sifting has been



support		<p>undertaken; and</p> <ul style="list-style-type: none"> • Provide detailed evidence of stakeholder involvement and/or wider public consultation/support.
	Amber	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> • Demonstrate that a broad option generation and sifting has been undertaken; and • Provide some evidence of stakeholder involvement and/or wider public consultation/support.
	Red	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> • Cannot demonstrate that a broad option generation and sifting has been undertaken; or • Do not provide evidence of stakeholder involvement and/or wider public consultation/support.
Potential value for money	Green	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> • provide robust, well-evidenced analysis of the outputs, outcomes and impacts of the intervention; and • can demonstrate benefit to cost ratio greater than 2:1.
	Amber	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> • provide some evidence of the outputs, outcomes and impacts of the intervention; and • can demonstrate benefit to cost ratio greater than 2:1.
	Red	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> • do not provide sufficient evidence of the outputs, outcomes and impacts of the intervention; or • cannot demonstrate benefit to cost ratio greater than 2:1.

12. Investment Panel

12.1 The prioritisation of projects for investment is currently a responsibility of the SELEP Strategic Board. However, as stated in the Annual Conversation letter and re-iterated in the recommendations following the SELEP Deep Dive, Government has voiced support for the establishment of a SELEP Investment Panel (the Panel). The Panel will operate as a subcommittee of the Strategic Board.

12.2 The proposed Terms of Reference are set out under Agenda Item 9.

13. Engagement

13.1 It is expected that engagement will take place at a local level with the following stakeholders as a minimum in developing a local list of Federated Board priorities. These organisations should be contacted through the open call for projects process to understand their priorities for investment and to consider any emerging project proposals. These organisations include:



- Business Advisory Board
- Network Rail
- Train Operating Company
- Highways England
- Skills Advisory Group and SELEP working groups
- Business Advisory Board

14. Federated Area submission tick list

14.1 At the point of Business Case submission to SELEP (Stage 2) each Federated Area must confirm that the following processes have been followed.

14.2 Each individual project bid must:

14.2.1 receive S151 officer sign off from the upper tier authority; and

14.2.2 have a letter of support from the relevant district authority, where applicable

14.3 Each overall Federated Area submission must:

14.3.1 Have endorsement for the relevant Federated Board, with the report and meeting minutes of the meeting being publically available;

14.3.2 Have engaged with a range of stakeholders, including those relevant stakeholders mentioned in section 11 as a minimum;

14.3.3 Have held an Open Call for Projects as promoted through the SELEP and Federated Area websites and ;

14.3.4 Provide a commitment that sufficient revenue resource will be made available to support project delivery and the ongoing monitoring and evaluation of the project.

15. Timescales

15.1 The proposed timescales for developing the LGF pipeline have been considered to take account of the need for a process to enable the development of a pipeline, whilst allowing sufficient time for the appropriate project development work to be undertaken to demonstrate to Government and local stakeholders that a robust process has been applied to identifying investment priorities.

15.2 The option for a longer timescale has been identified as the preferred option, as it enables the pipeline to be developed once there is a greater of certainty as to the amount of LGF underspend which will be made available.

15.3 Shorter timescale – Whilst the shorter timescale will enable SELEP to develop a pipeline at a faster pace, to meet the requirements from Government; however, this will involve the sifting

of projects by Federated Boards in advance of the new SEP having been agreed by the Strategic Board. It may also involve additional Federated Board meetings being scheduled.

- 15.4 Recommended Option – The preferred option will allow more time for Federated Boards to complete the sifting of projects, within Federated Boards agreed schedule of meetings and will enable additional time for the development of projects. However under this option the sifting will also take place by Federated Boards prior to the new SEP having been agreed.
- 15.5 Longer Timescale – This option provides additional time for projects to be developed and prioritised following the new SEP having been considered by the Board in September. In addition, the prioritisation of projects in March will take place once there is greater certainty as to the amount of LGF which will be available. However, the longer timescale will mean that the single pipeline will not be placed until the end of the financial year and may delay the delivery of emerging funding priorities.

Table 6 – Proposed Timescales

Milestones	Options		
	1) Shorter timescale	2) Recommended	3) Longer timescale
Approach agreed by the Strategic Board	29 th June 2018	29 th June 2018	29 th June 2018
Open Call for Projects (Completion of EoI)*	10 th August 2018	31 st August 2018	End of October 2018
Assessment and consideration of EoI by Federated Board*	7 th September 2018	End of September 2018	End of December 2018
Submission of SOBC to SELEP	5 th October 2018	26 th October 2018	1 st February 2019
ITE assessment of SOBC complete	26 th October 2018	16 th November 2018	1 st March 2019
Investment Panel	16 th November 2018 (Same day as Accountability Board)	7 th December 2018 (Same day as Strategic Board).	22 nd March 2019 (Same day as Strategic Board)

*Exact timescales to be agreed locally

16. Accountable Body Comments

- 16.1 It is noted that the current proposal is to develop a short term pipeline for the allocation of the unallocated LGF to projects to meet the requirements of the SEP; the expectation from Government however, is that a pipeline for investment is maintained to reflect the requirements of the SEP.
- 16.2 As such, it is advised that work to establish a process for developing a longer term pipeline of investment is developed as soon as is practicable as this development doesn't need to wait for funding stream specific advice. The pipeline can then be aligned to the relevant funding streams as they become available.
- 16.3 This approach will also enable the identification of funding need to support future lobbying strategies and other bids for funding.

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Appendix 6a - Principles agreed by the SELEP Strategic Board for the management of LGF underspend

At the Board meeting on the 16th March 2018 the Board agreed the following three principles.

Principle 1 - All projects identified in the LGF programme which have not been approved by the Accountability Board to date must come forward with a business case which can demonstrate deliverability, for a funding decision by the Accountability Board by the end of 2018/19 financial year. The final meeting for these projects to be considered is the Accountability Board meeting on the 15th February 2019.

