



# Strategic Board Meeting Agenda

Friday 7<sup>th</sup> December 2018, 10:00am – 12:00pm  
**High House Production Park**, Purfleet, RM19 1RJ



10:00	1	<b>Welcome</b> and introductions		Chris Brodie
10:05	2	<b>Minutes</b> and actions from 25 <sup>th</sup> October meeting <b>Declarations of interest</b> <b>Matters arising</b> - Thames Estuary Production Corridor	<b>pages 3 - 13</b>	Chris Brodie  Adam Bryan
10:15	3	Faster, Stronger, Together: SELEP's <b>Strategic Economic Plan</b> - <u>Decision</u> on approval of final draft - Next steps & publication - Timeline for Local Industrial Strategy & evidence base production	<b>pages 14 – 16</b>	Adam Bryan
10:40	4	<b>Tri-LEP Energy Strategy</b> - <u>Decision</u> on approval of final version of the strategy - Next steps and lessons learned	<b>pages 17 – 20</b>	Jo Simmons
11:00	5	<b>Sector Support Fund</b> - <u>Decision</u> on board endorsement of project applications	<b>pages 21 – 29</b>	Adam Bryan
11:15	6	<b>Statement of Accounts</b> 2017/18 - <u>Decision</u> on board approval	<b>pages 30 – 34</b>	Lorna Norris
11:20	7	<b>Local Growth Fund and Growing Fund Capital Programme Update</b> - Update on overall delivery and risk mitigation	<b>pages 35 – 51</b>	Rhiannon Mort
11:35	8	<b>Governance</b> - Assurance Framework refresh timeline - LEP Review feedback and next steps	<b>pages 52 – 55</b>	Adam Bryan
12:00	9	<b>Lower Thames Crossing Statutory Consultation</b> - Presentation from Lower Thames Crossing Team at Highways England - Discussion on SELEP's response to the consultation	<b>pages 56 – 57</b>	Tim Jones, Project Director, Lower Thames Crossing
13:00	10	<b>AOB &amp; Close</b>		Chris Brodie

**Information:**

Material from [16<sup>th</sup> November](#) Accountability Board

**Provisional agenda items for early 2019 Strategic Board Meeting(s):**

1. Local Industrial Strategy: Progress
2. LEP Review implementation
3. Annual Review feedback
4. Assurance Framework approval
5. SELEP Team Plan 19/20
6. Thames Estuary Production Corridor
7. Growth Hub future plans
8. Garden Communities Session Three

**Future Strategic Boards:**

(Possible February 2019 meeting TBA); 22<sup>nd</sup> March; 28<sup>th</sup> June; 4<sup>th</sup> October; 6<sup>th</sup> December; 20<sup>th</sup> March 2020

## Minutes of 25<sup>th</sup> October 2018 (DRAFT)

Attending	Company	Representing
Chris Brodie	Chair	
Adam Bryan	Managing Director	
Graham Peters	Vice Chair for East Sussex	East Sussex – Business
Clive Soper	Federation of Small Businesses	East Sussex – Business
Ana Christie	Sussex Chamber of Commerce	East Sussex - Business
Cllr Rupert Simmons (for Cllr Keith Glazier)	East Sussex County Council	East Sussex – Local Authority
Cllr David Tutt	Eastbourne Borough Council	East Sussex – Local Authority
Cllr Peter Chowney	Hastings Borough Council	East Sussex – Local Authority
George Kieffer	Vice Chair for Essex and South Essex	Essex – Business
David Burch	Essex Chambers of Commerce	Essex – Business
David Rayner	Birkett Long	Essex – Business
Colette Bailey	Metal	South Essex – Business
Perry Glading	Opportunity South Essex	South Essex – Business
Cllr Rob Gledhill	Thurrock Council	South Essex – Local Authority
Cllr John Lamb	Southend on Sea Borough Council	South Essex – Local Authority
Cllr Graham Butland	Braintree District Council	Essex – Local Authority
Cllr Chris Whitbread	Epping Forest District Council	Essex – Local Authority
Cllr Gagan Mohindra (for Cllr Kevin Bentley)	Essex County Council	Essex – Local Authority
Geoff Miles	Vice Chair for Kent and Medway	Kent – Business
Jo James	Kent Invicta Chamber	Kent – Business
Douglas Horner	Kent and Medway Economic Partnership	Kent – Business
Paul Thomas	DLS Limited	Kent – Business
Cllr Martin Cox (for Cllr Peter Fleming)	Sevenoaks District Council	Kent – Local Authority
Cllr Mark Dance (for Cllr Paul Carter)	Kent County Council	Kent – Local Authority
Cllr Rodney Chambers	Medway Council	Kent – Local Authority
Monica Illsley (for Prof Anthony Forster)	University of Essex	Higher Education

<b>Apologies received</b>	Cllr Paul Carter, Cllr Kevin Bentley, Cllr Keith Glazier, Cllr Peter Fleming, Cllr Simon Cook, Graham Razez, Penny Shimmin, Anthony Forster
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### 1. Welcome and Introductions

1.1. Chris Brodie welcomed board members and observers to the meeting.

## **2. Minutes and Actions from 29 June 2018 and 28 September 2018 meeting, Matters Arising and Declarations of Interest**

2.1. The minutes of both meetings were agreed.

### ***Matters Arising – Declarations of Interest***

2.2. There were no declarations of interest raised.

### ***Matters Arising – Lower Thames Crossing (LTC) Route Consultation***

- 2.3. Adam Bryan highlighted to the Board that the statutory consultation on the LTC had been launched on 10 October 2018 and would run until 20 December 2018. The Director of the LTC team, Tim Jones, is scheduled to attend the next Board meeting on 7 December 2018.
- 2.4. Adam reminded the Board that SELEP would be looking to respond to the consultation.
- 2.5. Cllr Rob Gledhill, Thurrock Council, asked to speak first on this subject. Cllr Gledhill clearly stated that Thurrock remained opposed to the LTC and that Thurrock Council was considering launching a judicial review, challenging the process, and there would be a meeting next week within the Council to discuss this. Cllr Gledhill outlined for Thurrock it was not just about the proposed option or format which they strongly object to, it was also about issues which had been excluded. For example, the issue with access from and to the eastbound junction from the A13 which would lead to increased congestion for the local area. Cllr Gledhill expressed the view that for Thurrock Council the benefit of the current LTC format, for local growth and businesses, was negligible. Cllr Gledhill would be writing to everyone in SELEP outlining these issues in detail and wanted to in order to make it clear to SELEP again (he noted that he had shared Thurrock's views before) and that Thurrock Council would remain strongly opposed to the LTC as proposed.
- 2.6. Cllr John Lamb, Southend Borough Council, informed the Board of a conversation with Highways England regarding the LTC consultation, and Southend Council's view that the proposed route was in the wrong place and they supported colleagues in Thurrock with this view. Cllr Lamb acknowledged that Thurrock had made their opposition to the LTC proposal frequently in these meetings and other forums. Though, from Southend's perspective, the feeling was 'we were where we were' and if it was the route in the consultation which will happen, then attention should be given to a fourth crossing if the south east generally and South Essex is going to get the growth needed. Cllr Lamb stressed that Southend's view was that discussion and planning for the fourth crossing needed to start now, including options for a multi-modal crossing.
- 2.7. Cllr Mohindra, Essex County Council, outlined that from Essex's perspective, they understood it was a critical programme, and whilst not necessarily happy with the fine detail, and aware of Thurrock's objection as Cllr Gledhill has shared at Board meetings on many occasions, ECC's view was that it did provide businesses with confidence in the road infrastructure.
- 2.8. Cllr Rodney Chambers, Medway Council, noted that Cllr Gledhill and Thurrock had been consistent in their views with the Board about the proposed LTC and understood the strength of feeling. Cllr Chambers stated that he welcomed the consultation and noted that it was refreshing to see that the programme was keeping to schedule and on target for the specified end date. Cllr Chambers noted that while he understood Thurrock's position, from Medway's perspective they felt it could only bring major relief to Dartford.

- 2.9. Cllr Graham Butland, Braintree District Council, spoke about liaising with Transport East, and how he had found this helpful and noted that it felt Government was beginning to take more notice of them. While they were not coterminous with the SELEP area, they are useful partners to engage with on the LTC issue.

***Matters Arising: LGF3b***

- 2.10. Adam Bryan informed the Board that KMEP met on 18 October 2018 and resolved to remove their paper with the recommendation concerning underspends and LGF3b. This was the reason the item on the draft agenda relating to LGF3b was now not on the agenda for today's meeting. Adam Bryan noted that a report on LGF3b would be coming to the December Strategic Board meeting.

***Matters Arising: in response to Cllr Kevin Bentley's question relating to the Strategic Economic Plan (SEP) and the associated costs at the last Strategic Board meeting***

- 2.11. Adam Bryan outlined that the original budget agreed for this piece of work was £70,000, which would increase to £112,286 if you equated 50% of the former Strategy Manager's time (including all on-costs and contributions) to the calculation.
- 2.12. Adam went on to explain that that two commissions had been undertaken to date of £35,880 and £14,150, that £3,133 had been spent on room hire and equipment. Adding 50% of the full salary costs to this (£42,286) put the work at £95,449. The variance being £16,837 under budget.

**3. LEP Review**

- 3.1. **Chris Brodie introduced the item on the LEP review.** He outlined to the Board his understanding around LEPs which did not fully comply with the LEP Review requirements could prejudice their entitlement to a share in the UK Shared Prosperity Fund (which would come on stream from 2021) and other funds. Chris Brodie had been expecting a letter from the Government on this point, though he had not received one to date.
- 3.2. **Chris Brodie outlined the position regarding the geography element of the LEP review,** and the submission made in September. From his conversations with Government, he felt that there was no suggestion of a merger for SELEP with another LEP. Chris Brodie stated that based on the current information he was confident the geography for SELEP would remain as it was.
- 3.3. Chris Brodie noted that there was still a question regarding overlaps between LEP areas. As the Board was aware, for SELEP there were two areas in this position. The first was the overlap with Greater Cambridgeshire and Peterborough in terms of Uttlesford which included Stansted. Given there was a Mayor for the combined Greater Cambridgeshire and Peterborough area, Chris Brodie indicated that resolving this would be a conversation between himself and the Mayor.
- 3.4. The second area was Lewes which included Newhaven Enterprise Zone. The Coast to Capital LEP had made a strong economic case for Newhaven's inclusion in their area. Chris Brodie also stated that the idea of 'losing' the county town of East Sussex, if it were to happen, would be difficult for SELEP to contemplate. He drew a conclusion by stating that there was a strong case linking Lewes with rest the of the SELEP area. Chris Brodie outlined that the Government's expectation was that the issue would be resolved locally through a conversation with the C2C chair.

- 3.5. Graham Peters, TES Chair, informed the Board that conversations had already marginally started with Lewes District Council though now was the time to start the conversation in earnest.
- 3.6. Cllr David Tutt, Eastbourne Borough Council, said that it would be helpful for SELEP to prioritise the Newhaven Enterprise Zone.
- 3.7. Cllr Rupert Simmons, East Sussex County Council, spoke about the County Council leading in conjunction with Lewes District Council on a significant investment programme which was starting now and that it would be incoherent to remove Lewes from SELEP at this time.
- 3.8. Graham Peters informed the Board that he would be phoning Cllr Andy Smith, Leader of Lewes DC, this afternoon.
- 3.9. Chris Brodie noted that having greater clarity on geography would be helpful.
- 3.10. **Chris Brodie introduced the next element of the LEP review item. He reminded the Board about the need for an agreed response to the Government by Wednesday 31 October 2018.** Chris Brodie gave his sense of the current situation. He advised that it was the start of a negotiation and it was helpful to be responsive and to make every effort to comply where the Board felt it could. Although Chris Brodie outlined that he wanted to make it clear that he was a firm believer in the federal model which provided for getting close to local issues and brings them to the fore. Therefore, Chris Brodie made it clear to the Board that if he felt at any point that the federal model was being diluted then the Board might have to look for a new Chair. Chris Brodie expressed that SELEP had found a way of making things work and he wanted to preserve as much as possible of this as it allowed SELEP to serve its stakeholders, communities and local businesses well.
- 3.11. Cllr John Lamb welcomed Chris Brodie's comments. Cllr Lamb noted that there might be a need for some compromises though it was important that the Board was also clear on 'red lines'. Cllr Lamb stressed that federated areas were working well and while they should be prepared to listen to the Government, as a Board it was important to be clear and agree on the 'red lines'.
- 3.12. Adam Bryan introduced the presentation on LEP Review, which summarised the proposed response to the Government. Adam Bryan emphasised that this was based on conversations with partners across SELEP. He noted that there was a lot that SELEP could go back to the Government on with regard to positive responses and was in a good position to provide what was being asked for.
- 3.13. **Recommendation 1: Produce Annual Delivery Plan and end of year report.**  
Adam Bryan stated that SELEP already had an approach for the Annual Delivery Plan which could be built on.
- 3.14. **Recommendation 2: Consult widely and transparently before appointing Chair and Deputy Chair**  
Adam Bryan stated that SELEP's approach to appointment of Chair was already transparent although there was more which could be done in order to develop the process further and to demonstrate how transparent and exhaustive SELEP intended to be.
- 3.15. **Recommendation 3: Introduce defined term limits for Chair and Deputy Chair**  
Adam Bryan noted that in June 2018 the Board agreed for all Board members to have two-year renewable terms. The proposal was to have 2+2+2-year terms.
- 3.16. **Recommendation 4: Private sector must represent 2/3 of the Board. Maximum board size of 20**  
Adam Bryan noted that the proposal was to retain the status quo.

**3.17. Recommendation 5: Improve gender balance and representation of those with protected characteristics**

Adam Bryan noted that the Board could demonstrate a commitment to this and could look to achieve gender balance sooner than the Government's requirement of 2023.

**3.18. Recommendation 6: Provide a secretariat independent of local government**

Adam Bryan explained that this included for example not having a LEP director who had a permanent position within a Local Authority and was seconded into the LEP post. This was not the position for SELEP. As outlined in the report, the SELEP director did not report to Essex County Council, rather the arrangement was based on 'pay and rations'. Therefore, the proposal was to remain as it is.

**3.19. Recommendation 7: Should have a legal personality**

Adam Bryan advised that the proposal was to pursue this on the basis that standards of transparency and the federal model were maintained. He further advised the Board that to move towards achieving this by 2019, based on advice obtained so far, felt difficult. Therefore, the proposal was that given the advice and following a decision made by the Government on the LEP review response it would take approximately nine months to prepare for and move to a legal personality status.

**3.20. Recommendation 8: Identify a single Accountable Body**

Adam Bryan noted that some LEPs did not have a single Accountable Body. However, SELEP did. He advised that Chris Brodie would be asking Essex County Council if they would be willing to continue in the role for at least the duration of the LEP review.

**3.21. Recommendation 9: Hold an Annual General Meeting open to the public.**

Adam Bryan noted that this was the case already. He stated that meetings were held in public, a forward plan for the Accountability Board had been put in place and SELEP was clear about future agenda items for the Strategic Board.

**3.22. Recommendation 10: Set out exactly who is accountable for spending decisions**

Adam Bryan outlined that this was set out in the Assurance Framework and would be reviewed taking into account the Assurance Framework refresh and the LEP review.

**3.23. Recommendation 11: Ensure external scrutiny and expert oversight, inc. local government scrutiny**

Adam Bryan outlined that there was an external scrutiny already in place, with all decisions of the Accountable Board being subject to Local Authority call-in. Adam Bryan, and other SELEP representatives, had attended Economic Growth and Planning committees of local authorities when invited, and were happy to do so in the future. Adam Bryan highlighted that there could be an anomaly, with LEPs being mutated into a private company, therefore there was a need to ensure that scrutiny arrangements were perfectly articulated and that the Board was satisfied that the current levels of scrutiny were at least maintained, and further embellished.

3.24. Adam Bryan spoke to slide 3 of the presentation, describing the **current Board composition** and noting that clarification had been provided by the Government confirming that Further Education (FE) should be considered as non-public sector. Adam Bryan also noted that over the life of SELEP, the Board had reduced from 46 to 28 members. From conversations with partners across SELEP the feeling was that the current 28 was representative of the area, with Federated Boards having extensive engagement with businesses and local authority partners.

- 3.25. Adam Bryan spoke to slide 4 of the presentation, which outlined the **Board composition based on the current members plus two more business members**. At a meeting with the Cities and Local Growth Unit on Monday 22 October 2018 a question was posed, ‘what was more important to Government, Board numbers or ratio?’ The response in that meeting was ratio. Therefore, Adam Bryan shared an option which could increase the percentage of private sector members, by adding two more business representatives. Adam Bryan stated that this was not the option being recommended to the Board.
- 3.26. Adam Bryan summarised that for most of the recommendations, SELEP was in a strong position, and did better than most LEPs. Following the summary he handed over to Chris Brodie for a further discussion around the legal personality, Board composition and Accountable Body.
- 3.27. **Chris invited comments from Board members before moving onto points regarding legal personality and Board composition.**
- 3.28. Jo James noted that on the slides the proposed date for the Board to agree a refreshed Assurance Framework was March 2019. She stated that given the proposed timeline for the legal entity work stream, she thought that it might be better to move the March 2019 date back. She further noted that at the last meeting there had been agreement that the diversity question was an important one, and as such the pool of people which the Board could draw from should be widened, appointing the right person with appropriate skill set should also be taken into consideration.
- 3.29. Cllr Gagan Mohindra confirmed that Essex County Council (ECC) was happy to remain as the Accountable Body for the duration of the LEP review. Chris Brodie thanked ECC for this. Additionally, Cllr Gagan Mohindra shared that Epping Forest District Council broadcasted all public meetings via webcast in order to ensure transparency. He added that this might be something SELEP would want to consider in the future.
- 3.30. David Rayner commented that in terms of the £200k request for funding, it could be a suggestion not to put in an exact £200k figure. David Rayner also added that in terms of diversity, there needed to be an emphasis on private and public sector representation from Federated Boards.
- 3.31. David Rayner emphasised that in the response to Government it was important to be clear where SELEP was exceeding and setting tough targets for ‘themselves’. David Rayner stated that the terms of 2+2+2 years needed to relate to both private and public sector. He thought that it would also be helpful to add something into the recommendation regarding scrutiny, for example additional ‘checks and balances’ made by the Federated Boards.
- 3.32. Colette Bailey raised a point regarding diversity and the comment made at the last meeting around ‘the best person for the job’. She stated that she couldn’t recall the Board discussing diversity at the last meeting or agreeing on it. Colette Bailey stressed that there were many issues relating to diversity, for example the nuances of a pipeline, how people arrived to be invited or apply for positions. Colette Bailey noted that there was not a person specification for a member on this Board and any of the Federated Boards. She stated that the draft response included strong responses on majority of the areas, including Board composition, but the response on diversity was weak. It did not have the same language or detail, there was no roadmap for how the actions would be achieved. Colette Bailey outlined that the Board should be serious about diversity and should ensure that a roadmap was put in place. Colette Bailey pointed out that the diversity response should receive equal attention to the other points discussed, for example geography, public and private sector ratios.



