



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

STRATEGIC BOARD INFORMATION ITEMS PACK

Friday 4th October 2019

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Growth Hubs Update Report

1. Purpose

1.1 The purpose of this paper is to provide an update to the Strategic Board (the Board) on the Growth Hubs progress against Section 3 of the Grant Offer letter, Evaluation Report 2018/19 and the recently announced EU Exit Business Readiness programme.

2. Background

2.1 The Grant Offer letter outlining the conditions of the Growth Hub grant for the financial year 2019/20 was awarded to the South East LEP on 24 April 2019.

2.2 The amount of funding received by the South East LEP for 2019/20 is £656,000 and is to be used for the giving of advice to business by the South East Business Hub (SEBH), supporting the further development of each Growth Hub, and simplifying access to support for businesses.

2.3 The annual evaluation for the period of 2018/19 of the SEBH had been undertaken by KADA Research Ltd. The final report had been reported on and subsequently shared with the Board members by email and published on the South East LEP [website](#).

2.4 The aim of the evaluation was to satisfy the Government's requirement that an independent evaluation of the Growth Hub be carried out before the end of 2018/19, as set out in the BEIS Monitoring and Evaluation Framework 2018/19. It also aimed to provide local partners with independent feedback on the value of the work of the SEBH and the investment in supporting local SMEs.

2.5 The report's main headlines and recommendations were outlined in the previous Growth Hubs update provided to the Board on 26 June 2019.

2.6 The Government have set aside £108m to promote and support businesses to ensure they are ready for EU Exit. Part of this funding has been allocated to support a business readiness programme through Growth Hubs.

2.7 As the business readiness programme covers a wide range of different aspects of business support, the Department for Business, Energy and Industrial Strategy (BEIS) proposed to deliver the support through new Growth Hub clusters. The Greater Manchester Business Growth Hub will support BEIS in working directly with the new clusters to help shape and roll out the EU Exit Readiness programme and ramp up collection of business intelligence.

2.8 The creation of 10 new regional Growth Hub clusters means that South East LEP is now part of the wider South East together with the London Local Enterprise Partnership (LLEP) and Hertfordshire LEP. (A map of the clusters can be found at the end of this report). The aim of the new network is to enable the Government engagement with the business community in order to deliver the business readiness programme at pace. There is also an expectation that every LEP and Growth Hub will play an active role within the project, working in partnership with cluster lead organisations and benefitting from the additional support and resources being made available.

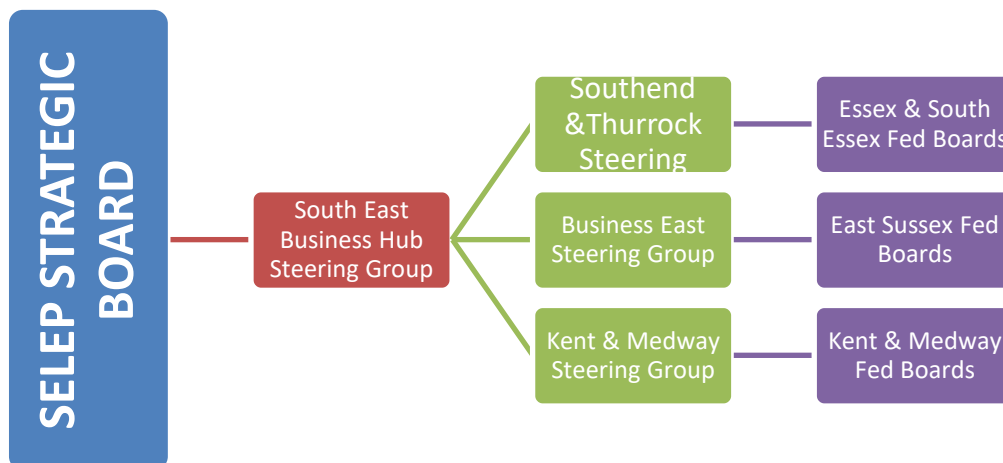
2.9 The national managing partner and cluster leads have been selected by BEIS on the basis of their existing Growth Hub performance over a number of years, capacity to absorb the new roles at pace, quality of business intelligence reported to date and achieving coverage with sensible clusters across England.

3. Overview of progress against Section 3 of Grant Offer Letter

3.1 This year’s Growth Hub Bi-Annual Report is due on 16 October 2019. Whilst the report is still to be written and submitted to BEIS below is a high-level summary of the progress made against the main principles of funding.

3.2 Principle 1 – Management, governance and coordination

3.2.1 The governance structure of the SEBH continues to be based on the federated model and is set out below.



3.2.2 Each Growth Hub has a local steering group whose membership is clearly defined in the terms of reference for the group. The SEBH Steering Group comprises of representatives of contracting authorities, the Accountable Body, U9 group and delivery partners.

3.2.3 The aim of the Steering Group is to oversee and provide strategic input on the direction of the business growth agenda.

3.3 Principle 2 – Data, monitoring, reporting, valuation and value for money

3.3.1 In order to ensure compliance with the refreshed Growth Hub ‘Monitoring and Evaluation Framework’ the Growth Hub Lead and Growth Hubs contract holders have been working on re-developing of the current Customer Relationship Management (CRM) system and aligning the reporting with the updated Framework.

3.3.2 The timeline for completing the re-development work was September 2019 however due to challenges identified with one of the systems being currently used it has been moved to December 2019.

3.3.3 Following the completion of the re-development work the Growth Hub Lead will be able to produce meaningful reports for the Strategic Board future meetings and supply data to BEIS for each reporting period without any additional calculations being undertaken by the Growth Hubs.

3.3.4 The Key Performance Indicators (KPIs) for 2019/20 were agreed and submitted to BEIS as part of the Grant Offer letter.

3.3.5 The KPIs correspond with the updated Framework however as the Growth Hubs are still trying to establish a meaningful way of reporting light touch interactions there is a possibility that the targets may have to be adjusted during the reporting cycle.

KPI	Definition	Targets
Unique business number	Unique number of businesses that have reached either light touch, medium intensity or high intensity	6,314
1) Light touch	Basic signposting (face-to-face, telephone enquiry, web chat, contact form, message through social media) and attendance at Growth Hub organised events (festivals, conferences, pop-ups, networking events but not more intensive workshops)	5,436
2) Medium intensity	Typically diagnostics, referral and follow up (equates to 3h) and attendance at the Growth Hub organised workshop where firm data is collected	1,143
3) High intensity	Accumulative of medium intensity support, working with the Scale-Up Adviser or attendance at Growth Hub organised workshops	175
Satisfaction rating	How would you rate your overall a five point scale 1= very dissatisfied 5= very satisfied (% of satisfied or very satisfied)	92%

Scale Ups	The aspiration and potential with support to deliver significant turnover growth over the next three-year period of at least 50% and who have at least 5 staff in the current period	164
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3.4 Principle 3 – Strategic partnerships and business support simplification

3.4.1 The Growth Hubs continue to build and strengthen relationships with the key local players across the public and private sectors and national providers such as Innovate UK (IUK), Department for International Trade (DIT), the British Business Bank (BBB), investors and universities.

3.4.2 The latest addition to building new partnerships is Be the Business. The Growth Hub Lead together with the Growth Hubs is exploring three of the programmes offered by Be the Business: Productivity through People, Mentoring for Growth and Tech Adoption. Be the Business Benchmarking Tool, which will enable businesses to benchmark their productivity and assess their management practices will be incorporated into the SEBH new website.

