



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

AGENDA PACK

SELEP Investment Panel Meeting
Friday 28th June 2019, 12:30 – 14:00
High House Production Park, Purfleet, RM19 1RJ

Investment Panel Meeting Agenda

Friday 28th June 2019, 12:30 – 14:00

High House Production Park, Purfleet, RM19 1RJ





12:30	1	Welcome and introductions	Chris Brodie
12:40	2	Declarations of interest - See guidance note	Chris Brodie
12:50	4	Single Pipeline Development - Requirements from Government	Chris Brodie & Adam Bryan
13:00	4	Process of developing a single pipeline - Process agreed by the Strategic Board for the prioritisation of LGF underspend - Independent review process	Rhiannon Mort & Independent Technical Evaluator
13:20	5	Outcome of Independent Technical Assessment - For discussion	Independent Technical Evaluator
13:40	6	Recommendations Agree the LGF3b projects which will be supported through the unallocated LGF available at the time of the Investment Panel meeting; either £7.787m <u>or</u> £15.158m. Agree the prioritised LGF3b pipeline of projects to be funded in the event of additional LGF underspend becoming available, as set out in Appendix 3.	Chris Brodie
14:00	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 Ron Woodley	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 Warr 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.

Minutes of the meeting of the SELEP Investment Panel, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 8th March 2019

Present:

Chris Brodie	Chairman
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr John Lamb	Southend-on-Sea Borough Council
Cllr Gagan Mohindra	Essex County Council
Cllr Mark Coxshall	Thurrock Council
Perry Glading	Opportunity South Essex
Jo James	Kent Chambers of Commerce
Geoff Miles	Maidstone Studios (Kent and Medway)
Graham Peters	Team East Sussex
David Rayner	Birkett Long (Essex)
Graham Razey	East Kent College (Further Education)

ALSO PRESENT

Steven Bishop
Adam Bryan
Lee Burchill
Chris Burr
Edmund Cassidy
Kim Cole
Richard Dawson
Helen Dyer
Robert Fox
Cllr Anthony Hedley
Jessica Jagpal
Sunny Ee
Joel John
Paul Martin
Stephanie Mitchener
Rhiannon Mort
Lorna Norris
Sarah Nurden
Dawn Redpath
Paul Rogers

Having signed the attendance book

Steer
SELEP
Kent County Council
Southend-on-Sea Borough Council
Steer
Essex County Council (legal representative for the Accountable Body)
East Sussex County Council
SELEP
Essex County Council
Basildon Borough Council
Medway Council
Medway Council
Essex County Council
SELEP
Essex County Council (s151 representative for the Accountable Body)
SELEP
Essex County Council
Kent and Medway Economic Partnership
Essex County Council
Thurrock Council

Katy Thomas
Jon Wheeler

East Sussex County Council
East Sussex County Council

1 Welcome and Apologies for Absence

The following apologies were received:

Councillor Kevin Bentley, Essex County Council (substituted by Councillor Gagan Mohindra)

Professor Anthony Forster, University of Essex

Councillor Rob Gledhill, Thurrock Council (substituted by Cllr Mark Coxshall)

The Chairman conducted the welcome and confirmed the meeting is held in private session.

2 Declarations of Interest

No declarations of interest were recorded.

3 Terms of Reference

The Chairman reminded the Investment Panel (the Panel) that it was established as a sub-committee of the SELEP Strategic Board to enable a more focussed discussion around investment priorities; and that this was the first time the system and process had been operated under the terms of reference agreed in June 2018 and subsequently updated in September 2018. Future governance arrangements, including size and composition of the Panel, will be reviewed as part of the wider decision around the SELEP Strategic Board.

The Chairman confirmed that all members of the Panel have a vote and are encouraged to participate in discussion.

Councillor Carter questioned how this Panel sits with the federated governance arrangements of SELEP? He further stated the arrangements should reflect on how SELEP has previously operated.

In response, the Chairman stated it would be virtually impossible to Chair SELEP if it did not operate in a federated model. Central government has set the requirement that SELEP prioritises projects based upon merit with the technical assessment being advisory. Therefore, the overall responsibility for the prioritisation of projects sits with the Panel. Where partners are recommending changes to the ranked list which differ from the recommendations of the Independent Technical Evaluation, these will need to be supported by robust evidence and the proof of burden sits with the respective Panel member. The Panel needs to be cognisant that robust evidence is needed for all projects as the government is able to reject them; and this could also call into question the decisions made about all the other projects. To this end all projects should be considered on merit with due regard to the independent technical evaluations.