- 3.33. Chris Brodie supported Colette Bailey's comments.
- 3.34. Cllr Chambers stated that he had been a Board member since day 1 and he agreed with Cllr Lamb's statement on 'red lines', that there should be no reduction in the role and influence of local authorities. Cllr Chamber stated he supported the proposal to maintain the current Board composition and size. Cllr Chambers felt that any reductions in the Board size would impact on local authority representation. He welcomed comments regarding the retention of the federal model, as he felt it had contributed towards the success of SELEP. Cllr Chambers stated that on the basis of what had been discussed at the meeting he was supportive of the response back to Government. However, he stated that if there was an imposed model for the LEP he would have to seriously consider whether he would want to be part of it. Chris Brodie commented that he was in full agreement with all of Cllr Chamber's comments.
- 3.35. Clive Soper stated that he supported the point made by local authorities. He said that it was important to reach out to the public, and while recordings were helpful, he would not expect members of the public to be waiting on a recording to be uploaded. He thought that by inviting press to meetings the SELEP could reach out to a wider audience. He explained that the Board's view around scrutiny was only one perspective and SELEP needed to consider other ways in order to reach out to the wider public, for example by inviting Kent press to meetings were decisions were being made that would significantly affect the area and by providing relevant information to news agencies.
- 3.36. George Kieffer shared his view from a business perspective, and explained that as trust had developed between partners, SELEP had learnt how to effectively collaborate. George Kieffer stressed that he felt that it was important to have district council representation around the table.
- 3.37. Graham Peters outlined that in terms of oversight, it was important to note that external experts were also engaged.
- 3.38. **Chris Brodie moved on to the legal entity recommendation and proposed response.** He outlined the key points about incorporation, including when a company incorporates it gains the benefit of a limited company – including limiting liabilities. Whereas, being in an unincorporated association, there was unlimited risk.
- 3.39. Douglas Horner stated that he was not aware SELEP was an incorporated partnership; his understanding was that SELEP was an unincorporated association. Chris Brodie confirmed that Douglas Horner's understanding was correct.
- 3.40. David Rayner, invited by Chris Brodie, gave an overview of incorporated versus unincorporated association. David Rayner confirmed, as Chris Brodie had stated, that currently SELEP had unlimited liabilities, for example if someone wanted to take action against LEP this could be for an unlimited amount. Though he noted that practically this would be more likely to be directed towards a Local Authority, as an insured body. Incorporated status via a limited company would bring limited liabilities and with that liability insurance for directors. Graham Peters stated that in his opinion comprehensive advice would be required to directors, which would need to be separate to the advice regarding incorporation.
- 3.41. Chris Brodie outlined that in his position as Chair of the Student Loans Company, he had a 'letter of comfort' from Government, stating that he would not be directly liable for losses, assuming that there had been no illegal intent / actions. Chris Brodie invited Kim Cole to comment. Kim Cole

responded that the comments regarding unlimited liabilities were correct, though noted that this liability sat with the Accountable Body, and there was insurance to mitigate this.

- 3.42. Douglas Horner stated he would value a risk analysis of being put into an incorporated form. Cllr Chambers expressed concern of the risk of diluting Local Authority influence. From a business point of view Douglas Horner expressed that he does not wish for Local Authority influence to be reduced, as the experience of this sector was needed, for example in negotiating with Government and applying for funds.
- 3.43. **Chris Brodie sought views on the Board composition proposed response.**
- 3.44. Cllr Rupert Simmons outlined how the Local Authorities have undertaken a number of roles to facilitate the partnership, including executing the Local Growth Fund, which had been dependent on the six upper tier authorities taking a financial risk. The actions of these local authorities had ensured the programmes were executed. Cllr Simmons passed his compliments on to Essex County Council as the Accountable Body. He went on to ask, why would a business person want to give excessive amounts of time and open themselves to risk? He also noted that the time given by Vice Chairs was already growing. Cllr Simmons stated that businesses were facing vulnerability in the economy, and why would a leader of such a business chose to give his/her time, and mind away from his/her own predicament. He concluded by saying that the Government must not take business leaders generosity for granted, and that SELEP has enjoyed business expertise at the table for many years. He further added that the status quo had been ironed out over eight years. Chris Brodie supported these comments, noting that he had seen this in other fields too.
- 3.45. Chris Brodie invited further comments on incorporation. He noted that there were a range of other issues, for example expense, time, effort and that the 'devil was in the detail'.
- 3.46. Jo James commented that it was a key to retain the federal model, and it could be helpful to elaborate on the term. Jo James stated Government had at times not been so clear on what was meant by the federated model. Chris Brodie responded that at the beginning of the year, he would have agreed that the model had not been so clear to the Government. Although now he no longer had concerns that the Government did not have sufficient understanding. He concluded that currently the Government seemed sympathetic to the federal model. Chris Brodie reiterated that in going down the legal entity route, it was essential for SELEP to keep the federated model.
- 3.47. David Rayner noted that with legal entity there would be 'knock on' costs which SELEP did not have now.
- 3.48. Cllr Mark Dance stated that he supported the comments being made and firmly agreed with the strong position on the federal model. Cllr Dance commented that it would be interesting to consider how SELEP had done to date: in terms of the size of investment across the area. Chris Brodie commented that there was a need to continue to make the case for SELEP time and time again, including MPs understanding and supporting the case.
- 3.49. David Rayner, for the Essex Business Board, stated that they favoured the two thirds business and one third public sector split in terms of Board composition, though they supported the proposal in the paper i.e. maintaining the status quo, and supported the federal model. David Rayner also added that it was important for SELEP Board papers to be issued in a timely fashion in advance of the meeting and in his view they should be out at least two weeks before the meeting.

- 3.50. David Burch commented that while it would be desirable to have the papers two weeks in advance of the meeting, he would prefer to have timely good quality information rather than lots of subsequent updates to papers.
- 3.51. Cllr Peter Chowney asked whether the Board want to consider 3+3 year Board terms, rather than 2+2+2.
- 3.52. George Kieffer, as a chair of a housing association, shared this experience of imposing a maximum term of nine years, 3+3 +1+1+1 (with the last three years as exceptions), which allowed the Board to be refreshed in an orderly manner.
- 3.53. Abigail Cunliffe-Hall, from the Cities and Local Growth Unit, was invited to comment from the Government's perspective. Abigail Cunliffe-Hall commented that a nine-year term as a maximum might be against the spirit of the Government proposals.
- 3.54. **The Board moved on to discuss the recommendation regarding diversity of the Board.** Chris Brodie proposed 60/40 male / female ratio commitment. Chris Brodie spoke about his experience while on the Board of the University of Sussex and that with determination it was possible to achieve such ratios and it was important to reflect the communities served, across all groups and all protected characteristics.
- 3.55. Monica Illsley, from the University of Essex, supported Chris Brodie's comment, stating that at her time at the university she had seen a change taking place. Monica Illsley said she would be happy to share her learning experience with the Board.
- 3.56. Cllr Mohindra stated that it was important that the Board was reflective of those it served.
- 3.57. Cllr Simmons stated he supported the proposed 60/40 gender balance. However, he noted from his experience, at a company by limited guarantee, they had tried to achieve a 50/50 gender balance and found it difficult. Cllr Simmonds then provided various examples why he thought this was the case. Cllr Simmonds posed what would happen if the Board did not succeed in two years time to achieve the proposed ratio. He noted that he would be reluctant to set a target if it were to then make an imposition on the effectiveness of the Board.
- 3.58. Colette Bailey stated that from testing and learning from experience, the Board would gain insight into the main barriers and could then adapt their plans accordingly.
- 3.59. David Burch commented that regarding disability, he did not see this as a barrier to running a business and SELEP should look for a business leader. David Burch also stated that it was important to consider the age range of Board members, for example many successful businesses were being run by younger people.
- 3.60. Cllr Peter Chowney supported the Chair's comments regarding diversity and that the Board was here to represent the people it served.
- 3.61. Jo James supported the comments about the many different areas of diversity, and that as a Board, it was important to look at these too. Jo James noted that some of the changes were about working through the Federated Boards and building from the 'grassroots'.
- 3.62. Paul Thomas shared his view with the Board and in particular about getting more women into the construction industry. He expressed a worry that the construction industry might not be represented on the Board in the short term, if the drive was to engage more women and currently the industry

struggled with getting women through the door. He noted that in the longer term current initiatives to attract more women into the industry would should make this less of an issue.

- 3.63. Cllr Graham Butland stated that there was a need to ask whom was the Board aiming to be representative of and he expressed that he was a little bit worried if it was trying to represent society, as that was about democracy.
- 3.64. Cllr Peter Chowney suggested that for the authority he represented, the deputy leader was a female, and just as able and competent as him and for example she could join the Board rather than him.
- 3.65. **Chris Brodie handed over to Adam Bryan to go through each recommendation - seeking Board approval to the response.**
- 3.66. **Recommendations 1 – 4, and 6 – 11. The Board APPROVED the responses.**
- 3.67. Recommendation 5, for the response to be rewritten considering the conversation at the Board meeting.
- 3.68. Adam Bryan summarised the position that overall Board members agreed with the draft paper and had approved the responses, noting:
- 3.68.1. there needed to be tightening of the drafting
  - 3.68.2. factoring comments in from the conversation today
  - 3.68.3. a rewrite of the recommendation on diversity.
- 3.69. **It was AGREED that the revised version be circulated to the Board by e-mail, for information, before submitting it to the Government. This revised version would be shared with Board members on Monday 29 October 2018.**
- 3.70. Chris Brodie reiterated that Essex County Council was happy to continue as the Accountable Body and thanked them for this, and that the response as agreed with minor changes was all subject to conversations with officials.

#### **4. Strategic Economic Plan (SEP)**

- 4.1. Adam Bryan introduced the item, outlining that to get to this point there had been extensive consultation and that today was an opportunity to review a first draft of the SEP. Adam Bryan handed out hard copies of the report at the meeting. He explained that the proposed timetable was to allow material comments in the short term, then take it to the Federated Boards for discussion.
- 4.2. Adam Bryan introduced Ross Gill, who had brought the material and observations from the consultation together in order to produce the first draft.
- 4.3. Ross Gill outlined that the draft was based on consultation over the past year, and some more recent discussions with Federated Boards that took place over the last few weeks to confirm the findings.
- 4.4. Ross Gill noted that given the Government intention to publish Local Industrial Strategies (LIS) over the next year or so – it might be helpful to view the SEP as a bridging document, with a slightly adjusted status.
- 4.5. Ross Gill provided an overview of the evidence, for example growth challenges (with housing and population) and that productivity was in slight relative decline in recent years which was a cause for concern.

- 4.6. Ross Gill noted that the brief had been to produce a short document and therefore it had not been possible to add specific examples from across the patch as this would result in a much longer document. However, case studies, particularly from growth sectors, would be helpful.
- 4.7. Ross Gill welcomed comments from the Board.
- 4.8. David Rayner stated there had been insufficient consultation with the Essex Business (EBB) Board to date and they would welcome speaking to Ross Gill and he would be welcome to attend an EBB Board meeting.
- 4.9. Cllr Simmons said for him the most important factor was that of skills, needing to combine education factors across nine different sectors to grow skills. Cllr Simmons advocated that skills were as important as infrastructure, and it would be helpful for the report to reflect this.
- 4.10. Douglas Horner stated that he fully agreed with Cllr Simmons point. Douglas Horner also stated that it was important that SELEP through its Federated Boards took an interest in strategic spatial planning, as he was concerned about incremental development.

## **5. Any Other Business and Close**

- 5.1. It was noted that there was a photographer in the room; it was a Communications Officer, Scott Morrow, from Thurrock Council.
- 5.2. There was no other business to discuss.
- 5.3. The meeting closed at 12.35.

### **3: Strategic Economic Plan (Statement)**

#### **1 Purpose**

- 1.1 The purpose of this paper is to introduce the final draft of the SEP/Economic Strategy Plan (hereafter Economic Strategy Statement) to the Strategic Board, with a view to the Board agreeing it. (Please note that the Statement is attached separately to the Agenda Pack for this meeting. It is titled 'Agenda Item 3 – Strategic Economic Statement').
- 1.2 The agenda item will also enable a discussion around Local Industrial Strategies and the weight of work to follow in 2019.

#### **2 Recommendations**

- 2.1 The Board is asked to agree the final draft of the Economic Strategy Statement.
- 2.2 The Board is asked to approve the adoption of the Economic Strategy Statement.
- 2.3 The Board is asked to note that, in the design work to follow, non-material information may be added to improve the document – such as short case studies, the Chair's Foreword, or amendments to the action plan for the SELEP team. The designed version will be shared with the Strategic Board before publication.
- 2.4 The Board is asked to note the resourcing requirements linked to the production of a Local Industrial Strategy.

#### **3 Background**

##### *Decision*

- 3.1 Building on the brief conversation at the previous Board meeting, and with support from Ross Gill at SQW, we have completed a further round of consultation on the Economic Strategy Statement with federated boards and other partners and interest groups. This final draft version has been modified to reflect those conversations.
- 3.2 The document positions SELEP more strongly in respect of securing future investment, it reflects on the impact of previous LEP sponsored interventions in the area and provides a holistic look at the area's economic priorities – focusing on those areas where SELEP itself can add value. The strategy offers a framework from which proposals can be developed and prioritised, but pointedly does not offer a pipeline of investments. Future pipelines and projects will need to align with this strategy if it is adopted.
- 3.3 Government have remained clear that we should have an Economic Strategy Statement in place. We also need a document which provides a barometer of strategic fit for all projects seeking SELEP funding support or general endorsement and we need to ensure that the work of the team is structured on this strategic basis. This final draft document performs against all three criteria.

### *Local Industrial Strategies*

- 3.4 The document is written as a pre-cursor to the impending work on the Local Industrial Strategy. Government's intention is for LEPs to have Local Industrial Strategies (LISs) in place by March 2020. Therefore, this will require work to begin in earnest in early 2019 on developing an evidence base to a scale that we have not before seen. Together with other material recently published (such as the Skills Strategy and its supporting information), this work, and its underpinning evidence base, provides a small step in the right direction in terms of detail and a significant step forward in respect of strategic intent.
- 3.5 It is becoming clear that the LIS agenda will be resource intensive, with Government's expectations around the quality of data and information particularly high. Other LEPs in the country already employ Analysts, and some have advertised for *6 additional* posts with a complete focus on the production of the Local Industrial Strategy. We should have this in mind when considering the nature of the task.
- 3.6 We are, of course, aided by the production of quality supportive material across the LEP, including recently commissioned productivity plans, and will want to consider how we structure this work in the most respectful and holistic manner possible.
- 3.7 Government agencies have recently described LISs as being about 'productivity' rather than the traditional LEP focus on 'jobs and homes'. The Economic Strategy Statement gets us some way to that. Government also seem to be supporting the message that LISs should manifest as part of a 'suite of strategies'. This would, of course, provide us with an opportunity to develop a LIS which provides a solid set of data and an overarching framework for productivity strategies across our area and befitting of our federal model. This is, perhaps, our starting point for conversations over the coming weeks.
- 3.8 Further information from Government on the relationship between UK Shared Prosperity Fund (UKSPF) and Local Industrial Strategies is likely to emerge through the consultation on UKSPF which Government officials expect to release in December. We will, of course, share this with Board members when it is published.

## **4 Next steps**

- 4.1 The following final timetable for the Economic Strategy Statement is proposed to the Board:

<b>Date</b>	<b>Step</b>
<b>7<sup>th</sup> December</b>	Approval of final draft and adoption of the strategy
<b>10<sup>th</sup> December</b>	Final additions and commencement of design work
<b>31<sup>st</sup> January</b>	Document design finalised
<b>February</b>	Publication and launch

- 4.2 We will shortly be starting work around the Local Industrial Strategy, ensuring that we have as much support and guidance from the Cities and Local Growth Unit as possible. A starting point for this should be a meeting of the Senior Officer Group in December if possible, followed by a conversation with the Vice Chairs, where the scope and resource requirements of the Local Industrial Strategy should be determined. Progress on this will be reported to the Strategic Board in March and also in February, should any additional meeting (driven by the requirements of the implementation of the LEP Review and approval of the refreshed Local Assurance Framework) be scheduled.
- 4.3 We will have to aim to complete the evidence base for the LIS by mid-way through 2019 to have any chance of meeting Government's deadline of March 2020 for the final document.
- 4.4 Given the significant resourcing requirements around the LIS, we should be pushing Government for as much support as possible. At the very least, we need to urgently receive some assurances around the capacity funding released on the back of the LEP Review responses. Partners should also be mindful of the resource requirements for responding to this agenda which may need to be borne locally.

## **5 Accountable Body Comments**

- 5.1 It is a requirement of the SELEP Assurance Framework to have an agreed SEP in place against which projects coming forward for investment can be prioritised to ensure that the agreed strategic priorities across the SELEP area can be delivered.
- 5.2 The outcome of the LEP review, as set out in the Strengthened Local Enterprise Partnerships, published in July 2018, set out a commitment from Government to support LEPS to "Develop a strong local evidence base of economic strengths, weaknesses and comparative advantages within a national and international context. This will be supported by robust evaluation of individual projects and interventions"
- 5.3 The board is advised to consider that, in developing and maintaining such an evidence base, the priorities of the SELEP, as expressed through the Strategy and any future Local Industrial Strategy, can be subject to future revision or review, but must also be fit for purpose to support the prioritisation of projects and the associated investment pipeline.

