

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 18 September 2020</b>	<b>Online Meeting</b>
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend High House Production Park as no one connected with this meeting will be present.

**Quorum: 3 (to include 2 voting members)**

## Membership

Sarah Dance  
Cllr David Finch  
Cllr Roger Gough  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr Ron Woodley  
Simon Cook  
Rosemary Nunn

Chair  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex County Council  
Thurrock Council  
Southend Borough Council  
Further Education/ Skills representative  
Higher Education representative

## For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

**Telephone:** 033301 34594

**Email:** [democratic.services@essex.gov.uk](mailto:democratic.services@essex.gov.uk)

## Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via online video conferencing.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

## **How to take part in/watch the meeting:**

**Participants:** (Officers and Members) will have received a personal email with their login details for the meeting. Contact Amy Ferraro -Governance Officer SELEP if you have not received your login.

## **Members of the public:**

### **Online:**

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## **Accessing Documents**

If you have a need for documents in, large print, Braille, on disk or in alternative languages and easy read please contact the Democratic Services Officer before the meeting takes place. For further information about how you can access this meeting, contact the Democratic Services Officer.

The agenda is also available on the Essex County Council website, [www.essex.gov.uk](http://www.essex.gov.uk). From the Home Page, click on 'Running the council', then on 'How decisions are made', then 'council meetings calendar'. Finally, select the relevant committee from the calendar of meetings.

Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

	<b>Pages</b>
<b>1</b>	<b>Welcome and apologies for absence</b>
<b>2</b>	<b>Minutes 03.07.20</b> To approve the Minutes of the meeting held on 3rd July 2020.
	<b>6 - 22</b>
<b>3</b>	<b>Declarations of interest</b>
<b>4</b>	<b>Questions from the public</b>
	In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat (hello@southeastlep.com) by no later than 10.30am on the Monday morning before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question.
	On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually.
	A copy of the Policy for Public Questions is made available on the SELEP website.
<b>5</b>	<b>Local Growth Fund Capital Programme Update</b>
	<b>23 - 45</b>
<b>6</b>	<b>Digitally Connected Kent and Medway – Getting Building Fund</b>
	<b>46 - 67</b>
<b>7</b>	<b>Queensway Gateway Road Project Update</b>
	<b>68 - 77</b>
<b>8</b>	<b>A28 Sturry Link Road Project Update</b>
	Appendix 1 will be considered under Exempt items.
	<b>78 - 89</b>

<b>9</b>	<b>Bexhill Enterprise Park North Project Update</b>	<b>90 - 101</b>
<b>10</b>	<b>Award of Growing Places Fund Funding</b>	<b>102 - 123</b>
<b>11</b>	<b>Growing Places Fund Update</b>	<b>124 - 146</b>
<b>12</b>	<b>SELEP Operations Update</b>	<b>147 - 243</b>
<b>13</b>	<b>Update on SELEP Revenue Budget 2020/21</b>	<b>244 - 249</b>
<b>14</b>	<b>SELEP Revenue Skills COVID-19 Recovery Programme</b>	<b>250 - 260</b>
<b>15</b>	<b>Date of next meeting</b> To note that the next meeting of the Board will be held on Friday 16th October 2020.	
<b>16</b>	<b>Urgent Business</b> To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

### **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**



**17            A28 Sturry Link Road CONFIDENTIAL APPENDIX 1**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**18            Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

## Minutes of the meeting of the SELEP Accountability Board, held Online via Zoom on Friday, 03 July 2020.

### Present:

Sarah Dance	Chair
Cllr David Finch	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Ron Woodley	Southend Borough Council
Cllr Shane Hebb	Thurrock Council
Rosemary Nunn	Higher Education representative

### Also Present:

Louise Aitken	SELEP
Marwa Al-Qadi	East Sussex County Council
Iwona Bainbridge	SELEP
Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Steven Bishop	Steer
Chris Broome	Sea Change Sussex
Matthew Brown	Colchester Borough Council
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Joanne Cable	Medway Council
Edmund Cassidy	Steer
Kerry Clarke	Kent County Council
Ellie Clow	SELEP
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Anna Eastgate	Thurrock Council
Jessica Jagpal	Medway Council
Ian Lewis	Opportunity South Essex
Gary MacDonnell	Essex County Council
Piers Meyler	Essex Live
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)

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Charlotte Moody	Essex County Council (Legal representative for the Accountable Body)
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	KMEP
Michael Payne	Kent County Council
Vivien Prigg	SELEP
Alex Riley	SELEP
Tim Rignall	Southend Borough Council
Christopher Seamark	Kent County Council
Peter Shakespear	Essex County Council
Lisa Siggins	Essex County Council
Lucy Spencer-Lawrence	SELEP
Sharon Spicer	SELEP
Stephen Taylor	Thurrock Council
Laura Wallis	Essex County Council
Robert Willis	Essex County Council
Charles Wimborne	Somerlee Homes Ltd
Kevin Wright	Basildon Council

### 1 **Welcome and apologies for absence**

The following apologies were received.

- Cllr Rob Gledhill- substituted by Cllr Shane Hebb
- Simon Cook

### 2 **Minutes 14.02.20**

The minutes of the meeting held on Friday 14th February were agreed as an accurate record.

### 3 **Declarations of interest**

In respect of agenda item Growing Places Fund Update ,Councillor Rodney Chambers declared a non-pecuniary interest as he is a trustee of Historic Dockyard Chatham. He confirmed that he would abstain from voting on that item.

Sarah Dance declared a non-pecuniary interest in relation to the Kent and Medway Medical School project, considered under agenda item 12, as her spouse is being commissioned by Canterbury Christ Church University to undertake work by the university. These activities are not directly related to the project and as a non-pecuniary decision, no action was taken.

Sarah Dance also declared a non-pecuniary interest in relation to the finance update report, considered under agenda item 22, as she receives an allowance from the SELEP Secretariat budget for her role as Deputy Chair. ECC legal services confirmed this is not a disclosable pecuniary interest and therefore no action was required.

#### 4 Questions from the public

There were none.

#### 5 Local Growth Fund Capital Programme Report

The Chair confirmed the good news that SELEP has been allocated up to £85m Getting Building Fund, following the very submission of projects to Central Government. SELEP has received by far the highest allocation, as just under 10% of the national allocation. The Chair offered her thanks on behalf of the Board to all those involved.

Adam Bryan proceeded to provide the Board with an update on the position with regard to the final third of LGF which SELEP is due to receive in 2020/21. There has been positive news and unofficially SELEP has heard that recommendations are being made to HM Treasury for the final third of LGF to be transferred to SELEP. In advance of the final third being confirmed, it is proposed that the Board proceed with the decision making during the meeting as per the recommendations included within the reports.

The Accountability Board (the Board) received a report from Rhiannon Mort the purpose of which was for the Board to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

Councillor Finch gave an explanation regarding the delays encountered in connection with Beaulieu Park Railway Station.

#### **Resolved:**

1. **To Note** the provisional total spend in 2019/20 of £65.004m LGF excluding DfT retained schemes and £98.607m including DfT retained schemes, as set out in Table 2 of the report.
2. **To Agree** the updated total planned LGF spend in 2020/21 of £91.785m excluding DfT retained schemes and increasing to £118.430m including DfT retained schemes, subject to the final third of LGF being received from Central Government.
3. **To Note** the deliverability and risk assessment, as set out in Appendix 2 of the report.
4. **To Approve** the slippage of £12m LGF spend on Beaulieu Park Railway Station to 2025/26, as set out in Table 5 of the report.
5. **To Note** the intention to present the outcome of MHCLG's review of LGF

projects and detailed information on those projects forecasting LGF spend beyond 31 March 2021 to the Board and SELEP Ltd in October 2020.

## 6 **Basildon Innovation Warehouse LGF Decision**

The Board received a report from Howard Davies, SELEP Capital Programme and a presentation from Steer the purpose of which was for the Board to consider the award of £870,000 Local Growth Fund (LGF) to the delivery of the Basildon Innovation Warehouse (the Project).

### **Resolved:**

1. **To Note:** that a further decision will be sought from the Strategic Board to determine how funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21 be confirmed by Central Government
- 2 **To Approve:** The award of £870,000 to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty, subject to:
  - 2.1. written confirmation that full planning permission has been granted for the Project.
  - 2.2 The final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) in full or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government
- 3 **To Note:** That no LGF will be transferred to Essex County Council (ECC) for the delivery of the Project until the conditions set out in 2.1 and 2.2 have been satisfied

## 7 **Exceat Bridge Funding Decision**

The Board received a report from Helen Dyer SELEP Capital Programme Officer, which was presented by Rhiannon Mort, and a presentation from Steer, the purpose of which was for the Board to consider the award of £2,110,579 Local Growth Fund (LGF) to the Exceat Bridge Replacement project (the Project) in Seaford, East Sussex.

Councillor Glazier spoke in support of the project and urged the Board to give its support.

### **Resolved:**

1. **To Note** the risk of abortive costs being incurred, if planning consent is not secured and the Project is unable to proceed. Any abortive LGF spend must be repaid by East Sussex County Council (ESCC) to the SELEP Accountable Body.
2. **To Note** that a further decision will be sought from the Strategic Board to

determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Government.

3. **To Approve** the award of £2,110,579 LGF for the delivery of the Project which has been assessed as presenting high value for money with medium certainty of achieving this, subject to:

3.1. receipt of written confirmation from the East Sussex County Council S151 officer that all funding has been secured to enable delivery of the Project;

3.2. the Strategic Board reaffirming support for the LGF spend beyond the Growth Deal; and

3.3. The final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government.

4. **To Note** that no LGF will be transferred to ESCC for the delivery of the Project until the conditions set out in 3. above have been satisfied.

## 8 **Eastbourne Fisherman LGF Funding Decision**

The Board received a report from Helen Dyer, and a presentation from Steer, the purpose of which was for the Board to consider the award of £1.08m LGF to Eastbourne Fishermen's Quayside and Infrastructure Development project (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

Councillor Glazier highlighted some of the relevant issues and spoke in support of the project.

### **Resolved:**

1. **To Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government.

2. **To Agree** the award of £1.08m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this, subject to the final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) in full or the Strategic Board prioritising the Project for funding should only part of the final third of LGF be confirmed by Government (as set out in 1. above).

3. **To Note** that no LGF will be transferred to East Sussex County Council for the delivery of the Project until the conditions set out in 2. above have been satisfied.

## 9 **Southend Town Centre Interventions Project LGF (Tranche 2) funding decision**

The Board received a report from Howard Davies, and a presentation from Steer the purpose of which was for the Board to consider the award of £632,292 LGF to the delivery of the Southend Town Centre Interventions project Tranche 2 (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

Councillor Woodley spoke in support of the project and stated that he had great confidence in it.

**Resolved:**

1. **To Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Government
2. **To Approve** the award of £632,292 Tranche 2 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, subject to;

2.1 The final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government.

3. **To Note** that no LGF will be transferred to Southend Borough Council for the delivery of the Project until the conditions set out in 2.1 above have been satisfied.

**10 Kent Strategic Congestion Management Programme**

The Board received a report from Howard Davies, which was presented by Rhiannon Mort and a presentation from Steer the purpose of which was to bring forward a change to the scope of the Kent Strategic Congestion Management Programme (the Programme) for consideration by the Board.

Councillor Gough spoke in support of the project, explaining its importance.

**Resolved:**

1. **To Agree** that the Watlingbury Crossroads scheme will not be taken forward as part of the Programme, which will result in a total of £300,000 LGF being available for alternative investment;
2. **To Agree** the proposal for £200,000 of the £300,000 LGF made available through the cancellation of the Watlingbury Crossroad scheme to be retained against the Programme for alternative investment in the A2/A251 junction improvements scheme;
3. **To Note** that the remaining £100,000 LGF made available through the cancellation of the Watlingbury Crossroads scheme will be returned to SELEP

for reallocation through the LGF3b project pipeline;

4. **To Agree** the award of £500,000 LGF to the A2/A251 junction improvements scheme, which has been assessed by the Independent Technical Evaluator as presenting high value for money with high certainty.

5. **To Agree** to place a £300,000 notional charge over the Thanet Parkway project to enable the transfer of funding to the Project prior to confirmation from MHCLG of the final third of the 2020/21 LGF allocation.

6. **To Note** that:

- if the final third of LGF funding is received in full, that the charge will be removed from the Thanet Parkway project and the project will receive the agreed £14m LGF allocation in full;
- a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government; and
- if no further LGF funding is received from MHCLG, that the LGF allocation for the Thanet Parkway project will reduce by £300,000 and that Kent County Council will need to take steps to seek alternative funding sources to enable delivery of the project.

## 11 **Chelmsford College New Construction Centre**

The Board received a report from Howard Davies, and a presentation from Steer the purpose of which was for the Board to consider the award of £1,295,200 LGF to the delivery of the Chelmsford College, New Construction Centre (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

### **Resolved:**

1. **To Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government.

2. **To Approve** the award of £1,295,200 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this, subject to:

- 2.1. written confirmation being received by SELEP from Essex County Council (ECC) as lead authority to confirm that the remaining £100,000 funding has been secured;
- 2.2. written confirmation that full planning permission has been granted for the Project: and
- 2.3. the final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) or the



Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government

3. **To Note** that no LGF will be transferred to Essex County Council for the delivery of the Project until the conditions set out in 2.1. 2.2 and 2.3 above have been satisfied.

## 12 **Kent and Medway Medical School Phase 2**

The Board received a report from Helen Dyer, and a presentation from Steer, the purpose of which was for the Board to consider the award of £4m Local Growth Fund (LGF) to the delivery of the Kent and Medway Medical School (the Project).

Councillor Gough spoke in support of the project, stressing its importance.

Councillor Woodley stated that he fully supported the project, stressing its importance to the surrounding areas.

This was echoed by Councillor Chambers who stressed its strategic importance to both the local and wider area.

### **Resolved:**

1. **To Agree** the award of £4m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, subject to sufficient LGF being made available to support the Project;

2. **To Agree** to place a £4m notional charge over the Thanet Parkway project to enable the transfer of funding to the Project prior to confirmation from MHCLG of the final third of the 2020/21 LGF allocation;

3. **To Note** that:

3.1. if the final third of funding is received in full, that the charge will be removed from the Thanet Parkway project and the project will receive the agreed £14m LGF allocation in full;

3.2. a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF allocated to SELEP in 2020/21 be confirmed by Central Government;

3.3. if no further LGF funding is received from MHCLG, that the LGF allocation for the Thanet Parkway project will reduce by £4m and that Kent County Council will need to take steps to seek alternative funding sources to enable delivery of the project.