A KMEP prioritised list had been circulated following an urgent extraordinary KMEP meeting on 27 February 2019. KMEP have re-affirmed that that they are not seeking competitive advantage through the circulation of their priorities in advance of the meeting; rather this list was circulated for information only.

4 Single Pipeline Development and the process of developing a single pipeline

The Chairman reminded the Panel that this process started back in June 2018 when the SELEP Strategic Board agreed the process and criteria for the assessment of projects. Following the SELEP 'Deep Dive' there was a recommendation 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".

In response to the findings of the Deep Dive, on 16 March 2018, the Strategic 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".

The Chairman stated that there has been an overwhelming response to this call for projects and a considerable amount of work has been undertaken by local areas in developing project proposals. He reaffirmed his aspiration that this meeting ensures the process is fair and based fully on technical merit, with the strongest projects supported so that investment of this public sector funding yields maximum return, impacting positively on jobs, housing and skills, as demanded by central government. The outcomes of this meeting would be publicly available Rhiannon Mort explained.

Paul Carter stated he would support an allocation of £20m; however, Gagan Mohindra responded that Essex County Council, as Accountable Body, would not be willing to go beyond the £15.448m available as it would not wish to be liable for funding which may, or may not, at this stage become available from central government or further underspends. The Chairman stated if further funds were to become available a future meeting of the Panel would consider these. This would likely be in June 2019. Therefore, it was confirmed this meeting would allocate £15.448m of funding. If the Accountability Board does not support the projects put forward through the prioritisation, then that money would come back to the Investment Panel.

5. Outcome of Independent Technical Assessment

Steven Bishop from Steer, as the Independent Technical Evaluator, informed the Panel there were 99 expressions of interest for funding submitted to Federated Areas with many new partners and new schemes included. Of these, 60 projects were submitted to SELEP following the sifting of projects by Federated Boards, which incorporated local knowledge with an ask of £145m requested in total. All the schemes were aligned with the LEPs Strategic Economic Plan. The schemes which will utilise all funding by March 2021 were prioritised. Each project was challenged by Steer with regard to alternative funding sources being available.

Steer presented two potential lists of projects and discussion ensued on which list the Panel considered. The Panel came to a consensus to consider projects in Presentation List B.

6. Recommendations

The Chairman conducted the consideration and it was agreed that the following were confirmed, from the top of the list, as federated area priorities:

- Bexhill Enterprise Park North (East Sussex)
- Digital Technologies Campus (OSE)
- Colchester Institute (Essex)
- Skills for Rural Business (East Sussex)
- USP College CEDTIL (OSE)

However, KMEP informed the Chairman that the Coachworks had been moved down their own priority list with Thanet Parkway now considered top with substantially reduced journey times into London and the increase in house building this would affect. Paul Carter confirmed that Kent County Council would add £4.5m of funding towards the project; and Thanet Borough Council £2m in addition to the LEP funding; which would no mean there would be no funding gap. Steer highlighted the risks and challenges of the project; and there is also the challenge of working with Network Rail; however, Paul Carter stated the concerns over the lack of housing at the Manston Airport site have now been recast due to housing growth across a much wider area. He also stated he would not wish to see the Junction 5 improvements on the M2, or the Medway Innovation Park projects drop off the list of funded projects. Following robust conversation it was agreed the reprioritisation of the KMEP projects.

KMEP representatives confirmed they would reduce the funding required for the Medway Innovation Park project and confirmed delivery would be complete by March 2021.

East Sussex representatives argued that the Bexhill Creative Workspace required funding immediately, whereas the Junction 5 of the M2 improvements do not require funding until February 2020; therefore, the Bexhill Creative Workspace project should be prioritised.

Some concern was raised about reprioritisation, in particular in regard to the technical assessments, in terms of equitability. Following discussion it was agreed the next meeting of the Panel discuss priority lists further as some monies may have been returned; when the learnings from this inaugural meeting can be assessed. The Accountability Board will have to agree the award of funding for all projects which the Investment Panel prioritise.