Exemption to Principle 1 should only be made where:

- A project comprises of a package of measures which have been bought forward to the Accountability Board to date on a phased basis; or
- The project is a Department for Transport (DfT) funded project or where the business case will be considered by the DfT directly; or
- Where an outline business case has been developed and the Accountability Board have approved an initial funding award to the project, but a full business case is due to be submitted for the remaining funding allocation.

Principle 2 - If projects are unable to come forward for the award of funding by the end of 2019/20, then recommendations will be made to the Strategic Board for the re-allocation of funding.

Principle 3 - The Board will be asked to endorse the prioritisation of the LGF underspend following the approach to be agreed by the Board at its meeting on the 29th June 2018. The promoting authority will have the opportunity to make the case to the Board (or the Investment Panel, for the re-allocation of funding to alternative project(s) prioritised by the Federated Boards which can demonstrate delivery by the end of the Growth Deal period.

Appendix 6b – Existing LGF projects, circulated separately

Capital Programme Update

1. Purpose

- 1.1 The purpose of this report is to provide the Strategic Board (the Board) with an update on the delivery of the Local Growth Fund (LGF) and Growing Places Fund (GPF) capital programmes.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Note** the update report

3. Local Growth Fund - Growth Deal

- 3.1 Through three rounds of LGF allocations by Central Government, SELEP has secured a total of £570m investment in 97 projects across SELEP, aimed at boosting skills, unlocking barriers to development and driving economic growth.
- 3.2 To date, a total of 86 projects have been awarded funding by SELEP Accountability Board (as shown in Appendix 1),
- 3.3 Since the last Strategic Board meeting, the following LGF awards were made at the Accountability Board meeting on the 27th April 2018 and 15th June 2018:
 - 3.3.1 Dartford Town Centre Regeneration (£4.300m LGF);
 - 3.3.2 A414 Pinch Point Package (additional award of £0.487m LGF);
 - 3.3.3 Harlow Advanced Manufacturing and Engineering Centre (HAMEC) skills capital round one underspend utilisation (£0.235m LGF)
 - 3.3.4 A131 Braintree to Sudbury Route Based Strategy (£1.8m LGF);
 - 3.3.5 Maidstone Integrated Transport Package (£2.700m LGF); and
 - 3.3.6 Sandwich Rail Infrastructure (£0.877m LGF).
- 3.4 Recent LGF delivery highlights for each County Council/ Unitary Authority area include:
 - 3.4.1 **East Sussex:** The delivery of the East Sussex Strategic Growth Package is progressing at pace to create 34,632sqm of new commercial space at three locations in East Sussex. Road infrastructure at the Eastbourne site has now been completed and a planning application has been submitted for Phase 2. Whilst at Bexhill Enterprise Park, the steel structure at the phase 1 site is almost complete with work on the roofing and facades to begin in early July 2018.
 - 3.4.2 **Essex:** Substantial progress has been made towards the delivery of the £50m Innovation Centre at the University of Essex Colchester Campus, which has been supported by SELEP through £2m LGF investment. The Innovation Centre framework has been erected and project is on track to complete in 2019. In total, the project is set to support 50 local businesses as part of the Knowledge Gateway Business Park at the University.

- 3.4.3 **Kent:** Following the completion of A20 Junction Improvements in Dover, which received £5m LGF award, work is now underway to deliver the Marina Pier. The accelerated delivery of the Marina Pier formed part of the commitment from the Port of Dover in receiving the £5m LGF award from SELEP.

The A20 Junction Improvements have enhanced access to the Port of Dover and Dover Town Centre, whilst the Marina Pier forms part of £250m Dover Western Docks Revival Package, which will include the transformation of Dover Waterfront.

- 3.4.4 **Medway:** Construction works are progressing on site in Chatham to improve the link between Chatham Railway Station, the Town Centre and the Waterfront. The regeneration of Chatham Town Centre, part funded through £4m LGF investment is due to complete during 2018/19.
- 3.4.5 **Southend:** The £31m Southend Airport Business Park project, supported through £23m LGF investment has seen progress continue with the new rugby pitches having been completed. The completion of the new rugby pitches will enable the re-location of the Rugby Club which will unlock the site for development of 1million sqft of commercial development. The next stage of the project is for the procurement and completion of utility works for the Phase 1 site.
- 3.4.6 **Thurrock:** Work on the £78m A13 widening project is progressing with vegetation clearance nearing completion. In 2017, the project achieved higher than expected LGF spend towards the end of the financial year through advance payments to statutory undertakers. The main construction work on the project is now due to commence in September 2018.

4. Project Evaluation

- 4.1 Post scheme evaluation is required for each LGF project as the scheme is completed and each County Council/ Unitary Authority is required to provide monitoring reports on the delivery of intended project outcomes to date at the end of each financial quarter. This includes the delivery of new jobs, houses, apprentices and new learners. A commitment to monitoring and evaluation is a condition of funding, as set out in the Service Level Agreement between the SELEP Accountable Body and each County Council/ Unitary Authority.
- 4.2 Estimates have been provided by each local authority on the delivery of outputs to date. However, this currently is thought to substantially understate the benefits which are expected to have been achieved from LGF investment.
- 4.3 SELEP has developed new templates to support the post evaluation of projects by local partners. These templates will help collate information about the success delivery of project outputs, the realisation of project benefits and will help to share lessons learnt through the completion of Growth Deal projects to date. This information will be made publically available and will be provided to the Boards through future Capital Programme Management reports.