3.4.3 The South East LEP continues to support each Growth Hub to tailor their business support to the unique needs of their local area, whilst also being able to gain from joint working and sharing of best practice between the Growth Hubs.

3.5 Principle 4 – Triage, diagnostic and signposting

3.5.1 In order to offer more cohesive support to businesses (single point of contact) in the South East LEP area a new website had been procured. The website will support businesses across the whole of South East LEP geography and use technology to signpost content that is relevant to them based on their geographical location. In case of start-up businesses, the site will direct them to the national Business Support Helpline or relevant support offered by the specific area.

3.5.2 It is anticipated that the new website will also provide future cost savings in the delivery of Growth Hubs, whilst maintaining localised provision.

3.5.3 The Growth Hubs continue to deliver good value for money as identified in the latest evaluation report and making good use of free national assets such as [Great Business](#), GOV.UK and the national [Business Support Helpline](#).

3.5.4 The Growth Hubs developed and deepened close working partnerships with the [British Business Bank](#) (BBB), banks, accounts and others in order to raise awareness of mainstream and

alternative sources of finance covering debt, equity, leasing, diversified funding streams and microfinance in order to increase the number of finance options for growing firms.

3.6 Principle 5 – Ambitious and high growth businesses (Scale-Ups)

3.6.1 The Growth Hubs continue to deliver against locally agreed Scale-Up programmes.

3.6.2 Business Essex Southend and Thurrock (BEST) Growth Hub is delivering highly successful scale-up advice programme of 12 hours of face to face support.

3.6.3 Kent & Medway Growth Hub (KMGH) has worked with the University of Kent and Innovate UK and developed delivery interventions that are addressing productivity and scalability issues. Their highly successful and productive Scale Up Ashford programme has been expanded and now delivers a county wide programme currently supporting 30 scale up companies. Each company receives 36 hours of intensive support over 12 months, which in turn will deliver growth in excess of 20%.

3.6.4 East Sussex County Council (ESCC) has commissioned three pilot projects to run ScaleUp programmes in the County. These are targeted at businesses with the best potential to grow and focus on unlocking barriers to growth.

3.6.5 The Growth Hubs have recently submitted information on their ScaleUp programmes to the [ScaleUp Institute](#) to inform their Annual ScaleUp Review 2019. The outcomes of the annual review are due in November 2019.

4. Progress against action points arising from the Evaluation Report 2018/19

4.2 Following the presentation of the annual Evaluation Report the SEBH Steering Group has been tasked with forming an Action Plan, an internal document enabling the Growth Hubs to show progress against the recommendations identified in the report.

4.3 Each of the Growth Hubs have made an input to the Action Plan and the final version will be presented to the Steering Group at the October meeting.

4.4 Progress against the Action Plan will be monitored by individual Growth Hubs and their local steering groups and fed back to the SEBH Steering Group as appropriate.

4.5 The overall summary of progress against the Action Plan will form part of the Growth Hub Annual Report and will be reported to the Board around March 2020.

5. EU Exit Business Readiness Programme

5.1 The funding to be received by the South East cluster is £500,000. Allocation for delivery of the programme is based on % of VAT registered business population.

5.2 The Grant will be paid to the Accountable Body for the cluster lead, in our case Greater London Authority (GLA), under the same conditions as Growth Hub core funding.

5.3 We are working with GLA and Hertfordshire LEP to understand how the funding will be applied across the cluster geography and to ensure that businesses in the South East LEP area have proper

and appropriate access to the support programme. We will also be working with officials in BEIS to understand whether there is any intention to continue with the cluster structure once the business readiness programme is complete and what that mean for the SEBH operationally and Strategic Board's oversight of the Growth Hub activity.

- 5.4 It is our understanding that the funding will have to be spent in the financial year and can cover activities up until end of March 2020.
- 5.5 The Growth Hubs may have to provide monthly reporting on number of events and number of businesses engaged. It is also anticipated that the weekly reporting on business intelligence will continue and may ramp up to daily reporting. However, so far, we have not received any written clarification on what this may look like.
- 5.6 To date the Growth Hubs have put together a series of events across all three geographical areas. The events have been organised with various partners such as Department for International Trade (DIT), MH Revenue and Customs, BEIS and Chamber of Commerce. Further events will be put in place in order to reach as many businesses in the South East LEP area as possible.
- 5.7 Additionally, to upskill the Business Navigators and Advisers a training event took place on 13 September 2019 and regular updates have been put in place to ensure that those providing support to businesses are well informed and up to date on current developments.
- 5.8 An update on Growth Hubs' role in the business readiness programme and their impact on ensuring businesses are well prepared for the EU Exit will be provided at the next Board meeting.

6. Accountable Body comments

- 6.1 There are no comments from the Accountable Body on this report.

7. Background Documents (available on request)

- 7.1 Grant Offer letter 2019/20
- 7.2 Evaluation of the South East Business Hub – June 2019

8. Further information

- 8.1 New Growth Hub clusters map on next page.

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Growth Hub Clusters

- 1. North East**
North East
Tees Valley
- 2. North West**
Liverpool City Region
Cheshire & Warrington
Cumbria
Greater Manchester
Lancashire
- 3. Yorkshire & Humber**
Leeds City Region
Humber
Sheffield City Region
York, North Yorkshire & East Riding
- 4. West Midlands**
Coventry & Warwickshire
Black Country
Greater Birmingham & Solihull
Stoke-on-Trent & Staffordshire
The Marches
Worcestershire
- 5. East Midlands**
Greater Lincolnshire
Derby, Derbyshire, Nottingham, Nottinghamshire
Leicester & Leicestershire
- 6. Ox Cam ARC**
South East Midlands
Buckinghamshire Thames Valley
Cambridgeshire & Peterborough
New Anglia
Oxfordshire
- 7. London & South East**
London
Hertfordshire
South East
- 8. South West (North)**
GFirst
Swindon & Wiltshire
West of England
- 9. South Central**
Enterprise M3
Coast to Capital
Solent
Thames Valley Berkshire
- 10. South West (Peninsula)**
Cornwall & the Isles of Scilly
Dorset
Heart of the South West



Local Industrial Strategy Update

1. Background

- 1.1 HMG released their Industrial Strategy in November 2017 and have since tasked LEPs with producing a Local Industrial Strategy (LIS) by March 2020.
- 1.2 Officers in the Federated areas have been working very closely with the SELEP Secretariat in recent months to develop an approach to the LIS which builds on the Economic Strategy Statement 'Smarter Faster Together' and the productivity and growth strategies being developed in three of the four Federated areas, and which articulates the shared SELEP agenda in a way which will get the best possible response from Government in terms of future settlements from the Shared Prosperity Fund or other funding streams.
- 1.3 Sharon Spicer and Helen Russell have been in post since June 2019 and are continuing to focus entirely on the delivery of the LIS. They are working closely with the two advisory officer groups that were established to help support the work – a 'Core Group' including upper tier local authorities and Federated Board leads and a 'Stakeholder Group' which includes the core group and extends to universities, colleges, district and borough councils, and the sector-based working groups which exist to support the LEP's agenda already. Both meetings have representation from the Government's Cities and Local Growth Unit (CLGU). The 'Core' and 'Stakeholder' groups are meeting every month on an alternating basis.
- 1.4 A review and recast of the Evidence Base is currently being supported by consultants from Deyton Bell and Lichfields on behalf of SELEP, and the recent Core Group meeting on 10th September considered the early findings from this work. The group endorsed the value of the work completed to date and agreed that it aligned well with the key messages of the local strategies that are either in place or being developed by each of the Federated areas. The evidence base will continue to be refined during the coming months to reflect the outputs of the consultation events and to ensure that it captures relevant information which emphasises the distinctive opportunities within the SELEP area.
- 1.5 SELEP will provide a detailed update to the Board on 6th December, reporting on the outcomes of the evidence base review and consultation and engagement activities to date, and seeking input from the Board on the emerging priorities, content and messages for inclusion in the draft LIS.
- 1.6 SELEP will be required to provide a locally-agreed version of the LIS to the CLGU well in advance of the March 2020 deadline to allow time to discuss and gain agreement from Government. On that basis a final draft, which considers feedback from Board discussions in December 2019, will be brought to the Board in January 2020 for agreement. SELEP will then enter the negotiation and 'co-design' phase with Government, and discussions and further iterations will take place as required between SELEP and Government during February and March 2020.

