



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

AGENDA PACK

SELEP Investment Panel Meeting
Friday 8th March 2019, 10:00 – 12:00
High House Production Park, Purfleet, RM19 1RJ

Investment Panel Meeting Agenda

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10:00	1	Welcome and introductions	Chris Brodie
10:10	2	Declarations of interest - See guidance note	Chris Brodie
10:15	3	Terms of Reference - Reminder of the terms of reference agreed by the Strategic Board	Chris Brodie
10:20	4	Single Pipeline Development - Requirements from Government	Chris Brodie & Adam Bryan
10:30	4	Process of developing a single pipeline - Process agreed by the Strategic Board for the prioritisation of LGF underspend - Independent review process Decision – Agree that the technical process, approved by the Strategic Board in June 2018, has been implemented.	Rhiannon Mort & Independent Technical Evaluator
10:45	5	Outcome of Independent Technical Assessment - For discussion	Independent Technical Evaluator
11:45	6	Recommendations - Agree pipeline - Agree options	Chris Brodie
12:00	7	Meeting Close	

Investment Panel Membership (Voting Members)

Member	Organisation/ Company	Representing
Christian Brodie	Chair	SME
Cllr Keith Glazier	East Sussex County Council	East Sussex – Local Authority
Cllr Kevin Bentley	Essex County Council	Essex – Local Authority
Cllr Paul Carter	Kent County Council	Kent – Local Authority
Cllr Rodney Chambers	Medway Council	Medway – Local Authority
Cllr John Lamb	Southend Borough Council	South Essex – Local Authority
Cllr Rob Gledhill	Thurrock Council	South Essex – Local Authority
Graham Peters	Team East Sussex	East Sussex - Business
Stewart Drew	De La Pavilion	East Sussex - Business
David Rayner	Birkett Long	Essex – Business
Perry Glading	Opportunity South Essex	South Essex – Business
Jo James	Kent Chambers of Commerce	Kent and Medway – Business
Geoff Miles	Maidstone Studios	Kent and Medway - Business
Graham Razey	East Kent College	Further Education
Professor Anthony Forster	University of Essex	Higher Education

Voting Quorum

- Three County/Unitary Authority Representatives; and
- Three Private Sector Business Representatives; and
- SELEP Strategic Board Chair or substitute Vice-Chair.

Investment Panel Terms of Reference

Agreed - SELEP Strategic Board on Friday 29th June 2018

Updated - SELEP Strategic Board on Friday 28th September 2018, to include Higher Education and Further Education Representatives.

1. Introduction

- 1.1 The South East Local Enterprise Partnership (SELEP) is responsible for a range of grants and loans from central government and for endorsing project proposals for submission to Central Government.
- 1.2 In order to facilitate the prioritisation of projects put forward for funding by each of the Federated Boards, the Strategic Board agreed on the 9th June 2017 to establish an Investment Panel (the Panel), as a sub-committee of the Strategic Board This commitment was re-affirmed at its meeting on the 16th March 2018,
- 1.3 The Panel will have responsibility for the prioritisation of projects following an approach agreed by the Strategic Board.
- 1.4 The establishment of the Panel will not impact on the operation of the Accountability Board. The Accountability Board will continue to hold responsibility for final funding award for all Local Growth Fund (LGF) and Growing Places Fund (GPF) projects, in line with the Assurance Framework requirements.

2. The Term

- 2.1 The Panel shall commence from its first meeting and shall be operational until such time as it is dissolved by the Strategic Board.

3. Membership

3.1. *The Panel membership includes:*

- 3.1.1. Chair of the SELEP Strategic Board; and
- 3.1.2. Six County/Unitary Authority Representatives; and
- 3.1.3. Six Private Sector Business Representatives, including:
 - Two representatives from Team East Sussex; and
 - Two representatives from Kent and Medway Economic Partnership; and
 - Two representatives from across Essex Business Board and Opportunity South Essex.

3.1.4. Higher Education Representative; and

3.1.5. Further Education Representative.

3.2 At least one officer from the SELEP Accountable Body and the SELEP Secretariat will attend each meeting of the Panel, to provide advice and guidance as required.

4. Chair

4.1. The Chair of the Strategic Board shall be the Chair of the Panel.

4.2. If the Chair is unable to attend a meeting of the Panel, the Chair will ask one of the Vice Chairs of the Strategic Board to chair the meeting.