Table 1 Project Outputs Reported to Date

	Jobs	Commercial Floorspace (m2)	Houses	Other Benefits
East Sussex	-	3000	-	0.5km new road and 2km new cycle route built
Essex	3377	-	3331	28.88km road surfaced and 3.4km new cycle route built
Kent	166	-	1049	0.8km road resurfaces and 2.1km new cycle route
Medway	28	-	115	0.38km road resurfaces and 1km cycle routes built
Southend	-	-		1.26 road resurfaces and 0.2km new cycle route
Thurrock	-	-		No project benefits reported to date
Total	3571	3000	4495	

5. LGF spend in 2017/18 – provisional outturn position

5.1 LGF updates have been provided by each local area during May 2018 which includes the provisional outturn for 2017/18, as summarised in Table 2 below. This indicates a total LGF spend of £80.732m LGF excluding DfT retained schemes and £95.863m including retained schemes.

Table 2 Provisional outturn relative to planned spend in 2017/18

LGF (£m)					
	Planned spend in 2017/18 (as restated in September 2017)	Total forecast spend in 2017/18 (as reported in January 2018)	Total spend in 2017/18 (actuals - as reported in May 2018)	Variance*	Spend relative to planned spend in 2017/18 (%)
East Sussex	26.219	22.963	22.680	-3.538	86.51%
Essex	17.867	19.299	17.345	-0.522	97.08%
Kent	32.236	20.913	19.594	-12.642	60.78%
Medway	12.299	4.749	4.429	-7.870	36.01%
Southend	13.508	3.658	3.372	-10.136	24.96%
Thurrock	12.293	8.905	4.941	-7.352	40.20%
Skills	0.096	0.071	0.071	-0.025	73.58%
M20 Junction 10a	8.300	8.300	8.300	0.000	100.00%
LGF Sub-Total	122.817	88.857	80.732	-42.084	
Retained	31.126	15.211	15.130	-15.996	
Total Spend Forecast	153.943	104.069	95.863	-58.080	

5.2 The latest update reporting indicated that the LGF slippage from 2017/18 to 2018/19 totals £37.784m (excluding DfT retained schemes), as set out in Table 3 below. This funding will be retained within the SELEP area, either held by SELEP or by local partners, for spend in future years of the GPF programme.

Table 3 LGF spend relative to LGF available in 2017/18 (excluding retained schemes)

	(£m)
LGF allocation in 2017/18 from Government	92.088
LGF carried forward from 2016/17	26.428
Total LGF available in 2017/18	118.516
Total LGF spent in 2017/18	80.732
Total slippage from 2017/18 to 2018/19	37.784

5.3 Though 2017/18, slippages to LGF spend were reported across a number of LGF projects, as a result of delays to project delivery schedules. Projects which reported the highest levels of LGF slippage (above £3m) include:

- 5.3.1 STEM Innovation Centre – Colchester Institute (£4.550m LGF slippage)
- 5.3.2 Thanet Parkway (£4m LGF slippage)
- 5.3.3 Southend Airport Business Park (£9.198m LGF slippage)
- 5.3.4 Purfleet Centre (£3.355m LGF slippage)

5.4 Statements of Grant Usage are currently being sought from each of the six upper tier authorities to confirm the amount of LGF spend in 2017/18 in accordance with the Grant Conditions from Government and the Service Level Agreements which are in place between the SELEP Accountable Body and each Upper Tier Authority. Following audit, the final LGF spend position for 2017/18 will be reported at the next meeting in September 2018.

6. LGF allocation in 2018/19

6.1 SELEP’s Grant Offer Letter has now been received and is attached in Appendix 1 of this report. This letter confirms the grant allocation in 2018/19 as £91,738,956, as expected, and the future indicative LGF allocations, as set out in Table 4 below.

Table 4 LGF Allocation Indicative Profile from Government

Confirmed allocation LGF	Future Indicative LGF allocation	
2018/19	2019/20	2020/21
£91,738,956	£54,914,715	£77,873,075

- 6.2 The LGF which has been received by SELEP for 2018/19 and the future year indicative profile is consistent with the indicative profile received from Government in Grant Offer Letters from previous years.
- 6.3 The LGF spend forecast in 2019/20 currently exceeds the amount of LGF available by £11.609m, owing to the uneven spend profile of the LGF grant from Central Government. This over-profiling in 2019/20 has reduced by £2.263m from £13.872m since the last update report due to the re-profiling of LGF spend and delivery from 2019/20 to 2020/21 by local partners.
- 6.4 As such, there is currently a planned slippage of LGF grant between 2018/19 to 2019/20 to help mitigate the cash flow risk in 2019/20. The intentional carry forward of LGF from 2018/19 to 2019/20 will help reduce the over profiling of LGF spend in 2019/20 to £11.609m, as set out in Table 6 below.