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Date: 7<sup>th</sup> December 2018



## 4: Tri-LEP Energy Strategy - South2East Local Energy Strategy and Action Plan

### 1. Purpose

- 1.1. To seek approval from the Strategic Board (the Board) on the final version of the South2East Local Energy Strategy and Action Plan as set out in Appendices 2, 3 and 4. (Please note that these are attached separately to the Agenda Pack for this meeting).
- 1.2. Approval is also being sought from Coast to Capital and Enterprise M3 LEP Boards on 29<sup>th</sup> November 2018 and 22<sup>nd</sup> January 2019 respectively, to facilitate publication of the strategy in February 2019, in line with the BEIS Local Energy Programme timeframe.

### 2. Recommendations

- 2.1. The Board is asked to **approve** the final version of the South2East Local Energy Strategy and Action Plan, as set out in Appendices 2, 3 and 4 for publication, official launch and delivery.

### 3. Background

- 3.1. SELEP was awarded BEIS grant funding in 2017 to produce a Local Energy Strategy and formed a collaboration with Coast to Capital and Enterprise M3 LEPs to pool funding and resources to produce the South2East Local Energy Strategy and Action Plan in 2018.
- 3.2. Siemens have undertaken this work on behalf of the three LEPs, led by SELEP as recipient of the grant funding from BEIS, and overseen by a tri-LEP Energy Project Steering Group of LEP leads and technical officers.
- 3.3. The project has delivered a series of engagement events and stakeholder-specific meetings to raise awareness, gather evidence and seek stakeholder views on local energy actions and priorities.
- 3.4. The overall approach has been to identify local energy interventions that are applicable to the tri-LEP geography (demonstrable by case studies and/or projects already in train), which can be rolled out at multiples locations across the region to attract investment at scale and achieve significant carbon emission savings at the same time.
- 3.5. The intervention types are called Project Models and 18 have been identified across the priority themes of heat, power and transport; these are listed in Appendix 1, (page 59). An action plan has been developed for these project models, as part of the strategy documentation, to facilitate delivery once the strategy has been published.
- 3.6. The Project Models have been established using evidence from the stakeholder engagement workshops and meetings, which generated over 300 project ideas. These were analysed and ranked for consistency, technological and project readiness, ease of funding, social consensus and scale of carbon emissions savings. This analysis resulted in the 18 Project Models now proposed.
- 3.7. The approach was presented to the SELEP Board in June and September this year, which facilitated some constructive feedback from Board members. As a result, the strategy documentation was

extensively revised in August and September 2018, and a consultation exercise with all three LEP Boards and SELEP Federated Area Boards followed in October 2018.

- 3.8. Responses to the October consultation supported the Energy Strategy as an essential mechanism to help meet the Industrial Strategy Clean Growth Grand Challenge, as a delivery vehicle for aspects of the SELEPs emerging Strategic Economic Statement, and to inform Local Industrial Strategies. However, it was noted that the draft strategy needed to be stronger on its economic growth narrative.
- 3.9. Responses also highlighted that the strategy did not directly address opportunities in the national nuclear programme, skills gaps in the low carbon sector, and low carbon goods and services supply chain development.
- 3.10. It was further noted that funding streams to deliver local energy projects as recommended by the strategy, have not and cannot be defined at this stage.
- 3.11. The final version of the strategy includes a new Growth and Productivity section, which references Strategic Economic Plans and emerging Local Industrial Strategies. It also includes a Future Project Models section capturing clean growth opportunities and aspirations around new nuclear, airports, onshore wind, renewable generation in the built environment, storage technology, wave and tidal, and the circular economy and waste management. It is recognised that these issues are part of the wider Clean Growth agenda for SELEP, in which the South2East Local Energy Strategy and Action Plan sits.

#### **4. Key points of the Energy Strategy and Action Plan**

- 4.1. The South2East Local Energy Strategy comprises three documents:
- Strategy – sets out our ambitious strategic aim to support the national trajectory to reduce carbon emissions as part of the clean growth agenda, and to help meet our statutory climate change targets for 2032 and 2050
  - Action Plan – sets out the 18 Project Models identified as feasible local energy interventions that can be rolled out across the tri-LEP geography
  - Companion Document – sets out evidence and data relating to the strategy and action plan
- 4.2. The strategy identifies five key themes against which the Project Models need to deliver:
- Low carbon heating – alternative heating schemes to reduce fossil fuel use
  - Energy saving and efficiency – intelligent consumption and efficient use of energy supplies
  - Renewable generation – local energy generation using renewable sources to complement national infrastructure
  - Smart energy systems – using technologies to achieve a better balance between supply and demand across the energy networks
  - Transport revolution – changing the way transport is fuelled and used
- 4.3. The action plan describes the type and number of interventions, with associated investment estimates (for which funding is yet to be identified) that will achieve carbon emission savings proportionate to the tri-LEP region, which are required to meet UK statutory targets. These are broken down into short/medium term interventions for delivery by 2032, and long-term interventions through to 2050.
- 4.4. Delivery will be iterative and will be reactive to Governments ambitions to achieve clean growth nationally, responding specifically to new public funding and policy changes. If the recommendations

are implemented in full over the coming decades, the tri-LEP region will see:

- investment in the region of £14.755 billion in commercially and technically viable projects
- a reduction in CO<sub>2e</sub> emissions across the electricity, heat and transport sectors of 13,615 kT (equivalent to removing 5 million cars from the roads)
- a reduction in energy consumption by 47,455 GWh (equivalent to providing 3 million homes with a low-carbon supply of both electricity and heating)
- the creation of 75,652 jobs across the tri-LEP area

## 5. Next Steps

5.1. Following endorsement from all three LEP Boards in November, December and January, the South2East Local Energy Strategy will be published and launched in February 2019. This is in line with BEIS expectations as part of their national Local Energy Programme to enable a number of next steps:

- 5.1.1. The Greater South East Local Energy Hub (GSE Hub) – one of five Hubs funded by BEIS as part of their Local Energy Programme – will identify and support the delivery of a pipeline of local energy projects and/or programmes to leverage public and private investment at scale. The GSE Hub comprises a new operational team of eight specialists servicing 11 LEPs that form the GSE Hub strand who are overseen by a GSE Hub Board on which SELEP is represented. The Hub operational team will work with Local Authorities and the private sector to undertake feasibility studies and business cases to the point where investment can be secured for projects in the pipeline;
- 5.1.2. SELEP will establish a Clean Growth Working Group to inform and influence the work of the GSE Hub, and prioritise and pursue local projects not picked up by the Hub operational team. The Working Group and the Hub will seek to utilise new funding streams coming on-line as part of Governments Clean Growth agenda, such as the UK Shared Prosperity Fund (UKSPF), the Industrial Strategy Challenge Fund, green finance recommended by Governments Green Finance Taskforce, and the £255 million of funding for energy efficiency improvements in England committed to in the 2017 Clean Growth Strategy;
- 5.1.3. The strategy and action plan will contribute to the evidence base required to inform Local Industrial Strategies, further strengthening the mechanisms through which future funding, such as the UKSPF, can be accessed for delivery. Note that confirmation from Government on the structure, administration and value of the UKSPF is expected before the European Structural Investment Funding programme ends in December 2020;
- 5.1.4. SELEP, Coast to Capital and Enterprise M3 will continue to collaborate, via a new tri-LEP Local Energy Delivery Group, to facilitate delivery and report on progress;
- 5.1.5. BEIS will collate and review all LEP Local Energy Strategies to identify commonalities and establish actions to address nationally persistent issues and barriers.

## 6. Accountable Body Comments

- 6.1. 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.
- 6.2. The use of the grant is being overseen by a Steering Board with representatives across the tri-LEP area; primarily the grant has been used to meet the costs of the contract with Sieman's, who are delivering the Energy Strategy, plus additional resource to support and provide oversight to the Steering Board.
- 6.3 The Accountable Body is seeking clarification from the SELEP Secretariat regarding the proposed arrangements for working with the GSE Hub moving forward, for example, with regard to funding proposals for Projects identified for delivery in the SELEP area.

## 7. Appendices

Appendix 1 – Priority Themes and associated 18 Project Models identified in the Strategy for development and implementation at scale (page 59)

Appendix 2 – South2East Local Energy Strategy (attached separately)

Appendix 3 – South2East Companion Document (attached separately)

Appendix 4 – South2East Action Plan (attached separately)

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## 5: Sector Support Fund (SSF)

### 1. Purpose

1.1 The purpose of this report is to seek Strategic Board (the Board) endorsement for the Sector Support Fund (SSF) projects which have been submitted to SELEP for revenue funding support.

### 2 Recommendations

2.1 The Board is asked to **endorse** the following two projects for the remaining 2018/19 SSF allocation of £206,600, as detailed:

- 2.1.1 Coastal Communities Supplement to the SELEP Strategic Economic Plan (£40,000) – subject to endorsement at the Team East Sussex meeting on Monday 3<sup>rd</sup> December; and
- 2.1.2 South East LEP Skills Advisory Group – Delivering skills of the future through teaching: teaching for growth (£166,600) – subject to the anticipated match funding being realised.

### 3 Background

3.1 In June 2017, the Board agreed to establish a SSF using the Growing Places Fund revenue monies, with the intention of offering revenue funding to support the pan-LEP sector based activities of the SELEP working groups.

The aim of the funding is to support projects which:

- 3.1.1 Impact across all Federated Areas;
- 3.1.2 Demonstrate a positive contribution to SELEP's mission to create the conditions for increased numbers of jobs and homes, safeguard existing jobs and raise skills levels across the area;
- 3.1.3 Can support the delivery of SELEP's Strategic Economic Plan and SELEP's agenda; and Provide High Value for Money.

3.2 Full details of the criteria are set out in Appendix B, (please note that this is attached separately to this Agenda Pack for the meeting).

3.3 In addition to the SSF being available to support the activities of SELEP's working groups, the decision report to the Board in June 2017 set out the scope for SSF to support the establishment of Enterprise Zones. This is due to the precedent which has been set through the previous awards of revenue funding to the Harlow Enterprise Zone.

3.4 The SSF funding totals £500,000 per annum and is intended to be made available on an annual basis over a four year period, between 2017/18 and 2020/21, with a maximum of £200,000 being available per project.

3.5 For projects to secure a SSF allocation the proposal must be endorsed by the Board and secure support from at least one Federated Board. However, the formal funding decision is made by the SELEP Accountable Officer (Managing Director) with delegated responsibility following endorsement of the project by the Board.

3.6 An Independent Assessment is also completed by the SELEP Accountable Body, Essex County Council (ECC), for all SSF applications. This assessment considers the projects suitability against the agreed assessment criteria, detailed in Appendix B and the requirements of the SELEP Assurance Framework.

#### 4 SSF Investment to Date

4.1 To date, the Board has endorsed seven projects for SSF support to a maximum value of £793,400 (as shown in Appendix D, page 64):

##### 2017/18

- The South East Creative Economy Network (SECEN) Cultural Coasting Project (£150,000 over three years, £50,000 per year);
- The Tourism and SECEN Colours and Flavours project (£60,000); and
- The North Kent Enterprise Zone (£161,000).

##### 2018/19

- Kent Medical Campus Enterprise Zone – Innovation Centre Design Work (£156,000);
- Good Food Growth Campaign (£60,400) – this project was endorsed subject to endorsement from KMEP. KMEP subsequently endorsed the project at their meeting on 18<sup>th</sup> October;
- Future Proof: Accelerating Delivery of High Quality Development across the LEP (£110,000);
- Planning and prioritising future skills, training and business support needs for rural businesses across SELEP (£96,000).

4.2 Of the £500,000 SSF available in 2017/18, the allocation of £371,000 to the three projects listed above left £129,000 unallocated, as set out in Table 1 below.

**Table 1 2017/18 SSF allocation**

SSF annual allocation	£500,000
<b>Projects Identified for investment in 2017/18</b>	
SECEN Cultural Coasting Projects	£150,000
Tourism and SECEN Colours and Flavours	£60,000
North Kent Enterprise Zone	£161,000
<b>Total SSF allocated in 2017/18</b>	<b>£371,000</b>
<b>SSF unallocated in 2017/18</b>	<b>£129,000</b>

4.3 At the meeting in September 2018, the Board agreed to increase the SSF available in 2018/19 from £500,000 to £629,000 using the unallocated SSF from 2017/18.

4.4. Of the £629,000 SSF available in 2018/19 prior Board approvals account for £422,400, leaving £206,600 unallocated, as set out in table 2 below.

**Table 2 2018/19 SSF allocation**

SSF annual allocation	£500,000
SSF unallocated in 2017/18	£129,000
<b>Total SSF available in 2018/19</b>	<b>£629,000</b>
<b>Projects Identified for investment in 2018/19</b>	
Kent Medical Campus Enterprise Zone	£156,000
Good Food Growth Campaign	£60,400
Future Proof	£110,000
Rural business support	£96,000
<b>Total SSF allocated in 2018/19</b>	<b>£422,400</b>
<b>SSF unallocated in 2018/19</b>	<b>£206,600</b>

4.5 The funding in relation to the North Kent Enterprise Zone was approved by the SELEP Managing Director in 2018/19 to contribute towards the financial up-front costs of preparing a Masterplan and Local Development Orders for Innovation Park Medway, production of marketing collateral and formative evaluation.

4.6 The two applications from the SECEN have been developed further and an Independent Assessment is underway, prior to a final decision by the SELEP Managing Director and the funding being made available. As such the SSF associated with these two projects has been carried forward from 2017/18 to 2018/19 to support these two initiatives once the requirements of the Independent Assessment have been satisfied.

## 5 SSF Applications 2018/19

5.1 A number of new applications are being developed to exploit the SSF opportunity and a total of two applications have been submitted to SELEP for consideration and endorsement by the Board at this time.

5.2 These two applications which have passed the Independent Assessment by the SELEP Accountable Body are:

5.2.1 Coastal Communities Supplement to the SELEP Strategic Economic Plan (£40,000); and

5.2.2 South East LEP Skills Advisory Group - Delivering skills of the future through teaching: teaching for growth (£195,000).

5.3 The outcome of this assessment is presented in Appendix C, (pages 61 – 63).

## **6 Coastal Communities Supplement to the SELEP Strategic Economic Plan**

### Scope

6.1 This pan-LEP project will prepare a coastal supplement to the revised SEP, which will act as an investment prospectus that will articulate the economic opportunities and priorities specific to coastal areas and make a strategic case for investment, based on an evidence-led approach that demonstrates the potential economic outcomes, benefits and the comparative costs of investing on the coast compared to areas of the region better connected to transport and economic infrastructures.

6.2 The Coastal Communities Supplement will contribute to delivering the objectives of the SELEP SEP through facilitating and encouraging the bespoke and co-ordinated investment into coastal towns which is identified as an explicit need in the SEP. In addition, eight of the twelve Growth Corridors identified in the SEP are either centred upon, or include one or more coastal towns. The success of these corridors as drivers of the regional economy is dependent on economic growth being achieved in these coastal anchors. This project will directly contribute towards economic growth in the coastal areas within the SELEP area.

In order to deliver this project a consultant will be appointed to undertake the following:

6.2.1 To consider the current and future opportunities of the Coastal Communities and their potential purpose in the regional economy;

6.2.2. To analyse the opportunities and barriers to investment and growth;

6.2.3 To identify a number of key strategic interventions that may accelerate growth;

6.2.4 To recommend to SELEP a limited number of strategic priorities for action, identifying key outputs and outcomes that will enable success to be measured.

6.3 This work will inform the prospectus which will be thematically led, focussing on those areas which are of particular relevance and importance to coastal economies; building on research previously carried out.

6.4 This work will inform the prospectus which will be thematically led, focussing on those areas which are of particular relevance and importance to coastal economies; building on research previously carried out.

6.5 This application will be considered by Team East Sussex at their meeting on Monday 3<sup>rd</sup> December 2018. An update will be provided to the Board on the outcome of the Team East Sussex discussion during the Board meeting.

### Funding

6.6 The total cost of the production of the Coastal Communities supplement is estimated at £60,000.

6.7 A £40,000 SSF grant to the project would cover 67% of the project costs, with the remaining £20,000 being provided through Local Authority contributions. To date a financial commitment has been secured from the following Local Councils: Thanet, Rother, Tendring, Rochford, Eastbourne, Southend, Dover, Folkestone and Hythe, Malden, Lewes and Hastings.



**Table 3 Funding Breakdown - Coastal Communities Supplement**

Sources	2018/19	2019/20	Total
SELEP SSF	20,000	20,000	40,000
Local Authority Contributions	10,000	10,000	20,000
Total	30,000	30,000	60,000

Outcome of Independent Assessment

6.8 The project meets the majority of the assessment criteria and is aligned with SELEP’s strategic objectives through identifying opportunities for increasing jobs and homes in coastal communities. The project seeks to address the requirement identified in the SEP for bespoke and co-ordinated investment into coastal towns.

6.9 The project is pan-LEP and has secured financial contributions from Local Authorities in each federated area, however, the bid has not yet been endorsed by any of the Federated Boards.

7.0 The application does not attribute any direct financial benefits to the project. The aim is to identify opportunities for more effective investment in coastal communities which would be expected to enable realisation of benefits, however, it should be noted that if no funding is identified to maximise these opportunities then the potential benefits will not be realised. It is considered that this project could be considered under value for money exemption 1 due to the difficulty in quantifying the anticipated benefits.

**7 South East LEP Skills Advisory Group - Delivering skills of the future through teaching: teaching for growth**

Scope

7.1 This pan-LEP project will address the widespread shortage of tutors, teachers and trainers across the SELEP area which is highlighted in the SELEP Skills Strategy. Training providers, colleges and universities have reported challenges in recruitment. This is particularly the case for priority sectors such as construction, logistics, engineering, health, care and digital and is therefore a significant impediment to economic growth and productivity. This has created a major obstacle to addressing skills shortages where these sectors themselves are struggling to recruit and can often offer higher salaries.

7.2 Research has identified that the challenges in recruitment stem from:

- 7.2.1 Limited budget for educators to compete with industry on salary;
- 7.2.2 Misconceptions regarding what working in further education/training involves;
- 7.2.3 Lack of awareness around the shortages and broader implications for economic growth;
- 7.2.4 Lack of awareness around roles working in education;
- 7.2.5 Limited knowledge of positive aspects such as longer holidays, less commuting, flexible working, cutting edge facilities and working environment and rewarding nature of work; and
- 7.2.6 Requirement for some providers for new recruits from industry to pay for teaching qualifications themselves.