4. **To Note** that assurances have been received from Kent County Council regarding the ongoing viability of the Project in light of the University of Kent's financial position, and that the risk regarding the LGF spend on the Project sits with Kent County Council.

**13 A13 widening LGF Funding Decision Report**

The Board received a report (Appendix 1 was considered under Exempt items) from Anna Eastgate, Assistant Director Lower Thames Crossing & Transport Infrastructure Projects, Thurrock Council and Rhiannon Mort, and a presentation from Steer, the purpose of this report is to provide an update to the Board on the delivery of the A13 widening project (the Project).

Ms Eastgate advised the Board that the project is now in a much-improved position, with significant progress made and finances stabilised. She advised that delivery had been maintained throughout Covid-19 restraints and that it was intended that progress would be accelerated where possible.

Councillor Hebb spoke in support of the project, stressing that the project is critical to the road transport in the whole area.

Councillor Woodley offered his support, stating that he now had full confidence that the project would succeed.

Councillor Finch acknowledged the importance of the project but felt that greater clarity was needed regarding the level of confidence in connection with both cost and timing controls. He requested greater clarification regarding the timeline and mitigations in place.

Councillor Hebb advised that any financial shortfall would be met by Thurrock Council and that he was satisfied that there are sufficient controls in place. Ms Eastgate advised that delays as a result of Covid-19 had obviously had some impact and while Thurrock Council could not provide absolute certainty regarding timings and finances, they had as much confidence as was possible. Finally, she offered to share lessons learnt from the project with other parties.

**Resolved:**

1. **To Note** that significant progress has been made since the last meeting with regard to the three significant issues which had led to difficulties on the Project; and
2. **To Note** the updated total cost of the Project and the position with regard to the funding package, as set out in section 6 of the report and the confidential appendix. An assessment of the potential impact of the Covid-19 emergency has yet to be made with respect to the cost of the Project.
3. **To Agree** to place a £2.3m notional charge over the Tilbury Riverside project to enable the transfer of £2.3m LGF to the Project, prior to confirmation from Central Government of the final third of the 2020/21 LGF allocation to SELEP.
4. **To Agree** the award of an additional £8,942,400 LGF to the Project, which has been assessed as presenting high value for money with medium certainty of achieving this. Of the £8,942,400 funding award, £6,640,400 LGF will be awarded subject to the remaining third of SELEP's LGF allocation being transferred by Central Government or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by

Government. The further £2.3m LGF will be made available for immediate drawdown.

**5 To Note that:**

5.1 if the final third of LGF funding is received in full, that the charge will be removed from Tilbury Riverside project and the Tilbury Riverside project will receive the agreed £2.36m LGF allocation in full;

5.2 a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government;

5.3 if no further LGF funding is received from Central Government, that the LGF allocation for the Tilbury Riverside project will reduce by £2.3m. Thurrock Council will need to take steps to seek alternative funding sources to enable delivery of the Tilbury Riverside project and identify an additional £6,640,400 to bridge the funding gap for the A13 widening.

**14 Innovation Park Medway Update Report**

The Board received a report from Rhiannon Mort and Jessica Jagpal Senior LGF Programme Co-Ordinator, the purpose of which was to provide the Board with an update on the delivery of the Innovation Park Medway project (the Project) and to consider the funding decision in relation to Phase 3 of the Project.

Councillor Chambers advised that the delay experienced was in fact due to Highways England- one of the Government's own agencies. He felt that the Government should recognise this and apply pressure themselves. He asked for the Board's support for Option 2 as set out in the report and stated that it would provide assistance in applying pressure to Highways England.

The Chair stated that she believed that SELEP should also apply pressure to the Government in this regard.

**Resolved:**

1. **To Note** that the benefit cost ratio is just over the threshold for presenting high value for money at 2.1:1, relative to the 2:1 threshold. If there is any reduction to the scale of benefits, such as through reduced demand for commercial space following a move to increased homeworking, the benefit cost ratio would likely fall below the 2:1 threshold for high value for money.

2. **To Agree** the award of a further £1.519m LGF to the Project subject to:

2.1 Written confirmation being received from Medway Council S151 officer to confirm the full funding package is in place, including the funding to deliver the IPM mitigation works to M2 Junction 3;

2.2. Endorsement of LGF spend beyond the Growth Deal by the Strategic Board;

2.3. The final third of the 2020/21 LGF allocation being transferred by the Ministry for Housing Communities and Local Government (MHCLG) or the Strategic Board prioritising the Project for funding, should only part of the final

third of LGF be confirmed by Government;

3. **To Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Government; and

4. **To Note** that no LGF will be transferred to Medway Council for the delivery of the Project until the conditions set out in 2. above have been satisfied.

## 15 **East Malling Advanced Technology Horticultural Zone LGF Funding Decision**

The Board received a report from Helen Dyer and a presentation from Steer, the purpose of which was for the Board to consider the award of £1.75m Local Growth Fund (LGF) to the East Malling Advanced Technology Horticultural Zone project (the Project) in East Malling, Kent.

Councillor Gough advised the Board that he had received written confirmation from the Managing Director of NIAB confirming that £75,000 would be available to cover any shortfall and this would therefore provide the necessary assurances.

### **Resolved:**

1. **To Approve** the award of £1,683,600 LGF to the delivery of the Project which has been assessed as presenting high value for money with medium/low certainty of achieving this, subject to:

receipt of written confirmation being received by SELEP Secretariat to confirm that match funding has been secured either through land sales at the required price or through confirmation that of a commercial loan as a viable alternative to enable delivery of the Project;

2. **To Agree** to place a £1,683,600 notional charge over the Thanet Parkway project to enable the transfer of funding to the Project prior to confirmation from MHCLG of the final third of the 2020/21 LGF allocation

3. **To Note** that no LGF will be transferred for the delivery of the Project until the condition set out in 1. above has been satisfied.

4. **To Note** that:

- if the final third of LGF funding is received in full, that the charge will be removed from the Thanet Parkway project and the project will receive the agreed £14m LGF allocation in full;
- a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government; and
- if no further LGF funding is received from MHCLG, that the LGF allocation for the Thanet Parkway project will reduce by £1,683,600 and that

Kent County Council will need to take steps to seek alternative funding sources to enable delivery of the project.

#### **16 Sturry Link Road Update Report**

The Board received a report (Appendix 1 was considered under Exempt items) from Rhiannon Mort, the purpose of which was for the Board to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.

The Board were advised that delays regarding KCC's planning permission due to Covid-19 have removed the opportunity to satisfy the conditions agreed at the February Board meeting.

Councillor Gough asked the Board to support the deferral to September, confirming that the delay is to Covid-19.

In response to a question from Councillor Woodley, Councillor Gough confirmed that the issue would be resolved by September.

#### **Resolved:**

1. **To Agree** to reverse the decision to reallocate £4.791m from the Project to the LGF pipeline. This is in light of the exceptional circumstances which have prevented the Project from being able to satisfy the conditions, agreed in February 2020, for the Project to retain the unspent LGF; and
2. **To Agree** to extend the deadline until 18th September 2020 for planning consent to be secured for:
  - 2.1. The Broad Oak Farm and Sturry development; and
  - 2.2. The Project itself.

#### **17 Queensway Gateway Road Update**

The Board received a report from Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council and Helen Dyer, the purpose of which was for the Board to receive a further update on the delivery of the Queensway Gateway Road project (the Project).

Councillor Glazier spoke in support of the project stating that the temporary solutions now in place will assist greatly.

#### **Resolved:**

1. **To Note** the latest position on the delivery of the Project; and
2. **To Note** that the Board will be provided with a further update on the Project at its next meeting on 18th September 2020.

#### **18 Bexhill Enterprise Park North Update**

The Board received a report from Helen Dyer and Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council, the purpose of which was for the Board to receive an update on the delivery of the Bexhill Enterprise Park North project (the Project).

The Board were advised that the decision regarding the planning appeal has been delayed due to Covid-19.

Councillor Glazier spoke in support of the project, stressing that it is of crucial importance and expressed his disappointment regarding the delays in connection with the planning issues.

**Resolved:**

1. **To Note** the latest position on the delivery of the Project;
2. **To Agree** that LGF spend on the delivery of the Project, beyond the £440,000 already transferred to East Sussex County Council, should remain paused until planning consent has been granted.
3. **To Agree** that a further update on the Project which confirms the outcome of, or sets out a clear timetable for conclusion of, the planning appeal should be provided to the Board at their meeting on 18th September 2020.

**19 USP College LGF Change Request**

The Board received a report from Howard Davies and a presentation from Steer, the purpose of which was to bring forward to the Board a proposal to change the location of the original Project proposal.

**Resolved:**

1. **To Approve** the change of location for this Project which has been assessed by the ITE as presenting high value for money with medium/low certainty of achieving this, subject to:  
Written confirmation that the College has completed the acquisition of the Canvey Island Skills Centre
2. **To Note** the reduced amount of match funding from the USP College.  
From £900,000 to £350,000
3. **To Note** The proposed location does not need planning permission which will allow the Project to proceed sooner and thus all LGF spend will be completed by March 2021.

**20 Growing Places Fund Update**

Due to his earlier declaration of interest, Cllr Chambers abstained from voting on this item.

The Board received a report from Helen Dyer, the purpose of which was to update the Board on the latest position of the Growing Places Fund (GPF) Capital Programme.

**Resolved:**

1. **To Note** the updated position on the GPF programme.
2. **To Note** that at their meeting on 17th April 2020, the Strategic Board agreed to recommend to the Board that flexibility should be granted to delay GPF repayments for existing projects where justification is provided of the impact of COVID-19. Decisions on individual repayment schedule changes will be brought to the Board for consideration.
3. **To Note** that at their meeting on 17th April 2020, the Strategic Board agreed a 12 month grace period, starting from 1st April 2020, in relation to the charging of interest on GPF loans where repayments are not able to be made in line with agreed repayment schedules due to the impact of the COVID-19 virus.
4. **To Note** the identified risk to the repayment schedules for the following projects:
  - 4.1. Sovereign Harbour
  - 4.2. North Queensway
  - 4.3. Javelin Way
  - 4.4. Live Margate
  - 4.5. No Use Empty Commercial
  - 4.6. Workspace Kent
5. **To Approve** the revised repayment schedule for the Fitted Rigging House project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.
6. **To Approve** the revised repayment schedule for the Charleston Centenary project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.
7. **To Note** the revised drawdown schedule for the Colchester Northern Gateway project.
8. **To Note** the update on the latest round of GPF investments (GPF round 3) following the Strategic Board meeting which was held on 12th June 2020.

**21 SELEP Operations Update**

Introducing this item, the Chair offered thanks on behalf of the Board to all the staff involved and for their hard work during a very difficult time.

Suzanne Bennett offered her thanks to colleagues at the Accountable Body.

The Board received a report from Suzanne Bennett Chief Operating Officer, the purpose of which was for the Board to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report included an update on risk management following the declaration of the Covid-19 Pandemic and updates on items of governance. The financial update was included in a separate report.

Councillor Gough asked for an update on the timing the creation of a formalised agreement between the SELEP Ltd and the Accountable Body. It was confirmed that this had been delay due to Covid-19 but that it should hopefully be finalised for the September Board meeting.

**Resolved:**

1. **To Note** the update on the implementation of the LEP Review, outcome of the 2019/20 Annual Performance Review and an update on compliance with the Assurance Framework.
2. **To Note** the update on the impact of Covid-19 on the operations of SELEP and the identification of substantial risks associated to the crisis.
3. **To Note** the Risk Register at Appendix 3 of the report.

## **22 SELEP Finance Update**

The Board received a report from Lorna Norris, Senior Finance Business Partner the purpose of which was for the Board to consider the provisional outturn position for the SELEP Revenue budget for 2019/20 and the update to the 2020/21 budget including specific grants.

In response to concerns raised by Councillor Chambers regarding the SELEP secretariat budget, the Board proceeded to discuss the funding issue and the desire to reinstate the Local Area Support Grant. Clarification was provided over the previous purpose of the Local Area Support Grant and the one-off nature of this funding, in supporting specific purposes to implementation of the Assurance Framework and LEP review. The Board were made aware of the latest position in relation to SELEP's reserves.

**Resolved:**

1. **To Approve** the provisional outturn for the South East LEP revenue budget for 2019/20 in Table 1 in the report
2. **To Approve** the contribution of £579,000 to General Reserves in Table 1 in the report;
3. **To Approve** the recommended increase in the minimum level of reserves to £200,000, held to meet the costs of closure should SELEP cease to function;
4. **To Approve** the updated 2020/21 SELEP revenue budget set out in Table 6 in the report, including the specific grants summarised in Table 5 in the report (and detailed in Appendix 1 of the report);
5. **To Approve** the application of the GPF Capital Grant as set out in Table



8 in the report and summarised as follows:

- 5.1 Supporting the GPF Pipeline of Projects - £12.296m
- 5.2 Extension of the Sector Support Fund (SSF) - £1m
- 5.3 Establish a COVID-19 Skills Fund - £2m
- 5.4 Establish a COVID-19 SME Business Support Fund - £2.4m
- 5.5 Establish a COVID-19 LGF Contingency Fund - £3.596m
- 5.6 Contribution to reserves to support the SELEP Secretariat Budget in 2021/22 and 2022/23 - £1m

6. **To Approve** the reallocation of COVID-19 LGF Contingency Fund of £3.596m to support the GPF Pipeline of Projects, in the event that Government confirms the allocation of at least this amount of the remaining third of LGF to SELEP.

7. **To Note** that all GPF allocations will be subject to Board approval of their business case, in line with the SELEP Assurance Framework.

8 **To Note** that both the COVID-19 Skills Fund and the COVID-19 SME Business Support Fund require Strategic Board to approve the criteria for allocation, in line with the SELEP Assurance Framework.

9 **To Note** that any drawdowns from the SELEP Secretariat Budget Reserve will require approval from the Board.

10. **To Note** that by the end of 2022/23, the level of reserves is forecast to be below the recommended minimum level and that further options to increase income or reduce costs will need to be identified to mitigate this risk as part of future budget planning.