Figure 1 LGF spend forecast relative to LGF available

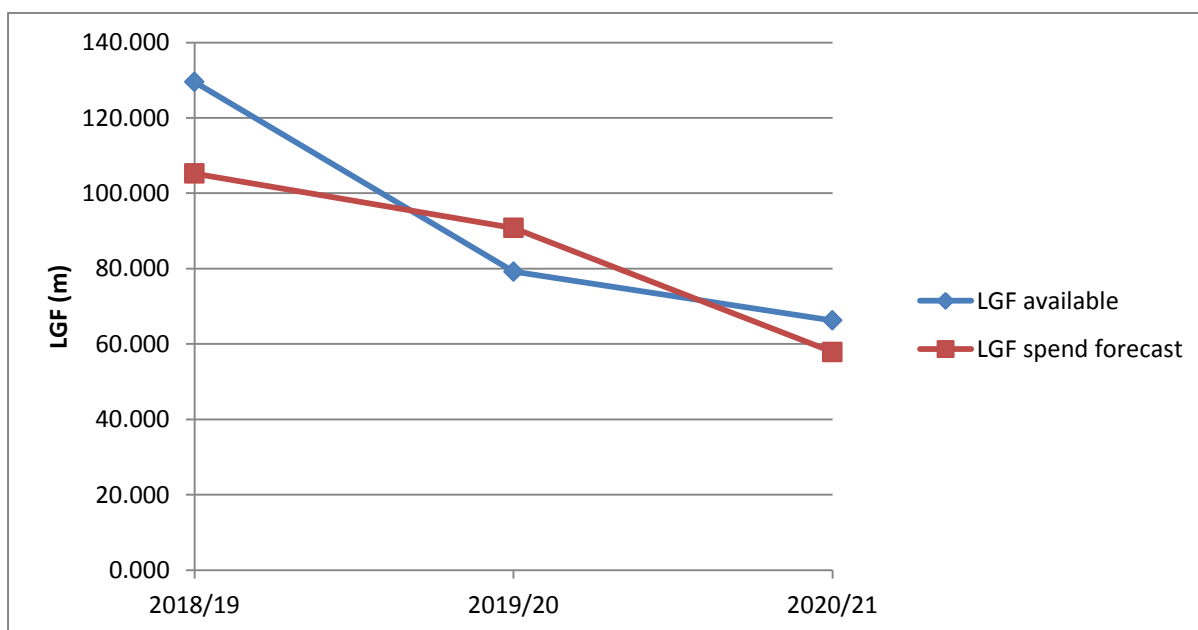


Table 6 LGF spend forecast relative to LGF available

Current Forecast Position - Forecast spend v LGF available							
£m	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Actual spend or current forecast	55.562	69.730	80.732	105.239	90.808	57.900	459.971
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	37.784	24.284	-11.609	
Total grant funding in year	69.450	96.158	118.516	129.523	79.199	66.264	
Over/ (under) allocation		26.428	37.784	24.284	-11.609	8.364	

- 6.5 The over-profiling in 2019/20 will be closely monitored through the quarterly LGF Capital Programme updates to the Board. However, based on the slippage to project spend through previous years of the LGF programme, it is expected that the £11.609m over-profiling will be mitigated through a slippage of LGF spend and delivery from 2018/19 and 2019/20 into 2020/21.
- 6.6 In addition, opportunities will be sought to further mitigate this risk through working with local partners to identify projects where local funding contributions can be spent in advance of LGF and through delaying LGF spend on specific projects, prioritising those where this does not adversely impact on the projects' delivery within the Growth Deal period.

7. 2018/19 spend forecast update

- 7.1 The LGF spend forecast of £105.239m for 2018/19, excluding retained schemes has been updated to take account of the additional slippage of LGF from 2017/18 to 2018/19 and changes to project spend profiles, detailed in Table 5 below.
- 7.2 The forecast LGF spend in 2018/19, as set out in Table 4, totals £105.239m excluding DfT retained schemes. This is relative to the £129.523m available in 2018/19, through the 2018/19 LGF allocation from Government of £91.739m and the £37.784m available through carry forward of LGF from previous years of the programme. As such, LGF spend in 2018/19 is currently under-profiled by £24.284m, as set out in Table 7 below.
- 7.3 The forecast slippage of £24.284m LGF will be used help offset the difference between the planned spend and LGF available in 2018/19. However, opportunities to accelerate LGF spend on existing LGF projects from 2019/20 to 2018/19 will be sought during the financial year where this does not adversely impact the over-profiling of the LGF programme in 2019/20.

Table 7 LGF spend forecast in 2018/19

LGF (£m)	Planned spend in 2018/19 (as stated in March 2018)	Total latest forecast spend in 2018/19 (as reported in May 2018)	Variance*	Reasons for Variance	
				Additional spend/slippage identified for 2017/18	Slippage/acceleration of LGF spend between 2018/19 and future years of the programme (explained in Table 5)
East Sussex	16.368	16.650	0.282	0.282	0.000
Essex	18.550	17.606	-0.944	0.104	-1.048
Kent	23.764	21.621	-2.142	1.103	-3.245
Medway	16.436	13.266	-3.169	0.319	-3.488
Southend	17.074	13.733	-3.341	0.286	-3.627
Thurrock	9.702	10.961	1.260	3.964	-2.705
Skills	0.000	0.000	0.000	0.000	0.000
M20 Junction 10a	11.400	11.400	0.000	0.000	0.000
LGF Sub-Total	113.293	105.239	-8.055	6.059	-14.113
Retained	35.373	19.010	-16.363		
Total Spend Forecast	148.666	124.248	-24.418		

*Variance between the total planned spend in 2018/19 as reported in March 2018 and the total forecast LGF spend in 2018/19 as it currently stands.

8. Deliverability and Risk

8.1 Appendix 6b of agenda item 6 sets out a delivery update and risk assessment for all projects included in the LGF programme, as summarised in Table 8 below. A score of 5 represents high risk whereas a score of 1 represents low risk.

8.2 The risk assessment has been conducted in accordance with the Ministry for Housing and Local Government (MHCLG) guidance for the assessment of LGF projects based on:

8.2.1 Delivery – considers project delays and any delays to the delivery of project outputs/outcomes

8.2.2 Finances – considers changes to project spend profiles and project budget

8.2.3 Reputation – considers the reputational risk for the delivery partner, local authority and LEP

Table 8 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)

Score	Delivery	Financials	Reputation	Overall
5	13	7	2	6
4	13	12	3	14
3	15	13	17	21
2	13	16	13	17
1	43	49	62	39
Total	97	97	97	97

8.3 Further detail is provided for the six projects which are identified as having a high overall project risk (overall risk score of 5)

- Beaulieu Park Railway Station

The project is currently categorised as high risk owing to the current substantial funding to deliver the project. The project has passed to the next stage of assessment to secure funding through MHCLG Housing Infrastructure Funding (HIF), but a Business Case and further assessment is required before the HIF can be secured. In addition, there is a risk that the full £12m LGF allocation will not be spent within the Growth Deal period.

SELEP and Essex County Council are working to seek confirmation from Central Government about the implications for the LGF spend extending beyond the Growth Deal period. In addition, confirmation is being sought from MHCLG about the timescales and process for the submission of the project Business Case in order to secure HIF.