2. Next steps

- 2.1 The first draft of the evidence base report will be finalised at the end of September and will provide a single comprehensive review of the SELEP economy, structured against the Five Foundations of Productivity as set out in the national Industrial Strategy and highlighting where the LEP area can best contribute to the national Grand Challenges.

- 2.2 This work will be used to inform the next stages of LIS development, including a series of engagement events which will garner the views and input of a range of partners in helping to develop the propositions and opportunities for inclusion in the LIS.
- 2.3 Five dedicated engagement events will take place during October and November, with invitations targeted to businesses, partners and individuals with an interest/expertise relevant to the topic(s) being discussed at each workshop.
- 2.4 All interest groups and individuals will continue to be engaged as part of the process, with the Federated Boards and SELEP working groups engaged continuously, including through the regular Stakeholder Group and Core Group meetings. Information is also being provided to a wider audience through the SELEP newsletter and website.
- 2.5 The SELEP team is in regular dialogue with the CLGU, who will also facilitate engagement with Whitehall departments on specific elements of the SELEP LIS as the process develops.
- 2.6 In addition, SELEP will be engaging with analytical colleagues in the Department for Business, Energy and Industrial Strategy (BEIS) in preparation for Government scrutiny that will take place via the Local Industrial Strategy Analytical (LISA) panel to ensure a clear line of sight from the evidence to the interventions and asks cited in the SELEP LIS.
- 2.7 We will continue to report on progress at each forthcoming meeting of the Board, with draft content for the Strategy to be considered at the Board's December 2019 meeting. Board members will be invited to discuss and feedback on this content, ahead of the draft strategy being presented to the Board in January 2020.

3. Accountable Body comments

- 3.1 It is a requirement of the National Assurance Framework that LEPs implement a LIS, which can be published on the website, that considers the following activities:
 - **Strategy:** Developing an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area;
 - **Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy;
 - **Co-ordination:** Using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors; and
 - **Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.

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Local Growth 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) capital grant programme and Growing Places Fund (GPF) capital loan programme.
- 1.2 A detailed update on the delivery of all LGF and GPF projects is provided within the Accountability Board Agenda Pack from the meeting on the 13th September 2019. A link to this Agenda Pack is provided at the end of this report.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 Note the update on the delivery of the LGF and GPF programmes

3. Local Growth Fund - Overview

- 3.1 Through three rounds of LGF allocations by central government, SELEP has secured a total of £570m investment in projects across SELEP, aimed at boosting skills, unlocking barriers to development and driving economic growth.
- 3.2 To date, a total of £332.449m LGF has been spent on the delivery of these LGF projects, to the end of Quarter 1 2019/20, with 28 projects having been completed to date.
- 3.3 The number of projects included within the LGF programme has increased following the Investment Panel meeting on the 28th June 2019. At the last Investment Panel meeting, the Panel agreed a further eight projects to progress utilising the £15.158m available at the time of the meeting, as set out in Table 1. As such, there are now 107 projects included in the LGF programme.
- 3.4 In June 2019, the Investment Panel also agreed a ranked list of the pipeline projects to progress should additional LGF underspend become available. This includes a further eight projects, as set out in Table 2.
- 3.5 If/when sufficient additional LGF is identified to fund the next project on this ranked list then this project will be able to progress to the Accountability Board for funding approval. Updates on any unallocated LGF will be provided to the Accountability and Strategic Board at each meeting, and the scheme promoter for the next project in line for funding will be informed.
- 3.6 Since June 2019, a further £72,717 unallocated funding has been identified¹. This funding has been identified from A28 Chart Road project, as spend on the A28 Chart Road projects in 2018/19 was marginally lower than reported to the Board in June 2019. As such, the amount of funding to be returned to SELEP has increased from £7.371m to £7.444m.
- 3.7 No further Investment Panel meetings are planned in relation to the LGF3b process, unless the amount of allocated LGF exceeds the value of the pipeline, set out in Table 2.

¹ This figure has been updated since the Accountability Board meeting on 13th September 2019, as a result of confirmation from KCC through the end of year declaration process.

Table 1 LGF 3b project prioritised by the Investment Panel

Project	Federated Area	LGF allocation (£m)
LGF3b projects agreed by the Investment Panel in March 2019		
Bexhill Enterprise Park North	East Sussex	1.940
Digital Technologies Campus	OSE	2.150
Colchester Institute	Greater Essex	0.100
Skills For Rural Businesses Post-Brexit	East Sussex	2.918
USP College CEDTIL	OSE	0.900
Thanet Parkway	KMEP	4.000
Flightpath Phase 2	Greater Essex	1.422
Sidney Little Road Business Incubator Hub	East Sussex	0.500
Innovation Park Medway (northern site) – Enabling infrastructure	KMEP	1.519
Subtotal		15.448
LGF3b projects agreed by the Investment Panel in June 2019		
M2 J5 Improvements	KMEP	1.600
Bexhill Creative Workspace	East Sussex	0.960
Kent and Medway Medical School	KMEP	4.000
Exceat Bridge Replacement	East Sussex	1.500
Tilbury Riverside	OSE	2.360
Southend Town Centre	OSE	0.868
Basildon Innovation Warehouse	OSE	0.870
University of Essex Parkside Phase 3	Greater Essex	3.000
Subtotal		15.158
Total LGF3b projects		30.606

Table 2 Pipeline of projects prioritised by Investment Panel June 2019 (to be progressed if additional LGF unallocated funding is identified)

Project	Federated Area	LGF ask (£m)
University of Essex Parkside Phase 4	Greater Essex	2.000
Southend Town Centre Phase 2	OSE	0.632
Kent and Medway Medical School	KMEP	4.000
Exceat Bridge Replacement	East Sussex	0.611
Eastbourne Fisherman's Quayside & Infrastructure Development	East Sussex	1.080
New Construction Centre, Chelmsford	Greater Essex	1.295
Colchester Grow-on Space - Queen Street	Greater Essex	3.777
NIAB	KMEP	1.750
Total		15.146

4. Accountability Board Funding Decisions

- 4.1 A majority of the LGF projects included within the current LGF programme have now come forward for Accountability Board approval, including new LGF3b projects.
- 4.2 On the 13th September 2019, the Accountability Board approved the award of £4.220m to the following three projects:
- 4.2.1 USP College Centre for Excellence for Digital Technologies and Immersive Learning, Benfleet, Essex (£900,000);
- 4.2.2 Bexhill Creative Workspace (£960,000 LGF); and
- 4.2.3 Tilbury Riverside Business Centre Expansion (£2.360m LGF).
- 4.3 The Accountability Board also agreed changes of scope for the following two projects:
- 4.3.1 Medway City Estate connectivity improvements project - Phase 2 of this project now involves the delivery of a slip road from Anthony's Way on Medway City Estate, to Berwick Way.
- 4.3.2 A131 Braintree to Sudbury – This project now only involves the delivery of Marks Farm Roundabout (the project title will now be updated to reflect this change), rather than a wider package of improvements along the A131 corridor.
- 4.4 Further information about these project changes and funding decisions can be found within the Accountability Board Agenda Pack.