**23 Date of next meeting**

The Board noted that the next meeting will take place on Friday 18th September 2020 either online at High House Production Park.

There being no urgent business the meeting closed at 12.53 pm

**24 Exclusion of the Public**

That the press and public be excluded from the meeting during consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information as specified in paragraph 3 of Schedule 12A of the Local Government Act 1972.

**25 A13 widening LGF Decision CONFIDENTIAL APPENDIX**

The Board noted the A13 widening LGF Decision CONFIDENTIAL APPENDIX.

**26 A28 Sturry Link Road CONFIDENTIAL APPENDIX 1**

The Board noted A28 Sturry Link Road CONFIDENTIAL APPENDIX 1.

**Chairman**

**Forward Plan reference number:** FP/AB/286

<b>Report title:</b> Local Growth Fund Capital Programme Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Meeting Date:</b> 18 September	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> East Sussex, Essex, Kent, Medway, Thurrock and Southend	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.
- 1.2 The information presented in this report was collated with local partners in August 2020 and presents an initial view of the COVID-19 impacts, project risks and overall programme risks. The situation will be kept under close review through update reports to the Board at each meeting, as Government advice changes and there is greater clarity as to the impacts of COVID-19 on the programme.
- 1.3 The report also confirms the successful outcome of the Ministry of Housing Communities and Local Government's (MHCLG) review into LGF spend, which has resulted in the final third of SELEP's LGF allocation for 2020/21 having been confirmed.

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1. **Note** the updated total spend in 2019/20 of £62.788m LGF excluding DfT retained schemes and £96.394m including DfT retained schemes, as set out in Appendix 1.
  - 2.1.2. **Agree** the updated total planned LGF spend in 2020/21 of £81.992m excluding DfT retained schemes and increasing to £111.714m including DfT retained schemes, as set out in Table 1 and Appendix 1.
  - 2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix 2.
  - 2.1.4. **Agree** the reallocation of £2.111m LGF from the Exceat Bridge project to the LGF project pipeline.

2.1.5. **Agree** to place LGF spend on hold for the M11 Junction 8 project and for a further update report to be provided by Essex County Council to the Board in November 2020.

2.1.6. **Note** the mitigation/action required in relation to high risk projects as set out in Appendix 3.

### 3. Summary Position

- 3.1 To date, the Board has approved the award of £565.4m LGF to 109 projects, relative to a total LGF allocation of £578.9m. The final project to be awarded funding, A127 Fairglens Interchange, is due to be considered at the next meeting of the Board.
- 3.2 A total of 46 projects have been completed across the programme, with a further 63 underway to support the economic recovery following the COVID-19.
- 3.3 End of year declarations have now been provided by each local authority to confirm the total LGF spend incurred in 2019/20. Reported LGF spend in 2019/20 by partner authorities totals £62.8m, excluding Department for Transport (DfT) retained schemes, and increasing to £96.4m including DfT retained schemes, as set out in Appendix 1.
- 3.4 To the end of 2019/20, a total of £409.2m LGF had been spent across the programme and a further £111.7m is due to be spent on LGF projects in 2020/21, as set out in Table 1 below.
- 3.5 The 2020/21 spend forecast has been updated to reflect slippages of LGF from 2019/20 to 2020/21 which were identified through the end of year reporting process, and delays to LGF projects reported since the last Board meeting. Considering the net impact of these changes, the 2020/21 LGF spend forecast has marginally reduced by £0.716m from £118.4m in the last update report in June 2020 to £117.7m (including DfT retained schemes).

**Table 1 - Summary LGF spend forecast**

LGF (£m)						
	LGF spend to end of 2019/20	LGF spend 2020/21	LGF spend 2021/22	LGF spend 2022/23 onwards	Total	% LGF allocation spent by end of 2019/20
East Sussex	59.699	9.613	11.384	1.579	82.276	72.56%
Essex	78.642	12.791	5.862	12.000	109.295	71.95%
Kent	87.784	28.101	10.755	0.000	126.640	69.32%
Medway	21.357	8.733	2.350	0.000	32.440	65.84%
Southend	25.299	13.017	0.994	0.000	39.310	64.36%
Thurrock	26.080	9.737	0.884	0.000	36.700	71.06%
Skills	21.975	0.000	0.000	0.000	21.975	100.00%
M20 Junction 10a	19.700	0.000	0.000	0.000	19.700	100.00%
<b>Sub-total</b>	<b>340.536</b>	<b>81.992</b>	<b>32.229</b>	<b>13.579</b>	<b>468.336</b>	
<b>DfT Retained</b>	<b>68.617</b>	<b>29.722</b>	<b>12.261</b>	<b>0.000</b>	<b>110.600</b>	
<b>Total spend forecast</b>	<b>409.153</b>	<b>111.714</b>	<b>44.490</b>	<b>13.579</b>	<b>578.936</b>	

- 3.6 It is currently forecast that £58.1m LGF will remain unspent at the end of 2020/21. This figure includes £45.8m LGF from MHCLG and £12.3m LGF from the Department for Transport (DfT).
- 3.7 It is proposed that the remaining £45.8m unspent LGF from MHCLG at the end of the 2020/21, will be swapped into local authority's wider capital programmes at the end of this final year. This funding will then be 'swapped out' by local authorities in future years to be spent on the respective LGF project. This is set out further in section 5 below.
- 3.8 The Strategic Board has previously extended the delivery of the Growth Deal period by six months to 30 September 2020. Any further extensions beyond this date must be considered by the Strategic Board on a case by case basis. For those projects reporting LGF spend beyond this date, approvals will be sought from the Strategic Board in October 2020.
- 3.9 At the last meeting of the Board, an update was provided about the impact of the COVID-19 public health measures on the delivery of the Growth Deal programme. As anticipated, the impact of the public health measures and the economic downturn have resulted in project delays, project cost increases and/or funding gaps and is expected to slow the pace of benefit realisation. The risk rating for each project is presented in appendix 3, having been reviewed to reflect the known impacts of the pandemic to date on project delivery. Further details about the high-risk projects are set out in Appendix 3/ section 6.

#### **4. 2020/21 Funding allocation**

- 4.1 Since the last meeting of the Board in July 2020, SELEP has been successfully allocated the final third of Local Growth Fund due in 2020/21. totalling £77.873m from MHCLG. This funding was received by the SELEP Accountable Body in August 2020.
- 4.2 In July 2020, a number of projects received a funding award, which was subject to the final third of LGF being receive. These projects will now be able to proceed in drawing down their LGF allocation, unless there are additional funding conditions which still need to be satisfied.
- 4.3 Furthermore, local authorities which agreed to place a charge over an alternative LGF project, in advance of the final third of LGF being secured (namely Kent County Council in respect of Thanet Parkway and Thurrock Council in respect of Tilbury Riverside) will have these charges removed.
- 4.4 Through the submission of information to Government, to secure the final third of LGF, SELEP committed to:
  - 4.4.1. agree updated Service Level Agreements with each partner authority, under which LGF is transferred. This will help further demonstrate to Government the contractual commitment of LGF; and
  - 4.4.2. implement 'Option 4' capital swaps, to demonstrate that LGF will be spent in full by the end of 2020/21.
- 4.5 It remains SELEP's intention to put in place these arrangements and the Board will be asked to agree the expected value of the Option 4 swaps (+/- any minor slippages) at its final meeting in Q4 2020/21.

#### **5. LGF spend beyond the Growth Deal period**

- 5.1 Given the substantial impact of COVID-19 on the delivery of LGF projects, the Strategic Board agreed to extend the Growth Deal period to 30 September 2021.
- 5.2 Whilst MHCLG has made clear its expectation that LGF is spent in full in 2020/21, there are no conditions within the Grant Determination Letter from MHCLG which prohibit the spend of LGF beyond 31 March 2021. As such, SELEP intends to use Option 4 capital swaps to demonstrate LGF spend in full by the end of the Growth Deal where there are no substantial (Red) rated risks identified for the future delivery of the Project.
- 5.3 To ensure SELEP is fulfilling its responsibilities in overseeing the appropriate use of public funds, it is not recommended that Option 4 capital swaps should be applied, where there is a high risk to the project, such as issues in securing planning consent or where match funding contributions have not been confirmed.

- 5.4 The Board is strongly encouraged to seek assurances over the deliverability of high-risk projects by the end of 2020 calendar year to ensure that Option 4 swaps can be agreed, or alternative investments can be identified.
- 5.5 Approval of LGF spend beyond the Growth Deal, as extended to 30 September 2020, also remains subject to the Board agreeing that five specific conditions have been met. These five conditions include projects demonstrating:
  - 5.5.1. A clear delivery plan with specific delivery milestones and completion date having been agreed by the Board;
  - 5.5.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
  - 5.5.3. All funding sources are 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;
  - 5.5.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and
  - 5.5.5. Contractual commitments being in place with construction contractors by the end of the Growth Deal period for the delivery of the project
- 5.6 As per condition listed in 5.5.4 above, the Strategic Board will be asked to agree the retention of LGF allocations for all projects spending beyond 30 September 2021. Those projects listed in Table 2 will be considered in October 2020, where the spend is expected to extend beyond 30 September 2021 and approval from the Strategic Board is not already in place.
- 5.7 Table 2 lists all projects which are forecasting LGF spend beyond 2020/21. There is a risk that further LGF slippage beyond the Growth Deal will be identified over the coming months as a result of the COVID-19 pandemic slowing project delivery or results in project complications.

**Table 2 – Projects with forecast LGF spend beyond 31 March 2021**

Projects spending LGF beyond 31 March 2021 (£m)										
SELEP number	Project Name	Promoter	Spend to end of 2019/20	2020/21 (Total)	2021/22	2022/23	2023/24 and beyond	All Years	% LGF spent by 31 March 2021	RAG rating
<b>East Sussex</b>										
LGF00023	Hailsham/Polegate/Eastbourne Movement and A	East Sussex	1.263	0.135	0.702			2.100	66.6%	4
LGF00024	Eastbourne and South Wealden Walking and Cycl	East Sussex	3.772	0.952	1.876			6.600	71.6%	4
LGF00042	Hastings and Bexhill Movement and Access Packa	East Sussex	2.549	2.048	2.824	1.579		9.000	51.1%	5
LGF00044	Eastbourne town centre LSTF access & improvem	East Sussex	5.244	0.151	2.605			8.000	67.4%	4
LGF00108	Bexhill Enterprise Park North	East Sussex	0.000	1.540	0.400			1.940	79.4%	5
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	0.229	1.189	1.500			2.918	48.6%	3
LGF00110	Churchfields Business Centre (previously known a	East Sussex	0.065	0.335	0.100			0.500	80.0%	3
LGF00117	Exceat Bridge Replacement	East Sussex	0.000	0.734	1.377			2.111	34.8%	5
<b>Essex</b>										
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000			12.000	12.000	0.0%	5
LGF00102	A127/A130 Fairglens Interchange new link road	Essex	1.876	0.497	3.862			6.235	38.1%	3
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.000	3.000	2.000			5.000	60.0%	4
<b>Kent</b>										
LGF00012	Kent Strategic Congestion Management program	Kent	2.779	1.621	0.300			4.700	93.6%	2
LGF00039	Maidstone Integrated Transport	Kent	3.564	3.336	2.000			8.900	77.5%	4
LGF00040	A28 Sturry Link Road	Kent	1.109	1.061	3.730			5.900	36.8%	5
LGF00041	Thanet Parkway	Kent	0.000	9.275	4.725			14.000	66.2%	3
<b>Medway</b>										
LGF00022	Medway City Estate Connectivity Improvement M	Medway	0.621	0.879	0.700			2.200	68.2%	3
LGF00089	IPM (Rochester Airport - phase 2)	Medway	0.570	2.080	1.050			3.700	71.6%	5
LGF00115	IPM 2 (Rochester Airport - phase 3)	Medway	0.000	0.919	0.600			1.519	60.5%	5
<b>Southend</b>										
LGF00045	Southend Central Area Action Plan (SCAAP) - Tran	Southend	3.638	3.000	0.362			7.000	94.8%	3
LGF00115	Southend Town Centre	Southend	0.000	0.868	0.632			1.500	57.8%	3
<b>Thurrock</b>										
LGF00123	Tilbury Riverside	Thurrock	0.029	1.447	0.884			2.360	62.6%	3
<b>DfT retained schemes</b>										
LGF00079	A127 Fairglens Junction Improvements	Essex	1.500	7.638	5.862			15.000	60.9%	4
LGF00082	A127 The Bell	Southend	1.216	0.385	2.699			4.300	37.2%	2
LGF00083	A127 Essential Bridge and Highway Maintenance	Southend	1.702	2.598	3.700			8.000	53.8%	2
<b>Total</b>			<b>31.728</b>	<b>45.686</b>	<b>44.490</b>	<b>1.579</b>	<b>12.000</b>	<b>135.483</b>		

## 6. Deliverability and Risk of projects

- 6.1 Appendix 2 sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates as set out in the original business cases.
- 6.2 The summary project risk assessment position is set out in Table 3 below. A score of 5 represents high risk (Red) whereas a score of 1 represents low risk (Green).
- 6.3 The risk assessment has been conducted for LGF projects based on:

- 6.1.1. **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 greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.



6.1.2. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spent forecast beyond 31 March 2021.

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

**Table 3 LGF project risk**

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend in 2020/21 and onwards (£m)
Low risk - 1	47	179.47	6.41
Low/Medium risk - 2	16	97.72	25.91
Medium risk - 3	27	176.51	69.14
Medium/high risk - 4	10	73.57	35.38
High risk - 5	9	51.66	32.94
Total	109	578.94	169.78

6.4 Detail of the high-risk projects are set out in Appendix 3. In total, £32m of unspent LGF is currently allocated to high risk projects.

6.5 As per the updates set out in Appendix 3, specific actions are recommended to the Board in relation to Exceat Bridge and M11 Junction 8.

## **7. Exceat Bridge, East Sussex**

7.1 Appendix 3 provides an update on the risks in relation to the delivery of the Exceat Bridge project. Specifically, the proposed local match funding which has not been secured, resulting in a £1.4m funding gap. No alternative funding sources have been identified to proceed with the delivery of the project at this time.