- A28 Chart Road

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. Whilst LGF spend was due to be accelerated in 2017/18 to support the start of start of project construction in 2018/18, the vegetation clearance work has now been put on hold and the LGF spend forecast for the project has been reduced.

Kent County Council is currently reviewing alternative delivery options for the scheme. A further detailed updated on project will be provided to the Board in September 2018, to consider the potential options in relation to the Project.

- Maidstone Integrated Transport Package (ITP)

The first phase of the Maidstone ITP, for junction improvements at either end of Wilmington Street, was awarded £1.3m LGF funding in November 2015. There are also developer contributions which completes the funding package. However, the Phase 1 project is currently on hold pending further local consideration of the proposed scheme. A further update will be provided to the Board at its next meeting following further consideration of the project locally.

A detailed updated on the delivery of Phase 1 is presented under agenda item 1, alongside the consideration of Phase 2 for the award of £2.7m LGF for M20 Junction 5 Coldharbour scheme.

- Thanet Parkway

In total, Thanet Parkway project is allocated £10m LGF. At the outset of 2018/19 financial year the LGF spend profile was adjusted to re-profile the LGF spend towards the end of the LGF programme. The project is rated as high risk owing to the substantial funding gap for the project. Discussions with potential third party investors are ongoing but have not been successful to date. As such, whilst the development of the project progresses towards Network Rail GRIP Stage 4, no LGF has been approved by the Board to date until the funding package is in place to deliver the project.

- Rochester Airport

Following an increase in project cost having been identified, a change of project scope is sought. Under agenda item 10 a full update is provided on the delivery of Rochester Airport Phase 1 and Phase 2 project for consideration by the Board.

- Stanford le Hope/ London Gateway

An increase to the total cost of the project has been identified, which is expected to result in a project funding shortfall. The project will progress to the completion of detailed design work in order to confirm the revised project cost estimate. A full project update will be provided to the Board following the completion of the detailed design work.

9. Growing Places Fund

- 9.1 In total, £49.210m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GFP has either been invested or is allocated for investment in a total of 20 capital infrastructure projects, as detailed in Appendix 7a and 7b.
- 9.2 The allocation of GPF to the new projects within GPF Round 2 is on the condition that funding will only be awarded if sufficient GPF is available through the repayments of GPF loans from Round 1 projects. The payments in 2017/18 were in line with the expected repayments, except for the re-profiling which was agreed with the Accountability Board in February 2018.
- 9.3 As set out in Table 8 below, based on the expected repayment of £3.283m GPF during 2018/19, there is expected to be sufficient GPF available to fund all GPF Round 1 and 2 projects in 2019/20, subject to GPF repayments being made as set out in Appendix 7b.
- 9.4 At the end of 2019/20, GPF repayments are expected to total £12.061m. This will create the potential opportunity for further investment in infrastructure projects from 2020/21 onwards to be considered as part of the medium –longer term pipeline referred to under agenda item 6.

Table 8 GPF Cash Flow Position

£	2018/19	2019/20
GPF available at the outset of year	6,747,602	4,970,602
GPF Round 1 planned investments	363,000	1,200,000
GPF Round 2 planned investments	4,697,000	3,247,000
Position before GPF repayments are made	1,687,602	523,602
GPF repayments expected	3,283,000	11,538,250
Carry Forward	4,970,602	12,061,852

10. Growing Places Fund Project Delivery to Date – GPF Round 1 Projects

10.1 Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,693 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 9 below.

Table 9 Monitoring of GPF Round 1 project outputs

Name of Project	Outputs defined in Business Case		Outputs delivered to date	
	Jobs	Houses	Jobs	Houses
	Priory Quarter Phase 3	440	0	74
North Queensway	865	0	0	0
Rochester Riverside	402	450	402	489
Chatham Waterfront	211	115	211	115
Bexhill Business Mall	125	0	150	0
Parkside Office Village	169	0	135	0
Chelmsford Urban Expansion	2,105	0	365	0
Grays Magistrates Court	200	0	89	0
Sovereign Harbour	299	0	180	0
Workspace Kent	198	0	87	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	3
Totals	9,144	2,081	1,693	607

10.2 To date, the expected benefits of GPF investment in enabling the delivery of new jobs and houses have not fully materialised or have not been reported through the update reporting to SELEP on Round 1 projects. However, for specific projects, such as the Rochester Riverside Project, Chatham Waterfront and Workspace Kent the number of jobs reported to SELEP as delivered as a result of GPF investment has increased during the last quarter.

- 10.3 Furthermore, for projects such as Rochester Riverside, it is now expected that the scale of planned developed enabled through the GPF loan will exceed the original benefits stated in the Business Case, with the project set to deliver 1,400 new homes, 1,200sqm of commercial space, a new school, hotel and new open space.
- 10.4 Through the update reporting to SELEP, delivery risks to some specific projects have been identified. The Eastbourne Fisherman project has been awarded £2m GPF through Round 2. However, Carillion were sole owners of the Sovereign Harbour Ltd. This has now been sold to Premier Marinas Ltd and discussions are now being held in relation to the lease. The outcome of these local discussions will be reported to the Board at the next meeting.
- 10.5 In addition, for the North Queensway project, the construction of a new junction and preliminary site infrastructure works, has been completed. However, there has been a slow uptake on the lease of the industrial space. This creates a risk to the GPF repayment of an outstanding £0.5m GPF, although the board has previously agreed to defer the GPF repayment to 2019/20. In addition, it creates a delay and risk to the realisation of benefits through the project. Efforts will now be made to remarket the site to seek business interest in the site.
- 10.6 Appendix 3 provides a project delivery update and risk assessment for each GPF Round 1 project. As GPF Round 2 projects come forward for approval by the Board and credit agreements are established for these projects, update reports will also be sought for GPF Round 2 projects.