5. LGF Spend position

- 5.1 The 2019/20 LGF spend forecast totals £131.674m. This figure has increased relative to the planned spend of £107.314m as expected at the outset of 2019/20 financial year. This increase in the forecast LGF spend in 2019/20 is due to:
- 5.1.1 An increase in the slippage of LGF spend from 2018/19 to 2019/20; and
- 5.1.2 The inclusion of new LGF3b projects within the SELEP LGF programme.

5.2 Despite this increase in the forecast spend during 2019/20, a slippage of £25.033m LGF is forecast from 2019/20 to 2020/21. The forecast LGF spend in 2019/20 will be carried forward to the final year of the LGF programme (2020/21). This will increase the delivery pressures within the final year of the LGF programme.

6. Project Evaluation

- 6.1 Post scheme evaluation is required for each LGF project as the project is completed. 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.
- 6.2 To date, it is reported that a total of 8,842 jobs and 13,475 dwellings have been completed through LGF investment, as shown in Table 3 below. This is relative to the 78,000 jobs and 29,000 homes which SELEP committed to deliver through its Growth Deal by 31st March 2021. The delivery of jobs and dwellings reported to date is lower than expected, relative to the outputs committed to through the Growth Deal. It is likely that the output and outcomes will continue to increase through the remainder of the Growth Deal, as projects progress to completion and given the time lag between investment taking place and benefit realisation.
- 6.3 Work is underway to ensure that where project benefits have started to be realised, these are reported to SELEP and Central Government. As part of the SELEP Delivery Plan, annual forecasts have been agreed for the number of jobs and houses which are expected to be delivered within each financial year. SELEP will track progress against these targets.
- 6.4 In 2019/20 financial year, it is expected that 12,661 jobs and 5,223 houses will be delivered as a result of LGF investment across the SELEP area. Limited progress has been reported to SELEP against the target number for jobs and homes to be delivered in 2019/20. This may be in part due to housing completion figures being made available by district authorities on an annual basis following the completion, rather than the quarterly basis sought by central government and therefore SELEP.
- 6.5 There is also a risk, as a result of the uncertainty around Brexit, that private sector investment decisions may be deferred and as such, there may be delays to the benefits of LGF investment being realised.

Table 3 Project Outputs Reported to Date

	To date			Forecast in 2019/20		Total forecast through delivery of the LGF programme	
	Jobs	Homes	Other outputs	Jobs	Houses	Jobs	Houses
East Sussex	1,376	1,841	0.5km of newly built road and 3km of new cycle route built	2,350	409	4,916	2,708
Essex	5,684	6,240		3,554	1,950	52,817	46,300
Kent	169	3,094	7.0km of road resurfaced, 1.2km of newly built road and 18.6km of new cycle route built	5,670	1,177	25,197	23,454
Medway	1,433	1,144	1.145km of road resurfaced and 13.6km of new cycle route built	867	1,616	19,057	9,905
Southend	0	1156	3.432km of road resurfaced, 0.626km of newly built roads and 0.408km of new cycle route built	0	0	3,864	5,346
Thurrock	180	0	3.75km off-carriageway new cycle/shared use paths, 0.995km of on-carriageway cycle way, 7.5km of footways to off-carriageway cycle/shared used paths.	220	71	20,547	6,859
Total	8,842	13,475		12,661	5,223	126,398	94,572

7. Deliverability and Risk

7.1 Appendix A 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 completed based on the following three parameters, in accordance with the reporting to the Ministry for Housing, Communities and Local Government (MHCLG):

- 1.1.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.

To ensure consistency with MHCLG guidance on the assessment of LGF project deliverability risk, all projects with a great than 3 month delay are shown as having a risk of greater than 4, unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.

1.1.2. **Financial** – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2019/20 between the planned spend (agreed with the Board at the outset of the financial year) and the updated spend forecast for 2019/20).

1.1.3. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP

7.3 Since the last update report, the number of projects with an overall risk score of 5 (categorised as high risk) has decreased from 7 to 3 as a result of funding decisions having been made in relation to certain projects, change requests having been agreed by the Accountability Board and other projects having been removed from the LGF programme.

7.4 One of the projects which have reduced in risk is Beaulieu Park Railway Station project, following the successful announcement of the £124.5m Housing Infrastructure Fund (HIF) allocation to the project, as part of a larger £314m allocation to projects across Essex. This bridges the funding gap which previously presented a substantial risk to the delivery of the project.

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

Score	Delivery	Financials	Reputation	Overall
5	9	10	2	3
4	15	14	6	15
3	9	9	13	17
2	11	9	15	21
1	63	65	71	51
Total	107	107	107	107

7.5 The A13 widening project is one of three projects identified as high risk. A full update on the delivery of the A13 widening project is included under agenda item 9. Updates will be continue to be provided on the A13 widening project though a separate update report at each meeting of the Accountability Board. The Strategic Board will also be kept informed through the capital programme update reports each quarter. More information about LGF project and programme risks can be found within the Accountability Board agenda pack from 13th September 2019.

7.6 Having mitigated the risks for a number of projects which were previously RAG (Red-Amber-Green) rated as ‘very high’ risk, attention will now turn to ensure satisfactory delivery progress on those projects RAG rated as having a ‘high’ risk. This is to ensure maximum impact of LGF investment prior to the end of the Growth Deal period (31st March 2021).

8. Growing Places Fund (GPF)

- 8.1 In addition to the LGF programme, SELEP also operates a £49.21m GPF capital loan fund programme. To date, GPF has either been invested or allocated for investment in a total of 21 capital infrastructure projects, as detailed in Appendix B.
- 8.2 GPF repayments have been made from a number of projects, with £17.672m having been repaid to date and a further £10.024m expected to be repaid in 2019/20. Whilst some of this funding has already been invested through GPF Round 2, launched in 2017, there is expected to be sufficient GPF available by the end of 2019/20 to commence a new call for GPF projects. As such, a process for the reinvestment of this GPF has been set out under agenda item 7.
- 8.3 Based on the expected GPF repayments and the payments due to be made in 2020/21 for projects which are already allocated GPF, it is expected that approximately £20.724m GPF will be available for reinvestment between 2020/21 and 2021/22.

9. Update on existing GPF projects

- 9.1 A deliverability and risk update is provided for each GPF project in Appendix A. Ten GPF projects have now been completed, with the benefits of investment starting to be realised. It is reported that 1,877 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 5 below.
- 9.2 Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.
- 9.3 A RAG rating is being used to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Parkside Office Village project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.
- 9.4 North Queensway and the Centre for Advanced Engineering projects have both been completed, however, no job outcomes have been reported to date. It is understood that the jobs figures for both projects are still being calculated.
- 9.5 There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Harlow West Essex and Sovereign Harbour.
- 9.6 Through the next round of update reporting, local partners will be asked to confirm an updated forecast for the number of jobs and houses to be delivered, to reflect any changes to the expected

benefits of the GPF projects since the project business cases were submitted. This will also consider any lessons which can be learnt and applied to the next round of GPF investment.