7.2 Given the uncertainty over this funding source at the point of the funding awarded being made by the Board at its last meeting, the £2.111m LGF award was subject to written confirmation being provided by East Sussex County Council that all funding sources were in place to proceed with the project.

7.3 As assurances cannot be provided over the deliverability of the project and as the conditions for the LGF award being made have not been satisfied, it is recommended that the £2.111m LGF allocation is reallocated to the LGF pipeline.

- 7.4 Whilst the project cannot currently proceed, given the funding gap, the reallocation of the £2.111m LGF away from the project will further hinder the ability of the project to proceed. As such, the proposed benefits of the project will not be delivered unless alternative funding sources can be identified to proceed with the delivery of the project. SELEP Ltd may therefore wish to consider the project for future funding streams, should a suitable funding stream become available.

## **8. M11 Junction 8**

- 8.1 As per the update in Appendix 3, a funding gap of approximately £7m has been identified, due to the increase in tender cost for the project and a reduction in other funding sources. To date £2.2m LGF has been spent on the delivery of the Project, relative to a total allocation of £2.8m; leaving £0.5m unspent.
- 8.2 The project has been placed on hold by Essex County Council whilst options are considered, and alternative funding sources are sought. It is recommended to the Board that the LGF spend is placed on hold until a delivery route has been identified and for a further update to be provided to the Board in November 2020.
- 8.3 Given the pressing need to ensure high risk issues are addressed prior to an Option 4 swap being implemented at the end of 2020/21, it is recommended that an options report should be presented to the Board at its meeting in November 2020. This specific agenda item on the project should look to identify a means to bridge the funding gap or for the remaining £0.5m unspent LGF to be considered for reallocated to LGF pipeline projects.
- 8.4 Assurances will also be sought from ECC finance to ensure that the £2.2m LGF spend to date remains a capital cost, in line with the conditions of the LGF grant from Central Government.

## **9. LGF pipeline**

- 9.1 At the last meeting of the Board, the Board awarded £1.684m to the NIAB project based on the value of unallocated LGF available at the time of the meeting. The only project now remaining on the LGF pipeline is the Queens Street Grow on Space, Colchester project, seeking £3.777m LGF.
- 9.2 If the Board agree the recommendation set out under section 6, for the return of £2.111m LGF to the pipeline, this will provide part, but not all, of the funding required for the Queens Street project. As such, unless the scheme promoters can proceed with a reduced allocation of £2.111m LGF, the Queens Street project will remain on the LGF pipeline until sufficient funding becomes available to support the project (for a period of up to six months).
- 9.3 As a majority of the LGF pipeline projects have now received an LGF funding award and given the number of high-risk projects which remain in the LGF

programme, SELEP Ltd will be asked to agree how future priorities for LGF investment should be determined.

## **10. LGF Programme Risks**

- 10.1 In addition to project specific risks, Appendix 4 sets out the overall programme risks. The main risks include the impact of COVID-19 crisis on the delivery (and pace of delivery) of project outputs and outcomes, which could impact the overall value for money achieved through the delivery of the programme.
- 10.2 The risk relating to the final third of LGF funding has been removed from the programme risk register, as the funding from MHCLG has now been received in full.

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

- 11.1 All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body has now received the final third of LGF from MHCLG in August 2020, meaning the full allocation of totalling £77.873m has been received.
- 11.2 The use of “Option 4 capital swap” as discussed in section 5 (LGF spend beyond the Growth Deal period) of this report is permissible under the SLA’s in place between ECC as Accountable Body and the local authority partners. Written confirmation from the S151 officer for each Local Authority that they are comfortable with the proposed approach to apply the option 4 LGF capital swap as required at the end of 2020/21, has been received.
- 11.3 The application of Option 4 capital swap will be subject to an Accountability Board Decision.
- 11.4 Government has made future 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.
- 11.5 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 2019/20 into 2020/21 totalling £49.926m; in addition, slippage in excess of £45.808m (excluding DfT programmes) is already reported into 2021/22.
- 11.6 The Exceat Bridge programme is recommended under 2.1.4 to have it’s £2.111m LGF allocation to be reallocated to the LGF pipeline. This is in line with the requirements of the SELEP Assurance Framework.

- 11.7 In considering the recommendation for the removal of this scheme from the LGF programme, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 11.8 As part of the LGF programme review to Central Government in June 2020, the Accountable Body and SELEP reported spend in full of the LGF programme by 31 March 2020, either through deliverability of the projects or using the Option 4 mechanism. The LGF project delay's outlined in Queensway Gateway Road, Sturry Link Road and Bexhill Enterprise Park North reports, highlight a risk that SELEP and the Accountable Body will be unable to evidence project spend by the end of the Growth Deal. These Project's will be considered as part of an overall LGF programme review at the October 2020 meeting of the Strategic Board, in which they will be asked to consider all LGF projects deemed high risk. These projects will need to seek continued endorsement from the Board as to the viability of their delivery.
- 11.9 Essex County Council, 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.
- 11.10 Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 11.11 The Accountable Body is ensuring that the grant is spent in line with the Grant Determination letter condition, which does not impose an end date for use.

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

- 12.1 There are no legal implications arising from this report. As set out within this report, the grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government, and used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities.

## **13. Equality and Diversity implication**

- 13.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 13.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 13.3 In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

#### **14. List of Appendices**

- 14.1 Appendix 1 - LGF spend forecast update
- 14.2 Appendix 2 - Project deliverability and risk update
- 14.3 Appendix 3 – High Risk Projects
- 14.4 Appendix 4 – LGF Programme Risks

#### **15. List of Background Papers**

- 15.1 None

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	08/09/20

Appendix 1 LGF spend forecast update												
SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
<b>East Sussex</b>												
LGFO0002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400	0.000	0.000	0.000	0.000			1.500
LGFO0023	Hailsham/Polegate/Eastbourne Movement and Access Package	East Sussex	0.000	0.000	0.254	0.000	1.009	0.135	0.702			2.100
LGFO0024	Eastbourne and South Wealden Walking and Cycling Network	East Sussex	0.600	0.370	1.630	0.498	0.674	0.952	1.876			6.600
LGFO0036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	0.890	1.066	0.504	0.000			10.000
LGFO0066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895	0.000	0.000	0.000	0.000	0.000			1.400
LGFO0067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170	0.000	0.000	0.000	0.000	0.000			1.700
LGFO0085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000	0.000	0.000	0.000			18.600
LGFO0042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	0.796	1.408	2.048	2.824	1.579		9.000
LGFO0043	Hastings and Bexhill LSTF walking and cycling package	East Sussex										
LGFO0044	Eastbourne town centre LSTF access & improvement	East Sussex	0.000	0.550	0.245	3.700	0.749	0.151	2.605			8.000
LGFO0073	A22/A27 junction improvement package	East Sussex										
LGFO0068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000	0.000	0.000	0.000			0.667
LGFO0097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.300	0.350	0.000	0.000			8.200
LGFO0099	Devonshire Park	East Sussex	0.000	0.000	5.000	0.000	0.000	0.000	0.000			5.000
LGFO0108	Bexhill Enterprise Park North	East Sussex	0.000	0.000	0.000	0.000	0.000	1.540	0.400			1.940
LGFO0109	Skills for Rural Businesses Post-Brexit	East Sussex	0.000	0.000	0.000	0.000	0.229	1.189	1.500			2.918
LGFO0110	Churchfields Business Centre (previously known as Bexhill Enterprise Park)	East Sussex	0.000	0.000	0.000	0.000	0.065	0.335	0.100			0.500
LGFO0116	Bexhill Creative Workspace	East Sussex	0.000	0.000	0.000	0.000	0.014	0.946	0.000			0.960
LGFO0117	Exceat Bridge Replacement	East Sussex	0.000	0.000	0.000	0.000	0.000	0.734	1.377			2.111
	Eastbourne Fisherman	East Sussex	0.000	0.000	0.000	0.000	0.000	1.080	0.000			1.080
<b>Essex</b>												
LGFO0004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000	0.000	0.000	0.000				0.200
LGFO0025	Colchester LSTF	Essex	0.911	1.489	0.000	0.000	0.000	0.000				2.400
LGFO0026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400	0.000	0.000				5.000
LGFO0027	Colchester Town Centre	Essex	0.955	2.574	1.071	0.000	0.000	0.000				4.600
LGFO0028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000	0.000	0.000	0.000				3.000
LGFO0031	A414 Pinch Point Package: A414 First Avenue & Ca	Essex	5.870	2.130	2.000	0.487	0.000	0.000				10.487
LGFO0032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000	0.000	0.000	0.000				2.000
LGFO0033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.248	0.738	0.000	0.000				3.000
LGFO0034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	0.750	4.203	0.000				6.586
LGFO0037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	0.000	0.000	0.000	0.000	0.000				5.800
LGFO0048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	1.104	1.160	0.000				3.660
LGFO0049	A414 Harlow to Chelmsford (removed from program)	Essex										
LGFO0050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	0.525	1.821	0.394				2.740
LGFO0051	A131 Braintree to Sudbury (removed from program)	Essex										
LGFO0063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	1.000	2.500	4.000	2.500				10.000
LGFO0064	Chelmsford Flood Alleviation Scheme (removed from program)	Essex										
LGFO0070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000	0.000	0.000			12.000	12.000
LGFO0068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667	0.000	0.000	0.000				0.667
LGFO0095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000	0.000				5.000
LGFO0098	Technical and Professional Skills Centre at Stansted	Essex	0.000	0.000	2.000	1.500	0.000	0.000				3.500
LGFO0100	Innovation Centre - University of Essex Knowledge Hub	Essex	0.000	0.000	1.000	1.000	0.000	0.000				2.000
LGFO0101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	2.153	2.747	0.000				5.000
LGFO0102	A127/A130 Fairglan Interchange new link road	Essex	0.000	0.000	0.000	1.700	0.176	0.497	3.862			6.235
LGFO0103	M11 Junction 8 Improvements	Essex	0.000	0.000	0.000	1.800	0.439	0.495				2.734
LGFO0105	Mercury Rising Theatre	Essex	0.000	0.000	0.000	0.000	1.000	0.000				1.000
LGFO0111	Basildon Digital Technologies Campus	Essex	0.000	0.000	0.000	0.000	0.000	2.150				2.150
LGFO0112	Colchester Institute training centre (Groundworks)	Essex	0.000	0.000	0.000	0.000	0.000	0.050				0.050
LGFO0113	USP College Centre of Excellence for Digital Technology	Essex	0.000	0.000	0.000	0.000	0.000	0.900				0.900
LGFO0114	Flightpath Phase 2	Essex	0.000	0.000	0.000	0.000	0.782	0.640				1.422
LGFO0118	Basildon Innovation Warehouse	Essex	0.000	0.000	0.000	0.000	0.870	0.870				0.870
LGFO0119	University of Essex Parkside (Phase 3)	Essex	0.000	0.000	0.000	0.000	0.000	3.000	2.000			5.000
	New Construction Centre, Chelmsford	Essex	0.000	0.000	0.000	0.000	0.000	1.295				1.295
<b>Kent</b>												
LGFO0003	I3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.950	0.941	1.360	0.361	0.000			6.000
LGFO0006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000	0.000					2.631
LGFO0007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000	0.000					2.500
LGFO0008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000	0.000					2.200
LGFO0009	Tunbridge Wells Jct Improvement Package (former)	Kent	0.603	0.189	0.049	0.315	0.010	0.635				1.800
LGFO0010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.252	0.286	0.711	0.000			4.500
LGFO0011	Maidstone Gyratory Bypass	Kent	0.704	3.724	0.171	0.000	0.000					4.600
LGFO0012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.236	0.389	1.621	0.300			4.700
LGFO0013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000	0.000					0.800
LGFO0014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.177	0.335	0.101	0.000			1.000
LGFO0015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.245	1.010	0.000			2.728
LGFO0016	West Kent LSTF	Kent	0.800	1.308	0.333	1.388	0.196	0.875	0.000			4.900
LGFO0017	Folkestone Seafront : onsite infrastructure and eng	Kent	0.533	0.008	0.000	0.000	0.000					0.541
LGFO0038	A28 Chart Road - on hold	Kent	0.885	0.984	0.887	0.000	0.000					2.750
LGFO0039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	0.668	1.517	3.336	2.000			8.900
LGFO0040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	0.285	0.038	1.061	3.730			5.900
LGFO0053	Rathmore Road	Kent	1.562	2.638	0.000	0.000	0.000					4.200
LGFO0054	A28 Sturry Rd Integrated Transport Package (remo	Kent	0.022	0.005	0.056	0.000	-0.084					0.000
LGFO0055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000	0.000					2.000
LGFO0059	Ashford Spurs	Kent	0.000	0.167	4.173	1.414	1.903	0.230				7.887
LGFO0041	Thanet Parkway	Kent	0.000	0.000	0.000	0.000	0.000	9.275	4.725			14.000
LGFO0058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000	0.000					5.000
LGFO0060	Westenhanger Lorry Park (removed from Programme)	Kent										0.000
LGFO0062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033	0.000	0.000					5.000
LGFO0072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638	0.000					4.200
LGFO0068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.511	0.093					0.667
LGFO0086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	0.522	2.732	1.046	0.000			4.300
LGFO0088	Fort Halsted (removed from programme)	Kent										0.000
LGFO0092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966	0.000					1.265
LGFO0093	Kent and Medway Engineering and Design Growth	Kent	0.000	0.000	1.953	4.167	0.000					6.120
LGFO0096	A2 off-slip at Wincheap, Canterbury (removed from	Kent										0.000
LGFO0094	Leigh Flood Storage Area	Kent	0.000	0.000	0.000	0.983	0.810	0.556	0.000			2.349
LGFO0106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	0.040	1.873	0.000	0.000			1.913
LGFO0120	M2 J5 improvements	Kent	0.000	0.000	0.000	0.000	0.000	1.600	0.000			1.600
LGFO0121	Kent and Medway Medical School - Phase 1	Kent	0.000	0.000	0.000	0.000	4.000	4.000	0.000			8.000
LGFO0126	East Malling Advanced Technology Horticultural Zo	Kent	0.000	0.000	0.000	0.000	0.000	1.684	0.000			1.684
<b>Medway</b>												
LGFO0018	A289 Four Elms Roundabout to Medway Tunnel Jo	Medway	0.298	0.402	0.347	0.393	0.177	0.204	0.000			1.821046
LGFO0019	Strood Town Centre Journey Time and Accessibility	Medway	0.200	1.777	0.244	0.244	3.172	1.129	0.000			8.600