7.2 The project will seek to address these challenges through:

- 7.3.1 delivering a high quality awareness raising campaign which will showcase the sector locally, demonstrate the range of innovative and inspirational facilities and articulate the benefits of working in the sector;
- 7.3.2 making a contribution to teacher training costs aligned to priority sectors comprising of 40+ grants of up to £4,000 to be issued across the LEP area and to raise awareness of the issue and SELEP/partners commitment to addressing it;
- 7.3.3 providing programme management to carry out the project and capture and showcase existing and related support available such as ‘Teach-Too’ and the tutor CPD work undertaken by local skills boards.

7.3 It is anticipated that the project will result in a minimum of 241 new tutors, trainers and teachers being recruited, either through awareness raising or through provision of at least 41 bursaries. Furthermore, indirect benefits relating to 24,100 people entering employment in priority sectors as a result of being trained by the new tutors, trainers and teachers are stated in the bid. In order to ensure that these benefits are realised consideration will be given to placing a condition on the award of a bursary that requires commitment from the recipient to remain in the industry for a stated period of time.

7.4 The project has been considered by the three Employment and Skills Boards, which sit alongside the Federated Boards. The Essex Employment and Skills Board and Skills East Sussex have both demonstrated endorsement of the proposal by providing a financial contribution to the project, as shown in Table 4 below. The bid has also been supported by colleges and both Upper Tier Local Authorities within the KMEP area.

### Funding

7.5 In total, the project is expected to cost £286,800. This includes a SSF ask of £195,000, alongside match funding of £91,800 (32%).

7.6 The match funding consists of financial contributions from Essex County Council/Essex Employment and Skills Board and East Sussex County Council/Skills East Sussex. In addition, in kind funding contributions will be made by colleges and providers in the form of a contribution towards teacher training costs and by East Sussex College through free awards in ‘Assessing Vocationally Related Achievement, as set out in Table 4 below.

**Table 4 Funding Breakdown – South East LEP Skills Advisory Group – Delivering skills of the future through teaching: teaching for growth**

Sources	2018/19	2019/20	Total
SELEP SSF	35,000	160,000	195,000
<b>Match contributions</b>			
Essex County Council / Essex Employment and Skills Board	4,000	16,000	20,000
East Sussex County Council / Skills East Sussex	6,000		6,000
<b>In kind funding contributions</b>			
Colleges and providers – through contribution to teacher training costs	3,000	58,500	61,500
East Sussex College		4,300	4,300
<b>Total</b>	<b>48,000</b>	<b>238,800</b>	<b>286,800</b>

7.7 It was noted within the application that the project costs can be scaled down if required according to availability of funds. The impact of reducing costs would be the provision of fewer bursaries to prospective teachers, trainers and tutors.

#### Outcome of Independent Assessment

7.8 The project aligns with SELEP's strategic objectives to increase skills levels and STEM sector growth across the SELEP area. Match funding and in kind contributions totalling 32% of the total project cost are referenced in the application. It was noted that 67% of the match funding is not yet secured, however, based on previous experience the bid indicates high levels of confidence in securing the indicated level of match.

7.9 The project is stated to be pan-LEP as the benefits arising from the project in terms of increased recruitment to skilled jobs, through increased provision of tutors and training opportunities will be experienced across the entire SELEP area. The project has been supported by the three Employment and Skills Boards across the SELEP area.

7.10 The application references significant potential indirect benefits, through the uptake of skilled jobs by people who have benefited from training as a result of this project, however, these benefits do not take into account the impact of displacement from other jobs. It is considered that given the strategic importance of the project in relation to delivering the SEP, and the difficulties in accurately quantifying value for money offered by skills projects consideration should be given to applying value for money exemption 1 in this case.

### **8 Current SSF funding ask**

8.1 The total value of the two projects which have come forward for SSF investment is £235,000. The remaining SSF allocation for 2018/19 totals £206,600 and as such there is insufficient funding available in 2018/19 to support both applications with provision of their entire funding ask as this would result in over-allocation of the SSF by £28,400.

8.2 Within the application for the South East LEP Skills Advisory Group – Delivering skills of the future through teaching: teaching for growth project there is an indication that the project costs can be scaled down if required according to the availability of funds. The lead contact for the project has indicated that 'if there is a reduction in funding available, it is possible to scale activity back. The ambition is to fund bursaries of up to £4,000 so a reduction of £28,400 would mean offering 7 fewer bursaries (of an original minimum of 41) overall. The funding model is that providers would contribute £1,500 and therefore this element of match funding would also reduce accordingly by £10,500. Numbers are estimates because applicants to the bursary may not require the full £4,000 so a greater number may be achieved.'

8.3 On this basis the project can progress with a lower SSF allocation, however, there will be a reduction in the number of bursaries that can be offered by the project. The revised project cost, taking into account the corresponding reduction in match contribution, would be as detailed in Table 5:

**Table 5: Revised Funding Breakdown - South East LEP Skills Advisory Group - Delivering skills of the future through teaching: teaching for growth project**

Sources	Original funding breakdown			Revised funding breakdown		
	2018/19	2019/20	Total	2018/19	2019/20	Total
SELEP SSF	35,000	160,000	195,000	35,000	131,600	166,600
Match contributions						
Essex County Council / Essex Employment and Skills Board	4,000	16,000	20,000	4,000	16,000	20,000
East Sussex County Council / Skills East Sussex	6,000		6,000	6,000		6,000
In kind funding contributions						
Colleges and providers – through contribution to teacher training costs	3,000	58,500	61,500	3,000	48,000	51,000
East Sussex College		4,300	4,300		4,300	4,300
<b>Total</b>	<b>48,000</b>	<b>238,800</b>	<b>286,800</b>	<b>48,000</b>	<b>199,900</b>	<b>247,900</b>

8.3 The Coastal Communities Supplement to the SELEP Strategic Economic Plan project does not offer the same propensity to scale the funding request and therefore no change to this allocation is suggested.

8.5 It is therefore recommended that the Board endorse the two SSF projects, but with a reduced SSF ask to the SELEP Skills Advisory Group Project. However, the applicant may wish to make the case to increase the SSF allocation during 2019/20, through a change of scope to the project, should sufficient SSF be available.

## 9 Next Steps

9.1 It is acknowledged that further SSF projects are currently being developed and it is anticipated that these projects will be presented to the Board for endorsement at the meeting on 22<sup>nd</sup> March 2019 (subject to final applications being received by 8<sup>th</sup> February 2019) to be considered for the 2019/20 SSF allocation. The South East Creative Economy Network Creative Open Workspace Master Plan and Prospectus project is seeking to address a gap in suitable available workspace for the Creative Cultural and Digital Sector across the SELEP area. It is proposed that this issue be addressed through production of a refreshed South East Creative Economy Prospectus, delivery of a Creative Open Workspace report and toolkit and creation of a cultural planning policy.

9.2 It is intended that a further £500,000 SSF will be made available in 2019/20, with applications being considered by the Board on the 22<sup>nd</sup> March 2019.

9.3 For all projects supported through SSF investment, project monitoring and evaluation will be put in place and updates will be provided to the Board twice a year on the delivery of the SSF projects.

## **10. Accountable Body Comments**

10.1 Following the endorsement by the Board of four applications for funding from the SSF in September 2018, the outstanding funding available in the current financial year is £206,600.

10.2 The total value of the projects which have come forward for SSF investment in this round totals £235,000 and, as such, there is insufficient funding available to support both applications.

10.3 However, if the SSF ask for the Skills project is reduced then there will be sufficient funding available to support both applications.

10.4 The Board should note the following risks with regard to the following projects seeking endorsement:

10.4.1 The Coastal Communities Supplement bid will only realise benefits should funding be secured to support investment in the interventions identified, however, the production of the supplement should support the case for investment across the coastal communities.

10.4.2 The match funding is not yet secured for the Teaching for Growth Project, however, the application indicates that there are high levels of confidence in securing the indicated level of match based on previous experience.

## **11. Appendices**

Appendix A – Value for Money Exemption 1 (page 60)

Appendix B – Sector Support Fund Guidance Note, including eligibility criteria and 2018/19 timetable for applications to come forward (attached separately)

Appendix C – Independent Assessment of SSF applications (pages 61 - 63)

Appendix D – Endorsed SSF project allocations (page 64)

## **12. Background Papers**

Coastal Communities Supplement to the SELEP Strategic Economic Plan Application  
South East LEP Skills Advisory Group - Delivering skills of the future through teaching: teaching for growth Application

Author: Helen Dyer  
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Date: 28<sup>th</sup> November 2018

## 6. SELEP 2017/18 Statement of Accounts

### 1 Purpose

1.1 The purpose of this paper is to present the audited SELEP Statement of Accounts for financial year ending 31<sup>st</sup> March 2018 to the Strategic Board (the Board) for their consideration.

### 2 Recommendations

2.1 The Board is asked to confirm they have considered the Statements of Accounts 2017/18.

### 3 Background

3.1 As an unincorporated partnership, SELEP has no formal legal identity. To allow the partnership to function, Essex County Council (ECC) acts as the Accountable Body; in this role, ECC is not able to utilise SELEP funds for its own purposes and so separate financial records are maintained on behalf of SELEP and separate Statements of Account are produced for the partnership.

3.2 The Statements are prepared in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and are subjected to a full external audit. The Section 151 Officer of the Accountable Body has responsibility for the production of the Statements and the content therein.

3.3 The Statements for 2017/18 have been audited and the external auditor, Mr Athos Louca, has confirmed that the Statements give a true and fair view of the financial position as at 31<sup>st</sup> March 2018. No significant difficulties were identified during the audit and there are no significant findings from the audit that the Board should be aware of.

3.4 The Accountability Board has responsibility and oversight of the SELEP Financial position and a full report was made to them on the final position for 2017/18 at their meeting on 27<sup>th</sup> April 2018. Following the audit, this position hasn't changed. However, the Strategic Board are also afforded an opportunity to consider the Statements of Accounts, and pose any questions they may have to the Accountable Body.

### 4 2017/18 Accounts Summary Revenue Position

4.1 Table 1 details the total revenue spend by the SELEP in financial year 2017/18. In addition to the Secretariat budget, this table includes all specific revenue grants such as Growing Places Fund (GPF), Transport: Delivery Excellence, the grant from the Careers Enterprise Company to support the Enterprise Advisors and the pan LEP Energy Strategy grant.

4.2 At the end of the financial year, income exceeded expenditure resulting in a surplus of **£127,000**. The budgeted position was a deficit of **£253,000**, to be funded from reserves, which means there is a variance of £380,000 against that original budgeted position.



**Table 1 – SELEP Consolidated revenue position**

	<b>2017/18 Final Outturn £000</b>	<b>2017/18 Budget £000</b>	<b>Variance £000's</b>	<b>Variance - %</b>
Staff salaries and associated costs	560	552	8	1.4%
Staff - non salaries	29	32	(3)	-9.4%
Recharges (incl'd Accountable Body)	125	74	51	68.9%
<b>Total staffing</b>	<b>714</b>	<b>658</b>	<b>56</b>	<b>8.5%</b>
Meetings and administration	56	45	11	24.4%
Communications	51	40	11	27.5%
Chairman's Allowance	20	20	-	0.0%
Consultancy and Sector support	485	1,158	(673)	-58.1%
Grants to third parties	796	871	(75)	-8.6%
<b>Total other expenditure</b>	<b>1,408</b>	<b>2,134</b>	<b>(726)</b>	<b>-34.0%</b>
<b>Total expenditure</b>	<b>2,122</b>	<b>2,792</b>	<b>(670)</b>	<b>-24.0%</b>
Grant income	(1,518)	(2,184)	666	-30.5%
Other OLA contributions	(210)	(200)	(10)	5.0%
External interest earned	(521)	(155)	(366)	236.1%
<b>Total income</b>	<b>(2,249)</b>	<b>(2,539)</b>	<b>290</b>	<b>-11.4%</b>
<b>Net expenditure</b>	<b>(127)</b>	<b>253</b>	<b>(380)</b>	<b>-150.2%</b>
Contributions to/(from) reserves	127	(253)	<b>380</b>	-150.2%
<b>Net over/(under)spend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

4.3 Table 2 summarises the use of grants applied in 2017/18 and reconciles to the Grant Income line included in Table 1 above.

**Table 2 – SELEP Grants**

	<b>2017/18 Final Outturn £000</b>	<b>2017/18 Budget £000</b>	<b>Variance £000's</b>	<b>Variance %</b>
General Grants (Secretariat Budget)	(500)	(500)	-	0.0%
Specific Grants				
GPF Revenue	(161)	(739)	578	-78.2%
EZ Commercial Funding	(27)	(27)	-	0.0%
Growth Hubs	(656)	(656)	-	0.0%
TDE	(15)	(26)	11	-42.3%
Enterprise Co-ordinator Funding	(131)	(236)	105	-44.5%
Energy Strategy Grant	(28)	-	(28)	0.0%
<b>Total Grant Income</b>	<b>(1,518)</b>	<b>(2,184)</b>	<b>666</b>	<b>-30.5%</b>

4.4 Table 3 below shows that the General Reserve totalled **£511,000** at the end of 2017/18; the Accountability Board agreed that the general reserve should always have a minimum funding level of £100,000. This is to ensure that any costs of closure, should the LEP cease to function, will be covered.

**Table 3 – SELEP General Reserve**

	<b>£000</b>
Opening balance 1st April 2017	384
Surplus 2017/18	127
Closing balance 31 March 2018	<b>511</b>

4.5 The Accountability Board agreed the 2018/19 budget at their meeting of 15<sup>th</sup> December 2017. That budget includes a planned withdrawal of £385,000 from the SELEP General Reserve to meet the expected spend in this financial year, leaving a balance of £126,000 uncommitted.

4.6 The latest position reported to Accountability Board in November 2018, however, forecasts a surplus position at the end of 2018/19 and a forecast contribution to the General Reserve of a further £78,000; this results in a forecast closing balance on the reserve of £589,000 by March 2019. The reasons for this movement in the forecast position are set out in the Half Year Update on SELEP Revenue Budget 2018/19 reported to Accountability Board in November 2018, included in Appendix 2 (pages 65 - 70). This report also agreed proposals for use of some of the accumulated reserves during 2019/20.

## 5 Grant Income

5.1 Government grants and third party contributions and donations are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

5.1.1.1 There are no conditions for use attached to the grants or contributions, or that the Partnership has complied with any conditions that are attached to their use; and

5.1.1.2 The grants and contributions will be received.

5.2 Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

5.3 An analysis of the grants that have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement is as follows:





2016/17			2017/18		
Capital grants £000	Revenue grants £000	Total £000	Capital grants £000	Revenue grants £000	Total £000
<b>Department of Business, Innovation and Skills</b>					
-	656	656	-	656	656
-	-	-	-	28	28
-	656	656	-	684	684
<b>Department for Transport</b>					
-	32	32	-	-	-
-	18	18	-	15	15
7,500	-	7,500	10,637	-	10,637
7,500	50	7,550	10,637	15	10,652
<b>Careers Enterprise Company LTD</b>					
-	-	-	-	132	132
-	-	-	-	132	132
<b>Department of Communities and Local Government</b>					
-	217	217	-	161	161
-	500	500	-	500	500
-	-	-	-	27	27
78,931	-	78,931	69,977	-	69,977
78,931	717	79,648	69,977	688	70,665
86,431	1,423	87,854	80,614	1,519	82,133

5.4 An analysis of the grants carried in the Balance Sheet as a receipt in advance is as follows:

2016/17			2017/18		
Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
<b>Department of Business, Innovation and Skills</b>					
-	-	-	-	92	92
-	-	-	-	92	92
<b>Department for Transport</b>					
-	26	26	-	10	10
-	-	-	19,067	-	19,067
-	26	26	19,067	10	19,077
<b>Department of Communities and Local Government</b>					
45,477	2,725	48,202	45,477	2,564	48,041
-	27	27	-	23	23
4,415	-	4,415	26,525	-	26,525
49,892	2,752	52,644	72,002	2,587	74,589
49,892	2,778	52,670	91,069	2,689	93,758

## 6 Local Growth Fund Grant (incl. LTP Major Projects Grant)

6.1 Local Growth Fund (LGF) capital grants of £121.792 million were made to the South East LEP to deliver the Growth Deal as agreed between the partnership and Government in 2017/18. A further £4.416 million was carried forward from 2016/17 to be applied in year. Of the total £126.208 million, £80.614

million was allocated to upper tier Local Authorities, further education colleges and Highways England Ltd to invest in projects approved by the partnership's Accountability Board. The remaining £45.593 million has been carried forward for application in 2018/19 and later years of the programme (see item 7 for further information on the delivery of the LGF programme).

## **7 Growing Places Fund Grant**

- 7.1 A grant of £49 million was made to the SELEP under the Growing Places Fund initiative. The Growing Places Fund grant was to be used to establish a revolving infrastructure fund that could be used across the LEP area to bring forward economic regeneration projects that have stalled.
- 7.2 A further round of GPF was awarded during 2017/18 as repayments from the first allocations are made. The fund is now once again fully allocated. A total of £8.573 million of the grant was paid out in loans during the financial year. The total repayments made in 2017/18 totalled £2.186m.
- 7.3 When the Board agreed to the second round of GPF funding, it agreed to the charging of interest on all new loans at 2% below the Public Works Loan Board rate or zero (whichever is higher). The rate will be agreed at the point of the credit agreement being signed and will be fixed through the duration of the agreement. It was also agreed that this position will be reviewed if Interest Rates rise substantially and as such this position is being monitored given recent and forecast increases in interest rates.
- 7.4 In addition, the introduction of a late repayment fine was agreed, to be incurred if the project fails to make loan repayments as per the schedule agreed within each Project's Credit Agreement with SELEP Accountable Body. This fine will be equivalent to the charging of interest at market rate from the point of default on the loan repayment.
- 7.5 In the Accounts, the GPF loans are reflected as loans at less than market rate, known as soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the loan. Further information regarding the application of soft loans can be found on page 20 in the Statement of Accounts.
- 7.6 Further information regarding the delivery of the GPF programme is considered in agenda item 7.