9.7 These RAG ratings will be updated in advance of each Board meeting, based on the GPF project update reports submitted by local areas.

Table 5 - Monitoring of GPF project outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date		Variance *	
	Jobs	Homes	Jobs	Homes	Jobs	Homes
Round 1 GPF Projects						
Priory Quarter Phase 3	440	0	240	0	-200	0
North Queensway	865	0	0	0	-865	0
Rochester Riverside	1,004	374	25	94	-979	-280
Chatham Waterfront	211	159	211	0	0	-159
Bexhill Business Mall	299	0	98	0	-201	0
Parkside Office Village	127	0	270	0	143	0
Chelmsford Urban Expansion	600	4,000	0	919	-600	-3,081
Grays Magistrates Court	200	0	144	0	-56	0
Sovereign Harbour	299	0	220	0	-79	0
Workspace Kent	198	0	91	0	-107	0
Harlow West Essex	4,000	1,200	390	200	-3,610	-1,000
Discovery Park	130	250	0	0	-130	-250
Live Margate	0	66	0	32	0	-34
Round 2 GPF Projects						
Colchester Northern Gateway	81	450	0	0	-81	-450
Charleston Centenary	6	0	6	0	0	0
Eastbourne Fisherman	4	0	0	0	-4	0
Centre for Advanced Engineering	56	0	0	0	-56	0
Fitted Rigging House	300	0	170	0	-130	0
Javelin Way Development	311	0	0	0	-311	0
Innovation Park Medway	307	0	0	0	-307	0
No Use Empty Commercial	16	28	12	7	-4	-21
Totals	9,454	6,527	1,877	1,252	-7,577	-5,275

*Variance is the difference between the expected outcomes stated in the Business Case and those delivered to date

Key:

	Projects which have been completed and which have delivered the jobs or homes outcomes as defined in the Business Case.
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	Projects which have been completed and which have shown some progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which have been completed but which have not yet shown any progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which are ongoing/yet to start and would therefore not be expected to be delivering jobs and homes outcomes in line with the figures defined in the Business Case.

10. Accountable Body Comments

- 10.1 All funding allocations that are agreed by the Accountability Board are dependent on the Accountable Body receiving sufficient funding from HM Government. LGF Funding allocations for 2019/20 have been confirmed, however, funding for future years remains indicative.
- 10.2 Government has made future LGF funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's s151 Officer that the financial affairs of the SELEP are being properly administered.
- 10.3 A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2018/19 into 2019/20 totalling £57.719m; in addition, slippage of in excess of £25.033m is already reported into 2020/21. This creates a risk to delivery in the remaining two years of the programme.
- 10.4 LGF is transferred to the Partner Authority through a Funding Agreement or a Service Level Agreement. The Funding Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.5 ECC, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.6 Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 10.7 With respect to the GPF programme, each project awarded GPF is required to enter into a credit agreement with the Accountable Body. This sets out the terms and conditions of the GPF loan and the schedule upon which repayments against that loan must be paid.
- 10.8 It is noted that delivery of outcomes for both the LGF and GPF programmes remain behind targets set out in the Growth Deal and the Board is advised to continue to seek updates in this respect, as part of its role in monitoring delivery of the Growth Deal and to identify opportunities for lessons learnt to inform future investment and delivery of the SELEP strategies.

11. Appendices

- 11.1 Appendix A – LGF project update
- 11.2 Appendix B – GPF project update

12. Background reports

- 12.1 [Accountability Board Agenda Pack 13th September 2019](#)

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Date: 16th September 2019

Project	Deliverability						Financial						LGF spend 2019/20						
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q1 2019/20	LGF spend to date (%) Up to end of Q1 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2022	14	4	£11,100,000	£1,508,260	14%	£18,697,000	£11,564,000	-38%	4.275000	£4,275,000	£937,000	£-3,338,000	5	2	4
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	01/10/2019	15	4	£8,600,000	£5,108,373	59%	£12,750,000	£10,070,000	-21%	4.314000	£4,314,000	£4,500,000	£186,000	4	2	3
Chatham Town Centre	Mar-15	Construction in progress	31/07/2017	01/10/2019	26	5	£4,200,000	£3,754,058	89%	£4,900,000	£5,129,000	5%	0.399000	£399,000	£756,000	£357,000	2	1	3
Medway Cycling Action Plan	Mar-15	LGF project delivered	31/03/2018	31/03/2019	12	1	£2,500,000	£2,500,000	100%	£2,900,000	£2,800,000	-3%	0.000000	£0	£0	£0	1	1	2
Medway City Estate	Mar-15	Design in progress	31/03/2021	31/03/2021	0	1	£2,200,000	£572,497	26%	£2,000,000	£2,094,000	5%	1.396000	£1,396,000	£560,000	£-836,000	4	3	3
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	31/03/2020	24	5	£4,400,000	£625,424	14%	£4,400,000	£4,400,000	0%	3.771000	£3,771,000	£3,778,000	£7,000	4	3	4
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	31/12/2020	0	4	£3,700,000	£113,350	3%	£48,900,000	£48,670,000	0%	2.400000	£2,400,000	£2,508,000	£108,000	4	3	4
Strood Civic Centre - flood mitigation	Feb-18	Construction in progress	30/04/2019	01/06/2019	1	1	£3,500,000	£3,500,000	100%	£92,000,000	£92,000,000	0%	0.000000	£0	£0	£0	1	1	1
Innovation Park Medway (phase 3)	Pending	Approval pending	31/12/2020	31/12/2020	0	2	£1,518,500	£0	0%	£82,852,000	£82,852,000	0%	0.000000	£0	£0	£0	1	1	1
Southeast																			
Southeast Growth Hub	2015	LGF project delivered	31/12/2016	01/03/2017	2	1	£720,000	£720,000	100%	£4,562,000	£7,092,000	55%		£0	£0	£0	1	1	1
Southeast Forum 2	Feb-18	Design in progress	01/09/2021	01/09/2021	0	1	£6,000,000	£600,000	10%	£17,298,000	£17,298,000	0%	1.000000	£1,000,000	£1,030,000	£30,000	1	1	1
TGSE LSTF - Southeast	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£1,000,000	£1,000,000	100%	£1,000,000	£1,000,000	0%	0.000000	£0	£0	£0	1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	19/05/2017	31/05/2019	24	4	£4,300,000	£4,300,000	100%	£7,150,000	£5,700,000	-20%	0.000000	£0	£0	£0	1	1	1
A127 The Bell	Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	1	£4,300,000	£680,000	16%	£5,229,000	£5,020,000	-4%	0.800000	£800,000	£831,000	£31,000	2	1	3
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	2	£8,000,000	£1,438,000	18%	£8,000,000	£8,000,000	0%	2.000000	£2,000,000	£2,573,000	£573,000	3	1	2
Southeast Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	31/03/2021	0	2	£7,000,000	£2,860,757	41%	£7,600,000	£7,000,000	-8%	2.000000	£2,000,000	£500,000	£-1,500,000	5	2	3
London Southend Airport Business Park	Feb-16, Sep-17 and Sep-18	Construction in progress	31/03/2021	30/09/2021	5	4	£23,090,000	£8,913,679	39%	£31,090,000	£31,070,000	0%	12.693000	#####	#####	£-1,529,000	4	2	3
Routhead Town Centre Phase 1	Pending	Approval pending	TBC	TBC		1	£867,708	£0	0%	TBC	£2,000,000			£0	£750,000	£750,000	1	1	1
Thurrock																			
TGSE LSTF - Thurrock	Mar-15	Construction in progress	31/03/2016	31/03/2020	48	5	£1,000,000	£875,024	88%	£1,000,000	£1,243,000	24%	0.163000	£163,000	£125,000	£-38,000	4	2	4
Thurrock Cycle Network	Apr-16	LGF project delivered	31/03/2019	31/03/2019	0	1	£5,000,000	£5,000,000	100%	£6,000,000	£6,000,000	0%	0.000000	£0	£0	£0	1	1	1
London Gateway/Stanford le Hope	Feb-17	Design in progress	31/12/2018	30/09/2020	20	4	£7,500,000	£5,005,602	67%	£12,050,000	£15,090,000	25%	0.547000	£547,000	£2,731,000	£2,184,000	4	3	4
A13 - widening development	Feb-17	Construction in progress	31/12/2019	31/12/2020	12	2	£5,000,000	£5,000,000	100%	£5,000,000	£5,000,000	0%	0.000000	£0	£0	£0	1	1	2
Purfleet Centre	Jun-16	Design in progress	01/09/2027	01/01/2030	28	4	£5,000,000	£2,217,838	44%	£122,000,000	£122,000,000	0%	0.000000	£0	£3,159,000	£3,159,000	5	1	3
Grays South	Feb-19	Design in progress	01/07/2022	01/02/2023	7	4	£10,840,274	£215,334	2%	£27,436,981	£27,440,000	0%	3.700000	£3,700,000	£3,700,000	£0	1	2	2
A13 widening	Apr-17	Construction in progress	31/12/2019	31/12/2020	12	4	£66,057,600	£34,831,974	53%	£78,900,000	£73,867,000	-6%	25.011000	#####	#####	£7,166,000	5	5	5
Tilbury Riverside	Pending	Approval pending	TBC	TBC		1	£2,360,000	£0	0%		£5,118,000						1	1	1
Managed Centrally																			
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2018	12	1	£21,974,561	£21,974,561	100%	TBC	TBC		0.000000	£0	£0	£0	1	1	1
M20 Junction 10a	Feb-17	Construction in progress	31/09/2020	31/09/2020	0	1	£19,700,000	£19,700,000	100%	£104,400,000	£104,400,000	0%	0.000000	£0	£0	£0	1	1	1