5. Quorum

5.1. Any meeting of the Panel must ensure that a representative of the Accountable Body and the SELEP Secretariat is present.

5.2. The Quorum for meetings of the Panel is half of the voting Members, and, as a minimum must include:

5.2.1. Three County/ Unitary Authority Representatives; and

5.2.2. Three Private Sector Business Representatives; and

5.2.3. SELEP Strategic Board Chair, or substitute Vice Chair

6. Voting

6.1. Each member of the Panel shall have one vote at the meeting of the Panel.

6.2. Any questions coming before the Panel will be decided by a simple majority of those present and voting.

6.3. With approval from the Chair, the Panel may take decisions by way of an electronic procedure.

6.4. The principles of quorum apply when considering the votes received by electronic procedure. If the responses to a decision by electronic procedure do not meet the quorum set out in paragraph 5.2, a meeting shall be called to determine the issue.

6.5. The outcome of any vote by electronic procedure will be notified to the Panel within 3 days of the voting deadline, and a record will be update on the SELEP website.



7. Substitute Members

- 7.1. A Member may appoint a substitute member to attend a meeting of the Panel in the absence of the Member.
- 7.2. Any substitution of a Member under paragraph 3.1 shall be in accordance with the provisions set out within the SELEP Strategic Board Terms of Reference
- 7.3. A Vice Chair may appoint another member of the Federated Area which they represent to be a substitute member.
- 7.4. In such circumstances the Member shall give the Secretariat written notice no later than thirty minutes before the start of the meeting on the day advising that they are unable to attend and provide the name of any substitute member attending in their absence.

8. Role and Functions to be exercised by the Panel

- 8.1. The Panel do not hold any decision making authority, and do not have any responsibility for funding decisions. Its role is to make appropriate recommendations to the Accountability Board or the Strategic Board as they arise from the function set out below.
- 8.2. The Panel shall be responsible for:
 - 8.2.1. Reviewing the initial list of projects put forward for investment by each of the Federated Board and which have been through an initial independent review process;
 - 8.2.2. Conducting a prioritisation process of those projects requiring investment based on an approach agreed by the Strategic Board and in accordance with the SELEP Assurance Framework; and
 - 8.2.3. Making recommendations for the provisional allocation of funding to projects prioritised by the Panel. The final award of funding will be subject to an Accountability Board decision, in line with the Assurance Framework requirements.

9. Meetings of the Panel

- 9.1. The Panel meeting is not a public meeting.
- 9.2. Meetings of the Panel will be called by the Secretariat as and when required in order to support project prioritisation.
- 9.3. The date of the meetings, the meeting agenda, reports and minutes shall be made available on the SELEP website. The meeting agenda and reports will be published a minimum of 5 work days prior to the meeting.
- 9.4. Meetings of the Panel shall take place at High House Production Park, Purfleet, RM19 1RJ; or at such alternative venues as notified to the Members by the Secretariat.
- 9.5. Each Member will be entitled to be supported by up to three officers.
- 9.6. A representative of the Independent Technical Evaluator (ITE) shall be entitled to attend the meetings where appropriate and necessary.
- 9.7. All other attendees must seek the Chair's approval before attending.

10. Minutes

- 10.1. The minutes of the meeting shall be reported as an accurate account of the meeting and will be circulated to all Members within 10 working days of the meeting for approval for electronic sign off.
- 10.2. The minutes, agendas and reports will be published on the SELEP website. Where necessary to provide a safe place for open discussions, information which falls within the principles of Schedule 12 A of the Local Government Act 1978 will apply, and shall be redacted prior to publication.

11. Support

- 11.1. The Panel shall be supported by the SELEP Secretariat.

Investment Panel report – LGF3b

1. Report Recommendations

1.1. The Investment Panel is asked to:

- 1.1.1. **Agree** the LGF3b projects which will be supported through the £15.448m LGF underspend which is currently available. *This is subject to a final funding approval by the SELEP Accountability Board following final Independent Assessment of the Project Business Case.*
- 1.1.2. **Agree** the prioritised LGF3b pipeline of projects to be funding in the event of additional LGF underspend becoming available.
- 1.1.3. **Note** that the LGF3b pipeline will identify the next priority projects to be included within the LGF programme if additional LGF underspend becomes available.

