

**Forward Plan reference number:** (N/A)

<b>Report title:</b> To Agree Sector Support Fund Grant Allocation to the Coastal Communities Supplement to the SELEP Strategic Economic Plan project	
<b>Report to:</b> Chief Executive Officer of SELEP	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 7th January 2019	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>Divisions affected:</b> Pan-LEP	

## 1. Purpose of Report

- 1.1 The purpose of this report is to set out the recommendations and supporting documentation of the Sector Support Fund (SSF) Bid for the Coastal Communities Supplement to the SELEP Strategic Economic Plan project (the Project). The Project has been through an Independent Technical Review (ITR) process, to enable £40,000 of Growing Places Fund (GPF) Revenue grant to be devolved to East Sussex County Council for Project delivery. The bid document is included in Appendix 1.
- 1.2 The ITR report sets out an analysis to demonstrate that the Project meets the criteria for funding. This report is included in Appendix 2.

## 2. Recommendations

- 2.1 **Approve** the award of £40,000 GPF Revenue grant to East Sussex County Council to support the delivery of the Project identified in the Funding Bid and which has been assessed as meeting the criteria for funding.

## 3. Summary of issue

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

section 3 of the SSF Guidance and be submitted in line with the process in section 4 of the same. This process ensures that the funding is allocated in accordance with the requirements of the SELEP Assurance Framework.

- 3.4. Hastings Borough Council has submitted a bid for SSF of £40,000 to support the delivery of the Project, which was endorsed by the Board on the 7<sup>th</sup> December 2018 and by Team East Sussex Federated Board on 3<sup>rd</sup> December 2018.

#### **4. Project Summary**

- 4.1. The 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.
- 4.2. 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.
- 4.3. In order to deliver the Project a consultant will be appointed to undertake the following:
  - 4.3.1. To consider the current and future opportunities of the Coastal Communities and their potential purpose in the regional economy;
  - 4.3.2. To analyse the opportunities and barriers to investment and growth;
  - 4.3.3. To identify a number of key strategic interventions that may accelerate growth; and
  - 4.3.4. To recommend to SELEP a limited number of strategic priorities for action, identifying key outputs and outcomes that will enable success to be measured.
- 4.4. 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.

## 5. Project Funding

5.1. The total cost of the Project is estimated at £60,000 including a SSF ask of £40,000, along with funding contributions from a number of Local Authorities within the Coastal Communities Group, as set out in Table 1 below.

**Table 1: Project Funding breakdown (£s)**

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

5.2. Funding has been committed by the following Local Authorities: Thanet, Rother, Tendring, Rochford, Eastbourne, Southend, Dover, Folkestone and Hythe, Malden, Lewes and Hastings.

## Issues for consideration

### 6. Risks and Dependencies

- 6.1. The Project risks and dependencies, as detailed in the bid document include:
- 6.1.1. Match funding – delivery of the project is dependent upon receipt of the match funding detailed.
  - 6.1.2. Degree of engagement with stakeholders and potential investors – the greater the participation by coastal authorities the more robust the results will be.
  - 6.1.3. Availability of robust data for economic modelling.
  - 6.1.4. Failure to engage with the project by other coastal authorities will limit the breadth of the report and weaken its potential value in making the case for investment.

### 7. Outcome of ITR Process (*Accountable Body Comments*)

- 7.1. The Accountable Body has independently assessed the Project Bid Document and has confirmed that the Project meets the criteria for funding, including the Assurance Framework requirement with regard to the expectation that high value for money will be achieved.
- 7.2. 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.

- 7.3. The project is pan-LEP and has secured financial contributions from Local Authorities in each federated area. The bid has been endorsed by Team East Sussex Federated Board.
- 7.4. 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.
- 7.5. Whilst a BCR has not been calculated in the bid document, it is considered that due to the difficulty in quantifying the anticipated benefits the Project could be assessed under value for money exemption 1 as detailed in the SELEP Assurance Framework.
- 7.6. 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.
- 7.7. 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.

## **8. Financial implications** (*Accountable Body Comments*)

- 8.1. A total of £1m of SSF funding was available in 2018/19, when taking into account the brought forward funding of £500,000 from 2017/18; of this amount, a total of £793,400 has been awarded to date, leaving an outstanding £206,600 to be allocated.
- 8.2. Two Projects came forward for endorsement for funding at the December 2018 Strategic Board meeting (to note, the 'Delivering Skills of the Future through Teaching' decision is considered in a separate report); the funding allocation for each is set out in Table 2 below.
- 8.3. On approval of these two Project awards, the full 2018/19 funding allocation will have been applied.

**Table 2: Sector Support Fund Summary**

<b>SSF Funding Available</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
	£	£	£	£
Total Funding	1,000,000	500,000	500,000	2,000,000
Less Funding approved to date	793,400	-	-	793,400
<b>Balance of funding available</b>	<b>206,600</b>	<b>500,000</b>	<b>500,000</b>	<b>1,206,600</b>
Plus funding c/f from 2018/19		<b>151,600</b>		
<b>Funding available</b>	<b>206,600</b>	<b>651,600</b>	<b>500,000</b>	

<b>Projects seeking approval:</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
	£	£	£	£
Coastal Communities Supplement	20,000	20,000		40,000
Delivering skills of the future through teaching: teaching for growth	35,000	131,600		166,600
<b>Total projects seeking approval:</b>	<b>55,000</b>	<b>151,600</b>	<b>-</b>	<b>206,600</b>
Funding Available	206,600	651,600	500,000	
<b>Total carry-forward to future years</b>	<b>151,600</b>	<b>500,000</b>	<b>500,000</b>	

8.4. This grant is a fixed maximum contribution to the Project; any Project over spends incurred will be required to be addressed by the Project delivery partner.

## 9. Legal implications (*Accountable Body Comments*)

9.1. The grant will be transferred to East Sussex County Council via a grant agreement with the Accountable Body; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line with the Project Bid Document.

## 10. Equality and Diversity implications

10.1 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.

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

10.3 In the course of the development of the project business cases, the delivery of the project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## 11. List of appendices

11.1. Appendix 1 – Project Bid Document

11.2. Appendix 2 – Independent Technical Review report

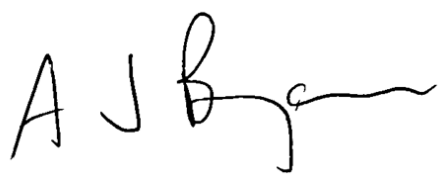
## 12. List of Background papers

12.1. Sector Support Funding Guidance

12.2. SELEP Assurance Framework

12.3. Minutes of the Strategic Board Meeting 7<sup>th</sup> December 2018

Role	Date
<b>Accountable Body sign off</b>  <i>Stephanie Mitchener</i>  (On behalf of Margaret Lee)	02/04/19

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>    Adam Bryan Chief Executive Officer for the South East Local Enterprise Partnership	<b>Date</b>  4/4/19
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