* Updated forecast spend as reported in August 2019

** Difference between the planned LGF spend at outset of 2019/20 and current spend forecast for 2019/20 (Positive values shows increase in planned spend and negative values shows decrease in planned spend).

Capital Programme Update Appendix 2										
Name of Project	Upper Tier	Description	Current Status	GPF allocation	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Growing Places Fund Round One										
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs.	The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m ² of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still achievable when the building is fully occupied. The Priory Quarter has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	£7,000,000	Project Complete	Project Complete	Priory Quarter has been sold enabling full repayment to be made in 2018/19.			
North Queensway	East Sussex	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m ² (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	£1,500,000	Project Complete	Project Complete and GPF funding spent in full	Continued slow take up in land sales. One new business is to begin development which it is anticipated will catalyse interest in the other plots, which will enable the final repayment to be made in 2019/20.	Once the development of the first plot is underway and further interest is stimulated the delivery of outputs will begin to flow.		
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The marketing suite, show flat and station square opened on 3rd November, with the first show home opening in December 2018. Further show homes opened in February and April. There was a topping out ceremony on 7th March 2019. The first housing is due to be completed in Q2 2019/20. Construction of the hotel started on site in September 2018 and will be completed by September 2019. Work is due to commence on the school in August 2019.	£4,410,000	This project is already on site and the S106 agreement was signed at the end of January 2018.	The GPF Funding has already been spent	Medway Council is happy with the current repayment programme and has made the first two repayments.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks.		Overall the project is on track to deliver outputs and outcomes.
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 115 homes over 6 storeys with ground floor commercial space and 115 parking spaces.	Construction Management route chosen for delivery of project. Initial design stage works taking place as well as work to clear pre-commencement planning conditions such as archaeology boreholes. S106 agreement being finalised.	£2,999,042	Three key areas of delivery risk identified but work is underway to mitigate these risks to ensure the project is delivered according to programme.	The GPF Funding has been spent.	Medway Council is comfortable with the current repayment schedule.	Development project will deliver 175 new homes and additional commercial space.		Project currently on time and any risks are being mitigated
Bexhill Business Mall	East Sussex	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	The building is 100% let to a single occupier. Whilst job numbers are currently lower than anticipated there is space for the occupants to grow.	£6,000,000	Project Complete	Project Complete	Building sold in April 2019, allowing full repayment to be made in mid 2019/20	Building 100% let and currently housing 98 jobs, which is less than originally anticipated, however this does provide space for the tenant to grow over time.		
Parkside Office Village	Essex	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full. 270 jobs created through the project.	£3,250,000	Project Complete	Project Complete	Project Complete and loan repaid in full.	All units fully occupied with enquiry waiting list. Expected job outcomes realised.		Project Complete

Capital Programme Update Appendix 2										
Name of Project	Upper Tier	Description	Current Status	GPF allocation	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Chelmsford Urban Expansion	Essex	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested, project complete and GPF has been repaid in full.	£1,000,000	Project Complete	Project Complete	Project Complete and loan repaid in full.	Project Complete		Project Complete
Grays Magistrates Court	Thurrock	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayments are being made. The refurbished building is now in use and having a positive impact in the town centre.	£1,400,000	Project Complete	GPF funding spent in full	Final repayment will be made in 2019/20	The project has now delivered 144 jobs (including those currently at the Courthouse and businesses which have occupied space in the building but which have now grown in size and moved on).	The only significant risk to the project now is a significant economic down turn which impacts on occupancy. Currently, however, demand across the borough is strong and targets are being achieved	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m ² of high quality office space. This development has delivered 220 jobs. Revised repayment schedule put forward as a result of uncertain economic environment which has resulted in a number of businesses occupying space in Pacific House going out of business, therefore impacting on income from rental receipts.	£4,600,000	Project Complete	Project Complete	Revised repayment schedule submitted for Board consideration.			
Workspace Kent	Kent	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are four projects within this programme. Of these, one project has been completed and has repaid in full, two projects are meeting their repayment schedule and one project is behind on their targeted repayment schedule. A decision on the final project within this programme is expected to be made on 18th October, allowing the remaining GPF funding to be used by the end of 2019.	£1,500,000	There is a risk to defrayment of the final amount of funding, however, a full application is expected to be received from a company soon. If this application is successful as elements of the project will be underway by the end of 2019.	There is a risk to defrayment of the final amount of funding, however, a full application is expected to be received from a company soon. Assuming this application meets the Panel's agreement, the full amount of funding will be spent by the end of 2019.	There is a slight delay on repayment from one of the loan applicants. Loan agreement being renegotiated in line with income received from business.	Some job numbers have been delayed for approximately one year due to a new project build not completing in accordance with the agreed programme. However, the remainder of the project is on schedule for delivery and outcomes will be realised.		
Harlow West Essex	Essex/Harlow	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope and GPF funding repaid	£1,500,000	Project Complete	Project Complete	Project Complete and loan repaid in full.	Enterprise zone is operational with 85% of space let.		Further works in the programme ongoing in Harlow that help improve the overall viability and attractiveness of the Enterprise Zone.
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	Work has been ongoing to discharge pre-commencement planning conditions. A full project update report is provided as part of the agenda pack. The report sets out the requirement for a new repayment schedule to be implemented due in part due to a change in intended delivery method for the wider project.	£5,300,000	Full project update report provided in agenda pack. Subject to the Board supporting the continued allocation of GPF to the project there are no significant identified risks to delivery.	Full project update report provided in agenda pack. GPF funding will be spent significantly later than initially planned, however, a revised spend profile and project programme have been provided.	Approach to repaying GPF funding has been amended, with residential development now being taken forward by the scheme promoter, rather than land being sold to a developer. This requires an amended repayment schedule as repayment will now not be possible until the first phase of houses has been completed and sold.	Full project update report provided in agenda pack. Assuming the funding remains allocated to the Project it is expected that the project outcomes will be met.	Full project update report provided in agenda pack. Board may choose to reallocate the GPF funding through the upcoming GPF process.	Full project update report to be considered during the Accountability Board meeting.