2. Context

- 2.1. In June 2018, the Strategic Board (the Board) agreed an approach to the development of a SELEP pipeline of LGF projects. This process is in response to calls from the Ministry for Housing Communities and Local Government (MHCLG) to ensure that all LGF underspends are invested in the most effective way.
- 2.2. Specifically, the Deep Dive recommendation stated that, “SELEP should take steps to satisfy themselves that any underspend at a federated level is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the ‘Investment Panel’ should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible”.
- 2.3. In response to the findings of the Deep Dive, on the 16th March 2018, the Board agreed to implement the recommendations of the review. This included a decision to, “agree to establish and maintain a single pipeline of priority projects which will be used to identify the projects which utilise underspends in the event that it becomes available”.
- 2.4. On the 29th June 2018, the Board agreed the detailed approach to the development of a single pipeline of projects following a three stage process:
 - Stage 1 – Expressions of Interest (EoI)
 - Stage 2 – Independent assessment and scheme prioritisation by SELEP Investment Panel
 - Stage 3 – SELEP Accountability Board funding decision, as underspend is available
- 2.5. This prioritisation process meets the requirement from Central Government, as articulated within the National Assurance Framework, for LEPs to have a “clear and transparent basis against which projects and programmes are identified, commissioned, appraised and prioritised”.



- 2.6. In total, 99 EoI were received by Federated Areas. These initial applications were sifted by Federated Boards based on the eligibility and the prioritisation criteria.
- 2.7. For the projects which were endorsed by Federated Boards, a Strategic Outline Business Case was then developed. A total of 60 business cases were submitted to SELEP on the 26th October 2018 for assessment by SELEP's Independent Technical Evaluator (ITE), Steer. An extensive exercise has been completed to review all the business cases within this short amount of time.
- 2.8. Since October 2018, four projects have been withdrawn, with a total of 56 now being brought forward for consideration by the Investment Panel.
- 2.9. The assessment by the ITE focused on the following seven criteria, agreed by the Strategic Board:
- Strategic Fit – Evidence of a strategic fit with SELEPs objectives to deliver economic growth and evidence that the benefits will be delivered within the SELEP area;
 - Scale of Impact – Evidence of wider spread benefits relative to the amount of LGF sought;
 - Need for public sector intervention – Clear articulation of the rationale for requesting LGF funding including evidence that funding through the LGF is the most suitable available alternative;
 - Value for Money – Evidence of the value for money potential and project benefits relative to LGF sought;
 - Deliverability – Evidence regarding the project deliverability and its readiness to move to deliverability ;
 - Benefit Realisation – Evidence that the project is ready to move to benefit realisation stage within the timescales of the funding stream; and
 - Local/Match funding – Evidence of secure/committed additional funding sources from other funding sources.
- 2.10. The technical process has now been completed and is available in Appendix 1. [This technical assessment is to help inform the decision making by the Investment Panel members.](#)

3. Local Engagement with scheme promoters

- 3.1. An initial draft of the technical assessment report was circulated on the 15th January 2019 to provide scheme promoters with feedback on their application.
- 3.2. Between 15th January 2019 and the 1st February 2019 a period of local engagement was undertaken. This involves technical meetings being held with each of the scheme promoters. In addition, there was also an opportunity for scheme promoters to provide additional written clarification and updates to the information contained within the Business Case.

- 3.3. Based on the additional information provided to the ITE through the meetings with scheme promoters and the written comments, the ITE has updated their technical assessment and ranked list of projects based on the criteria agreed by the Strategic Board. The updated technical document is provided in Appendix 1.