Keith Glazier moved a proposal to the Panel that if the Medway Innovation Park project can creditably address the deliverability concerns raised by the Independent Technical Evaluator then the project could be considered by the Accountability Board for a funding award.



The Chairman put this proposal to the Panel with six in favour and five against. Therefore, he stated KMEP would have to overcome the burden of proof in lifting the technical evaluation, in relation to the deliverability of the Medway Innovation Park project and be subject to approval by the Accountability Board. To that end, he further stated that if the Panel goes against technical assessments the burden of proof will be on those who wish to change any priorities, in future. Local influence should also be brought in at an earlier stage going forward. Government needs to be satisfied that the projects funded are the best schemes based upon technical advice, with local buy-in.

It was **Resolved to Approve** the award of £15.448m of Pipeline Funding to the following projects, on the basis that the burden of proof be proven by KMEP on the reprioritisation and all projects are brought forward for approval by the Accountability Board:

Project	Area	LGF allocation
Bexhill Enterprise Park North	East Sussex	£ 1,940,000
Digital Technologies Campus	OSE	£ 2,150,000
Colchester Institute	Greater Essex	£ 100,000
Skills For Rural Businesses Post-Brexit	East Sussex	£ 2,918,000
USP College CEDTIL	OSE	£ 900,000
Thanet Parkway	KMEP	£ 4,000,000
Flightpath Phase 2	Greater Essex	£ 1,421,500
Sidney Little Road Business Incubator Hub	East Sussex	£ 500,000
Innovation Park Medway (northern site) – Enabling infrastructure*	KMEP	£ 1,518,500
Total		£ 15,448,000

*The project was prioritised subject to the SELEP Accountability Board being satisfied that the deliverability concerns raised by the Independent Technical Evaluator can be addressed by Medway Council.

7 Meeting Close

A further meeting of the Investment Panel will take place on the 28th June 2019. There being no further business the meeting closed at 12.05 p.m.

Chairman

Investment Panel report – LGF3b

1. Introduction

- 1.1. The purpose of this report is for the Investment Panel (the Panel) to consider the prioritisation of projects for the unallocated LGF currently available.
- 1.2. The exact amount of LGF unallocated funding available for reallocation by the Investment Panel is dependent on the A28 Chart Road project, as detailed in section 4 of this report. Depending on the latest position of the A28 Chart Road project by the 27th June 2019, the amount of funding available to support LGF3b projects will be either **£7.787m** or **£15.158m**.
- 1.3. This report sets out the process which has been followed to date, to arrive at the prioritised list presented in Appendix 3. In particular, this focuses on the top two/three priority projects which have been identified by each Federated Area.
- 1.4. The Panel is asked to agree the top few projects to progress, using the unallocated LGF available at the time of the meeting (either **£7.787m** or **£15.158m**).
- 1.5. Following this, the Panel is asked to agree the pipeline of projects should additional LGF underspend be identified.
- 1.6. The report is split into six sections, as follows:
 - **Section 1** - Process followed in advance of the last Investment Panel meeting, held on the 8th March 2019.
 - **Section 2** – The decision by the Panel on the 8th March 2019
 - **Section 3** – Consideration of the investment priorities since March 2019
 - **Section 4** – Amount of LGF available
 - **Section 5** – Updated ranked pipeline of projects
 - **Section 6** – Lessons learnt and next steps.

2. Report Recommendations

- 2.1. The Investment Panel is asked to:
 - 1.1.1. **Agree** the LGF3b projects which will be supported through the unallocated LGF available at the time of the Investment Panel meeting; either £7.787m or £15.158m. *This is subject to funding approval by the SELEP Accountability Board following final Independent Technical Evaluation of the Project Business Case.*
 - 1.1.2. **Agree** the prioritised LGF3b pipeline of projects to be funded in the event of additional LGF underspend becoming available, as set out in Appendix 3.
 - 1.1.3. **Note** that the following three projects have been withdrawn from the process, as detailed in section 3 of the report:
 - Betteshanger Sustainable Parks Preventative Health Enterprise Incubation Hub;
 - Healthcare and Technology Innovation, Harlow College; and
 - New Artists Studios, Southend



Section 1 - Process followed in advance of the last Investment Panel meeting, held on the 8th March 2019

3. Context

- 3.1. 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.
- 3.2. 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”.
- 3.3. 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”.
- 3.4. 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
- 3.5. 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”.
- 3.6. 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.
- 3.7. 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.
- 3.8. 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.