11. Accountable Body Comments

- 11.1 The Accountable Body notes and welcomes the increased focus on outcome reporting for LGF through the development of new templates. Both Strategic and Accountability Board need clear visibility of projects' relative performance in outcome delivery to inform future project selection and prioritisation.
- 11.2 It is recommended that a similar approach be applied to the GPF programme as it would appear that in some cases both outputs and outcomes are being under-reported.
- 11.3 Whilst it is noted that the planned slippage in this year is made in part to address the over-profile in future years; the previous years' performance should be considered. Final spend in each year has been up to 30% less than originally planned. If this pattern is repeated, there could be a risk that it will be perceived by Government that the programme is lacking momentum and the Partnership must work to be able to present evidence to contrary.
- 11.4 The future funding profile continues to present a risk to the programme. The large value of funding at the back-end of the programme will inevitably create a delivery risk as more activity is slipped into the final year to match the funding. If any of this activity slips further then it will fall beyond the agreed parameters of the programme.

- 11.5 Central Government departments have thus far, been unable to offer any assurances about LGF activity that falls beyond March 2021. It is recommended that SELEP devises an approach to address this high likelihood risk and present it to Government for approval.

12. Appendices

- 12.1 LGF Project Update, see Agenda Item 6
- 12.2 7a– GPF Repayment Schedule
- 12.3 7b – GPF Project deliverability and risk update

13. Background reports

- 13.1 Accountability Board Agenda Pack 27th April 2018
- 13.2 Accountability Board Agenda Pack 15th June 2018

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Transitioning to a new Growth Hub model

1. Purpose

- 1.1 The purpose of this paper is to update Strategic Board (the Board) on the latest position on the SELEP Growth Hub and the wider Growth Hub policy developments.

2. Recommendations

- 2.1 The Board is asked to note the update on the SELEP Growth Hub;
- 2.2 And note the next steps on developing the Growth Hub through the next few months.

3. Background

- 3.1 As highlighted at the last meeting of the Board; further funding for the network of Growth Hubs across the country has been confirmed. This funding is in place for the current and next financial year (2018/19 and 2019/20). For the South East Growth Hub that totals £656,000 per annum. There is also a further £85,000 ring-fenced within the general Secretariat budget to support Growth Hubs. There is potentially further Government funding indicatively allocated to the Growth Hub programme beyond March 2020, but currently it is not known on what basis that funding will be distributed across the network, nor at what value
- 3.2 Whilst Government has shown its commitment to the Growth Hub programme, it is clear that the expectations of Growth Hubs from Government has increased. This was shared with the Board at their last meeting but the details of the new requirements have now been made clear and a further update is needed.
- 3.3 To set the scene for the Board, a presentation will be made that will cover key messages on Government's expectations of Growth Hubs and their feedback specifically on the South East Business Hub model.
- 3.4 To set the scene for the Board, Karen Leigh, Deputy Director at the Department for Business, Energy and the Industrial Strategy (BEIS), will present at the meeting. Karen will give an update on the national policy, the Government's view on the future expectations of Growth Hubs and the implications for the South East.
- 3.5 The Government wants to shift the focus of regional Growth Hubs from generic support to more focussed and meaningful support to those businesses identified as having high potential for growth. This includes reducing the amount of support provided to pre-starts and start up businesses locally as, instead, they are expected to make greater use of the National Helpline that is available for those categories of business.
- 3.6 The Growth Hub grant can no longer be used to fund face-to-face support to start up businesses, but support can still be offered via the website and the telephone. Further local support could be offered to these categories of business, but alternative funding for that work would need to be found.
- 3.7 In the South East a high level of support to businesses is also provided through the various eRDF programmes, such as the South East Business Boost (SEBB) project. These projects are coming to an end from 2019 onwards, and it is currently unclear whether the UK Shared Prosperity Fund will fund similar activity following the end of the UK's eligibility to access European funding.

- 3.8 To ensure that the Growth Hub is fit for purpose in future, it is also necessary to consider the SELEP's new Strategic Economic Plan, currently in development, and the Local Industrial Strategies that are to be developed across the geography. The National Industrial Strategy recognised the key role that Growth Hubs have to play as part of the solution to the productivity challenge and it is expected that that will be reflected at a local level in Local Industrial Strategies.
- 3.9 Because of these wider ranging and fundamental changes to the policy environment of Growth Hubs, there needs to be a full review of potential future models for the Growth Hub service. The Secretariat will lead this work through the summer and autumn and future models will be presented for the Board's consideration at their meeting in December. This work will be carried out in close conjunction with the Local Authorities who currently commission the Growth Hub sub hubs, the sub hub Steering Groups and the Federated Boards.
- 3.10 The South East Growth Hub needs to build a better relationship with the National Business Support Helpline to ensure that the Helpline has full access to all the support available in the South East so they are able to make the best referrals for businesses based in the South East. In addition, further links need to be made with other national organisations, such as Be the Business, (the organisation formed to address the continued underperformance of UK productivity), to leverage as much support as possible for our businesses.
- 3.11 Whilst the service remodel is underway; there are other changes that must be implemented immediately. The reporting requirements from Government have changed and the Customer Relationship Management (CRM) databases being used needs to be updated to reflect these changes. The Growth Hubs will work with a small team put together of SELEP Secretariat staff and some resource from East Sussex County Council to co-ordinate these changes. Government have a requirement for identifying information for each business supported to be tracked to allow a better assessment of the impact of the Growth Hubs interventions.
- 3.12 As part of the annual review – statistics on Growth Hub interventions during 2017/18 have been collated. These can be found at Appendix 8a. As part of the CRM review, a reporting pack for Strategic Board will be developed to give greater understanding to the Board on the performance of the Growth Hub.