## **8 Next steps**

- 8.1 The Statement of Accounts 2017/18 will be published publicly on the SELEPs website and are included in Appendix 1 (attached separately) of this report for Board members to consider.

## **9 Appendices**

Appendix 1 - SELEP Statement of Accounts 2017/18 (attached separately)

Appendix 2 - Half Year Update on SELEP Revenue Budget 2018/19 and Outline Revenue Budget 2019/20 – presented to Accountability Board in November 2018 (pages 65 – 70)

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Date: 26<sup>th</sup> November 2018

## 7: Local Growth Fund and Growing Fund 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.
- 1.2 The report sets out the summary position and next steps in relation to LGF 3b project pipeline development.
- 1.3 In addition, recommendations are included within the report as a potential approach for the management of projects which have been awarded funding by the Accountability Board but where project delivery has been put on hold.

### 2. Recommendations

2.1 The Board is asked to:

**2.1.1 Agree** one of the two following options:

**2.1.1.1 Option 1** – Reaffirm the requirement for all projects currently identified within the LGF programme to come forward for a funding decision by the Accountability Board meeting on the 15<sup>th</sup> February 2018, as set out in section 3 below; or

**2.1.1.2 Option 2**– Enable the Accountability Board to give flexibility to extend the deadline for Business Case submission for projects currently included in the LGF programme.

**2.1.2 Note** the potential options available, for stalled LGF projects, as set out in section 7.8 below;

**2.1.3 Agree** that LGF projects which are currently RAG rated as Red due to the risk to LGF spend within the Growth Deal period must come back to the Accountability Board within the next six months to confirm that a delivery solution has been identified to progress the project or to agree one of the three options presented in section 7.8 below;

**2.1.4 Agree** the next steps in relation to the LGF3b pipeline development;

**2.1.5 Note** the intention of SELEP to write to the developer, at the request of the Kent and Medway Economic Partnership, in respect of the A28 Chart Road project. The letter will set out the requirement for the developer to provide a bond or financial security, as required by Kent County Council, by the end of January 2019. If this is not provided, then recommendations will be made to the Accountability Board, on the 15<sup>th</sup> February 2019 for the project to be put on hold and for the unspent LGF to be reallocated;

**2.1.6 Note** the update position on SELEP's Growth Deal delivery; and

**2.1.7 Note** the updated position on the Growing Places Fund capital investment.

### 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 76 projects have received a full LGF award by SELEP Accountability Board and a further 11 projects have received part approval. There are 10 projects included with the LGF programme which have not yet come forward for a funding award by the Accountability Board. These projects are listed in Appendix 2.
- 3.3 As agreed by the Board in March 2018, all LGF projects must come forward for a funding decision by the Accountability Board by the end of 2018/19. Where it is not feasible to do so, then the provisional funding allocation to the project will be considered for re-allocation as part of the LGF3b process and the refresh of SELEP's investment pipeline; in accordance with the recommendations of the SELEP Deep Dive.
- 3.4 Projects which are identified as a local priority but are unable to demonstrate delivery during the Growth Deal period will continue to be recognised as projects within SELEP's wider package of infrastructure needs and as such, would be expected to be endorsed by SELEP for future funding opportunities which align with the project's funding requirements.
- 3.5 At the time of considering the introduction of the deadline, the Board agreed that, *"exemption should only be made where:*
- *A project comprises of a package of measures which have been brought forward to the Accountability Board to date on a phased basis (e.g. projects which have annual funding allocations to smaller scale interventions); 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".*
- 3.6 The total LGF allocation to the 10 projects which are yet to come forward for a funding decision by the Accountability Board amounts to £65.465m. However, the list includes the allocation of £15m to the A127 Fairglens Interchange Project, which is a Department for Transport (DfT) retained project. The allocation to the project is therefore ring-fenced by the DfT for the named project and the project is therefore included in the exemptions listed in 3.5 above.
- 3.7 At the last Accountability Board meeting on the 16<sup>th</sup> November 2018, Accountability Board members sought flexibility, for the end of the final year deadline to be extended in certain cases.
- 3.8 Whilst it is understood that the nature of the project delivery issues preventing projects from progressing to delivery are often complex, there is a need to ensure that substantive progress can be demonstrated in delivering on our Growth Deal and spending our LGF allocation before the end of the Growth Deal (31<sup>st</sup> March 2021).

3.9 As such, the deadline for Business Cases to come forward by the end of the year will help ensure that projects can progress to delivery before the end of the Growth Deal period or, where it is not possible for the project to progress, the LGF can be reallocated within the LGF project pipeline, to be agreed by the Investment Panel. Considering the relative merits and dis-benefits of extending the deadline:

- + An extension may give time for project issues to be resolved and to progress for a funding award to the project
- + The existing project may be at a more advanced stage of business case development than alternative proposals
- The hold of an LGF allocation against a project which is unable to progress will prevent the delivery of an alternative proposal identified through the LGF3b prioritisation exercise, particularly as the timescales also reduce for the delivery of the alternative project proposal. The LGF3b process to date has demonstrated the substantial demand for LGF from projects which are deliverable by the 31<sup>st</sup> March 2021.
- The delay to the decision in relation to the LGF3b prioritisation has been requested by local partners on the premise that there will be greater certainty as to the amount of LGF underspend available following the Accountability Board decision making on the 15<sup>th</sup> February 2019. However, if there is flexibility given to the deadline then the level of underspend will remain uncertain.

#### 4. Growth Deal Delivery Progress

4.1 Recent LGF delivery highlights for each County Council/ Unitary Authority area include:

- 4.1.1 **East Sussex:** The North Bexhill Access Road project is reaching the final stages of delivery, with the project due to complete in December 2018. The project which has been supported by SELEP through a £18.6m LGF allocation, will deliver a 2.4km new road to provide a strategic connection to unlock planned employment and housing growth in North Bexhill.
- 4.1.2 **Essex:** Work is progressing at Chelmsford Station, to improve access to the station building. Whilst the station entrance was completed in 2016, the LGF funding is enabling the delivery of improved pedestrian and cycle links to the station. This includes a new footpath and cycle links to connect the station with Anglia Ruskin University, improved lighting and safer pedestrian crossing points to the station entrance. The project is due to complete in 2019.
- 4.1.3 **Kent:** In Kent, demolition works have been completed to enable the Engineering, Design, Growth and Enterprise (EDGE) hub project to progress. This £60m project at the University Christ Church Canterbury has been supported by SELEP through a £6.120m LGF award and will deliver a new teaching and learning facility which will provide courses such as Biomedical, Chemical and Mechanical Engineering. The project is due to complete in 2020.
- 4.1.4 **Medway:** The Chatham Town Centre Place-making and Public Realm Package is progressing well on site with the regeneration works between the railway station and town centre due to complete in early 2019. Planning approval has also been granted for improvements to Chatham Town Centre and the station improvement works are now scheduled to commence in this month.

**4.1.5 Southend:** The A127 The Bell and Essential Maintenance project was awarded £1m LGF at the last Accountability Board meeting to support the further development of the project in advance of the full Business Case coming forward for final approval. Consideration of the project by the Accountability Board follows local public consultation to seek local stakeholder views on delivery options for improvements to the A127 The Bell junction, as a congested junction along this strategic corridor.

**4.1.6 Thurrock:** Work on the £78.9m A13 widening project is progressing with public information events having been held during September and which were attended by over 300 people.

4.2 A progress update on all 97 projects can be found in Appendix 1, (attached separately).

## **5. Project Evaluation**

**5.1** 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.

**5.2** To date, it is reported that a total of 3,635 jobs and 4,519 dwellings have been completed through LGF investment to date, as Table 7 below. No outputs in terms of jobs or homes have been reported by East Sussex, Southend or Thurrock to date. The delivery of jobs and dwellings reported to date is lower than expected, relative to the outputs committed to through the Growth Deal. However, it is likely that the output and outcomes of LGF investment to date is currently understated due to the time lag between investment taking place and benefit realisation. However, work is underway to ensure that where project benefits have started to be realised, these are reported to SELEP and Central Government.

**5.3** SELEP has developed new templates to support the post evaluation of projects by local partners. These templates will help collate information about the successful 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.

**5.4** Workshop meetings have been held between the SELEP Independent Technical Evaluator and each Federated Board to discuss the SELEP monitoring and evaluation approach and to support officers in completing this information for each LGF project following project completion. Deadlines have now been set for the completion of post scheme evaluation for each LGF project.

**5.5** This information will be made publicly 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
<b>East Sussex</b>	-	3,000	-	0.5km new road and 2km new cycle route built
<b>Essex</b>	3,388	-	3,331	28.88km road surfaced and 3.4km new cycle route built
<b>Kent</b>	166	-	1,049	0.8km road resurfaced and 2.1km new cycle route
<b>Medway</b>	81	-	139	0.38km road resurfaced and 1km cycle routes built
<b>Southend</b>	-	-		1.26 road resurfaced and 0.2km new cycle route
<b>Thurrock</b>	-	-		No project benefits reported to date
<b>Total</b>	3,635	3,000	4,519	

## 6. 2018/19 spend forecast update

- 6.1 The planned LGF spend in 2018/19 has been updated to take account of the updated spend forecast provided by each local area through October 2018.
- 6.2 In total SELEP has spent over £265.8m LGF, relative to the total LGF allocation of £570m (as set out in Table 2); representing a 47.3% spend of its LGF allocation. Given that SELEP is now in the fourth year of the six year Growth Deal period, we would expect LGF spend to be higher and the slippage to LGF spend, which has occurred to date, will increase the delivery pressure during the final two years of the Growth Deal programme.
- 6.3 The expected LGF spend in 2018/19 now totals £93.779m, excluding Department for Transport (DfT) retained schemes (see Table 3) and £106.463m, including retained schemes. The total forecast LGF spend in 2018/19 has reduced by £48.536m relative to the planned spend at the start of the financial year.
- 6.4 The Accountability Board are asked to agree changes to projects' planned spend each quarter on a project by project basis. A full copy of the LGF Capital Programme Report to the Accountability Board. (16<sup>th</sup> November).

**Table 2 LGF spend to date, as reported in October 2018.**

	Number of LGF projects	Total LGF allocation (£m)	LGF spend to date (at end of Q2 2018/19) (£m)	Percentage spend to date relative to allocation (%)
East Sussex	13	73.767	48.579	65.85
Essex	25	104.796	53.827	51.36
Kent	32	127.418	62.517	49.06
Medway	8	40.200	12.817	31.88
Southend	5	37.810	9.785	25.88
Thurrock	6	34.340	12.881	37.51
Skills Programme of interventions		21.975	21.975	100.00
M20 Junction 10a (Kent)	1	19.700	16.850	85.53
DfT Retained Schemes	6	101.658	26.584	26.15
<b>Total</b>	<b>97</b>	<b>561.662</b>	<b>265.814</b>	

**Table 3 LGF spend forecast in 2018/19, as reported in October 2018**

LGF (£m)	Updated planned spend in 2018/19	Total forecast spend in 2018/19 (as reported in October 2018)	Variance*	Forecast LGF spend relative to planned spend in 2018/19* (%)
East Sussex	16.650	15.227	-1.423	91.5%
Essex	18.654	18.506	-0.148	99.2%
Kent	24.867	19.722	-5.144	79.3%
Medway	16.755	9.654	-7.100	57.6%
Southend	17.573	6.121	-11.452	34.8%
Thurrock	13.647	13.149	-0.498	96.3%
Skills	0.000	0.000	0.000	100.0%
M20 Junction 10a	11.400	11.400	0.000	100.0%
<b>LGF Sub-Total</b>	<b>119.546</b>	<b>93.779</b>	<b>-25.766</b>	<b>78.4%</b>
Retained	35.454	12.684	-22.770	35.8%
<b>Total Spend Forecast</b>	<b>154.999</b>	<b>106.463</b>	<b>-48.536</b>	<b>68.7%</b>

\*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.

\*\* The slippage is shown as a negative value, whilst additional LGF spend is shown as a positive value.



## 7. Deliverability and Risk

7.1 Appendix 1 (attached separately) sets out a delivery update and risk assessment for all projects included in the LGF programme, as summarised in Table 4 below. A score of 5 represents high risk whereas a score of 1 represents low risk.

7.2 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:

- 7.2.1 Delivery – considers project delays and any delays to the delivery of project outputs/outcomes
- 7.2.2 Finances – considers changes to project spend profiles and project budget
- 7.2.3 Reputation – considers the reputational risk for the delivery partner, local authority and LEP

7.3 An update on each of the projects flagged as high risk is set out in section 8 below.

**Table 4 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)**

Score	Delivery	Financials	Reputation	Overall
5 (high risk)	8	13	4	11
4	9	11	6	8
3	12	14	13	18
2	16	13	11	19
1 (low risk)	52	46	63	41
<b>Total</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>

7.4 Whilst three of the projects RAG rated as Red have yet to receive a funding decision by the Accountability Board on the award of LGF, there are other projects which have received part or full funding approval by the Accountability Board, but have faced delivery constraints which have prevented the project from progressing to delivery.

7.5 It is recommended that the Board should agree a set of options available to manage projects which have received either part or full funding approval by the Accountability Board but where there are substantive delivery risks which are constraining the delivery of the project within the Growth Deal period. These options will provide an even platform for Federated Boards to consider and provide recommendations to the SELEP Accountability Board on the next steps in relation to the project and the LGF allocation to the project.

7.6 From the point of the high project risk having been identified by the respective local project delivery partner and brought to the attention of the Accountability Board, there should then be a maximum of 6 months for a delivery solution to be identified. If a solution cannot be found within this timescale to progress with the delivery of the project and spend the LGF allocation with the Growth Deal period

then the Federated Board should consider the appropriate option (from those listed below) and a decision must be brought to the next Accountability Board meeting.

7.7 If the Board is supportive of this approach to managing risk to LGF spend within the Growth Deal period then projects which have already received part or full LGF funding approval but which are currently flagged as high risk due to the risk of LGF spend slipping beyond the Growth Deal period must be brought back to the Accountability Board for consideration by June 2019. However, earlier consideration would be preferable, to enable underspends to be reallocated and alternative projects to progress.

7.8 The potential options available include:

**Option 1** – Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF is reallocated through the LGF3b process. The impact of this option would be:

- + This would enable the LGF allocation to be re-allocated to a Project which can demonstrate deliverability within the Growth Deal period and greater certainty of benefit realisation.
- Any LGF spend on the Project to date may become an abortive cost if the LGF spend to date is no longer accounted for as a capital cost. If the LGF project spend to date became locally accounted for as a revenue cost then the LGF capital funding would need to be repaid to SELEP.
- The delivery of the Project will not be taken forward in the short to medium term and the considerable scale of benefits associated with the delivery of the Project would be delayed or not be realised.

**Option 2** – The Project is put on hold but the LGF remains allocated to the Project. The impact of this option would be:

- + There are no abortive costs to be repaid to SELEP, if the Project is able to proceed at a future date and the LGF spend to date can still be accounted for locally as a capital project cost.
- The LGF would remain unspent within the Growth Deal period. This goes against Government's expectation that all LGF must be spent by the end of the Growth Deal; 31<sup>st</sup> March 2021.

As Option 2 does not meet the requirements for LGF to be spent by the end of the Growth Deal period, then this Option should only be applied where it has first been agreed with Central Government.

**Option 3** – The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund. The impact of this option would be:

- + There are no abortive costs to be repaid to SELEP, if the Project is able to proceed at a future date and the LGF spend to date can still be accounted for locally as a capital project cost.
- + The re-allocation of the LGF through the LGF3b to new pipeline Projects would ensure that the LGF is spent within the Growth Deal period, to meet the requirements from Central Government and drive

the realisation of benefits.

- The requirements for future funding opportunities are currently unclear and as such, there is no certainty that the Project would secure future funding, such as the funding through the Shared Prosperity Fund.

7.9 As a project delivery risk is identified, the project should first be considered by the respective Federated Board, with recommendations being made to the Accountability Board based on the three options presented above.

7.10 Where projects are put on hold, it is proposed that the Federated Board should recommend the appropriate timescales over which the project should be put on hold for. As part of this decision making, consideration should be given to local financial accounting procedures in relation to capital spend and how long local areas can put a project on hold for before any capital expenditure on the project to date becomes a revenue cost.

7.11 As LGF can only be used for capital expenditure, then any LGF spend to date which becomes a revenue cost must be repaid to SELEP.

## **8. LGF High Risk Projects**

8.1 For the eleven projects which are identified as of high risk, then further details have been provided below.

- Beaulieu Park Railway Station

The project is currently categorised as high risk owing to the current substantial gap in 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.

A Business Case is due to be submitted for consideration by the Board in February 2019 and work is underway to understand the amount of LGF which can be spent by the end of the Growth Deal period. A letter to Government is included in Appendix 3 to consider any flexibility to extend LGF spend beyond the Growth Deal period for projects which have been identified as potential HIF projects. A response to this letter has not yet been received.

- Basildon Integrated Transport Package (ITP)

In total, Basildon ITP is allocated £8m, with the package including three tranches of works. In May 2017, the Board awarded £1.9m to support the delivery of Endeavour Drive bus lane, however, considerable delivery constraints have been identified to taking forward the delivery of this project. Local discussions are currently being held to consider all feasible options and it is expected that a decision will be bought back to the Accountability Board in February 2019.

- 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.

At the Kent and Medway Economic Partnership (KMEP) meeting on the 26<sup>th</sup> November 2018, KMEP agreed that the developer must provide a bond or financial security, as required by Kent County Council by the end of January 2019. If this is not provided, then KMEP will recommend to the Accountability Board, on the 15<sup>th</sup> February 2019 that the project is put on hold and the unspent LGF is reallocated, as per option 3 set out above. The Board is asked to note the intention of SELEP to write to the developer to reaffirm this position.

- 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 February 2016. Since the approval of the project in 2016, developer contributions towards the delivery of the project have also been identified. However, the Phase 1 project is currently on hold pending further local consideration of the proposed scheme.

The A274 Sutton Road Maidstone/ Willington Street scheme suffered negative comments during the public consultation and engagement phase. As such, the project has experienced significant delays and there is a risk that the scheme is not deliverable by the end of the Growth Deal period. A revised proposal is currently being developed by Kent County Council and a decision will be sought from the Accountability Board in 2019 for the proposed change to the project scope.

