

Report title: To Agree Sector Support Funding Grant Allocations	
Report to: Managing Director of the SELEP	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 25/04/18	For: Decision
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Divisions affected: Pan-SELEP, but primarily that of North Kent: Ebbsfleet (Dartford/Gravesham), Innovation Park Medway (Medway/Tonbridge & Malling), Kent Medical Campus (Maidstone)	

1. Purpose of Report

- 1.1 The purpose of this report is to set out the recommendations and supporting documentation of the Sector Support Funding Bid which has been through an Independent Technical Review (ITR) process, to enable £161,000 of Growing Places Fund (GPF) Revenue grant to be devolved to Medway Council for Project delivery. The bid document is included in Appendix 1.
- 1.2 The ITR report sets out an analysis to demonstrate that the Project meets the criteria for funding. This report is included in Appendix 2.

2. Recommendations

- 2.1 **To Approve** the award of £161,000 of Growing Places Fund (GPF) Revenue grant to Medway Council to support the delivery of the Project identified in the Funding Bid and which has been assessed as meeting the criteria for funding.

3. Summary of issue

- 3.1. On 9th June 2017 the SELEP Strategic Board approved the use of the Growing Places Fund (GPF) Revenue grant to fund a programme of works to support the sector focussed activities that are being undertaken on a pan-LEP basis and predominantly led by the SELEP working groups, namely, the Sector Support Fund (SSF).
- 3.2. The Board agreed the programme of total funding available in each year would be up to £500,000 of revenue grants per annum for three financial years, beginning 2017/18.
- 3.3. The purpose of the SSF is therefore to support one-off, discrete pieces of work of a pan-LEP nature with a sector focus that brings demonstrable benefits and has support across the LEP. All applications must meet the criteria detailed in section 3 of the Sector Support Funding Guidance and be submitted in line with the process in section 4 of the same. This process ensures that the funding is allocated in accordance with the requirements of the SELEP Assurance

Framework.

- 3.4. The Thames Gateway Kent Partnership, in conjunction with Maidstone Borough Council, as the Accountable Body for the North Kent Enterprise Zone, and Medway Council, have submitted a bid for SSF of £161,000 to support the delivery of the North Kent Enterprise Zone.
- 3.5. The SELEP Strategic Board endorsed the bid for funding on the 9th June 2017 subject to compliance with the assurance framework and demonstration of value for money.

4. Project Summary

- 4.1. The North Kent Enterprise Zone (NKEZ) was designated by Government in Autumn 2015 and came into operation on 1 April 2017. It is one of four Enterprise Zones in which SELEP has an interest. As a nationally designated Enterprise Zone, NKEZ is a priority initiative for SELEP. Whilst it operates within a specific sub-regional geography, its impact will potentially benefit SELEP as a whole as a catalyst for enterprise and growth in the Thames Gateway/Estuary area. The detailed timetable for the Local Development Orders (LDOs) will be subject to the preparation of the evidence base, being undertaken at the initial stage of the master planning process.
- 4.2. The bid request was endorsed by the Strategic Board in June 2017, the funding package covered three items, which has now reduced to two:
 - i) Preparation of Local Development Orders (LDOs) and Masterplan for Innovation Park Medway (IPM);
 - ii) Marketing of NKEZ and associated collateral.
- 4.3. A third component, a proposed evaluation, is not being progressed and the funding approved in principle is sought to be applied instead to element (i).
- 4.4. Medway Council and Tonbridge & Malling Borough Council have agreed that LDOs offer the best way forward for delivering a simplified planning regime for IPM, underpinning a compelling offer to potential occupiers and accelerating the delivery and pace of site development and business occupation. The funding is to contribute towards development of the LDOs and Masterplan including associated studies and consultation processes.
- 4.5. The NKEZ Strategic Board has adopted a marketing strategy taking a phased approach to awareness-raising, targeted advertising, promotional collateral, social media and direct marketing. This is being led by Locate in Kent on behalf of NKEZ. This element of funding is to enable added-value activity to enhance the marketing impact for NKEZ.

5. Project Funding

- 5.1. The total cost of the Project is estimated at £271,000, as set out in Table 1 below.