4. Technical Assessment – Summary

- 4.1. Appendix 1 sets out the detailed technical assessment which has been completed by the ITE. This provides details of the approach which has been followed, the outcome of the initial assessment as circulated on the 15th January 2019 and the updated assessment based on the local engagement and clarification which has been provided by local areas.
- 4.2. To support the decision making by the Panel, the ITE has prepared a ranked list of projects considering the Red Amber Green (RAG) analysis for each project against the assessment criteria. Where projects are of equal RAG, they have been ranked based on the proportion of match funding being provided. The ranked lists are provided in Appendix 2.
- 4.3. To help facilitate an informed discussion by members of the Panel, two ranked lists have been included which present different scenarios for discussion by members of the Panel. These three scenario's include:

Ranked List Presentation A

Presentation A of the ranked list provides the outcome of the ITE assessment based on equal weightings being applied across the RAG criteria. Presentation A is considered the 'core' scenario for the Panel to consider. Under this scenario, the thresholds for the match funding are:

- Over 80% - Green
- 50-80% - Amber/ Green
- 20-50% - Amber
- Less than 20% - Amber/Red

The thresholds for the RAG assessment of the match funding contributions under Presentation A provide narrower bands than Presentation B (see below). The technical document sets out the RAG assessment for projects based on the thresholds listed above.

The narrower bands for the RAG assessment has been developed as the core scenario on the basis that the additional information which has been provided through the local engagement has strengthened all projects and as such, the tighter thresholds may help the Panel to further differentiate between projects.

Ranked List Presentation B

Presentation B of the ranked list also provides the outcome of the ITE assessment based on equal weighting of the RAG criteria. However, this scenario differs from Presentation A as wider categories have been applied to assess the level of match funding. These funding scenarios include:

- Over 80% - Green
- 20 – 80% - Amber/Green
- Under 20 % - Amber

The thresholds for the RAG assessment of the match funding contributions under Presentation B provide wider bands than Presentation A. This presents an alternative outcome in terms of the position of projects on the ranked list which the Panel may wish to consider.

- 4.4. Through the local engagement it is clear that the project assessment criteria generally favours smaller scale workspace and skills projects which can be delivered within short timescales. Whilst this outcome is aligned with the original intention of the LGF3b process – to develop a list of short term of projects which can spend any unallocated LGF within the Growth Deal Period (to March 2021) – representations have been made to SELEP that this hinders more strategically important projects from being prioritised.
- 4.5. It's within the Panels gift to consider the strategic importance of projects and to make the case for adjustments to the ranked order of the list from the position recommended through the technical advice from the ITE.

5. Further comments about the assessment

- 5.1. The call for projects has been met by an exceptionally high level of interest. The quality of the project applications has by far exceeded the quality of bids which have previously been put forward to SELEP at the competitive bidding stage. This reflects the considerable effort and amount of work which has been conducted by SELEP partners in developing projects for this funding opportunity.
- 5.2. The ranked lists presented as part of the technical report do not rank projects based on the strongest to weakest project proposal, as all the projects which have been submitted to SELEP for investment demonstrate merit. The project prioritisation has instead focused on the criteria, agreed by the Strategic Board, to ensure that the projects which are ranked highest are those deemed to demonstrate the strongest fit with the LGF3b agreed criteria. In particular, there has been an emphasis on each project's ability to spend LGF by the end of the Growth Deal period, ending 31st March 2021.
- 5.3. At the Accountability Board on the 15th February 2019 there was a discussion about SELEPs flexibility to spend LGF beyond the Growth Deal period. It was agreed during the meeting that LGF



can be spent beyond the 31st March 2021 in certain circumstances for specific projects currently included in the LGF programme. These projects will be considered on a case by case basis and the projects will be required to meet the following five conditions:

- A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
- A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area;
- All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
- Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
- Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.

- 5.4. Through informal advice from the Cities and Local Growth Unit, SELEP has been advised against permitting any planned LGF spend beyond the 31st March 2021 for new LGF3b pipeline projects. As such, the criteria for spend of LGF with the Growth Deal period remains a firm criteria, as agreed by the Strategic Board in June 2018.
- 5.5. The overwhelming response to this latest call for projects has demonstrated the clear need for investment in our geography. Whilst the development of the pipeline itself has been at the request of central government, the strength of the project pipeline which has been developed through the LGF3b processes puts us in a strong position to demonstrate the need for infrastructure investment in our area.
- 5.6. The pipeline itself has been developed to focus on short term investment priorities to utilise LGF underspend, rather than longer term projects which may be developed for future funding streams, such as the Shared Prosperity Fund.
- 5.7. It is intended that the pipeline will be kept under review, with an option to refresh the pipeline as the end of the Growth Deal draws nearer. The Investment Panel may be convened to review the project pipeline at the request of the Strategic Board. This would provide local areas with the opportunity to update project business cases to reflect the latest project progress information.
- 5.8. Furthermore, on the assumption that Growing Places Fund (GPF) repayments are made, as anticipated, then it may be that further GPF capital loan funding may become available. This may provide an alternative funding source for projects which have been identified through the LGF3b process.