3.9. The technical process was completed in December 2018 and is available in Appendix 1. This technical assessment is to help inform the decision making by the Panel members.

4. Local Engagement with scheme promoters

- 4.1. An initial draft of the technical assessment report was circulated on the 15th January 2019 to provide scheme promoters with feedback on their application.
- 4.2. Between 15th January 2019 and the 1st February 2019 a period of local engagement was undertaken. This involved 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.
- 4.3. Based on the additional information provided to the ITE through the meetings with scheme promoters and the written comments, the ITE updated their technical assessment. 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 technical assessment of projects has not been updated since the 8th March 2019 meeting, but those projects that were prioritised for funding at the March Panel meeting or have since been withdrawn from the process (as listed in 9.3) have now been removed from the document.
- 4.4. To support the decision making by the Panel, the ITE prepared a ranked list of projects considering the Red Amber Green (RAG) analysis for each project against the assessment criteria. This ranked list was presented to the Panel at the meeting on the 8th March 2019.
- 4.5. 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.

- 4.6. 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. However, any projects awarded funding are still expected to spend the LGF within the Growth Deal period.

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 ITE assessment ranked list does 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, including alignment to the Strategic Economic Plan. The project prioritisation has instead focused on the criteria, set out in 3.8, agreed by the Strategic Board in June 2018, to ensure that the projects which are ranked highest are those deemed to demonstrate the strongest fit with the LGF3b agreed criteria. In developing this short term pipeline of projects, there has been an emphasis on each project's ability to utilise any LGF underspend by the end of the Growth Deal period, ending 31st March 2021.

Section 2 – The decision by the Panel on the 8th March 2019

6. Investment Panel, 8th March 2019

- 6.1. At the Panel meeting on the 8th March 2019, the Panel agreed the first nine projects to be prioritised based on the £15.448m LGF which was available at the time of the meeting, as listed in Table 1 below.
- 6.2. Through the meeting there were a number of swaps made to the priority order of projects to better reflect the priority order of projects that was agreed by KMEP in advance of the Panel meeting. This resulted in Thanet Parkway and the Innovation Park Medway (northern site) increasing their ranked position relative to the outcome of the technical assessment. This is reflected in the final position, shown in Table 1.

Table 1 LGF3b projects prioritised by the Investment Panel on the 8th March 2019

Project	Area	LGF allocation
Bexhill Enterprise Park North	East Sussex	£ 1,940,000
Digital Technologies Campus	OSE	£ 2,150,000
Colchester Institute	Greater Essex	£ 100,000
Skills For Rural Businesses Post-Brexit	East Sussex	£ 2,918,000
USP College CEDTIL	OSE	£ 900,000
Thanet Parkway	KMEP	£ 4,000,000
Flightpath Phase 2	Greater Essex	£ 1,421,500
Sidney Little Road Business Incubator Hub	East Sussex	£ 500,000
Innovation Park Medway (northern site) – Enabling infrastructure*	KMEP	£ 1,518,500
Total		£ 15,448,000

- 6.3. Seven of the nine projects listed in Table 1 have now come forward for a funding decision by the Accountability Board and have progressed to project delivery. The remaining two projects, Innovation Park Medway northern site enabling infrastructure and USP College Centre for Excellence for Digital Technologies and Immersive Learning, are due to be considered at the September 2019 Accountability Board meeting.
- 6.4. The split of the funding allocated by the Panel in March 2019 is shown by Federated Area in Table 2 below.
- 6.5. SELEP must ensure that funding is directed towards the most effective intervention regardless of geography; the LGF3b allocation per Federated Area can be seen in the table below.