Capital Programme Update Appendix 2										
Name of Project	Upper Tier	Description	Current Status	GPF allocation	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	<p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>Contracts have been exchanged on a property, which once developed has the potential to create approximately 27 dwellings.</p> <p>Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use.</p> <p>To date the GPF funding is being used to support the creation of 52 new homes. To date 23 units have been completed and occupied.</p>	£5,000,000	Offers have been accepted on two properties, with exchange of contracts complete for one property and anticipated for the second. Other potential investment opportunities are also being examined, that accord with the loan agreement objectives and criteria.	Spend delays would be primarily caused by delays in the acquisitions completing due to nature of the property market, profile of private landowners in the area and the council needing to ensure best consideration is achieved.	Subject to exchanging successfully, the repayment profile should be met.	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 66 homes will be achieved by 24/25.	As with any development project, there is a planning risk, although for the identified properties this is considered to be low risk.	
Revenue admin cost drawn down	n/a		n/a							
Harlow EZ Revenue Grant	n/a		n/a							
Growing Places Fund Round Two										
Fitted Rigging House	Medway	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m ² of office space.	<p>Building works to the project are now mostly complete. Seven tenants have taken occupation of their spaces with the final tenant due to move into the building in August 2019. The building will then be fully occupied.</p> <p>Works to Chatham Historic Dockyard Trust Archive, Library and Volunteer Centre have been delayed slightly due to issues with the installation of lifts. However, the project is on track for completion by the end of October 2019.</p>	550,000	Delay in delivery of main lift for stair core but an additional platform lift has been installed (at no cost to CHDT) to mitigate.	GPF allocation spent in full.	Low risk - any shortfall in income received from tenants to be offset by charitable reserves. Tenant spaces now fully let.	Realisation of outcomes dependent upon space being occupied by tenants. As all contracts are now in place for all tenant spaces this is considered to be low risk.		Project is nearing completion

Capital Programme Update Appendix 2				Deliverability and Risk						
Name of Project	Upper Tier	Description	Current Status	GPF allocation	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Innovation Park Medway (southern site enabling works)	Medway	<p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>Demolition of the disused building is now complete.</p> <p>Consultants have been appointed to undertake design work in line with the Masterplan and draft Local Development Order. The design work is in progress and is on track to meet the programme. Once the Local Development Order has been adopted, the final design will be taken through the self-certification process and work will subsequently begin on site.</p> <p>There remains a risk to the adoption of the LDO as any comments submitted by statutory consultees must be satisfactorily addressed before the LDO can be taken forward. Formal comments from Highways England on the proposals for the wider Innovation Park Medway site are awaited, however, a number of initial queries have been addressed.</p>	650,000	Adoption of the Local Development Order is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including any comments raised by Highways England.	GPF spend is not expected to be delayed providing work starts on site by April 2020. This is still achievable as long as the adoption of the LDO is not delayed.	A tender process is currently underway to appoint a marketing consultant to select occupants for the site. Soft market testing to date indicates a high level of interest with businesses ready to take up plots as they become available. Capital receipts/business rates will then become available for repayments. Development of the site is dependent upon the LDO being adopted.	Delivery of Project outcomes is dependent upon the LDO being adopted. Once the LDO is in place there will be minimal risk to the realisation of Project outcomes as there has been significant interest in the site.		
Centre for Advanced Engineering	Essex	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.	Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.	2,000,000	Project delivered	GPF funding spent in full	No risk.			
Colchester Northern Gateway	Essex	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes including 260 extra care and up to 100 bed Nursing home providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	<p>Main contract commenced on 29th April following approval of relevant planning conditions. The first phase includes construction of access and sports buildings.</p> <p>Highways design work underway in consultation with County and Highways England over safety improvements to parts of the highways network including Junction 28 across the A12.</p> <p>GPF legal agreement between Colchester Borough Council and Essex County Council has now been signed, allowing drawdown of funding to commence.</p>	2,000,000	Agreement between Colchester Borough Council and Essex County Council is now in place, reducing risk to delivery.	Spend on the project will be later than originally forecast due to delays in finalising the GPF funding agreement between Colchester Borough Council and Essex County Council.	There is no risk to the repayment schedule.	Project delivery is at an early stage	Slight delay to practical start on site whilst await determination of relevant planning conditions but haul road, site setup and site investigation works undertaken during Q4 2018/19. Completion of project will align with readiness of last three grass pitches in autumn 2020.	
Charleston Centenary	East Sussex	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.	120,000	Project complete	GPF funds spent	Repayment schedule is factored in to the cash flow forecasting and risk register which are regularly reviewed.			

Capital Programme Update Appendix 2										
Name of Project	Upper Tier	Description	Current Status	GPF allocation	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Eastbourne Fishery	East Sussex	This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.	Work on the project has been delayed due to a number of issues, including the original appointed contractor going out of business. The heads of terms were agreed for the lease by the Premier Board (landowner) in February 2019. This was followed by a number of discussions which were needed to reach a consensus over the definition of some of the terms in the agreement, which has caused further delay to the project. There is an expectation that a final agreement will be reached by the end of August. Work on site will then commence in September 2019, with a projected end date of May 2020.	1,150,000	There has been a delay in beginning work on the project, however, the project is still deliverable and work will commence onsite in the near future.	Project has experienced a number of delays which have resulted in delayed start of GPF spend. Once the agreement is in place with the landowner work on the project can commence and the GPF funding will be spent in full.	Repayment schedule will be met.	Objectives and deliverables are still as per the original business case.	The short term possible effects of a no-deal Brexit on small fishing fleet is unclear, although in the longer term there should be a possibility for increased quotas.	
No Use Empty Commercial	Kent	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	The project has contracted with 8 projects in Dover, Folkestone and Margate. All projects have commenced. Two further potential projects have been identified and are in the final stages of processing and are expected to be in contract by September 2019. These projects will provide 11 commercial units and 27 residential units.	1,000,000	All GPF funds have been drawn down by March 2019. Contracts are now in place to deliver 75% of the homes as stated in the Business Case.	The No Use Empty Commercial project has currently allocated £540,000 of the £1,000,000 drawn down.	The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay back the first £500,000 by March 2021.	The number of commercial units in contract exceed the total stated in the Business Case. 75% of the homes required are in contract.	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case. 75% of the homes required are in contract.	

Strength in Places Fund – Wave 1 and Wave 2 Bids

1. Purpose

- 1.1 The purpose of this paper is to inform the Strategic Board (the Board) on Waves 1 and 2 Strength in Places Fund bids that originate from, or have strong outputs in, the South East Local Enterprise Partnership (SELEP) geography.