LGF00020	Chatham Town Centre Place-making and Public Rea	Medway	0.870	0.945	0.881	0.747	0.756	0.000	0.000			4.200
LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203	0.000	0.000	0.000			2.500
LGF00022	Medway City Estate Connectivity Improvement Me	Medway	0.300	0.181	0.021	0.061	0.058	0.879	0.700			2.200
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.104	0.412	3.523	0.000			4.400
LGF00089	IPM (Rochester Airport - phase 2)	Medway	0.000	0.000	0.000	0.099	0.471	2.080	1.050			3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378	0.000	0.000	0.000			3.500
LGF00115	IPM 2 (Rochester Airport - phase 3)	Medway	0.000	0.000	0.000	0.000	0.000	0.919	0.600			1.519
<b>Southend</b>												
LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.000	0.000	0.000				0.720
LGF00107	Southend Forum 2	Southend	0.000	0.000	0.000	0.470	0.668	4.862				6.000
LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000	0.000	0.000	0.000				1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Trans	Southend	0.000	0.767	1.211	1.011	0.650	3.000	0.362			7.000
LGF00057	London Southend Airport Business Park Phase 1 a	Southend	0.000	2.366	2.076	4.127	10.234	4.287				23.090
LGF00115	Southend Town Centre	Southend	0.000	0.000	0.000	0.000	0.000	0.868	0.632			1.500
<b>Thurrock</b>												
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.160	0.125	0.000				1.000
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520	0.000	0.000				5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	2.514	1.844	0.887				7.500
LGF00052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292	0.000	0.000				5.000
LGF00056	Purfleet Centre	Thurrock	0.000	0.645	1.000	0.196	3.159	0.000				5.000
LGF00104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.438	7.402				10.840
LGF00123	Tilbury Riverside	Thurrock	0.000	0.000	0.000	0.000	0.029	1.447	0.884			2.360
<b>Managed Centrally</b>												
LGF00001	Skills		9.923	11.980	0.071		0.000					21.975
LGF00071	M20 Junction 10a				8.300	11.400	0.000					19.700
	Unallocated						0.000		0.000			0.000
<b>Sub-total</b>			<b>54.563</b>	<b>70.405</b>	<b>78.983</b>	<b>73.797</b>	<b>62.788</b>	<b>81.992</b>	<b>32.229</b>	<b>1.579</b>	<b>12.000</b>	<b>468.335</b>
<b>Provisional Funding Allocation from MHCLG</b>												
			69.450	82.270	92.088	91.739	54.915	77.873				468.335
<b>LGF slippage 2015/16 to 2016/17</b>												
			14.887									
<b>LGF slippage from 2016/17 to 2017/18</b>												
				26.752								
<b>LGF slippage from 2017/18 to 2018/19</b>												
					39.858							
<b>LGF slippage 2018/19 to 2019/20</b>												
						57.800						
<b>Forecast LGF slippage 2019/20 to 2020/21</b>												
							49.926					
<b>Forecast LGF slippage 2020/21 to 2021/22</b>												
								45.808				
<b>DfT retained schemes</b>												
LGF00079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	0.000	1.500	7.638	5.862			15.000
LGF00080	A127 Capacity Enhancements Road Safety and Net	Essex	0.513	3.487	0.000	0.000	0.000	0.000				4.000
LGF00081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411	0.000	0.000	0.000				4.300
LGF00082	A127 The Bell	Southend	0.000	0.000	0.000	0.369	0.848	0.385	2.699			4.300
LGF00083	A127 Essential Bridge and Highway Maintenance -	Southend	0.400	0.289	0.311	0.427	0.276	2.598	3.700			8.000
LGF00084	A13 Widening	Thurrock	0.000	0.000	13.408	11.507	30.982	19.102				75.000
<b>Sub-total retained schemes</b>			<b>1.413</b>	<b>6.165</b>	<b>15.130</b>	<b>12.303</b>	<b>33.605</b>	<b>29.722</b>	<b>12.261</b>	<b>0.000</b>	<b>0.000</b>	<b>110.600</b>
<b>Provisional Funding Allocation from DfT</b>												
			1.500	7.500	29.704	3.474	47.822	20.600				110.600
<b>LGF slippage 2015/16 to 2016/17</b>												
			0.087									
<b>LGF slippage from 2016/17 to 2017/18</b>												
				1.422								
<b>LGF slippage from 2017/18 to 2018/19</b>												
					15.996							
<b>LGF slippage 2018/19 to 2019/20</b>												
						7.167						
<b>Forecast LGF slippage 2019/20 to 2020/21</b>												
							21.383					
<b>Forecast LGF slippage 2020/21 to 2021/22</b>												
								12.261				

Appendix 2- Local Growth Fund Delivery and Risk																		
Project	Deliverability								Financial									
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (June 2020)	Expected completion date (August 2020)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (August 2020)	LGF allocation	LGF spend to date Up to end of 2019/20 (£m)	LGF spend to date Up to end of 2019/20	Forecast LGF spend in 2020/21 (£m)	Forecast LGF spend in 2020/21	LGF spend beyond 2020/21 (£m)	LGF spend beyond 2020/21	Financials RAG rating (August 2020)	Reputational risk RAG rating (August 2020)	Overall (August 2020)
<b>East Sussex</b>																		
Newhaven Flood Defences	Jun-15	Construction in progress	01/02/2020	01/02/2020	01/02/2020	0	0	1	£1,500,000	£2	£1,500,000	£0	£0	£0	£0	1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	01/03/2020	01/12/2021	01/12/2021	21	21	5	£2,100,000	£1	£1,262,986	£0	£135,014	£1	£702,000	4	1	4
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	01/08/2021	01/08/2021	5	5	4	£6,600,000	£4	£3,771,727	£1	£952,273	£2	£1,876,000	4	3	4
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	01/03/2021	01/03/2021	60	0	5	£10,000,000	£9	£9,496,372	£1	£503,628	£0	£0	4	4	5
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	01/03/2017	01/03/2017	01/03/2017	0	0	1	£1,400,000	£1	£1,400,000	£0	£0	£0	£0	1	1	1
Sovereign Harbour	Feb-16	LGF project delivered	01/03/2017	01/03/2017	01/03/2017	0	0	1	£1,700,000	£2	£1,700,000	£0	£0	£0	£0	1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	LGF project delivered	01/03/2018	20/12/2018	20/12/2018	0	0	1	£18,600,000	£19	£18,600,000	£0	£0	£0	£0	1	1	1
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	01/03/2021	01/08/2021	01/08/2021	5	5	4	£9,000,000	£3	£2,549,348	£2	£2,047,652	£4	£4,403,000	5	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	01/08/2021	01/08/2021	5	5	4	£8,000,000	£5	£5,244,114	£0	£150,886	£3	£2,605,000	4	3	4
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	01/04/2020	01/03/2020	01/03/2020	0	0	1	£666,667	£1	£666,667	£0	£0	£0	£0	1	3	1
East Sussex Strategic Growth Project	Jan-17	LGF project delivered	01/03/2021	31/05/2021	31/05/2021	2	0	1	£8,200,000	£8	£8,200,000	£0	£0	£0	£0	1	1	1
Devonshire Park	Mar-17	LGF project delivered	01/03/2020	01/03/2020	01/03/2020	0	0	1	£5,000,000	£5	£5,000,000	£0	£0	£0	£0	1	1	1
Bexhill Enterprise Park North	Jun-19	Design in progress	01/03/2020	01/06/2021	01/06/2021	15	15	5	£1,940,000	£0	£0	£2	£1,540,000	£0	£400,000	5	4	5
Skills for Rural Businesses Post-Brexit Churchfields Business Centre	Jun-19	Design in progress	01/03/2021	01/09/2021	01/09/2021	6	6	4	£2,918,000	£0	£228,805	£1	£1,189,195	£2	£1,500,000	4	2	3
(previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Design in progress	01/03/2021	01/10/2021	01/10/2021	0	8	3	£500,000	£0	£65,315	£0	£334,685	£0	£100,000	3	2	3
Bexhill Creative Workspace	Sep-19	Design in progress	01/05/2020	31/01/2021	31/01/2021	8	8	2	£960,000	£0	£13,949	£1	£946,051	£0	£0	2	2	2
Exceat Bridge Replacement	Jul-20	Approval pending	01/08/2021	01/08/2021	01/08/2021	0	0	5	£2,110,579	£0	£0	£1	£734,000	£1	£1,377,000	5	4	5
Eastbourne Fisherman's Quayside and Infrastructure Development project	Jul-20	Construction in progress	01/07/2021	01/07/2021	01/07/2021	0	0	3	£1,080,000	£0	£0	£1	£1,080,000	£0	£0	3	2	3
<b>Essex</b>																		
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	01/03/2016	01/03/2016	01/03/2016	0	0	1	£200,000	£0	£200,000	£0	£0	£0	£0	1	1	1
Colchester LSTF	Mar-15	LGF project delivered	01/03/2016	01/12/2016	01/12/2016	9	0	1	£2,400,000	£2	£2,400,000	£0	£0	£0	£0	1	1	1
Colchester Integrated Transport Package	Mar-15	Construction in progress	01/03/2021	01/07/2020	01/07/2020	0	0	3	£5,000,000	£5	£5,000,000	£0	£0	£0	£0	3	3	3
Colchester Town Centre	Mar-15	LGF project delivered	01/03/2016	01/01/2018	01/01/2018	22	0	1	£4,600,000	£5	£4,600,000	£0	£0	£0	£0	1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	01/08/2016	01/03/2017	01/03/2017	7	0	1	£3,000,000	£3	£3,000,000	£0	£0	£0	£0	1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	01/03/2017	01/03/2019	01/03/2019	24	0	1	£10,487,000	£10	£10,487,000	£0	£0	£0	£0	1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	01/03/2017	01/12/2016	01/12/2016	0	0	1	£2,000,000	£2	£2,000,000	£0	£0	£0	£0	1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	01/12/2017	01/05/2019	01/05/2019	17	0	1	£3,000,000	£3	£3,000,000	£0	£0	£0	£0	1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	Construction in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£6,586,000	£7	£6,586,000	£0	£0	£0	£0	1	1	2
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	01/04/2015	01/04/2015	01/04/2015	0	0	1	£5,800,000	£6	£5,800,000	£0	£0	£0	£0	1	1	1
A127 Fairgreen junction improvements	Pending	Approval pending	01/09/2022	01/01/2023	01/01/2023	4	0	3	£15,000,000	£2	£1,500,000	£8	£7,637,531	£6	£5,862,469	3	4	4
A127 capacity enhancements	Jun-15	LGF project delivered	01/12/2020	01/11/2018	01/11/2018	0	0	1	£4,000,000	£4	£4,000,000	£0	£0	£0	£0	1	1	1
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	01/03/2020	01/04/2020	01/04/2020	1	0	1	£3,660,000	£4	£3,660,000	£0	£0	£0	£0	1	1	1
A133 Colchester to Clacton	Nov-17	Construction in progress	01/03/2020	01/04/2020	01/06/2020	3	2	1	£2,740,000	£2	£2,346,000	£0	£394,000	£0	£0	1	1	1
Chelmsford City Growth Area Scheme	Dec-17	Construction in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£10,000,000	£8	£7,500,000	£3	£2,500,000	£0	£0	1	2	2
Beaulieu Park Railway Station	Feb-19	Design in progress	01/03/2024	01/12/2025	01/12/2025	21	0	5	£12,000,000	£0	£0	£0	£0	£12	£12,000,000	5	4	5
Coastal Communities Housing Intervention Jaywick	Feb-17	LGF project delivered	01/06/2019	01/06/2019	01/06/2019	0	0	1	£666,667	£1	£666,667	£0	£0	£0	£0	1	1	1
Gilden Way upgrading	Dec-17	Design in progress	01/03/2021	30/01/2021	30/01/2021	0	0	2	£5,000,000	£5	£5,000,000	£0	£0	£0	£0	1	1	2
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	01/09/2018	01/09/2018	01/09/2018	0	0	1	£3,500,000	£4	£3,500,000	£0	£0	£0	£0	1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	01/01/2019	01/01/2019	01/01/2019	0	0	1	£2,000,000	£2	£2,000,000	£0	£0	£0	£0	1	1	1