- A28 Sturry Link Road

The project has been awarded £5.8m LGF by the Board in June 2016. However, the funding package to deliver the project is dependent on private sector developer contributions. The pace of residential development coming forward will impact the deliverability of the project and spend of the funding contributions within the Growth Deal period. An additional £4.5m LGF is sought from SELEP through the LGF3b process to increase the probability that the project can be delivered within the Growth Deal period, but would increase the public sector contribution sought for the delivery of the project relative to private sector contributions.

- A28 Sturry Integrated Transport Package

The project was awarded £300,000 LGF for the extension of the existing bus lane along the A28 Sturry Road corridor to enhance the provision of public transport. Whilst the project Business Case set out the intention for the project to be delivered by the end of 2016, the project has been put on hold due to local concerns about the project and traffic diversions which would be required to deliver the project.

Alternative delivery methods have been considered but these would increase the project cost and would reduce the benefits to cost ratio for the project. It is expected that the £300,000 allocated to the project will be returned to SELEP as part of the LGF3b process. As such, the bus journey time reliability and the expected increase in bus use, anticipated as a result of the project, will not

materialise. Work is underway locally to consider the abortive cost of not progressing and whether delivery options are available to progress with the project as planned in the original business case.

- 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 of around £15m. Discussions with potential third party investors are ongoing but have not been successful to date.

Whilst Kent County Council has now started on 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. A funding bid has been submitted through the LGF3b process to seek an additional £5m to £8m LGF to help the project funding gap.

- Leigh Flood and East Peckham Storage Area

The Leigh Flood Storage Area was awarded £2.349m LGF by the Board in September 2018, as part 1 of the Project. A remaining £2.287m is allocated to the East Peckham scheme, as part 2. The East Peckham scheme is not as well developed as the Part 1 project and there is a high risk that the LGF allocated to this part of the project cannot be spent within the Growth Deal period. Furthermore, there is also a funding gap and additional funding is required to bridge the gap.

There has been local correspondence with Rt Hon James Brokenshire MP, as Secretary of State for Housing, Communities and Local Government, to investigate whether any flexibility can be granted by MHCLG to enable spend of LGF beyond the Growth Deal period for LGF project. If such flexibilities cannot be granted then the Accountability Board will be updated accordingly and a decision will be sought in relation to the £2.287m LGF which is currently allocated to the East Peckham aspect of the Project.

- Fort Halsted

The Fort Halsted was identified as an LGF3b project and was provisionally allocated £1.530m LGF to support the delivery of a new employment hub and mixed use development on ex Ministry of Defence land. However, in 2017 there was a change in land ownership and the current land owners are not expected to leave the site until 2021 and, as such, the project cannot be progressed within the Growth Deal period. It is therefore expected that the LGF currently allocated to this project will be reallocated through the LGF3b process.

- A289 Four Elms Roundabout to Medway Tunnel

The project is currently allocated £11.1m LGF to improve capacity and journey time reliability. Subsequently a bid for a further £170m HIF has been submitted and has passed through to the next stage of consideration. A funding decision is expected from MHCLG by May 2019. If the HIF application is successful then a larger scale project would be delivered and a change of request would be sought to increase the scope of the project to utilise both the LGF and HIF contributions to the project. This larger scale project would deliver significantly greater benefits than the existing LGF project, but would require longer to complete the development and the construction of the project.

As such, SELEP has written to MHCLG to consider any flexibility to extend the period of LGF spend for this project. A copy of the letter is included in Appendix 3, (pages 71 – 72). If the Government agree to the requested two – year extension to the LGF project, there will be two ways forward once the outcome of the HIF bid is known:

- If the HIF bid is successful, the current LGF scheme will be absorbed within the wider HIF design and delivery programme, with completion due by March 2023. The benefits stated within the LGF Business Case will still be delivered and this will be demonstrated in the Full Business Case, which will be submitted prior to commencement of the construction programme.
- If the HIF bid is unsuccessful, the LGF project will be delivered as currently designed, taking into account the agreed extension to the programme. In this instance an extension of one financial year would be required, with completion of the works due by March 2022. This extension will be required to counteract the pause in the project programme whilst awaiting the outcome of the Council's HIF bid.

If Government do not agree to the requested two-year extension to the LGF programme, the LGF project will be delivered in accordance with the existing programme, with completion due by the end of March 2021. In order to facilitate this, work will continue on the planning application and land acquisition processes in advance of the decision on the Council's HIF bid. Adopting this approach will not support the delivery of the additional benefits which are achievable through aligning the LGF scheme with the proposals for the HIF interventions and risks unnecessarily protracted disruption to the road network.

- **Medway City Estate Connectivity Improvement Measures**

Medway City Estate project was approved by the Board in March 2015 for the award of £2m LGF. The first part of the project has involved the delivery of traffic management alterations, including new traffic signals at the entrance to the westbound tunnel which have been installed and are operational.

Phase two of the Medway City Estate project, as detailed in the Business Case, is for the delivery of improvements for pedestrians and cyclists, with new and enhanced routes through the Medway City Estate, cycle parking, benches and improved connectivity from Sun Pier to Chatham town centre via a riverside walk.

The Business Case also includes measures for a direct river taxi from MCE to Chatham town centre, including a new landing stage on the River Medway at Medway City Estate. The river taxi could connect Medway City Estate with Chatham Town Centre, with the pier in Chatham Town Centre having been refurbished in 2013 using Growing Places Fund (GPF).

However, further engagement with businesses on Medway City Estate has not demonstrated sufficient demand for the proposed walking, cycling and river taxi options proposed within the original Business Case. Further options are currently being investigated and a revised Business Case is required by SELEP in advance of any LGF spend being incurred on alternative options which have not been agreed by the Accountability Board.

## **9. LGF3B Short Term Pipeline Development**

9.1 In June 2018, the Board agreed an approach to the development of a new short term pipeline to the end of the Growth Deal period. This process is in response to calls from the MHCLG to ensure that all LGF underspends are invested in the most effective way.

9.2 The Board agreed a three stage process for this open call for projects:

- Stage 1 – Expressions of Interest (Eoi)
- Stage 2 – Scheme Prioritisation
- Stage 3 – SELEP Accountability Board funding decision

9.3 An overwhelming number of applications were received by SELEP, with a total LGF ask of over £145m, with 60 Strategic Outline Business Cases having been submitted. As such, the call for funding is 17.5 times oversubscribed, relative to the amount of LGF currently available.

9.4 Whilst it was originally intended that the Investment Panel (the Panel) would meet on the 7<sup>th</sup> December 2018 to agree the pipeline of projects, the number of applications and the detailed information which has been provided for each submission has resulted in additional time being required to provide the detailed feedback, to inform the decision making by the Panel. Furthermore, there is still a high level of uncertainty as to the amount of LGF underspend which is likely to be available, as set out in section 3 above.

9.5 Currently within the LGF programme there is £8.3m LGF which is unallocated. In addition, it is highly likely that further LGF underspends will be identified through to the end of the Growth Deal period. This underspend will be identified through the re-allocation of funding from projects which are currently identified within the LGF programme but where there are project delivery issues which are constraining project progress.

9.6 The deadline for LGF funding decisions to be made by the Accountability Board on the 14<sup>th</sup> February 2019 will provide greater certainty as to the amount of LGF underspend which is available for reallocation. As such, it is proposed that the Investment Panel should be rescheduled to take place following the 14<sup>th</sup> February 2018 Accountability Board meeting.

9.7 The delayed decision making on the LGF3b priorities by the Panel increases the delivery risk and the pressures on LGF spend by the end of the Growth Deal period. There may be changes to projects which need to be reflected in the project information. However, the extension will provide the opportunity for scheme promoters to respond to the more detailed feedback which will be distributed by the Independent Technical Evaluator in relation to each project.

9.8 Through this extended timeframe for project assessment, written clarification will be sought from scheme promoters in response to the technical comments raised through the project review. Furthermore, the summary ITE report will include more detailed information from the technical assessment to support the positioning of projects within the ranked list.

9.9 Mindful of the cost of assessing applications and Board members support for achieving as proportionate an approach as possible, relative to the funding available, it is not intended that a further review will be completed for each project. Rather, the next stage of the process will focus on

providing the more detailed feedback to scheme promoters and ensuring that the local clarification is reflected in the ITE assessment.

9.10 Once the pipeline has been agreed by the Panel, then scheme promoters for the next project listed within the LGF3b pipeline will be made aware of the opportunity to bring forward an updated Business Case for a full ITE review, for a funding decision by the SELEP Accountability Board, when LGF underspend becomes available. Before time and resource is committed to develop the full Business Case, confirmation will be sought that there have been no substantive changes to the deliverability of the project and that the LGF can still be spent within the Growth Deal period.

9.11 If there is insufficient LGF underspend available to fund the next project included within the pipeline, then the Accountability Board can agree to hold a funding decision for a maximum of 6 months, until sufficient LGF underspend is made available. If insufficient funding is available after six months, a meeting of the Investment Panel will be convened to agree the next priority to be funded through the available underspend.

## **10. Growing Places Fund Context**

10.1 In total, £49.210m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or is allocated for investment in a total of 20 capital infrastructure projects, as detailed in Appendix 4 and 5.

10.2 The loan repayment schedule for each GPF project is agreed within the credit agreement in place between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority for each project. A copy of the expected repayment schedule is set out in Appendix 4.

10.3 Repayments are now being made on the initial GPF Round 1 investments, with £7,405,033 having been repaid to date. A further £2,292,707 is due to be repaid during 2018/19.

10.4 To utilise these GPF repayments, during 2017/18 the Board agreed a pipeline of 8 new GPF 'Round 2' projects.

10.5 The allocation of GPF to the new projects within GPF Round 2 is on the condition that funding will only be awarded to these projects by the Accountability Board or transferred to the lead authority if sufficient GPF is available through the repayments of GPF loans from Round 1 projects. As such, on a quarterly basis, updates are provided to the Board on the latest position for GPF projects in terms of delivery progress and any risks to the repayments of GPF loans.

10.6 SELEP secretariat is aware of risks to the repayments of GPF for the Workspace Kent Project and the Priory Quarter Phase 3 projects, which could result in a £753,398 gap between the amount of GPF available and the expected GPF draw-down schedule. This cash flow risk and the impact that the delayed repayment will have on the cash-flow position is being carefully monitored. An update is expected on these two projects in Q4 2018/19 and recommendations will be made to the Accountability Board to mitigate this risk should it materialise.



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

- 11.1 Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,697 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 5 below.
- 11.2 Additional benefits are expected to be delivered through the completion of the remaining five GPF round 1 projects and through the follow on investment which has been unlocked through the infrastructure delivered through GPF investment.
- 11.3 For example, the Rochester Riverside project is now complete and has delivered a site access road, along with public realm works. The GPF investment has now enabled a large scale residential development to come forward for 1,400 new homes and 1,200m<sup>2</sup> of commercial space, which will be delivered in phases to March 2023. This time lag between spend of the GPF investment and benefit realisation is expected across a number of projects included in the LGF programme.

**Table 5 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	240	0
North Queensway	865	0	0	0
Rochester Riverside	402	450	402	489
Chatham Waterfront	211	115	211	115
Bexhill Business Mall	299	0	150	0
Parkside Office Village	169	0	137	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	91	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	9
<b>Totals</b>	<b>9,318</b>	<b>2,081</b>	<b>1,865</b>	<b>613</b>

## 12. Accountable Body Comments

### Local Growth Fund (LGF)

- 12.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for future years remains indicative. It should be noted that further governance requirements, to secure the future funding allocations, may be necessary following the anticipated updates to the National Assurance Framework due to be published in Autumn 2018. Government is

likely to make any future funding allocations contingent on full compliance with the updated National Assurance Framework.

- 12.2 There is a high level of slippage within the overall programme which is forecast to total £48.5m by the end of 2018/19; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
- 12.3 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.
- 12.4 The further allocation of funding through the LGF3b call for projects must include a full consideration of the spend profile of projects in delivery and the expected funding profile.
- 12.5 Central Government departments have, thus far, been unable to offer any assurances about LGF activity that falls beyond March 2021. The proposals in this report for consideration of reallocation of LGF funding from Projects that are unable to be delivered in the Growth Deal period present an opportunity to the Board to actively manage this risk and to maximise the benefits realised during the Growth Deal period.

### **Growing Places Fund (GPF)**

- 12.6 The current cashflow forecast position for the GPF loan scheme in 2019/20 indicates that there is risk of insufficient funding being available to meet the agreed investments due to a potential mismatch of payments and repayments in that year; any further request for changes to repayment profiles increases this risk. The options for mitigating this risk in 2019/20 are expected to be considered by the Board at the next meeting. However, it should be noted that if loans are not repaid as planned, then this could delay the payment of allocations to other Projects that were expected to be made in 2019/20.
- 12.7 Although non-repayment of the majority of loans has been identified as low risk, it should be noted that any repayments not made in line with their approved profile will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme. As such, it is recommended that all GPF repayment risks continue to be monitored as part of the regular GPF updates reported to the Board.
- 12.8 It is noted that actual delivery of jobs and homes is below the expected levels identified in the business cases for many projects; where this is the case, it is recommended that evaluation of the shortfalls should form part of the on-going monitoring and, where appropriate, be used to inform future business case estimations of growth.

12.9 It is recommended that consideration is given to commencing the next round of funding allocations in advance of the £11m due to be returned by 31 March 2020.

### **13. Appendices**

- Appendix 1 – LGF project update (attached separately)
- Appendix 2 – LGF project funding approval status (attached separately)
- Appendix 3 – Letter to MHCLG (pages 71 - 72)
- Appendix 4 – GPF repayment schedule (attached separately)
- Appendix 5 – GPF project deliverability and risk update (attached separately)

### **14. Background reports**

Accountability Board Agenda Pack 16<sup>th</sup> November 2018

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Date: 28<sup>th</sup> November 2018

## 8: Governance

### 1. Purpose

- 1.1 The purpose of this paper is to update Strategic Board (the Board) on the progress of the LEP Review and other significant developments in SELEP governance arrangements.

### 2. Recommendations

- 2.1 The Board is asked to **note** the update on the LEP Review; and
- 2.2 **Note** the timeline for refreshing the SELEP Assurance Framework following the publication of the final version of the refreshed National Assurance Framework.

### 3. Background

- 3.1 As the Board is aware, Government instigated a large scale review of LEPs in the first part of 2018 and this review and consequent recommendations were published in July 2018. The main purpose of the review is to ensure that LEPs have sufficiently robust governance to enable them to undertake a key role in the management of the UK Shared Prosperity Fund (UKSPF); which will be the successor to both EU structural funding and Local Growth Funding.
- 3.2 Every LEP was required to make two responses to the LEP Review recommendations, one on its geography and one on the wider issues of governance. The Board agreed both responses from SELEP and they were submitted in line with Government's deadlines.
- 3.3 Whilst the Board broadly agreed with many recommendations made by the Review, there were some points that could not be accepted and SELEP's response made that clear.
- 3.4 At time of writing, there has been no formal response by Government to any LEP on submissions made on the LEP Review. It is understood that active discussions are underway between officials and Ministers and the Director of the Cities and Local Growth Team has committed to provide an update at LEP Network event that is to be held on 27 November 2018. A verbal update will be given to the Board at its meeting on 7 December 2018.

### 4. SELEP Geography

- 4.1 Since the submissions were made, there have a number of conversations with partner organisations concerning the resolution of the two areas of overlap in the SELEP geography; Uttlesford in Essex and Lewes in East Sussex.
- 4.1 The overlap in Uttlesford has been resolved as the Greater Cambridgeshire Greater Peterborough LEP is co-terminus with the Combined Mayoral Authority (CMA), and the agreed CMA boundary sits at the Essex border.
- 4.2 Discussions with Coast to Capital LEP have concluded on the placement of Lewes District Council. SELEP is clear, as stated in the response to the LEP Review, that the county borders should be

respected and therefore, the district should be included within SELEP. Both SELEP and Coast to Capital have indicated their respective commitment to working closely together around Lewes and the Newhaven Enterprise Zone in particular, whatever the resolution. As the agreement is being formalised at the time of writing, we are not yet in a position to report the outcome to the Board.

- 4.3 It is still believed that an arrangement can be reached locally without the intervention of Government, and SELEP, working closely with East Sussex County Council, will continue to seek this.

## **5. Progress Update**

5.1 The SELEP Secretariat has begun planning and preparing for the implementation of changes as a result of the LEP Review; in particular the incorporation of the partnership. Whilst this project cannot begin in earnest until confirmation on the size and composition of the Board is received, preliminary work must begin now to ensure that unnecessary delays are avoided. This work will also require considerable input from the Accountable Body.

5.2 As part of the LEP Review submission process, LEPs were invited to submit spending plans for a further £200,000 of grant funding applicable to financial year 2018/19 to support the additional resourcing costs of the LEP Review. No response on this submission has been received and there is a risk that, given lead-in times to secure additional resources, it will not be possible to utilise this funding in this financial year. The Secretariat is making representations to Government to release the funding or to extend the applicable period to which the funding can be applied.

## **6. Assurance Framework**

6.1 In addition to the LEP Review, Government had also indicated its intention to refresh the National Assurance Framework (NAF). At the time of writing, the final NAF has yet to be received, however, each LEP must ensure that their Local Assurance Frameworks are compliant with the requirements of the NAF and has been approved by Strategic Board by 28 February 2019. In previous iterations the NAF has been published as a final document and SELEP Secretariat and the Accountable Body, along with other LEPs and Accountable Bodies, have been lobbying officials in the Cities and Local Growth team to consult on changes before implementation of future iterations.

6.2 On 9 November 2018 the LEP Network received the draft NAF from the Cities and Local Growth team and was asked to canvas all LEPs for their comments on the draft and make a joint response to Government by 16 November 2018. The joint response would also be accompanied by each individual LEP's response. SELEP and the Accountable Body provided a full set of comments on the proposed changes. Government were clear that the version circulated was a draft and that amendments would be made.

6.3 The comments on the NAF made by SELEP were in line with the SELEP response on the LEP Review and additionally included a request that the refreshed NAF be definitive on what is a mandatory requirement and what are best practice recommendations.

6.4 A timeline for the refresh and approval of the Local Assurance Framework can be found below in the Next Steps section. This timeline is dependent on the final NAF being received within two weeks of the time of writing. A verbal update will be given to the Board if the final refreshed NAF is received prior the Board meeting.