4. Next steps

- 4.1 Work has already commenced on the CRM and reporting update; this work will continue over a limited short period to ensure that reporting requirements of the grant can be met. This work is being partly resourced by East Sussex and led through the Secretariat.
- 4.2 SELEP Secretariat will formulate a task and finish group to work on the new service model in the medium term. The group will be mainly formed of the Secretariat and officers from the commissioning Local Authorities. However, the group will report and engage at regular intervals with the Senior Officers Group, the Sub Hub Steering Groups and Federated Boards.
- 4.3 Options on future models of Growth Hubs will be brought the December SELEP Strategic Board for decision. The Growth Hub service will continue on an as-is basis throughout this period. The preferred options from Board will be implemented during financial year 2019/20. The cost implications of the proposed changes will be included in the report.

5. Accountable Body Comments

- 5.1 Essex County Council, as the Accountable Body for the South East LEP has received confirmation of the Growth Hub grant allocation for 2018/19 of £656,000; this funding is required to be claimed quarterly in advance from BEIS. Funding allocations beyond 2018/19 has yet to be confirmed, but it is understood that further funding is expected to be available for 2019/20.
- 5.2 The grant offer letter from BEIS sets out the conditions of funding which includes a requirement that the grant may only be used to support 'eligible expenditure' as defined in the letter; specifically, within the scope of the Project, for the giving of advice to business by SELEP by supporting the further development of Growth Hubs, aligned to Government's commitment to ensure that businesses in every region continue to have access to a Growth Hub and to further simplify access to support for businesses.
- 5.3 The grant is allocated to Kent County Council, East Sussex County Council and Southend on Sea Borough Council for the operation of the sub hubs. The allocation has been made on the same basis as previous years. As agreed in previous years a small amount being retained by the centre to fund the central website and the cross cutting work. The grants are distributed to local partners through an agreed SLA. The split of funds is as follows:
- SELEP (ECC as Accountable Body) - £65,000
 - Southend on Sea Borough Council (BEST Growth Hub) - £253,000
 - Kent County Council (KMEP Growth Hub) - £225,000
 - East Sussex County Council (BES Growth Hub) – £113,000
- 5.4 The lack of certainty of on-going funding from Government creates a risk to the stability of the Growth Hub services beyond 2018/19, and as such, SELEP should ensure that funding is not committed beyond this period until confirmation is received or alternative funding identified.
- 5.5 With the introduction of the Data Protection Act 2018, SELEP must ensure that any personal data (as defined by the Act) collected, stored and shared, meets the requirements of the Act and that appropriate Privacy Notices and Data Sharing Agreements are in place and updated as appropriate.

Appendix 8a

SELEP Growth Hub - Businesses Supported in 2017/18 by sector

SIC Code	BEST Growth Hub	Business East Sussex	Kent & Medway Growth Hub	Total	% of Total Supported
A. AGRICULTURE FORESTRY AND FISHING	34	16	14	64	1.5%
C. MANUFACTURING	166	56	107	329	7.6%
D. ELECTRICITY GAS STEAM AND AIR CONDITIONING SUPPLY	2	8		10	0.2%
E. WATER SUPPLY; SEWERAGE WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	11			11	0.3%
F. CONSTRUCTION	66	42	53	161	3.7%
G. WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	236	131	230	597	13.7%
H. TRANSPORTATION AND STORAGE	26	15	18	59	1.4%
I. ACCOMMODATION AND FOOD SERVICE ACTIVITIES	122	92	109	323	7.4%
J. INFORMATION AND COMMUNICATION	90	46	87	223	5.1%
K. FINANCIAL AND INSURANCE ACTIVITIES	17	26	28	71	1.6%
L. REAL ESTATE ACTIVITIES	30	20		50	1.2%
M. PROFESSIONAL SCIENTIFIC AND TECHNICAL ACTIVITIES	173	68	67	308	7.1%
N. ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	128	62	491	681	15.7%
O. PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	4		1	5	0.1%
P. EDUCATION	75	33	47	155	3.6%
Q. HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	124	47	78	249	5.7%
R. ARTS ENTERTAINMENT AND RECREATION	152	128	49	329	7.6%
S. OTHER SERVICE ACTIVITIES	189	222	279	690	15.9%
T. ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; UNDIFFERENTIATED GOODS-AND SERVICES-PRODUCING ACTIVITIES OF HOUSEHOLDS FOR OWN USE	5			5	0.1%
U. ACTIVITIES OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	4			4	0.1%
NOT KNOWN			20	20	0.5%
Total	1,654	1,012	1,678	4,344	100%

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Governance & Transparency

1. Purpose

- 1.1 The purpose of this paper is to bring Strategic Board (the Board) members fully up to date with recent progress in responding to Government's Assurance and Transparency agenda for LEPs.
- 1.2 Board members will be aware of the size of the body of work undertaken by the SELEP; the extensive reporting through the Accountability Board on our progress in implementing the changes required by Government; and the agreements reached at the March Strategic Board meeting, which were as follows:
- 1.2.1 Adopted the refreshed Terms of Reference for the LEP overall;
 - 1.2.2 Agreed that the LEP has oversight of recruitment to federated area boards and that it provides a consistent LEP wide approach to recruiting new business members;
 - 1.2.3 Re-approved the establishment of an Investment Panel and the work to commence the construction of Terms of Reference for said Panel;
 - 1.2.4 Agreed to establish and maintain a single pipeline of priority projects which will be used to identify the projects which utilise underspends in the event that it becomes available;
 - 1.2.5 Agreed a standard approach to calling for projects when funding becomes available to the LEP;
 - 1.2.6 Ratified the adoption of the following: Assurance Framework 2018, Code of Conduct for LEP Board Members, Confidential Reporting of Complaints Policy, Register of Interests Policy, Subsistence and Hospitality Policy, and Whistleblowing Policy – as agreed by electronic procedure on 22nd February 2018.
- 1.3 At this meeting we are looking to agree minor tweaks to the policies mentioned above and to agree the Terms of Reference for the Investment Panel as per 1.2.3. We are also considering a board recruitment process as per 1.2.2.