Appendix 2- Local Growth Fund Delivery and Risk																		
Project	Deliverability								Financial									
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (June 2020)	Expected completion date (August 2020)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (August 2020)	LGF allocation	LGF spend to date Up to end of 2019/20 (£m)	LGF spend to date Up to end of 2019/20	Forecast LGF spend in 2020/21 (£m)	Forecast LGF spend in 2020/21	LGF spend beyond 2020/21 (£m)	LGF spend beyond 2020/21	Financials RAG rating (August 2020)	Reputational risk RAG rating (August 2020)	Overall (August 2020)
STEM Innovation Centre - Colchester Institute	Dec-17	LGF project delivered	01/01/2019	01/12/2019	01/12/2019	11	0	1	£5,000,000	£5	£5,000,000	£0	£0	£0	£0	1	1	1
A127/A130 Fairgreen Interchange new link road	Feb-19	Design in progress	01/04/2022	01/04/2022	01/04/2022	0	0	3	£6,235,000	£2	£1,876,000	£0	£497,000	£4	£3,862,000	3	3	3
M11 junction 8 improvements	Nov-17	Design in progress	01/03/2021	01/11/2022	01/11/2022	20	0	5	£2,733,896	£2	£2,238,702	£0	£495,194	£0	£0	5	4	5
Mercury Rising Theatre	Nov-17	Construction in progress	01/03/2020	01/03/2020	01/08/2020	5	5	1	£1,000,000	£1	£1,000,000	£0	£0	£0	£0	3	3	3
Basildon Digital Technologies Campus	Jun-19	Design in progress	01/09/2020	01/09/2020	01/11/2020	2	2	1	£2,150,000	£0	£0	£2	£2,150,000	£0	£0	1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	01/01/2020	01/12/2020	01/12/2020	11	0	1	£50,000	£0	£0	£0	£50,000	£0	£0	1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning . Benfleet	Jun-19	Design in progress	01/09/2020	01/09/2021	01/09/2021	12	0	4	£900,000	£0	£0	£1	£900,000	£0	£0	1	1	1
Flightpath Phase 2	Jun-19	LGF project delivered	30/09/2020	01/09/2020	01/09/2020	0	0	1	£1,421,500	£1	£781,944	£1	£639,556	£0	£0	1	1	1
Basildon Innovation Warehouse	Jul-20	Approval pending	01/02/2022	01/02/2022	01/02/2022	0	0	2	£870,000	£0	£0	£1	£870,000	£0	£0	2	1	2
University of Essex Parkside (Phase 3)	Feb-20	Design in progress	31/03/2021	01/10/2021	01/03/2022	11	5	4	£5,000,000	£0	£0	£3	£3,000,000	£2	£2,000,000	4	3	4
New Construction Centre, Chelmsford	Jul-20	Approval pending	01/09/2021	01/09/2021	01/09/2021	0	0	2	£1,295,200	£0	£0	£1	£1,295,200	£0	£0	2	2	2
<b>Kent</b>																		
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£6,000,000	£6	£5,639,269	£0	£360,731	£0	£0	1	1	1
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	31/03/2017	30/04/2017	30/04/2017	0	0	1	£2,631,269	£3	£2,631,269	£0	£0	£0	£0	1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	LGF project delivered	01/09/2016	01/01/2020	01/01/2020	40	0	2	£2,500,000	£3	£2,500,000	£0	£0	£0	£0	1	3	3
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	31/03/2015	28/02/2017	28/02/2017	22	0	1	£2,200,000	£2	£2,200,000	£0	£0	£0	£0	1	1	1
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Construction in progress	01/09/2019	31/03/2021	31/03/2021	18	0	4	£1,800,000	£1	£1,165,393	£1	£634,607	£0	£0	2	2	3
Kent Thameside LSTF	Mar-15	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,500,000	£4	£3,788,946	£1	£711,054	£0	£0	2	1	2
Maidstone Gyrotary Bypass	Mar-15	LGF project delivered	01/02/2017	01/12/2016	01/12/2016	0	0	1	£4,600,000	£5	£4,600,000	£0	£0	£0	£0	1	1	1
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,700,000	£3	£2,778,954	£2	£1,621,046	£0	£300,000	3	2	2
Middle Deal transport improvements	Feb-16	Design in progress	01/12/2016	31/06/2020	31/06/2020	43		5	£800,000	£1	£800,000	£0	£0	£0	£0	1	3	3
Kent Rights of Way improvement plan	Mar-15	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£1,000,000	£1	£899,138	£0	£100,862	£0	£0	2	1	3
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£2,727,586	£2	£1,717,966	£1	£1,009,620	£0	£0	2	1	3
West Kent LSTF	Apr-16	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,900,000	£4	£4,024,513	£1	£875,487	£0	£0	2	2	3
Folkestone Seafrost: onsite infrastructure	Mar-15	LGF project delivered	30/09/2015	31/03/2016	31/03/2016	6	0	1	£541,145	£1	£541,145	£0	£0	£0	£0	1	1	1
A28 Chart Road	Nov-15	Design in progress	01/03/2020	TBC	TBC			5	£2,756,283	£3	£2,756,283	£0	£0	£0	£0	5	4	5
Maidstone Integrated Transport	Nov-15 and Jun-17	Design in progress	01/02/2020	01/12/2021	01/12/2021	13	9	4	£8,900,000	£4	£3,564,187	£3	£3,335,813	£2	£2,000,000	4	3	4
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	01/12/2021	01/12/2021	0	2	5	£5,900,000	£1	£1,109,051	£1	£1,060,949	£4	£3,730,000	5	4	5
Rathmore Road	Nov-15	LGF project delivered	01/11/2017	01/01/2018	01/01/2018	2	0	1	£4,200,000	£4	£4,200,000	£0	£0	£0	£0	1	1	1
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	01/03/2016	01/06/2017	01/06/2017	15	0	1	£2,000,000	£2	£2,000,000	£0	£0	£0	£0	1	1	1
Ashford Spurs	Sep-16 and May-17	LGF project delivered	01/04/2018	01/04/2020	01/04/2020	24	0	1	£7,886,830	£8	£7,656,775	£0	£230,055	£0	£0	1	1	1
Thanet Parkway	Apr-19	Design in progress	01/12/2021	30/12/2022	30/12/2022	0	12	3	£14,000,000	£0	£0	£9	£9,274,750	£5	£4,725,250	4	3	3
Dover Western Docks revival	Feb-17	LGF project delivered	01/02/2017	01/04/2017	01/04/2017	2	0	1	£5,000,000	£5	£5,000,000	£0	£0	£0	£0	1	1	1
Folkestone Seafrost (non-transport)	Feb-16	LGF project delivered	31/12/2027	31/03/2018	31/03/2018	0	0	1	£5,000,000	£5	£5,000,000	£0	£0	£0	£0	1	1	1
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	01/03/2020	31/05/2019	31/05/2019	0	0	1	£4,200,000	£4	£4,200,000	£0	£0	£0	£0	1	1	1
Coastal Communities Housing Intervention (Thanet)	Feb-16	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£666,666	£1	£666,666	£0	£0	£0	£0	3	2	3
Dartford Town Centre Transformation	Apr-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,300,000	£3	£3,253,955	£1	£1,046,045	£0	£0	3	3	3
A2500 Lower Road	Sep-17	LGF project delivered	01/12/2019	01/03/2019	01/03/2019	0	0	1	£1,264,930	£1	£1,264,930	£0	£0	£0	£0	1	1	1
Kent and Medway EDGE hub	Sep-17	Construction in progress	31/08/2020	30/09/2020	30/09/2020	0	0	1	£6,120,000	£6	£6,120,000	£0	£0	£0	£0	1	2	2

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Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	01/07/2023	01/07/2023	01/07/2023	0	0	4	£2,348,500	£2	£1,792,721	£1	£556,279	£0	£0	3	2	3
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	31/03/2020	28/02/2020	28/02/2020	0	0	3	£1,913,170	£2	£1,913,170	£0	£0	£0	£0	3	2	3
M2 Junction 5	Feb-20	Design in progress	01/01/2023	31/12/2021	31/12/2021	0	0	4	£1,600,000	£0	£0	£2	£1,600,000	£0	£0	3	3	4
Kent and Medway Medical School	Nov-19	Construction in progress	01/09/2020	31/01/2021	31/01/2021	0	4	2	£8,000,000	£4	£4,000,000	£4	£4,000,000	£0	£0	1	2	2
NIAB - EMR	Jul-20	Approval pending	01/07/2021	01/07/2021	01/07/2021	0	0	1	£1,683,600	£0	£0	£2	£1,683,600	£0	£0	1	1	1
<b>Medway</b>																		
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2024	01/03/2024	38	0	4	£1,821,046	£2	£1,617,067	£0	£203,979	£0	£0	2	3	3
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	01/09/2020	01/12/2020	29	3	4	£8,600,000	£7	£7,471,388	£1	£1,128,612	£0	£0	2	2	3
Chatham Town Centre	Mar-15	LGF project delivered	31/07/2017	01/10/2019	01/10/2019	26	0	1	£4,200,000	£4	£4,200,000	£0	£0	£0	£0	1	1	1
Medway Cycling Action Plan	Mar-15	LGF project delivered	31/03/2018	31/03/2019	31/03/2019	12	0	1	£2,500,000	£3	£2,500,000	£0	£0	£0	£0	1	1	1
Medway City Estate	Mar-15	Design in progress	31/03/2021	31/03/2021	31/09/2021	0	0	2	£2,200,000	£1	£621,193	£1	£878,807	£1	£700,000	4	3	3
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	01/12/2020	01/09/2021	41	9	4	£4,400,000	£1	£876,915	£4	£3,523,085	£0	£0	4	3	4
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	01/12/2021	01/03/2022	14	3	5	£3,700,000	£1	£570,071	£2	£2,079,929	£1	£1,050,000	5	4	5
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	30/04/2019	01/06/2019	01/06/2019	1	0	1	£3,500,000	£4	£3,500,000	£0	£0	£0	£0	1	1	1
Innovation Park Medway (phase 3)	Jul-20	Approval pending	31/12/2021	01/12/2021	01/03/2022	2	3	5	£1,518,500	£0	£0	£1	£918,500	£1	£600,000	5	4	5
<b>Southend</b>																		
Southend Growth Hub	2015	LGF project delivered	31/12/2016	01/03/2017	01/03/2017	2	0	1	£720,000	£1	£720,000	£0	£0	£0	£0	1	1	1
Southend Forum 2	Feb-18	Design in progress	01/09/2021	01/02/2022	01/02/2022	5	0	3	£6,000,000	£1	£1,138,179	£5	£4,861,821	£0	£0	3	3	3
TGSE LSTF - Southend	Mar-15	LGF project delivered	01/08/2016	01/03/2017	01/03/2017	7	0	1	£1,000,000	£1	£1,000,000	£0	£0	£0	£0	1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	19/05/2017	31/05/2019	31/05/2019	24	0	1	£4,300,000	£4	£4,300,000	£0	£0	£0	£0	1	3	2
A127 The Bell	Nov-18 and Feb-19	Construction in progress	31/03/2021	31/03/2021	31/08/2021	5	5	1	£4,300,000	£1	£1,216,446	£0	£385,000	£3	£2,698,554	4	1	2
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19	Construction in progress	31/03/2021	31/03/2021	31/08/2021	5	5	1	£8,000,000	£2	£1,702,397	£3	£2,597,603	£4	£3,700,000	4	1	2
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	01/07/2021	01/07/2021	3	0	3	£7,000,000	£4	£3,638,123	£3	£3,000,000	£0	£361,877	4	2	3
London Southend Airport Business Park	Feb-16, Sep-17 and Sep-18	Construction in progress	31/03/2021	30/09/2021	30/09/2021	5	0	3	£23,090,000	£19	£18,802,773	£4	£4,287,227	£0	£0	3	2	2
Southend Town Centre	Jul-20	Design in progress	01/03/2021	31/05/2021	31/05/2021	2	0	2	£1,500,000	£0	£0	£1	£867,708	£1	£632,292	4	1	3
<b>Thurrock</b>																		
TGSE LSTF - Thurrock	Mar-15	LGF project delivered	31/03/2016	31/03/2020	31/03/2020	48	0	1	£1,000,000	1.000	£1,000,000	£0	£0	£0	£0	1	1	1
Thurrock Cycle Network	Apr-16	LGF project delivered	31/03/2019	31/03/2019	31/03/2019	0	0	1	£5,000,000	5.000	£5,000,000	£0	£0	£0	£0	1	1	1
London Gateway/Stanford le Hope	Feb-17	Construction in progress	31/12/2018	01/08/2021	01/08/2021	31	0	4	£7,500,000	6.613	£6,613,022	£1	£886,978	£0	£0	3	3	3
A13 - widening development	Feb-17	Construction in progress	31/12/2019	31/12/2020	31/12/2020	12	0	3	£5,000,000	5.000	£5,000,000	£0	£0	£0	£0	3	3	2
Purfleet Centre	Jun-16	LGF project delivered	01/09/2027	01/01/2030	01/01/2030	28	0	2	£5,000,000	5.000	£5,000,000	£0	£0	£0	£0	2	1	2
Grays South	Feb-19	Design in progress	01/07/2022	01/10/2023	01/10/2023	15	0	4	£10,840,274	3.438	£3,437,944	£7	£7,402,330	£0	£0	3	2	3
A13 widening	Apr-2017 and Jul-20	Construction in progress	31/12/2019	01/09/2021	01/09/2021	20	0	4	£75,000,000	£56	£55,897,694	£19	£19,102,306	£0	£0	3	3	3
Tilbury Riverside	Sep-19	Design in progress	01/04/2021	01/09/2021	01/09/2021	5	0	3	£2,360,000	£0	£29,082	£1	£1,447,405	£1	£883,513	4	1	3
<b>Managed Centrally</b>																		
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2018		12	0	3	£21,974,561	£22	£21,974,561		£0		£0	4	4	4
M20 Junction 10a	Feb-17	LGF project delivered	31/09/2020	31/12/2019		0	0	1	£19,700,000	£20	£19,700,000		£0		£0	1	1	1

## Appendix 3: High risk LGF projects

### 1. Purpose

- 1.1. There are a total of 9 high risk projects, with a further 10 projects identified as medium/high risk.
- 1.2. This appendix provides information on the projects considered high risk, with a risk score of 5 (high), based on deliverability, finance and reputational risk, on a 1 – 5 scale.
- 1.3. The high-risk projects include the following schemes:
  - 1.3.1. Queensway Gateway Road, East Sussex (£10m LGF)
  - 1.3.2. Bexhill Enterprise Park North, East Sussex (£1.9m LGF)
  - 1.3.3. Exceat Bridge Replacement, East Sussex (£2.1m LGF)
  - 1.3.4. Beaulieu Park Railway Station, Essex (£12m LGF)
  - 1.3.5. M11 Junction 8 (£2.7m LGF)
  - 1.3.6. A28 Chart Road, Kent (£2.8m LGF)
  - 1.3.7. A28 Sturry Link Road, Kent (£5.9m LGF).
  - 1.3.8. Innovation Park Phase 2, Medway (£3.7m LGF)
  - 1.3.9. Innovation Park Phase 3, Medway (£1.5m LGF)
- 1.4. Updates are provided on the delivery of Queensway Gateway Road, Bexhill Enterprise Park North, M11 Junction 8 and A28 Sturry Link Road under separate update reports as part of the meeting agenda pack.
- 1.5. An update on the delivery of the remaining five high risk projects is set out below, with the Innovation Park Medway Phases 2 and 3 having been combined.