## 7. Next steps

- 7.1 The Secretariat and the Accountable Body will continue to plan as best as possible for the changes for the LEP Review prior to receiving an official response from Government. When an official response is received, detailed planning will commence and this will form a major part of the Annual Plan to be presented to Board in February 2019.
- 7.2 The following timeline for the refresh of the Local Assurance Framework is as follows:

Date	Step
6 Dec 2018	Produce an outline of the Assurance Framework (secretariat), in consultation with the Accountable Body
Wk. beg 10 Dec 2018	Share / discuss the outline Assurance Framework with officers of Federated Boards
Wk. beg 17 Dec 2018	Develop a draft of the Assurance Framework
Before Xmas break	Share the draft of the Assurance Framework with Senior Officers
Wk. beg 7 Jan 2019	Discussions by Senior Officers of the draft Assurance Framework
18 Jan 2019	For the draft Assurance Framework to be published – as part of Federated Board papers
28 Jan - 13 Feb 2019	Discussions by Federated Boards of draft Assurance Framework
Feb 2019	Final draft of the Assurance Framework for Board approval

## 8. Accountable Body Comments

- 8.1 The Accountable Body is continuing to support the SELEP Secretariat in consideration of the implications of the LEP review. It is unfortunate that, at the time of writing, no confirmation by Government with regard to SELEP's submissions on the Future Geography of the LEP and the Future Size and composition of the Board, has been received; this is impacting on the progress that can be made towards implementation of expected changes, such as the requirement for incorporation.
- 8.2 It is anticipated that, once the respective responses have been received from Government, the Board will be advised with regard to the delivery timelines and associated risks of proposals for the future operating model for the SELEP.
- 8.3 A further frustration is that the updated national Assurance Framework has yet to be published by Government, as indications are that a number of changes to the SELEP Assurance Framework will need to be applied and implemented in advance of April 2019.
- 8.4 It is expected to be an on-going requirement, to ensure future funding for the SELEP, that the s151 Officer of the Accountable Body provides confirmation to Government that the SELEP Assurance Framework meets the requirements of the national assurance framework. In order to provide this assurance, the Accountable Body have committed to work alongside the SELEP secretariat to ensure that all requirements are met as part of the update of the Assurance Framework.



**SOUTH EAST**  
LOCAL ENTERPRISE  
PARTNERSHIP

SELEP Strategic Board Meeting  
Friday 7<sup>th</sup> December\_2018, 10:00am-1:00pm  
High House Production Park, Purfleet, RM19 1RJ

Author: Suzanne Bennett  
Position: Chief Operating Officer, SELEP  
Contact details: Suzanne.bennett@southeastlep.com  
Date: 22<sup>nd</sup> November 2018

## 9: Lower Thames Crossing

### 1. Purpose

- 1.1 The purpose of this paper is to frame the discussion with Highways England's Lower Thames Crossing Team at the Strategic Board (the Board) meeting on 6 December 2018.

### 2. Recommendations

- 2.1 The Board is asked to discuss the proposals described by Lower Thames Crossing Team during their presentation and consider SELEP's response to the consultation.
- 2.2 Agree that the Chair is mandated to write to Government on SELEP's behalf, reflecting the key messages and arguments arising from the Board meeting

### 3. Background

- 3.1 Board members will be aware of the Lower Thames Crossing and the importance of the agenda to SELEP's work. SELEP have previously undertaken activities to spread information relating to the Lower Thames Crossing, reflecting its significant and unique role across Essex and Kent on this topic.
- 3.2 Board members will also be aware that Highways England are currently underway with their Statutory Consultation, which provides the next key stage in the programme, and was published on 10<sup>th</sup> October 2018, with a response deadline of 20<sup>th</sup> December 2018. The consultation materials are available [here](#). Various changes have been made to the scheme following comments received during the previous round of consultation and further traffic modelling. This includes its designation as a motorway; the removal of the Tilbury Link Road; simplification of the A13 junction; the lowering of the road to reduce visual impact; a rest/service area near East Tilbury; moving of the Southern Tunnel entrance 600m further south; removal of A226 junction; and the simplification of the A2 junction amongst other more minor changes.
- 3.3 SELEP have been using digital marketing means to drive people to the consultation process, encouraging the sharing of views. On that, we would always note the opposition to the crossing of some of our partners and colleagues, Thurrock Council being one such important example of an organisations who have consistently voiced their opposition to the scheme as currently proposed. The Leader of Thurrock Council has recently written to partners setting out the position of the Council on the scheme and this can be found at Appendix 1 (pages 73 – 74).

### 4. Next steps

- 4.1 SELEP Team will draft a concise response to the consultation and will work with the Chair and Vice Chairs to agree its submission to Government.
- 4.2 SELEP Team will consider next steps and future engagement with the project, noting its prominence in the new Economic Strategy Statement and our determination to maximise the positive economic benefit from the crossing, minimising disbenefits to all local parties.



## 5. Accountable Body Comments

5.1 There are no comments from the Accountable Body.

## 6. Appendices

Appendix 1 – Letter from Councillor Rob Gledhill, Leader of Thurrock Council

Author: Adam Bryan  
Position: Managing Director  
Contact details: [adam.bryan@essex.gov.uk](mailto:adam.bryan@essex.gov.uk), 07884 475191  
Date: 7<sup>th</sup> December 2018

## Summary of Appendices

<p><b>Agenda Item 3: Strategic Economic Statement</b> <b>Pages 14 – 16 (report)</b></p>	<p><b>Appendix ‘Strategic Economic Statement’</b> (please note that this is not part of this pack and is attached separately).</p>
<p><b>Agenda Item 4: Tri-LEP Energy Strategy</b> <b>Pages 17 – 20 (report)</b></p>	<p><b>Appendices:</b></p> <p><b>Appendix 1</b> – Priority Themes and associated 18 Project Models identified in the Strategy for development and implementation at scale <b>Page 59</b></p> <p><b>Appendices 2, 3 &amp; 4</b> (please note that these are not part of this pack and are attached separately).</p> <ul style="list-style-type: none"> <li>• <b>Appendix 2</b> - South2East Local Energy Strategy</li> <li>• <b>Appendix 3</b> - South2East Companion Document</li> <li>• <b>Appendix 4</b> - South2East Energy Action Plan</li> </ul>
<p><b>Agenda Item 5: Sector Support Fund</b> <b>Pages 21 – 29 (report)</b></p>	<p><b>Appendices:</b></p> <p><b>Appendix A</b> – Value for Money Exemption 1 <b>Page 60</b></p> <p><b>Appendix B</b> – Sector Support Fund Guidance Note, including eligibility criteria and 2018/19 timetable for applications to come forward (please note that this is not part of this pack and is attached separately).</p> <p><b>Appendix C</b> – Independent Assessment of SSF applications <b>Pages 61 - 63</b></p> <p><b>Appendix D</b> – Endorsed SSF project allocations <b>Page 64</b></p>
<p><b>Agenda Item 6: Statement of Account</b> <b>Pages 30 – 34 (report)</b></p>	<p><b>Appendices</b></p> <p><b>Appendix 1</b> - SELEP Statement of Accounts 2017/18 (please note that this is not part of this pack and is attached separately).</p> <p><b>Appendix 2</b> - Half Year Update on SELEP Revenue Budget 2018/19 and Outline Revenue Budget 2019/20 – presented to Accountability Board in November 2018. <b>Pages 65 – 70</b></p>
<p><b>Agenda Item 7: Capital Programme Update &amp; LGF 3b</b> <b>Pages 35 - 51 (report)</b></p>	<p><b>Appendices:</b></p> <p>(please note that appendices 1, 2, 4 and 5 are not part of this pack and are attached separately).</p> <p><b>Appendix 1</b> – LGF project update</p> <p><b>Appendix 2</b> – LGF project funding approval status</p> <p><b>Appendix 3</b> – Letter to MHCLG <b>Pages 71 – 72</b></p> <p><b>Appendix 4</b> – GPF repayment schedule</p> <p><b>Appendix 5</b> – GPF project deliverability and risk update</p>
<p><b>Agenda Item 9: LTC</b> <b>Pages 56 – 57 (report)</b></p>	<p><b>Appendix 1</b> – Letter from the Leader of Thurrock Council <b>Pages 73 – 74</b></p>

## Agenda Item 4: Tri-LEP Energy Strategy - South2East Local Energy Strategy and Action Plan

### Appendix 1 – Priority Themes and associated 18 Project Models identified in the Strategy for development and implementation at scale

Five Priority Themes	Project Models
Low carbon heating	<ul style="list-style-type: none"> <li>• #1 District Heat Networks rollout</li> <li>• #2 Off-gas grid homes</li> <li>• #3 Hydrogen injection into the Natural Gas grid</li> <li>• #16 New-build homes on hydrogen grid</li> </ul>
Energy saving and efficiency	<ul style="list-style-type: none"> <li>• #2 Off-gas grid homes</li> <li>• #9 Energy Efficiency in homes</li> <li>• #10 SME Support Programme</li> </ul>
Renewable generation	<ul style="list-style-type: none"> <li>• #4 Offshore wind development</li> <li>• #5 Solar and microgrid on landfill sites</li> <li>• #6 Biomass fuel supply chain development</li> <li>• #7 Solar energy for Network Rail</li> <li>• #8 Car parks - solar potential</li> <li>• #17 Biofuel evolution</li> </ul>
Smart energy system	<ul style="list-style-type: none"> <li>• #5 Solar and microgrid on landfill sites</li> <li>• #11 Housing and community microgrids</li> <li>• #12 EV charging &amp; hydrogen-fuelling infrastructure</li> <li>• #15 Setup of ESCO / MUSCO infrastructure</li> <li>• #18 Support developments in CO2 capture</li> </ul>
Transport revolution	<ul style="list-style-type: none"> <li>• #12 EV charging &amp; hydrogen-fuelling infrastructure</li> <li>• #13 CNG fleet fueling</li> <li>• #14 Ports - modernisation of energy infrastructures</li> </ul>

## Agenda Item 5: Sector Support Fund

### Appendix A – Value for Money Exemption 1 (as stated 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.

**Please note: Appendix B – Sector Support Fund Guidance Note, including eligibility criteria and 2018/19 timetable for applications to come forward is attached separately.**

## Agenda Item 5: Sector Support Fund

### Appendix C – Independent Assessment of SSF applications

December 2018 Round - Accountable Body Independent Review and Comments

Name of Project	Coastal Communities Supplement to the SELEP Strategic Economic Plan
<b>Applicant</b>	Hastings Borough Council
<b>Brief Description</b>	A contribution towards the preparation of a coastal supplement to the revised SEP, to act as an investment prospectus that will articulate the economic opportunities and priorities specific to coastal areas and make a strategic case for investment, based on an evidence-led approach that demonstrates the potential economic outcomes, benefits and the comparative costs of investing on the coast compared to areas of the region better connected to transport and economic infrastructures.
<b>Independent Review Outcome</b>	Criteria not fully met
<b>Reviewer General Comments</b>	<p>The project meets the majority of the assessment criteria and is aligned with SELEP’s strategic objectives through identifying opportunities for increasing jobs and homes in coastal communities. The project seeks to address the requirement identified in the SEP for bespoke and co-ordinated investment into coastal towns.</p> <p>The project is pan-LEP and has secured financial contributions from Local Authorities in each federated area, however, the bid has not yet been endorsed by any of the Federated Boards.</p> <p>The application does not attribute any direct financial benefits to the project. The aim is to identify opportunities for more effective investment in coastal communities which would be expected to enable realisation of benefits, however, it should be noted that if no funding is identified to maximise these opportunities then the potential benefits will not be realised.</p>
<b>Criteria Comments:</b>	
<b>Scope must be pan LEP</b>	Yes – project is pan LEP.
<b>Federated Areas must support</b>	Not yet evidenced. Project to be considered by Team East Sussex on Monday 3 <sup>rd</sup> December.
<b>Outcomes aligned with SELEP SEP</b>	Yes – The bid clearly identifies the alignment to the requirement in the SEP for bespoke and co-ordinated investment into coastal towns.
<b>Not BAU</b>	Yes – project costs.
<b>Min value of £25K, max value of £200K</b>	Yes - £40,000
<b>Revenue spend</b>	Yes
<b>Match funding of 30%</b>	Yes – 33% match evidenced



<b>Name of Project</b>	<b>Coastal Communities Supplement to the SELEP Strategic Economic Plan</b>
<b>12 months duration</b>	Yes – project runs for one year
<b>VfM/Benefits</b>	<p>No direct financial benefits are attributed to this project; it is intended to identify opportunities for more effective investment in coastal communities, however, if no funding is identified to take this forward then the potential benefits will not be realised.</p> <p>This project could be considered under exemption 1 of the VFM requirement in the Assurance Framework.</p>
<b>Supported by lead county/unitary</b>	East Sussex County Council

<b>Name of Project</b>	<b>Delivering skills of the future through teaching: teaching for growth</b>
<b>Applicant</b>	South East LEP Skills Advisory Group
<b>Brief Description</b>	A pan-LEP project which will address the widespread shortage of tutors, teachers and trainers across the SELEP area which is highlighted in the SELEP Skills Strategy. The project will address recruitment challenges in this sector by delivering a high quality awareness raising campaign and by making a contribution to teacher training costs aligned to priority sectors.
<b>Independent Review Outcome</b>	Meets criteria
<b>Reviewer General Comments</b>	<p>The project aligns with SELEP’s strategic objectives to increase skills levels and STEM sector growth across the SELEP area. Match funding and in kind contributions totalling 32% of the total project cost are referenced in the application. 67% of the match funding is not yet secured, however, based on previous experience the bid indicates high levels of confidence in securing the indicated level of match.</p> <p>The application references significant potential indirect benefits, through the uptake of skilled jobs by people who have benefited from training as a result of this project, however, these benefits do not take into account the impact of displacement from other jobs. It is considered that given the strategic importance of the project in relation to delivering the SEP, and the difficulties in accurately quantifying value for money offered by skills projects consideration should be given to applying value for money exemption 1 in this case.</p>
<b>Criteria Comments:</b>	
<b>Scope must be pan LEP</b>	Yes – this is a LEP wide project.
<b>Federated Areas must support</b>	The project has been considered by the three Employment and Skills Boards, which sit alongside the Federated Boards. The Essex Employment and Skills Board and Skills East Sussex have both demonstrated endorsement of the proposal by providing a financial contribution to the project.



<b>Name of Project</b>	<b>Delivering skills of the future through teaching: teaching for growth</b>
<b>Outcomes aligned with SELEP SEP</b>	Yes – Aligns to increasing skills requirements and STEM sector growth across SELEP
<b>Not BAU</b>	Yes – Project is discreet, although could be replicated with additional funding from other sources if deemed successful.
<b>Min value of £25K, max value of £200K</b>	Yes - £195,000
<b>Revenue spend</b>	Yes
<b>Match funding of 30%</b>	Yes - 32% match funding has been identified, although it should be noted that 67% of this is unsecured contributions – the bid indicates high confidence of securing the match at the level indicated from prior experience of similar programmes.
<b>12 months duration</b>	Yes - It is a 12 month Project to be delivered between January and December 2019.
<b>VfM/Benefits</b>	The funding bid has identified significant potential indirect benefits linked with this project, however, they do not take into account the impact of displacement from other jobs. However, given the strategic importance of this project to the SEP and the challenges associated with appraising vfm with skills projects, it is reasonable to apply exemption 1 in this case.
<b>Supported by lead county/unitary</b>	Essex County Council

## Agenda Item 5: Sector Support Fund

### Appendix D – Endorsed SSF project allocations

SSF endorsed by the Strategic Board	Allocated				Expected Draw Down			
	2017/18	2018/19	2019/20	Total	2017/18	2018/19	2019/20	Total
North Kent Enterprise Zone	£161,000			<b>£161,000</b>	£5,520	£155,480		<b>£161,000</b>
The Tourism and SECEN Colours and Flavours project	£60,000			<b>£60,000</b>	£60,000			<b>£60,000</b>
The South East Creative Economy Network (SECEN) Cultural Coasting Project	£150,000			<b>£150,000</b>		£150,000		<b>£150,000</b>
Planning and prioritising future skills, training and business support needs for rural businesses across SELEP		£96,000		<b>£96,000</b>		£48,000	£48,000	<b>£96,000</b>
Future Proof: Accelerating Delivery of High Quality Development across the LEP		£110,000		<b>£110,000</b>		£45,000	£65,000	<b>£110,000</b>
Good Food Growth Campaign		£60,400		<b>£60,400</b>		£60,400		<b>£60,400</b>
Kent Medical Campus Enterprise Zone – Innovation Centre Design Work		£156,000		<b>£156,000</b>		£93,000	£63,000	<b>£156,000</b>
<b>Total</b>	<b>£371,000</b>	<b>£422,400</b>		<b>£793,400</b>	<b>£65,520</b>	<b>£551,880</b>	<b>£176,000</b>	<b>£793,400</b>



## Agenda Item 6: Statement of Accounts

**Appendix 2** - Half Year Update on SELEP Revenue Budget 2018/19 and Outline Revenue Budget 2019/20 – presented to Accountability Board in November 2018.

### Forward Plan reference numbers:

<b>Report title:</b> <i>Half Year Update on SELEP Revenue Budget 2018/19 and Outline Revenue Budget 2019/20</i>	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner	
<b>Date:</b> 5 <sup>th</sup> November 2018	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:lorna.norris@essex.gov.uk">lorna.norris@essex.gov.uk</a>	
<b>SELEP Partner Authority affected:</b> <i>Pan SELEP</i>	

### 1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the half year financial position for the SELEP Revenue budget, including an updated forecast outturn for 2018/19. In addition, an outline budget for 2019/20 has been produced based on current best knowledge of funding streams in 2019/20.

### 2. Recommendations

2.1 The Board is asked to:

- 2.1.1 Note the latest forecast revenue outturn position for 2018/19 of an **under spend of £548,000**;
- 2.1.2 Approve the outline revenue budget for 2019/20; and
- 2.1.3 Confirm that Local Authority partners will continue to provide revenue support and match for core funding in 2019/20.