6. Amount of LGF underspend available

- 6.1. Currently within the LGF programme there is £15.448m LGF which is unallocated. In addition, it is expected that further LGF underspends could be identified through to the end of the Growth Deal period.
- 6.2. It has been agreed by the Strategic Board that all projects currently identified within the LGF programme with a provisional LGF allocation must come forward for a funding decision by the Accountability Board at the meeting on the 12th April 2019 or the funding could be reallocated through the LGF3b process.
- 6.3. There are three projects which have not yet come forward for a funding decision and due to be considered by the Accountability Board on the 12th April. This includes:
- Chelmsford Flood Alleviation (£800,000 allocation)
 - Thanet Parkway (£10m LGF allocation)
 - A2 Wincheap Off Slip (£4.4m LGF allocation)
- 6.4. There are also a number of projects which have either received part or full funding approval, but which are flagged as red in the Red- Amber – Green deliverability tracking due to project delivery issues, such as local delivery constraints or match funding not materialising as originally expected.
- 6.5. It has been agreed by the Strategic Board that these projects must come back to the Accountability Board for consideration, no later than the Accountability Board meeting on the 7th June 2019. As such, additional LGF underspend may be identified through upcoming Accountability Board meetings and throughout the remainder of the LGF programme.
- 6.6. Based on the £15.448m LGF allocated funding which is currently available, it is recommended that the Investment Panel agree the projects to be prioritised for this initial £15.448m LGF. In addition, the Investment Panel is asked to consider the single ranked list of projects to progress should further LGF become available, for reallocation.

7. Next Steps

- 7.1. For the projects which are prioritised for the initial £15.448m of unallocated funding, the scheme promoters for these projects may bring forward an updated version of the Business Case for review by the ITE prior to a funding decision by the SELEP Accountability Board. Future Accountability Board dates include:
- Friday 12th April 2019 (although it is unlikely that the new LGF3b priorities will be able to meet the lead times for this meeting);



- Friday 7th June 2019; and
- Friday 13th September 2019.

- 7.2. As additional LGF underspend is identified, the scheme promoter for the next project on the LGF3b pipeline will be made aware of the opportunity to bring forward an updated Business Case for a full ITE review, prior to a funding decision by the SELEP Accountability Board.
- 7.3. If there is insufficient LGF underspend available to fund the next project included within the pipeline, then the Accountability Board can agree to hold a funding decision for a maximum of 6 months (from the point of the Accountability Board being made aware of the underspend), until sufficient LGF underspend is made available. If insufficient funding is available after six months, the next project on the LGF3b pipeline which can utilise the amount of LGF available will be brought forward for consideration by the Accountability Board for a funding award.
- 7.4. If, given the time constraints for spending the LGF, the scheme promoter for the next project on the prioritised LGF list informs SELEP that they are unable to spend the LGF allocation within the Growth Deal timescales then the next priority projects on the list will be provided with the opportunity to bring forward a Business Case for consideration by the Accountability Board.
- 7.5. As per the current SELEP governance arrangements, the decision for making for the final award of funding to projects sits with the Accountability Board.

8. Accountable Body Comments

- 8.1. The SELEP Assurance Framework implementation plan, reported to each Accountability Board, demonstrates that the requirements of the SELEP Assurance Framework are being implemented as certified by the S151 Officer of the Accountable Body to the MHCLG in February 2018. The 2018/19 LGF grant payment was been made on this basis and the introduction of the Investment Board has supported the certification completed by the S151 Officer of the Accountable Body to the MHCLG for 2019/20.
- 8.2. The prioritisation process set out in this report meets the requirement from Central Government, as articulated within the National Assurance Framework, for LEPs to have a “clear and transparent basis against which projects and programmes are identified, commissioned, appraised and prioritised”.

9. Appendices

- 9.1. Appendix 1 - Independent Technical Evaluation of projects
- 9.2. Appendix 2 – Ranked Lists (Confidential Appendix)
- 9.3. Appendix 3 – KMEP position (Confidential Appendix)