Project: <b>Exceat Bridge Replacement</b>	LGF award: £2.111m	Risk Rating:	5
Status: Pending approval	Forecast LGF spend beyond 31 March 2021: £1.377m		
<p>Project description:</p> <p>Exceat Bridge is part of the A259, one of the principal road networks in East Sussex which serves two of the County’s growth areas for housing and employment; Newhaven and Eastbourne/South Wealden. The A259 is a critical route for economic connectivity from the East of the county, along the East Sussex coast to Brighton and through to West Sussex, including linkage to a key port at Newhaven.</p> <p>Access is currently constrained by the narrow one lane bridge across the Cuckmere River with priority being given to traffic from the west and the lack of sufficient footpath provision between the bridge and the Seven Sisters Country Park visitor centre. The bridge causes a bottleneck on the A259 creating congestion, capacity and pollution issues. The proposed scheme would involve the replacement of the existing bridge with a new two-lane bridge over the river and improvements for pedestrians.</p>			
<p>Project benefits:</p> <p>The proposed scheme will not directly unlock new sites for development in this location, it will do so indirectly through an improved transport network and reduced journey times; this will support growth in the local areas of Eastbourne, Seaford and Newhaven.</p>			



The proposed benefits include:

- improved accessibility and capacity in the area enabling the planned growth of nearby towns and encouraging commerce and tourism;
- safer access for pedestrians and cyclists;
- improved journey time and reliability for business, residents and tourists along the A259 corridor; and
- environmental benefits, from reduced emissions

Risks:

The project was considered and award £2.111m LGF at the last meeting of the Board, subject to written confirmation that all funding sources have been secured to enable the delivery of the Project. At the time of the funding decision being made, there was a potential £1.4m contribution identified from a DfT Challenge Fund which was within East Sussex County Councils gift to allocate to projects in East Sussex. However, the Exceat Bridge project was not successful in securing the funding, resulting in a £1.4m funding gap.

No alternative funding sources have been identified to bridge the funding gap and to enable the project to proceed.

No LGF has been spent on the delivery of the project to date.

Mitigation/action required:

The project is currently unable to meet the conditions of the funding award and assurances cannot be provided to the Board over the future delivery of the project beyond 31 March 2021. It is therefore recommended that the project should be removed from the LGF programme and the £2.111m LGF funding be reallocated to the next project on the pipeline.

Project: <b>Beaulieu Park Railway Station, Essex</b>	LGF award: £12m	Risk Rating:	<b>5</b>
Status: Project is currently at GRIP Stage 3 (Option Selection) of project development through Network Rail processes.	Forecast LGF spend beyond 31 March 2021: £12m		
<u>Project description:</u> The delivery of a new railway station to support the delivery of 3,600 new homes in North East Chelmsford.			
<u>Project benefits:</u> Chelmsford’s transport network is acting as a constraint to growth in Chelmsford. There is neither the desire nor the space to expand the City Centre’s road network, which is widely reported to be at 96% capacity at peak periods. City Centre car parks and Chelmsford station itself are unable to cater for significant growth in demand.  The Project is being brought forward to support the growth of North Chelmsford, tackle congestion issues within Chelmsford Town Centre, and improve rail access and capacity.			
<u>Risk:</u> The project is a large-scale infrastructure projects, estimated to cost between £154m and £157m. The project has been successful allocated Housing Infrastructure Fund (HIF) but the funding agreement has not			

yet been signed with Central Government to secure this funding.

The delivery of the project extends beyond the Growth Deal, as construction works are not due to commence until 2023/24 and the project is due to complete in 2024/25. This creates a reputational risk to SELEP as the LGF is due to be spent by the end of 2020/21. As the LGF is not due to be spent until 2024/25, no LGF has been transferred to Essex County Council to date in relation to the project.

Mitigation/action required:

An update on the HIF agreement will be provided to the Board at the next meeting in October 2020.

Project: <b>M11 Junction 8, Essex</b>	LGF award: £2.734m	Risk Rating:	5
Status: Project has been placed on pause	Forecast LGF spend beyond 31 March 2021: £0m		
Project description:  Improvements to M11 Junction 8 in order to improve traffic flows across the junction, improve access to Stansted Airport, the Services area and between M11 and the A120.			
Project benefits:  Junction 8 of the M11 is currently operating at capacity and already experiences significant queuing on some arms at peak periods. Stansted Airport has been growing at an unprecedented rate of 2 million passengers per annum (mppa) and committed developments in the area, in particular in Bishop’s Stortford, will increase congestion at the junction.			
<u>Risk:</u>  The project has been awarded £2.7m LGF, of which £2.2m LGF has been spent to date. A tender process has been completed to appoint the main construction contractor, but the received tender costs exceed the original estimate. The received tender costs coupled with the contingency value required for a scheme of this nature, has increased the scheme cost by approx. £5m. The cause of the high tender costs is being explored by the ECC project team but are expected to relate the interface between the junction and M11, resulting in a high- risk allowance within the tender cost.  In addition to the increase in tender cost, there is also a risk to the expected £1m contribution from Manchester Airport Group and £1m from the Cambridgeshire and Peterborough Combined Authority. The net impact of the cost increase and the reduced funding contributions is a potential £7m funding gap. The project budget is therefore under internal review by Essex County Council.  The project has been placed on hold by Essex County Council. Should Essex County Council (ECC) decide not to proceed with the delivery of the project, the £2.2m LGF spent to date on the project will become an abortive cost and will need to be repaid to SELEP.			
<u>Mitigation/action required:</u>  The project is currently being considered through ECC’s internal processes to review the options available to bridge the funding gap.  It is recommended that the Board place the project on hold to ensure that no further abortive LGF spent is incurred on the project, should the project not proceed.  As per the main report, certainty is required over the deliverability of LGF projects to enable an Option 4			





swap to be implemented by the end of the Growth Deal or to identify an alternative project for investment. As such, it is proposed that an options report should be presented to the Board at its meeting in November 2020 to identify a means to bridge the funding gap or for the remaining £0.5m unspent LGF to be reallocated to LGF pipeline projects.

Assurances will also be sought from ECC finance to ensure that the LGF spend to date remains a capital cost, in line with the conditions of the LGF grant from Central Government.

Project: <b>A28 Chart Road</b>	LGF award: £2.756m	Risk Rating:	<b>5</b>
Status: On hold	Forecast LGF spend beyond 31 March 20201: £0m		
<u>Project description:</u> The Project scope includes the dualling of the existing A28 Chart Road carriageway with two lanes being provided in both directions between Matalan (Brookfield Road) and Tank (Templer Way) roundabouts, separated by a central island. A new bridge over the railway line is proposed to take the southbound carriageway with the existing bridge carrying the northbound carriageway. The existing carriageway between Matalan and Tank is single carriageway with limited capacity.			
<u>Project benefits:</u> The Project is linked to the Chilmington Green development, with the Project needing to be completed in order to unlock this area for development including 5,750 dwellings.			
<u>Risk:</u> The project has been placed on hold, as the local funding contributions were not forthcoming within the timescales required to enable the project to proceed. The unspent portion of the £10.2m LGF award was reallocated but there remains a risk that the £2.756m LGF spent to date will become an abortive cost if the project is unable to proceed through delivery by the private sector.			
<u>Mitigation/action required:</u> Project to be kept under review.			

Project: <b>Innovation Park Medway</b> <b>(Phases 2 &amp; 3)</b>	LGF award: £3.7m Phase 2, £1.5m allocated for Phase 3	Risk Rating:	5
Status: Phase 2 has been approved by Accountability Board. Phase 3 has also been approval by Accountability Board, subject to the Strategic Board agreeing the LGF spend beyond the Growth Deal and confirmation from Medway Council S151 officer to confirm the full funding package is in place, including the funding to deliver the IPM mitigation works to M2 Junction 3.	Forecast LGF spend beyond 31 March 2021:  £1.1m – Phase 2  £0.6m – Phase 3		
<u>Project description:</u>			

The Innovation Park Medway (Phase 2) will deliver the enabling infrastructure required to bring forward development on the northern section of the Innovation Park. This includes the delivery of an access road and utility works.

Innovation Park Medway Phase 3 seeks to deliver enabling works on a wider section of the northern site of the Innovation Park. This aims to allow accelerated development of commercial space and maximising the number of businesses who can benefit from establishing themselves within the North Kent Enterprise Zone.

Project benefits:

Phase 2 is expected to create 1,365 highly skilled jobs in engineering and technology.

Phase 3 is expected to bring forward 38,500m<sup>2</sup> (gross external area) of commercial workspace and 1,300 highly skilled jobs in the engineering and technology sector. This is in addition to the jobs which will be delivered as a result of the LGF2 funded Innovation Park Medway (northern site) – Enabling Infrastructure project.

Risk:

The project has previously been brought to the Boards attention due to concerns that have been raised by Highways England in relation to the impact of the project on the Strategic Road Network (SRN). Until these concerns have been fully addressed, the planning consent cannot be secured to proceed with the delivery of the project.

Medway Council have confirmed that positive discussions have continued with Highways England to agree the scope of the mitigation work. This mitigation is currently being designed and costed, prior to formal approval by Highways England and Kent County Council. Once the mitigation works have been agreed, the revised Local Development Order will be consulted on. The Local Development Order is now not expected to be approved until December 2020. The project is unable to proceed until the LDO is in place and as such, the delivery programme for the project has been delayed.

It is intended that recommendations will only be made to the Accountability Board to implement an option 4 swap (i.e. the advanced payment of all remaining funding to Medway Council in relation to the project) at the end of 2020/21 if the Local Development Order is in place.

Mitigation/action required:

The Strategic Board are due to consider the extension of LGF spend beyond the Growth Deal in October 2020.

**Appendix 4 - LGF Programme Risks (High Risks only)**

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Affordability of LGF projects</b>	There are likely to be substantial delays to LGF projects at each stage of project delivery as a result of COVID-19, with an impact on the total cost of LGF projects. In addition, there is also a risk to S106 funding contributions which have previously been committed towards LGF projects. Local authority budgets are likely to come under increased pressure and private sector contributions may not be available to the scale/timescales originally anticipated.	3	5	15	The risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all LGF projects.
<b>Resource to deliver LGF projects</b>	There is a risk to the availability of resource to deliver LGF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	4	4	12	SELEP Ltd has agreed to extend the delivery of the Growth Deal period by a minimum of six months to help ease some of the delivery pressures and to support the appropriate governance of projects.
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.
<b>Failure of third-party organisations to deliver LGF projects</b>	Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver LGF projects. If the external organisations experience financial difficulty and are unable to deliver LGF projects, it may not be possible to recover the LGF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	3	15	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring LGF to third party organisations and to ensure clear processes are in place for the oversight of LGF projects delivered by third party organisations.
<b>Oversight of the LGF programme by Accountability Board</b>	The remit of the Accountability Board will be expanded to cover the consideration of Getting Building Fund projects. As all Getting Building Fund projects needs to be considered by the Accountability Board in Q3, this will reduce the focus on LGF projects.	3	4	12	An additional Accountability Board meeting has been scheduled in October to help reduce the pressure on the November Accountability Board meeting. A few format to Accountability Board papers and meetings will be introduced to enable the Accountability Board to cover more business during each meeting.
<b>Operational budgets</b>	Given the current financial climate, there may be financial challenges to the future operation of LGF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery. Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.



<b>LGF spend within Growth Deal period</b>	<p>Based on the current LGF spend forecast, SELEP is now forecasting £49.139m LGF spend beyond the original Growth Deal deadline of 31 March 2021.</p> <p>As per section 3 of the report, there are clear expectations from MHCLG for the LGF to be spent in LGF in 2020/21. If SELEP is unable to demonstrate spend of LGF in full in 2020/21, this will increase the risk to the final third of SELEP's LGF allocation in 2020/21.</p>	<b>3</b>	<b>5</b>	<b>15</b>	<p>All projects which are forecasting LGF spend beyond the revised Growth Deal deadline are required to meet five criteria, to help ensure that LGF spend beyond the Growth Deal is only permitted on an exceptional basis.</p> <p>As set out in section 3 above, SELEP intends to use Option 4 Capital Swap to demonstrate the spend of the LGF in full in 2020/21. Whilst this is permitted under the terms of the grant from Central Government, there is a potential reputational risk to SELEP's delivery track record. This may impact SELEP's ability to successfully secure future funding from Central Government.</p>
<b>Delivery of LGF project benefits</b>	<p>Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme.</p> <p>There is also a risk that in light of COVID-19 there may be changes to projects scope brought forward to the Board, which could impact the scale of benefits achieved through LGF investment. As such, the forecast outcomes to be achieved through the Growth Deal, in terms of houses and jobs, will require revision.</p>	<b>3</b>	<b>5</b>	<b>15</b>	<p>SELEP will work with local partners over the coming months to understand the potential impact of COVID-19 on the expected benefits to be received through LGF investment.</p> <p>For any new LGF funding decisions brought forward for the Boards consideration, consideration will be given to ensure there remains a strong strategic and economic case for investment in the projects, in light of the potential impacts of COVID-19 in leading to longer term behaviour change.</p>

<b>Report title:</b> Digitally Connected Kent and Medway – Getting Building Fund	
<b>Report to Accountability Board:</b> 18 September 2020	
<b>Report author:</b> Rhiannon Mort	
<b>Date:</b> 28.08.2020	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:Rhiannon.mort@southeastlep.com">Rhiannon.mort@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent & Medway	

## 1. Purpose of report

- 1.1 The purpose of this report is to allow the Accountability Board (the Board) to consider the award of £2.290m Getting Building Fund (GBF) to the Digitally Connected Kent and Medway project (the Project), detailed at Appendix A. The Project is one of 34 schemes included in the £85m package of projects agreed with Government in July 2020.
- 1.2 The Project has submitted a business case for assessment by the Independent Technical Evaluator and has been assessed as presents high value for money, with high certainty of value for money being achieved.

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Approve** the award of **£2,290,152** GBF to support the delivery of the Project as set out in Appendix A, subject to sufficient GBF being received by SELEP from Central Government.
  - 2.1.2 **Note** that the GBF grant and the associated conditions have not been received from Central Government, at the point of this report being published.

## 3. Background

- 3.1 In July 2020 a package of 34 projects totalling £85m was agreed with Government to be suitable for GBF investment.
- 3.2 Each project is required to submit a business case which is independently assessed by the Independent Technical Evaluator (ITE) against the requirements of the SELEP Assurance Framework. The Project is the first to complete the process.
- 3.3 Details of the Project can be found at Appendix A and the ITE assessment can be found at Appendix B.