2. Recommendations

- 2.1 The Board is asked to consider this report and take the following decisions:
- 2.1.1 To **agree** the slightly revised SELEP Terms of Reference
 - 2.1.2 To **agree** the Terms of Reference for the Investment Panel, selecting one of the membership options supplied at 3.7-
 - Option 1 - Panel of 17
 - Option 2 - Panel of 13
 - Option 3 - Panel of 7
 - 2.1.3 To **agree** the process for Strategic and Federated Board recruitment;
 - 2.1.4 To **agree** the following updated policy documents:
 - Code of Conduct for LEP board members (Appendix 9d)
 - Confidential reporting of complaints policy (9e)
 - Public Question Policy (Accountability Board) (9f)



- Register of Interests Policy (9g)
- Subsistence and Hospitality Policy (9h)
- Whistleblowing Policy (9i)

3. Background

- 3.1 We have been in continued conversations with the Cities and Local Growth Unit and continue to report progress on the implementation of the Assurance Framework at all Accountability Board meetings.
- 3.2 We met with the Cities and Local Growth Unit on the 19th June to discuss the Action Plan requirements of the Deep Dive report and agreed to populate this in accordance with a) our reporting to the Accountability Board and b) agreements made by the Strategic Board in short order after 29th June. The completion of this Action Plan will be accompanied by a letter from the SELEP Managing Director which will provide further reassurance and narrative around the measures newly undertaken by the LEP and its partners to ensure maximum transparency and the most robust governance arrangements possible.
- 3.3 All policies and agreements pursuant to the LEP are now fully accessible on southeastlep.com – the new website will further still improve the accessibility of all governance documents. When the proposed changes to the extant policies have been agreed, they will be issued on line within five working days.

Terms of Reference

- 3.4 The version of the Terms of Reference which accompanies this board pack has been subject to minor, largely non-material changes. It is provided to the board to ensure complete transparency and is attached to the board papers as Appendix 9a.

Investment Panel

- 3.5 Board members will be aware of the Government's explicit expectation for the establishment of an Investment Panel as a sub-committee of the Strategic Board; according to the Cities and Local Growth Unit's advice at the time of the Annual Conversation, this would bring our function in line with most other LEPs.
- 3.6 Appendix 9b (separate file) contains the proposed Terms of Reference for the Investment Panel for which we are seeking the Board's agreement.
- 3.7 It is important to agree the membership of the Investment Panel and the below options are presented for the board's consideration. We should note that as a sub-committee of the Strategic Board, a private sector majority is required and all named Board members will have voting rights.





Option	Membership	Quorum	Analysis
1	<ul style="list-style-type: none"> - Chair of the SELEP Strategic Board - 6 Upper Tier Authority - 1 Higher Education representative from Strategic Board - 1 Further Education representative from Strategic Board - 8 Private Sector Business Representatives (two from each Federated Area) <p>Total – 17 Members</p>	<p>At least 9 Panel Members must be in attendance, including:</p> <ul style="list-style-type: none"> - 4 public representatives (Upper Tier Authority/ Higher Education /Further Education); and - 4 Private Sector Business Representatives; and - SELEP Strategic Board Chair or substitute Vice-Chair 	<p>Pro: It would be very representative of each area of the LEP.</p> <p>Con: At 17 members, this is a very large panel.</p>
2	<ul style="list-style-type: none"> - Chair of the SELEP Strategic Board - 6 Upper Tier Authority - 6 Private Sector Business Representatives (two representatives from TES, two representatives from KMEP, and two representatives from across Essex and South Essex). <p>Total – 13 Members</p>	<p>At least 7 Panel Members must be in attendance including:</p> <ul style="list-style-type: none"> - 3 Upper Tier Authority; - 3 Private Sector Business Representatives; and - SELEP Strategic Board Chair or substitute Vice-Chair 	<p>Pro: Provides a balance of local authority and business inputs</p> <p>Con: Not representative of HE/FE unless they are voted in through local boards</p>
3	<ul style="list-style-type: none"> - Chair of the SELEP Strategic Board - 3 Upper Tier Authority (one representative from TES, one representative from KMEP and one representative from across Essex and South Essex) - 3 SELEP Vice Chairs <p>Total - 7 Members</p>	<p>At least 5 Panel Members must be in attendance including:</p> <ul style="list-style-type: none"> - 2 Upper Tier Authority and 3 SELEP Vice Chairs or 2; or - 2 Upper Tier Authority and 2 SELEP Vice Chairs and Chair of the Strategic Board 	<p>Pro: Manageable size, could act decisively</p> <p>Con: More limited representation, relies heavily on dissemination</p>



Strategic Board and Federal Board recruitment

3.8 Government have been very clear about the necessity of us developing a recruitment process for new board members which is also adopted by federal boards; the Mary Ney review highlighted the need for LEPs to publish on their websites a board member recruitment process and the term that members can sit on the board. The Assurance Framework expects that private sector board members are recruited through an open, transparent and non-discriminatory competition which assesses each candidate on merit. Appendix 9c to this paper, which is attached as a separate file, provides a detailed process to meet this requirement for the recruitment of board members and we recommend that the board seeks to agree it.

Policy iterations

3.9 Board members should be clear that the suggested changes to the policies are to ensure that we are entirely consistent with the requirements of the Deep Dive report, which has been available to us since the March Strategic Board meeting and has been circulated to Board members through federal board leads on the agreement of Government officials.

4. Accountable Body Comments

4.1 The recommendations set out in this report will assist SELEP in meeting the recommendations identified in the Deep Dive report and will support the implementation of the Assurance Framework, which is a requirement of Government, for the receipt of Local Growth Funding (LGF).

4.2 The SELEP Assurance Framework implementation plan, reported to each Accountability Board, is intended to demonstrate that the requirements of the SELEP Assurance Framework are being implemented as certified by the S151 Officer of the Accountable Body to the MHCLG in February 2018. The 2018/19 LGF grant payment has been made on this basis and it is therefore essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full – this will support the certification that is required by the S151 Officer of the Accountable Body to the MHCLG for 2019/20.

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