Table 2 - Split of funding priorities agreed by the Investment Panel in March 2019, by Federated Area

Federated Area	LGF3b allocation in March 2019 (£)
Team East Sussex	5,358,000
Kent and Medway Economic Partnership	5,518,500
Essex Business Board	1,521,500
Opportunity South Essex	3,050,000
Total	15,448,000

Section 3 – Consideration of the investment priorities since March 2019

7. Steps agreed by the Strategic Board 2019

- 7.1. At the Panel meeting in March 2019, there were strong calls for more consideration to be given to the local prioritisation of the projects by the respective Federated Areas.
- 7.2. To reflect this request, it was agreed at the Strategic Board meeting on the 22nd March 2019 that:
- The Panel would be reconvened on the 28th June 2019;
 - Federated Boards would be given the opportunity to consider the projects which they identify to be most important. Given the substantial number of LGF3b applications and the limited funding available, each Federated Board was asked to focus on its top two/three priorities for investment.
 - Federated Boards were asked to identify any projects which are no longer able to demonstrate the ability to spend LGF allocations by the 31st March 2021.
 - It was set out that new information and/or changes to LGF asks are not expected to be brought forward at this stage of the process, as this would require a further review of all LGF3b bids by the ITE
 - Each Federated Board was asked to provide supporting evidence/narrative for the highest ranking projects which have been prioritised. Where the ITE has raised concerns in relation to these projects, Federated Areas are asked to provide evidence of how these concerns can be mitigated; and
 - Local Federated Board feedback would be reflected within the Panel papers, for the meeting on the 28th June 2019, to ensure that the recommendations made to the Panel resonate with the priorities identified by the Federated Boards.

8. Consideration by Federated Areas (April – May 2019)

8.1. Team East Sussex (TES)

At the TES meeting on the 18th March 2019, TES agreed that they wish to support the priority order of projects, as ranked by the ITE. As such, the top three priority projects for East Sussex are:

- **Bexhill Creative Workspace (£960,000 LGF ask);**
- **Exceat Bridge Replacement (£2.11m LGF ask); and**
- **Eastbourne Fisherman's Quayside & Infrastructure Development Project (£1.08m LGF ask)**

8.2. Kent and Medway Economic Partnership (KMEP)

On the 27th February 2019, KMEP met to consider their LGF3b priorities and have indicated that their priority projects remain the same as previously stated. As such, the top three priorities for KMEP are:

- **M2 Junction 5 (£1.6m LGF ask)**
- **Kent Medical School (£8m LGF ask*); and**
- **NIAB EMR – East Malling Advanced Technology Horticultural Zone (£1.75m LGF ask)**

*There may be an opportunity to reduce the LGF ask for this project and scale the project accordingly.

8.3. **Essex Business Board (EBB)**

A sub-group of private sector representatives from EBB was developed to review the LGF3b priorities which were previously considered by EBB. Projects were considered against an agreed set of criteria and a 15 minute presentation was received from the scheme promoters for the projects which were ranked in the top six against the assessment criteria. Further details of the assessment approach adopted by EBB are set out in Appendix 2.

The top three priority projects identified by EBB are:

- **University of Essex Parkside Phase 3 (£5m LGF ask)**
- **New Construction Centre, Chelmsford College (£1.295m LGF ask)**
- **Colchester Grow-on space: Queen Street Former Bus Depot (£3.777m LGF ask)**

8.4. **Opportunity South Essex (OSE)**

OSE has also agreed to support the prioritisation and ranking of the projects, as developed by the ITE. However, OSE are strongly of the view that OSE projects within the pipeline should not be disadvantaged in any way should other federated areas choose a different approach. The top three priority projects for OSE are:

- **Tilbury Riverside Business Centre (£2.36m LGF ask);**
- **Southend Town Centre (£1.5m LGF ask); and**
- **Basildon Innovation Warehouse (£0.870m LGF ask).**

8.5 The total value of these prioritised projects is £30.303m.

9. **Projects not recommended to progress at this stage**

9.1. Following the last Strategic Board meeting it was agreed that Federated areas should also consider any projects which should be removed from the LGF3b process due to the limited amount of time now available to spend the LGF allocation.

9.2. It was also agreed by the Board that the ITE would not reassess projects at this stage of the process, as detailed consideration has already been given to each of the projects prior to the Panel meeting in March 2019 (as set out in Section 1). No additional/ new information has been sought directly by SELEP since March 2019 and changes to projects LGF asks have not been permitted as part of this stage of the process. More detail is provided in Section 6 about how these projects can seek funding through future funding rounds.