### 3. Background

#### 2018/19 Budget

- 3.1. The 2018/19 revenue budget for the SELEP Secretariat was set by Accountability Board at its December 2017 meeting. The half year forecast outturn position is an under spend of £548,000 or 35% of the gross expenditure budget, details can be seen in Table 1 overleaf.
- 3.2. The under spend is mainly due to delays in recruitment and additional external interest receipts.
- 3.3. The 2018/19 staffing budget included an increase to the staffing establishment of the Secretariat. The Secretariat has consistently been one of the leanest in the country and whilst the LEP is committed to keeping overheads to a minimum, the additional resource was approved to provide the appropriate capacity to properly discharge all duties required.

3.4. There have been a number of delays in the recruitment to these posts, but the interviews were held over the summer and now all vacant posts are filled. However, the delays have created an under spend on the staffing budget of £141,000.

**Table 1 – Total SELEP Revenue Budget Outturn Forecast, end of Quarter 2**

	<b>Forecast Outturn £000</b>	<b>Latest Budget £000</b>	<b>Variance £000</b>	<b>Variance %</b>
Staff salaries and associated costs	620	760	(140)	-18.42%
Staff non salaries	31	32	(1)	-3.13%
Recharges (incl. Accountable Body)	145	145	-	0.00%
<b>Total staffing</b>	<b>796</b>	<b>937</b>	<b>(141)</b>	<b>-15.05%</b>
Meetings and admin	77	71	6	8.45%
Chairman's allowance	20	20	-	0.00%
Consultancy and projects	610	610	-	0.00%
Local Area Support	150	150	-	0.00%
Grants to third parties	1,588	1,588	-	0.00%
<b>Total other expenditure</b>	<b>2,445</b>	<b>2,439</b>	<b>6</b>	<b>0.25%</b>
<b>Total expenditure</b>	<b>3,241</b>	<b>3,376</b>	<b>(135)</b>	<b>-4.00%</b>
Grant income	(2,317)	(2,317)	-	0.00%
Contributions from partners	(200)	(200)	-	0.00%
Other Contributions	(4)	-	(4)	0.00%
External interest received	(883)	(474)	(409)	86.29%
<b>Total income</b>	<b>(3,404)</b>	<b>(2,991)</b>	<b>(413)</b>	<b>13.81%</b>
<b>Net expenditure</b>	<b>(163)</b>	<b>385</b>	<b>(548)</b>	<b>-142.34%</b>
<b>Contributions to/(from) reserves</b>	<b>163</b>	<b>(385)</b>	<b>548</b>	<b>-142.34%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>

3.5. There is a small over spend on meeting and admin costs. This is partly due to additional costs incurred for an event that was partly funded by the Skills Funding Agency and this contribution can be seen in the Income section. The remaining over spend is immaterial and can easily be contained within the wider under spend.

3.6. Currently it is forecast that external interest will be £409,000 higher than budgeted. This is due to a combination of interest rate rises, changed profile of spend on both LGF and GPF programmes and working closely with the Treasury Management function of the Accountable Body to maximise interest receipts.

3.7. The LEP Review presents a risk to the revenue budget. As was noted in the LEP Review response from SELEP, the implementation of the changes required falls on a limited group of staff members within the Secretariat and Accountable Body. Whilst some preparatory work has begun, there is a limit to how much can be progressed in advance of receiving an official response back from Government to the LEP Review submission made by SELEP.

3.8. SELEP has submitted a request for additional funding to support the LEP Review costs (this can be found at Appendix 1). However, current indications are that this funding could only be applied in

financial year 2018/19. Given that work cannot properly begin until the Government makes their response there is a risk that the work and the associated costs will slip into financial year 2019/20.

- 3.9. Government has indicated that the £200,000 additional funding is contingent on requirements of the LEP Review being met. The response made to Government by SELEP did not fully meet all recommendations as set out in the LEP Review but it is hoped that if Government agrees to accept the SELEP response this will be sufficient for funding to be released.
- 3.10. It is currently advised that the forecast under spend is held and used for any costs arising for the LEP Review in this financial year, whether that is in advance of the £200,000 being allocated, if SELEP is unsuccessful in securing funding or where costs exceed £200,000.
- 3.11. If the under spend is not required in year, which is likely, it is advised that any residual funding be carried forward through the general reserve to be applied in 2019/20 when the most significant costs of the LEP Review are more likely to be incurred, along with costs associated with the creation of Local Industrial Strategies.
- 3.12. The current forecast position for the general reserve at the end of financial year 2018/19 can be found below at Table 2.

**Table 2 – Forecast Reserves**

	<b>£000</b>
Opening balance 1st April 2018	511
<b>Planned changes in year</b>	
Growth hub withdrawal approved	-85
Updated contribution to reserves	163
<b>Total</b>	<b>78</b>
<b>Balance remaining</b>	<b>589</b>
Minimum value of reserve	<b>100</b>

- 3.13. It is currently assumed that all specific grants will spend in line with budget.

### **2019/20 Base Budget**

- 3.14. The uncertainty surrounding the LEP Review also presents a number of risks around the revenue budget for 2019/20. Government has acknowledged that both the increased requirements of the review and the implementation of those requirements will have resourcing impacts on LEPs. It is not clear whether Government will take action to mitigate the impact through providing additional revenue funding to LEPs.
- 3.15. The biggest financial impact for the South East LEP is expected to be the change to legal personality. To ensure the correct model is selected there will need to be a detailed and thorough options appraisal that is likely to require externally procured advice and support. This is currently not quantified, but the Secretariat and the Accountable Body have begun work on next steps and planning for the project.

- 3.16. As stated above, there is a limit to how far this work can be progressed until Government's response is received. The Board will be kept updated on the emerging costs and implications of the project.
- 3.17. Given that Local Authority partners are currently setting their own budgets, an outline budget for the SELEP Secretariat has been drafted. This is baseline budget and is expected to move over the next few months, The Board will be kept informed of changes. A fuller budget report will be made to the next meeting of the Board in February 2019 which will include an assessment of the risks to the budget and an assessment of the adequacy of the budget by the Section 151 Officer of the Accountable Body, in line with the recently released advice from CIPFA.
- 3.18. The proposed budget for SELEP Secretariat can be found at Table 3. This budget does not include any specific grants. Further information on levels of specific grant in 2019/20 is expected to be received from Government Departments and agencies over the next few months and information will be presented to the Board as it is provided.
- 3.19. The budget proposed includes the full year staffing costs of the Secretariat at its current established level with only minimal changes. A number of the posts in place are temporary posts that could be reduced with minimal impact should that be required.
- 3.20. It is assumed that the Core Funding from Government will continue on the same basis as the current financial year; that being a grant of £500,000 when evidence of £250,000 of match funding is provided. It should be noted that the SELEP LEP Review response included a clear message to Government that a truly independent Secretariat could only exist when Local Authorities weren't required to part fund their budget.
- 3.21. Local Area Support is budgeted to continue at £150,000 into 2019/20 as the partnership recognises that there will be additional resource required to help support the formation of Local Industrial Strategies and associated evidence collection.
- 3.22. As in previous years, it will be necessary for Local Authorities to make their contributions to evidence cash match and the net effect on each partner can be found in Table 3 overleaf.

**Table 3 – Proposed SELEP/Local Partner Transactions 2019/20**

<b>Name of Authority</b>	<b>Contribution to Funding £</b>	<b>Local area support £</b>	<b>Net impact on budget £</b>
East Sussex County Council	26,180	(19,635)	6,545
Essex County Council	71,760	(53,820)	17,940
Kent County Council	72,500	(54,375)	18,125
Medway Council	13,040	(9,780)	3,260
Southend-on-Sea Borough Council	8,400	(6,300)	2,100
Thurrock Council	8,120	(6,090)	2,030
<b>Total</b>	<b>200,000</b>	<b>(150,000)</b>	<b>50,000</b>

3.23. As stated above, the timing and the costs of the LEP Review are currently uncertain. It seems likely that the majority of the costs will fall into 2019/20 and whilst some funding might be made available to LEPs, it is prudent to assume that there will be some costs that will have to be met locally.

3.24. In addition, it is becoming clear that Local Industrial Strategies and their supporting evidence bases are expected to be much broader and deeper than anything produced before. Whilst it is unclear what role the SELEP will play in the production of these strategies, it appears that there will be a role of some description. Given the bleak financial situation for our local authority partners there will be little appetite or opportunity to support large commissions of economic analysis, it is prudent to assume that the SELEP may be expected to pick up some of that work or costs.

**Table 4 – Proposed 2019/20 Base Budget – Secretariat Costs only**

	19/20 Budget £000	18/19 Budget £000	18/19 Forecast £000	Movement £000	Movement %
Staff salaries and associated costs	744	761	621	(16)	-2.14%
Staff non salaries	39	32	31	7	21.88%
Recharges (incl. Accountable Body)	58	64	64	(6)	-9.62%
<b>Total staffing</b>	<b>841</b>	<b>856</b>	<b>716</b>	<b>(15)</b>	<b>-1.80%</b>
Meetings and admin	51	51	57	-	0.00%
Chairman's allowance	20	20	20	-	0.00%
Consultancy and project work	877	482	482	395	81.95%
Local Area Support	150	150	150	-	0.00%
<b>Total other expenditure</b>	<b>1,098</b>	<b>703</b>	<b>709</b>	<b>395</b>	<b>56.19%</b>
<b>Total expenditure</b>	<b>1,939</b>	<b>1,559</b>	<b>1,425</b>	<b>380</b>	<b>24.34%</b>
Grant income	(500)	(500)	(500)	-	0.00%
Contributions from partners	(200)	(200)	(204)	-	0.00%
External interest received	(839)	(474)	(883)	(365)	0.00%
<b>Total income</b>	<b>(1,539)</b>	<b>(1,174)</b>	<b>(1,587)</b>	<b>(365)</b>	<b>31.09%</b>
<b>Net expenditure</b>	<b>400</b>	<b>385</b>	<b>(162)</b>	<b>15</b>	<b>0.00%</b>
<b>Contributions to/from reserves</b>	<b>(400)</b>	<b>(385)</b>	<b>162</b>	<b>(15)</b>	<b>0.00%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Please note that forecast outturn figures in Table 1 are for the full SELEP Revenue Budget and include specific grant activity whereas the 2018/19 forecast outturn information presented above only includes the budget for the Secretariat.*

3.25. Within the Consultancy and Project Work line, a budget of £699,000 is proposed to be held to support these potential costs. As the requirements for both the LEP Review and the Local Industrial Strategies become clear a full spending plan to support these workstreams will be developed and reported back to the Board.

3.26. The additional work can be supported through the continued high external interest receipt. Whilst LGF grant levels are expected to be lower in 2019/20, advice from the Accountable Body's Treasury Management advisors is that there will be a further bank base rate increase in the middle part of next financial year. This has meant that the expected interest receipt has not decreased significantly from this year's forecast.

3.27. The interest receipt will only be achieved if the LGF and GPF spending profiles are in line with current forecasts. The Capital Programme Manager will work closely with the Accountable Body to

ensure that they kept updated on any changes to the potential profile so that this can be reflected in the forecast receipt. If a further rate increase isn't made or is made later in the year then the receipt will also decrease.

3.28. Whilst it is currently forecast that the General Reserve will be £589,000 at the end of 2018/19; the budget has been built on an assumed drawdown of £400,000. This would leave a balance of £189,000 which is in excess of the agreed £100,000 balance to cover any potential closure costs. This is because it is recommended that a new review of potential severance costs is carried out due to the increase in staffing establishment. This review will be completed and recommendations put to Board at their next meeting.

#### **4. Financial Implications (Accountable Body comments)**

This report has been authored by the Accountable Body and the recommendations are considered appropriate.

#### **5. Legal Implications (Accountable Body comments)**

None

#### **6. Equality and Diversity implication**

6.1 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.

6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

6.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body 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.

#### **7. List of Appendices**

Appendix 1 – BEIS FOI Response (*not attached to this report as part of 7/12 SELEP Board pack*).

#### **8. List of Background Papers**

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> Stephanie Mitchener (On behalf of Margaret Lee)	8/11/18

## Agenda Item 7: Capital Programme Update & LGF 3b

### Appendix 3 – Letter to MHCLG

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Laura Jackson  
Cities and Local Growth Unit  
1<sup>st</sup> Floor, Fry Building  
2 Marsham Street  
London  
SW1P 4DP

7<sup>th</sup> November 2018

#### LGF spend in Growth Deal period

Dear Laura

As we have discussed through our recent liaison meeting, we have made strong progress in implementing the recommendations of the Ministry for Housing, Communities and Local Government (MHCLG) Deep Dive. In particular, substantial work is underway to refresh SELEP's investment pipeline of future Local Growth Fund (LGF) projects, should LGF underspend become available. The membership and Terms of Reference for SELEP's Investment Panel has now been agreed and the Panel is due to meet on the 7<sup>th</sup> December 2018 to prioritise the large number projects which have been identified through the 'LGF3b' open call for projects, as part of SELEP's pipeline development process.

To help inform the decision making of the Investment Panel and future funding awards by SELEP's Accountability Board, we're seeking confirmation from the Cities and Local Growth Unit (CLGU) about Government's expectations for LGF spend within the Growth Deal period.

It is our understanding that Central Government expects LGF allocations to be spent in full within the Growth Deal period, with strong progress being shown towards project delivery within this timeframe. However, there are specific projects which are currently included within our LGF programme which will struggle to progress to delivery by 31<sup>st</sup> March 2021. Specific examples include Beaulieu Park and the A289 Four Elms Roundabout to Medway Tunnel projects, which have received provisional Housing Infrastructure Fund (HIF) allocations from MHCLG.

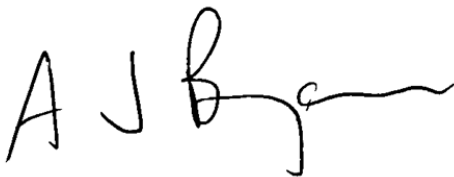
The provisional allocation of HIF to the A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements project in Medway and Beaulieu Park Railway Station project in Essex is clearly welcome news. If the HIF is secured in full for the A289 Four Elms project, then the combining of the HIF and LGF funding streams will enable a larger scale project to be delivered than can be achieved through LGF spend alone. For the Beaulieu Park project, the award of HIF will provide much needed funding to complete the funding package for this project.

Given the large scale of these HIF projects, the LGF spend would extend beyond the Growth Deal period. Of the total £12m LGF allocation to the Beaulieu Park project it is expected that £2.7m can be spent within the Growth Deal period, with the remaining £9.3m being spent in 2021/22 (£1.3m) and 2022/23 (£8.0m). For the A289 Four Elms project then a two year extension would be required to current delivery programme, extending the LGF spend on the project to 2022/23.

Whilst SELEP is fully committed to deliver its Growth Deal with Government, the loss of LGF allocations to these strategically important projects would have a devastating impact on the housing growth which can be unlocked through these interventions. As such, we would welcome flexibility from MHCLG to enable spend of LGF beyond 31<sup>st</sup> March 2021 relating to these projects where match funding has been provisionally identified through HIF.

We look forward to hearing from you in this regard.

Yours Sincerely



Adam Bryan  
**Managing Director**  
**South East Local Enterprise Partnership**



## Agenda Item 9: Lower Thames Crossing

**Appendix 1** – Letter from the Leader of Thurrock Council to partners setting out the position of the Council



Thurrock Council, Civic Offices, New Road,  
Grays Thurrock, Essex RM17 6SL

**Councillor Robert Gledhill**  
**Little Thurrock Rectory Ward**

To SELEP Partners

Dear Colleagues,

Re: Lower Thames Crossing Statutory Consultation

Recently, I again addressed the Special Strategic Board Meeting of SELEP to reaffirm Thurrock Council's opposition to the Lower Thames Crossing.

I am writing to you to seek your support of Thurrock Council's position with regard to the current Lower Thames Crossing proposal which is out to consultation until 20 December 2018.

Apart from being committed to supporting our local businesses and communities, Thurrock has a vital role to play in a regional context and has ambitious plans for its future to provide opportunities for growth. The pace and scale of change is such that the work being done both at a Council level and a regional level presents a once in a lifetime opportunity to deliver real, positive and lasting change for the benefit of our people and the wider economic area.

This latest Lower Thames Crossing consultation on the proposed development consent order application, could be the final opportunity for all of us to have any say in the scheme that Highways England will build, subject to the necessary consents being secured.

As I mentioned at the Board meeting, we have a number of concerns about this latest iteration of the scheme and work is ongoing to get to a point where we have properly and robustly analysed the consultation material. Our preliminary concerns however, can be summarised as follows:-

1. Current consultation scheme:
  - There are now no plans to connect the Port of Tilbury to the LTC which is a significant change in less than a year since the inclusion of the Tilbury link road was announced in November 2017;
  - There will be no access to the LTC eastbound from the A13 and no access to the LTC from the Orsett Cock Roundabout;
  - The new road will include elevated structures over the Tilbury loop line and the Mardyke valley which will be visible and incongruent with the local landscape.
2. The proposed LTC will, as a consequence of poor connectivity, provide a through route for national traffic, providing no benefit for local businesses or local people. This is contrary to Highways England's own scheme objectives of 'supporting local development and regional economic growth'.
3. Should the scheme proceed residents and businesses will have to endure construction impacts for approximately six years having a severe and detrimental impact on health, wellbeing and quality of life.
4. LTC frustrates the Council's emerging local plan by sterilising large parts of the borough and rather than support sustainable local development, it creates a significant barrier to it. It equally frustrates the spatial planning work across South Essex and the collective ambition to deliver a Growth Deal for South Essex in 2019.

Despite our hard work and efforts to date, this is a deeply frustrating outcome for Thurrock and I am calling on our business community and key stakeholders to provide the support we need to ensure that should the Lower Thames Crossing scheme proceed, it delivers tangible benefits and a lasting legacy for all of us and our future generations.

I should further add that the Council unanimously agreed on 31<sup>st</sup> October to support any legal action that may be possible against Highways England's proposals.

It is imperative that we all use our voices to ensure Highways England listen to our concerns and, if a scheme is to be brought forward, to ensure it addresses all of our issues and concerns.

Yours sincerely,



**Councillor Robert Gledhill**  
Leader of the Council

Members Secretariat | 01375 366322  
Email | [rgledhill@thurrock.gov.uk](mailto:rgledhill@thurrock.gov.uk)