2. Background

- 2.1 The Strength in Places fund (SIPF) is a competitive funding scheme for businesses and research organisations led by UK Research and Innovation (UKRI) that takes a place-based approach to research and innovation funding to support significant local economic growth. Any business or research organisation is eligible to lead a bid, but they must demonstrate strong engagement with local leadership partners.
- 2.2 A first round (Wave 1) of funding has taken place with 23 bids throughout the country being awarded seed corn funding of up to £50,000 to develop full stage applications that will be submitted to a closed call in September 2019.
- 2.3 Two bids from the South East were successful in obtaining seed corn funding in Wave 1; ‘Realising Economic Potential for Agricultural (and Horticultural) Yield – REPAY’ – led by the University of Essex, and ‘Growing Kent and Medway’ – led by the National Institute of Agricultural Botany, East Malling Research (NIAB EMR).
- 2.4 A Greater London-based bid, ‘Performing Productivity: Screen, Stage and the Performing Arts for Economic Growth in the Thames Estuary Production Corridor’ (Performing Productivity), was also successful in obtaining seed corn funding in Wave 1. This bid is being led by the University of the Arts London and has a substantial level of planned outputs within the SELEP geography.
- 2.5 It should be noted that all Wave 1 full stage applications require LEP support to progress successfully through the next stage. As such, SELEP has submitted letters of support to both Wave 1 bids from the South East - REPAY and Growing Kent and Medway - and has committed to sign a joint letter of support with the Greater London Authority for the Performing Productivity bid.
- 2.6 Successful bids will be funded between £10 million and £50 million. The highest quality proposals will then receive funding for between 3-5 years, depending on the individual proposal, to deliver a bespoke package of interventions in their defined economic geography.
- 2.7 The second round (Wave 2) of the SIPF opened in May 2019 with calls for Expressions of Interest. The closing date for applications is 9th October 2019. It is expected that, nationally, between 4 and 8 bids will be successful in Wave 2.

3. Wave 1 SIPF Bids

- 3.1 The Wave 1 bids for the SIPF from the South East are detailed below:

3.2 Realising Economic Potential for Agricultural (and Horticultural) Yield – (REPAY)

3.2.1 This bid is being led by the University of Essex.

3.2.2 REPAY aims to provide a programme of Agri-Tech support to create growth and improve the resilience of produce growers, benefiting related supply chains within the food and manufacturing sectors.

3.2.3 The partnership will look at ten key thematic areas to target improvement in productivity and reduce waste in order to increase margins within these industries and enable higher-value employment.

3.2.4 One output enabled by the initiative is higher-paid more technically interesting jobs within the sector and an improvement in self-sufficiency with respect to salad and fresh produce in the UK.

3.2.5 A second output will be the creation of new knowledge-based start-ups and growth in existing businesses active in the Agri-Tech area that will produce goods, services and knowledge relevant for deployment elsewhere in the UK and beyond.

3.3 Growing Kent and Medway

3.3.1 This bid is being led by NIAB EMR.

3.3.2 The Growing Kent and Medway cluster aims to create a world-class research, innovation and enterprise platform to develop Kent and Medway as the UK's leading region for the production and processing of high-value foods and plant-based compounds.

3.3.3 This bid comprises of a consortium of research partners (NIAB EMR, NRI/University of Greenwich, University of Kent) as well as four large Agri-food companies with a combined turnover of c.£850m.

3.3.4 This project aims to deliver a package of distinctively branded activities:

- Entrepreneurship – building a vibrant, supportive environment in which new businesses can develop and thrive;
- Food, Society and Productivity Growth – engaging with the wider community to encourage Social Enterprise in the production and processing of nutritious food;
- Research and Innovation – using world-class research to drive innovation and commercialisation of technologies for climate-smart food production, novel crops and plant compounds, and post-harvest technologies for value-addition and waste minimisation.

3.3.5 Success will be evidenced through increased business creation and growth, private inward investment, skills development for technical and knowledge-based workers, the creation of new high-value jobs, and increased production of globally-relevant plant-based, food and Agri-Tech products.

4.4 The additional Wave 1 bid, Performing Productivity, which is based in Greater London but has a substantial level of planned outputs in the South East, particularly along the Thames Estuary Production Corridor, is detailed below:

4.4.1 The bid is being led by the University of the Arts London.

4.4.2 It focuses on investment in the wider performing arts and technology-driven progress. This encompasses: screen and its multi-modal variants, stage, public space, exhibition and retail activity.

4.4.3 The bid brings together businesses from the screen, stage and tech sector, alongside academic researchers and government leaders and aims to:

- Map experience-economy assets across the Thames Estuary Production Corridor and analyse productivity;
- Advance knowledge and enhance innovation in the field of computer graphics;
- Generate new knowledge and machine learning;
- Develop novel and challenging creative works for screen and stage experiences;
- Support cross disciplinary research in live performance technologies;
- Explore consumption;
- Develop the performance technology research capacity of SMEs.

5 Wave 2 SIPF Bids

5.4 The Wave 2 bid for the SIPF from the South East is detailed below:

5.5 Resilient Infrastructure

5.5.1 This bid is being led by Anglia Ruskin University, with partners University of Essex, University of Kent and several infrastructure-related businesses.

5.5.2 The aim of the bid is to boost innovation and productivity amongst businesses and increase collaboration between stakeholders that are involved in the development of housing and its related critical infrastructure in the Thames Estuary and wider counties of Essex and Kent.

5.5.3 The Thames Estuary, Essex and Kent will need thousands of new homes by 2050. The bid focuses on the links between stakeholder networks and collaboration in the housing sector, as well as the links between the housing sector and other related sectors such as insurance and data analytics.

5.5.4 The initial bid will focus on; building materials and design, risk management and insurance, behavioural change, use of sensor technology and data, and the zero-carbon challenge.

5.5.5 Funding would be used to support business innovation and R&D. This could support knowledge transfer and exploration as well as direct project funding.

5.3 It should be noted that further SIPF bids for Wave 2 funding in the South East may be in development but SELEP has not been informed of them. No bids have been intentionally omitted from this report.

6 SELEP Strategic Priorities

6.4 While the SIPF is not a SELEP funding scheme it is important to note the strategic links between known SIPF bids in the South East and SELEPs strategic priorities.

- 6.5 Both Wave 1 bids based in the South East – REPAY and Growing Kent and Medway – support several of the central strategic objectives outlined in SELEPs Rural Strategy. Namely, providing support for rural businesses; and optimising the growth and the development of Agri-tech and Agri-food sectors.
- 6.6 The Performing Productivity bid strongly links to the priorities of the creative and cultural sectors within the South East, and in particular the work of the South East Creative Economy Network (SECEN) and emerging priorities linked to the Thames Estuary Production Corridor.
- 6.7 The proposed Wave 2 bid – Resilient Infrastructure – supports the central priority of Accelerating Infrastructure in the Economic Strategy Statement (Smarter, Faster, Together). Assisting in the development of transport infrastructure, technology infrastructure, accelerating housing and ensuring resilient energy infrastructure.
- 6.8 The Wave 1 and Wave 2 bids all support and encourage greater collaboration between partners and stakeholders, which links to the Working Together priority in the Economic Strategy Statement.
- 6.9 They also all support improved productivity within sectors, processes and in delivery which is not only a priority in the Economic Strategy Statement but will likely have strong links to the future Local Industrial Strategy.

7 Accountable Body Comments

- 7.4 There are no comments from the Accountable Body.

8. Background Documents

- 8.1 For more information on the SIPP please visit the UKRI website: <https://www.ukri.org/funding/funding-opportunities/strength-in-places-fund/>

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