9.3. The projects which are not recommended for inclusion with the SELEP LGF3b pipeline at this stage include:

Betteshanger Sustainable Parks Preventative Health Enterprise Incubation Hub – This project is being promoted by Hadlow College. As the Hadlow College has gone into



educational administration then the ability to progress the project is unclear and SELEP would not be able to transfer any grant to the college until the financial position of the college is confirmed.

Healthcare and Technology Innovation, Harlow College – This project has been withdrawn from the process, as the project is unable to progress to delivery by 31st March 2021.

New Artists Studios, Southend – This project has been withdrawn from the process and will be funded through alternative means.

Section 4 – Amount of LGF available

10. Unallocated LGF underspend

- 10.1. Since the last meeting of the Panel, a number of LGF projects have been removed from the LGF programme. This has resulted in **£7.787m LGF being confirmed as available for reinvestment by the Panel on the 28th June 2019.**
- 10.2. Furthermore, at the Accountability Board meeting on 7th June 2019 recommendations were made for the reallocation of the unspent LGF which is currently allocated to the A28 Chart Road project. This is the result of the match funding having not materialised as expected. The Accountability Board agreed that unless Kent County Council are able to provide written confirmation that the local funding is in place by the 27th June 2019, the £7.371m unspent LGF is reallocated through the LGF3b pipeline development process but the Project is considered for future funding opportunities should such funding opportunities become available. An update will be provided at the outset of the meeting of the Panel to confirm whether KCC has been able to provide written confirmation that the local funding contribution is in place and to total amount of LGF available for reinvestment.
- 10.3. If the local funding contribution cannot be confirmed for the A28 Chart Road project by the 27th June 2019, the amount of unallocated LGF available for reinvestment by the Panel on the 28th June 2019 will increase to £15.158m.

Section 5 – Updated ranked pipeline of projects

11. Update to ranked list of projects

- 11.1. Based on the feedback received from the Federated Boards, an initial ranked list of Federated Board priority projects has been developed. The order of this list of Federated Board priorities, in the main, respects the order of the initial ranked list prepared by the ITE, with an exception of a swap to the order of the EBB projects, as detailed in Appendix 3.

Proposed changes to ranked order to reflect Federated Area feedback

- 11.2. EBB identified the University of Essex Parkside Phase 3 project as its top priority based on the number of jobs due to be created, the provision of the premises within an area of identified need, the deliverability of the project and the scale of impact. Given that the Healthcare and Technology



project (£3.240m LGF ask) is being withdrawn from the process, it is proposed that the University of Essex project (£5m LGF ask) is swapped into this projects position to reflect the priority placed on the University of Essex Phase 3 by EBB.

- 11.3. The previous concerns raised by the ITE about the need for public sector intervention have been addressed through the additional information provided by the University in early 2019. This confirmed that the University of Essex project would be unable to progress without LGF investment.
- 11.4. The lower position of University of Essex Parkside phase 3 within the ITE ranked assessment was predominately due to the ITE having RAG rated the benefit realisation as Amber, as the project will not be delivered until at least 2020/21 and therefore benefit realisation within Growth Deal period will be limited. However, no showstopper issues have been identified for the University of Essex Parkside Phase 3 project. The project scored as Green for scale of impact, and deliverability.
- 11.5. EBB has also flagged an issue with the original assessment of the New Construction Centre in Chelmsford. The information provided earlier in the assessment process indicated that a total of 100 learners and 50 apprentices would be delivered over a 20 year appraisal period. However, it has been confirmed in fact that the project will deliver 100 learners and 50 apprentices per year over at least a 20 year period from the point of project completion. . As such, the scale of impact and value for money RAG rating has been updated by the ITE, as set out in Appendix 3, and the ranked position has been amended.
- 11.6. KMEP have also identified feasibility to reduce the LGF ask for the Kent and Medway Medical School from £8m LGF originally sought, through options to scale back the scope of the project. These options will be considered by KMEP on the 25th June 2019. Given the strategic importance and scale of impact of this project, the Panel may wish to consider options to reduce the LGF allocation to this project to align with the amount of LGF currently available. If this project is prioritised by the Panel, any options to amend the scale of the project will require assessment by the ITE in advance of an Accountability Board decision.
- 11.7. Appendix 4 provides a more focused look at the expected benefits of the projects which have been identified as priorities by the Federated Boards to support the decision making by the Panel.