Table 1: Project Funding breakdown (£s)

Source	2017/18	2018/19	2019/20	Total
SSF	5,520	155,480	-	161,000
Other sources of funding <i>(please list below, add additional rows if necessary)</i>				
Locate in Kent	16,900	10,000	-	26,900
Medway Council	-	*59,169	**23,141	90,410*
Tonbridge & Malling BC	8,100			
Total	30,520	224,649	23,141	278,310
<i>SELEP funding as % of total</i>	<i>18.1%</i>	<i>69.2%</i>	<i>-</i>	<i>57.8%</i>
* Medway Council and Tonbridge & Malling BC committed to providing match funding: actual split in 2018/19 and 2019/20 subject to final confirmation.				
** Assuming 10% of contract payable on completion falling into 2019/20				

5.2. Match funding contributions have been confirmed, however, the profile of the match funding from Medway Council and Tonbridge and Malling Borough Council for the Project, as set out in Table 1 above, had not been confirmed at the point of application.

6. Issues for consideration

6.1. Risks and Dependencies

6.1.1. The timing of public consultation on the IPM Masterplan may need to be informed by processes associated with the emerging New Local Plan in Medway.

6.1.2. Formal adoption of the LDOs may not be possible until after local election purdah in spring 2019, though the work should be substantively completed by the end of Q1 2019.

6.2. Outcome of ITR Process *(Accountable Body Comments)*

6.2.1. The Accountable Body has independently assessed the Project Bid Document and has confirmed that the Project meets the criteria for funding, including the Assurance Framework requirement with regard to the expectation that high value for money will be achieved.

6.2.2. The economic appraisal has evidenced a Benefit Cost Ratio (BCR) of between 1.21:1 and 1.92:1 to the public sector investment. The benefits are based on the expectation of the acceleration of business rate yield for reinvestment in the Enterprise Zone, supporting enterprise and growth.

6.2.3. Although the BCR doesn't meet the threshold of 2:1 required to demonstrate high value for money, additional, unquantified benefits have been identified which fulfils the criteria for high value for money; this is defined by exemption 1 in the SELEP Assurance Framework:

Exemption 1 - This may be applied where a project does not present High Value for Money (a Benefit Cost Ratio of over 2:1); but

- has a Benefit Cost Ratio value of greater than 1.5:1; or
- where the project benefits are notoriously difficult to appraise in monetary terms.

Exemption 1 will only apply if the following conditions are satisfied:

- (1) The funding sought from SELEP in relation to the project must be less than £2.0m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
- (2) where there is an overwhelming strategic case (with minimal risk in the other cases); and
- (3) there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.

6.3. **Financial implications** (*Accountable Body Comments*)

6.3.1. Up to £500,000 of the GPF revenue grant was made available in 2017/18 to support the SSF; to date, none of this grant has been formally committed to projects and the full £500,000 has been carried forward into 2018/19 and added to the equivalent allocation available in this financial year; as such, sufficient funding is available to support the request for this Project.

6.3.2. The project was endorsed by the SELEP Strategic Board in June 2017 alongside two other projects; the total request for these Projects was £371,000; if all funding for these projects is approved, this leaves £129,000 outstanding from the 2017/18 budgeted allocation of the SSF, plus the additional £500,000 allocation for 2018/19.

6.3.3. The SSF grant is a fixed maximum contribution to the Project; any Project overspends incurred will be required to be addressed by the Project delivery partner.

6.3.4. It is noted that the match funding contributions for the Project have been confirmed by the respective partner organisations, although the final profile has yet to be agreed.

6.3.5. The risks to the project identified above represent a potential delay in delivery of the project which may result in a potential delay in benefits realisation – this will be monitored through the Project reporting that will be included as a condition of funding.

6.4. **Legal implications** (*Accountable Body Comments*)

6.4.1. The grant will be transferred to Medway council via a grant agreement with the SELEP Accountable Body; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line

with the Project Bid Document.

7. Equality and Diversity implications

- 7.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 In the course of the development of the project business cases, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

8. List of appendices

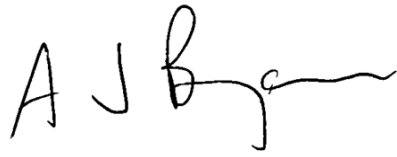
- 8.1. Appendix 1 – Project Bid Document
- 8.2. Appendix 2 – Independent Technical Review report

9. List of Background papers

- 9.1. Sector Support Funding Guidance
- 9.2. SELEP Assurance Framework
- 9.3. Minutes of the Strategic Board Meeting 9 June 2017

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	 05/07/18

I approve the above recommendations set out above for the reasons set out in the report.	Date
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Adam Bryan
Managing Director for the South East Local Enterprise
Partnership

5th July
2018