Section 6 – Lessons learnt and next steps

12. Lessons Learnt

- 12.1. Through the LGF3b processes there have been lessons learnt about how processes could be improved in preparing SELEP for future funding rounds such as in relation to the Shared Prosperity Fund.
- 12.2. At the time of the LGF3b process the Economic Strategy Statement had not been adopted and therefore projects were considered based on their fit with the 2014 Strategic Economic Plan (SEP). Looking forward to the SELEP Local Industrial Strategy, the clear identification of priorities will help



to ensure a clearer alignment between economic challenges and intervention through public sector funding investment. The identification of clear priorities also provides the opportunity to apportion funding to certain types of investment. For example, there could be an opportunity to create a future ring-fenced pot of funding for investment in skills projects, rather than undertaking the challenging task of comparing skills projects with investment in transport, flood mitigation and commercial space projects; all with very different outputs and outcomes.

- 12.3. Whilst skills projects generally ranked well in terms of deliverability, they often struggled to identify local match funding. In future, SELEP may wish to reconsider whether this is an appropriate criterion to use when assessing skills projects.
- 12.4. The sheer number of projects submitted for the LGF3b process also caused a challenge in terms of the resource required to assess all the submissions but also in terms of the cost to scheme promoters in developing business cases for the projects. At the outset of the process it was agreed that no Federated Area should come forward with bids which exceeded the total maximum amount of LGF which could be made available through the LGF3b process. However, it may be more appropriate to set a lower cap going forward. This would need to be supported by a stronger role of Federated Areas in initially assessing, sifting and banding the projects to ensure that only projects which receive strong support from the respective Federated Area are submitted to SELEP for investment.
- 12.5. The individual discussions between the scheme promoters and the ITE were found to be extremely useful in terms of asking clarification questions and for the ITE to gain further insight/ local context about the project which may not have been reflected in the narrative of the business case. This was particularly useful in reviewing projects for which the scheme promoter may not have been familiar with SELEP and/or central government approaches to the assessment of project business cases. Feedback from local partners indicates that scheme promoters also welcomed the opportunity to meet with the ITE and discuss the project in detail.
- 12.6. Going forward it will be important that sufficient time is built into future processes to enable comprehensive engagement with Federated Boards and scheme promoters in advance of recommendations being made to the Panel. Updates have been made to the revised draft SELEP Assurance Framework, to reinforce the importance of the Federated Board role in project prioritisation. Allowing sufficient time in the process for this input will also help reduce slippage to the timescales of decisions being made by the Panel.

13. Next Steps

- 13.1. For the projects which are prioritised for the initial unallocated funding of up to £15.158m (see section 4 above), 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. The next Accountability Board meeting is on Friday 13th September 2019.
- 13.2. 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.



- 13.3. 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.
- 13.4. 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.
- 13.5. As per the current SELEP governance arrangements, the decision for making for the final award of funding to projects sits with the Accountability Board.
- 13.6. 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.
- 13.7. 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.
- 13.8. 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 Panel may be convened to review the project pipeline at the request of the Strategic Board. An appropriate time for reviewing the LGF pipeline is likely to be in the early part of 2020, following the development of the Local Industrial Strategy. This would provide local areas with the opportunity to update project business cases to reflect the latest project progress information and for emerging priorities to be brought forward.
- 13.9. 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.

14. Accountable Body Comments

- 14.1. The prioritisation approach set out in this report aligns to the requirements of the SELEP Assurance Framework and meets the requirement of the National Assurance Framework for LEPs to have a “clear and transparent basis against which projects and programmes are identified, commissioned, appraised and prioritised”.
- 14.2. It is a requirement for receipt of LGF grant funding that SELEP implements its Assurance Framework, in line with the requirements of the National Assurance Framework; the 2019/20 LGF grant payment was made on this basis, following the certification completed by the S151 Officer of the Accountable Body to the MHCLG that the SELEP Assurance Framework complies with the requirements and that they are being implemented.

15. Appendices

- 15.1. Appendix 1 - Independent Technical Evaluation of projects
- 15.2. Appendix 2 – EBB ranked list (Confidential Appendix)
- 15.3. Appendix 3 – Ranked Lists (Confidential Appendix)
- 15.4. Appendix 4 – Review of project benefits for Federated Board top priorities (Confidential Appendix)