#### **4. Getting Building Fund Overview**

- 4.1 The GBF was launched by Government as a response to the secondary economic impacts of the COVID-19 lockdown. LEPs were asked to submit a long list of potential projects in the first instance.
- 4.2 Following the confirmation that SELEP has successfully secured a total of £85m, SELEP Ltd prioritised 34 projects to proceed based on the funding available. The final award of funding to these projects will be considered by the Board following the development and independent assessment of a project business case.
- 4.3 The proposed approach for the oversight of Getting Building Fund is not currently detailed within the SELEP Assurance Framework. An updated draft of the Assurance Framework is set out under agenda item 12 and is scheduled to be approved by SELEP Ltd in October 2020.
- 4.4 In advance of the arrangements being formally agreed, the Project has been assessed in accordance with the requirements of the Assurance Framework for Local Growth Fund. This is considered by the SELEP Secretariat to be a suitable approach for the oversight of capital funding based on the value of the funding and to ensure compliance with the requirements of the National Assurance Framework.
- 4.5 The arrangements include the development of a project business case in line with Government guidelines and the independent assessment of the business case by the ITE. This has considered the projects deliverability and Value for Money offered through the investment of public funding in the project. The ITE assessment approach is detailed in Appendix B.
- 4.6 This Project is the first to complete the ITE process, following a single review of the business case, with no substantial concerns having been raised through the 'Gate 1' assessment by the ITE.

#### **5. Case for Investment**

- 5.1 The ITE assessment has concluded that a compelling strategic case has been developed demonstrating that the scheme is well aligned with the strategic objectives of the Getting Building Fund. The implementation of the scheme will generate fifteen construction jobs and then it is forecast that a further fifteen permanent jobs will be created as an outcome of the increased broadband connectivity. It is also a scheme which will support the Green Recovery enabling more people to work remotely and reducing the number of car journeys taken.
- 5.2 The economic analysis is a proportionate assessment of the scheme costs and benefits. A bespoke assessment approach has been taken aligned with 'Green Book' principles and drawing on the most up to date evidence around the impact of improved connectivity on productivity and employment. The

analysis results in a benefit cost ratio of 2.7:1 representing “high” value for money.

- 5.3 Reasonable assumptions have been used to populate the scheme appraisal and a reasonable and robust programme has been provided which demonstrates that spend of the Getting Building Fund allocation and delivery of the scheme will be completed before March 2022. Therefore, it has been assessed that the scheme delivers “high” value for money with high levels of certainty.

## **6. Risks**

- 6.1 There are no high risks identified to the delivery of the Project. Whilst Kent County Council (KCC) is the scheme promoter, the delivery will be taken forward by Building Digital UK, as part of the Department for Digital, Culture, Media and Sport (DCMS) and buildings on previous working between the two organisations.
- 6.2 The GBF grant and associated conditions for the GBF have not yet been received from MHCLG. Nor has the breakdown of funding across 2020/21 and 2021/22 been confirmed. As such, there is a risk in agreeing the split of funding across these two financial years for the Project, when the overall GBF programme position has not been considered, relative to the GBF funding profile and grant conditions from Central Government.
- 6.3 There is, however, an urgency for the Project GBF allocation to be confirmed in September 2020 for the Project to be completed within the required timescales. Failure of the Project to ensure a funding award from the Board at this meeting will likely result in the Project being unable to meet the requirements for spend of the GBF grant in full by 31 March 2022.

## **7. Financial Implications (Accountable Body Comments)**

- 7.1 In considering the recommendation to award funding to this Project, the Board should note that no funding can be transferred until the GBF funding has been received by the Accountable Body and a grant agreement is in place to enable payments to be made.
- 7.2 It should also be noted that the funding conditions have yet to be received by the Accountable Body for this funding from the MHCLG. Any GBF awarded by the Board must adhere to any conditions specified; Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.3 The Grant Agreement will set out the responsibilities of the Partner Authority to ensure compliance with the grant conditions; it will also include 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.

## **8. Legal Implications (Accountable Body Comments)**

- 8.1 The terms set out in the grant conditions between the Accountable Body and Central Government for the Getting Building Fund will set out how the Getting Building Fund is to be administered and used.
- 8.2 Once the grant conditions have been received, Service Level Agreements will be put in place between the SELEP Accountable Body, SELEP Ltd and the six County/Unitary Authorities for the transfer of the funding.

## **9. Staffing and other resource implications (Accountable Body Comments)**

- 9.1 It is intended that an additional Capital Programme Officer role will be created within the SELEP team to help oversee the delivery of the Getting Building Fund.

## **10. Equality and Diversity implications (Accountable Body Comments)**

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
  - 10.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - 10.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - 10.1.3 Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **11. List of Appendices**

- 11.1 Appendix A- Project Information
- 11.2 Appendix B- ITE Assessment

## 12. List of Background Papers

### 12.1 Business Case for the Digitally Connecting Rural Kent and Medway project

Role	Date
<b>Accountable Body sign off</b>  Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	08/09/20

## SELEP GBF – Digitally Connecting Rural Kent and Medway

Name of Project	<b>Digitally Connecting Rural Kent and Medway (CRKM)</b>  This project will enable broadband connections to businesses and residents that are unable to access connectivity of 30 Mbps or above, within postcode areas in the ‘final 4%’ that are not served by the rollout of existing schemes. These postcode areas are located in rural areas across Kent and Medway.  Under the scheme, premises are defined as rural if they meet the <a href="#">ONS D1-F2 rural classification definition</a> .																						
GBF value	£2,290,152 (£260,543 GBF in 2020/21 and £2,029,608 GBF in 2021/22)																						
Promoting Authority	Kent County Council																						
Description of what Project delivers	<p>The Project will provide a <b>top-up voucher</b> to the existing Rural Gigabit Voucher scheme funded by Government and delivered by Broadband Delivery UK. This will mean that residents and businesses in the ‘hardest to reach’ areas will be able to get a voucher worth up to £7,000 to obtain connectivity, with the value of the voucher capped at the actual cost of connection.</p> <p>Based on our estimates of take-up and the average value of the voucher, KCC anticipate that the CRKM voucher scheme will directly bring connectivity to 671 premises. In addition, because increased connectivity will reduce the marginal cost of connection to neighbouring premises, KCC anticipate that at least 222 further premises will be connected as a result.</p> <table><tr><th colspan="4">Broadband connections enabled through the CRKM project</th></tr><tr><th></th><th>Direct, through voucher use</th><th>Indirect, through reductions in the marginal cost of connections</th><th>Total connections</th></tr><tr><td>Business</td><td>179</td><td>59</td><td>238</td></tr><tr><td>Residential</td><td>492</td><td>163</td><td>655</td></tr><tr><td>Total</td><td>671</td><td>222</td><td>893</td></tr></table>			Broadband connections enabled through the CRKM project					Direct, through voucher use	Indirect, through reductions in the marginal cost of connections	Total connections	Business	179	59	238	Residential	492	163	655	Total	671	222	893
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Business	179	59	238																				
Residential	492	163	655																				
Total	671	222	893																				
Need for Intervention	High quality broadband infrastructure is essential to the functioning of modern life. This has been further demonstrated in the Covid-19 pandemic, as more people have worked from home, and there has been an increasing reliance on digital communications for work, education and household activities. For small businesses, the ability to trade online has become increasingly important, and																						


	<p>demand or bandwidth is expanding as new technologies are introduced with higher demands on capacity.</p> <p>Over the past decade, much progress has been made in bringing broadband connectivity to those (mainly rural) areas where the costs of connectivity make commercial delivery unviable. Through the <b>Kent and Medway Superfast Broadband</b> programme, funded through BDUK, 138,000 superfast broadband connections were delivered, meaning that around 96% of premises in the county now have connectivity at 30 Mbps or more.</p> <p>However, for the ‘final 4%’, the costs are high, and connectivity will not be achieved without public subsidy. To partially bridge the gap, BDUK’s national <b>Rural Gigabit Voucher</b> (RGV) scheme offers a voucher to specific postcodes worth up to £3,500 for businesses and £1,500 for residents towards the costs of connectivity. However, take-up has been slow, mainly because the costs of connectivity greatly exceed the subsidy available.</p> <p>To further bridge the gap, Kent County Council, with the support of BDUK, launched a <b>Kent ‘top-up voucher’ pilot scheme</b> in September 2019. This makes available an additional £1,000 on top of the RGV scheme, with the eligibility criteria exactly the same as the RGV scheme. This has been successful in raising take-up, with connections in Kent around 65% higher per head of rural dispersed population than the England average.</p> <p><b>But even with this scheme, many premises remain unable to secure connectivity.</b> KCC have therefore discussed with BDUK the scope for a further voucher scheme to support those that are further from viability, as well as providing additional support to businesses. The proposed CRKM voucher scheme meets this need, and as well as directly enabling new connections, will also provide evidence to BDUK of the tipping point for intervention.</p>
<b>Project Outcomes</b>	<p><b>Increased productivity within businesses benefiting from improved broadband connectivity:</b> Total £1.525 million uplift in GVA over 10 years. Increased employment</p> <p><b>Increased productivity through ability of residents to telework:</b> Total £8.778 million uplift in GVA over 10 years.</p> <p><b>Increased participation in the labour force as people currently unable to access employment are enabled to work from home:</b> Total £1.462 million uplift in GVA over 10 years</p> <p><b>Increased network construction activity:</b></p>



	<p>Total net £495k uplift in GVA over two-year construction period</p> <p>Other project benefits include:</p> <ul style="list-style-type: none"><li>- Delivering economic benefits through improved business and workforce productivity and by increased labour force participation (set out in the Economic Case)</li><li>- Stimulate the market for network construction activity in the short term, supporting employment in Kent’s broadband infrastructure sub-contractor supply chain (particularly in small, Kent-based firms)</li><li>- Deliver social and educational benefits associated with access to learning, reduced isolation, household savings and increased leisure time</li><li>- Deliver environmental benefits through reductions in unnecessary car journeys.</li><li>- Contribute to Kent and Medway’s economic recovery from the Covid-19 pandemic, supporting the county’s Renewal and Resilience Plan</li></ul>															
<b>Financial Information</b>	<p>Total value of project: <b>£ 4,235,711</b></p> <table><tr><th><b>Funding source</b></th><th><b>Amount, £</b></th><th><b>Constraints, dependencies, risks, mitigations</b></th></tr><tr><td>Kent County Council</td><td>131,227</td><td>This funding is committed. It constitutes revenue funding to support programme management costs and to ensure final project completion in 2022/23 following the completion of all capital works and spend the previous year.</td></tr><tr><td>BDUK (Rural Gigabit Voucher)</td><td>1,814,333</td><td>This funding is estimated as the value of Rural Voucher contributions to the costs of connections enabled by the CRKM top-up scheme. The basis for this estimated amount is set out in the Economic Case.</td></tr><tr><td>Getting Building Fund</td><td>2,290,152</td><td>TBC</td></tr><tr><td><b>Total</b></td><td><b>4,235,711</b></td><td></td></tr></table>	<b>Funding source</b>	<b>Amount, £</b>	<b>Constraints, dependencies, risks, mitigations</b>	Kent County Council	131,227	This funding is committed. It constitutes revenue funding to support programme management costs and to ensure final project completion in 2022/23 following the completion of all capital works and spend the previous year.	BDUK (Rural Gigabit Voucher)	1,814,333	This funding is estimated as the value of Rural Voucher contributions to the costs of connections enabled by the CRKM top-up scheme. The basis for this estimated amount is set out in the Economic Case.	Getting Building Fund	2,290,152	TBC	<b>Total</b>	<b>4,235,711</b>	
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Getting Building Fund	2,290,152	TBC														
<b>Total</b>	<b>4,235,711</b>															
<b>Project constraints</b>	<p>Community Capacity/Awareness – there is a risk that communities might not be aware or have the capacity/know-how to access the scheme. Solution: KCC will continue to work with voucher applicants and suppliers to raise awareness and facilitate applications through a dedicated programme of demand stimulation and support.</p> <p>Traffic management – some works will require permits for street works Solution: KCC will work with Kent Highway Services and suppliers to secure the necessary road permits. KCC have experience and a proven track record in this from their existing broadband work.</p>															

	Need to secure wayleaves (legal agreements for when broadband infrastructure crosses private land). Whilst these are led and initiated by the broadband infrastructure providers, KCC have extensive experience in resolving issues where they arise. KCC do not expect this to be a high-risk area for this project, given that demand-led voucher schemes benefit from greater local community support and help to facilitate any wayleave issues arising. NB, not all projects will require wayleaves and in the few instances where they arise, the supplier plans around the issue.												
<b>Options consideration</b>	A long list of nine options have been considered in the business case and justification is provided as to why the preferred option has been selected.												
<b>Project Timeline</b>	<table> <tr> <th>Task/ milestone</th><th>Completion date</th></tr> <tr> <td>Governance processes</td><td>21 September 2020</td></tr> <tr> <td>Formal scheme launch, inc. start of demand stimulation and open to applications</td><td>22 September 2020</td></tr> <tr> <td>Scheme closes to new applications</td><td>31 March 2021</td></tr> <tr> <td>All connections in place</td><td>18 March 2022</td></tr> <tr> <td>Last date for defraying voucher schemes</td><td>31 March 2022</td></tr> </table>	Task/ milestone	Completion date	Governance processes	21 September 2020	Formal scheme launch, inc. start of demand stimulation and open to applications	22 September 2020	Scheme closes to new applications	31 March 2021	All connections in place	18 March 2022	Last date for defraying voucher schemes	31 March 2022
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All connections in place	18 March 2022												
Last date for defraying voucher schemes	31 March 2022												
<b>Outcome of ITE Review</b>	The project has been assessed as presenting high value for money with high certainty of value for money being achieved.												
<b>Evidenced compliance with Assurance Framework?</b>	Yes. The project has met the current requirements detailed in the Assurance Framework in relation to Local Growth Fund, which is the appropriate approach for GBF Projects in advance of the Assurance Framework being updated to incorporate GBF.												
<b>Link to project webpage</b>	<a href="https://www.southeastlepp.com/project/digitally-connecting-rural-kent-and-medway/">https://www.southeastlepp.com/project/digitally-connecting-rural-kent-and-medway/</a>												

# Independent Technical Evaluator - Business Case Assessment – Q2 2020/21 Report





# Independent Technical Evaluator - Business Case Assessment – Q2 2020/21 Report

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# 1 Independent Technical Evaluation of Growing Places Fund and Getting Building Fund Scheme

## Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Growing Places Fund and Getting Building Fund. Recommendations are made for funding approval on 18<sup>th</sup> September 2020 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

## Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Central Government Guidance on Appraisal and Evaluation*<sup>1</sup>, and related departmental guidance such as the Department for Transport's TAG (Transport Analysis Guidance, formerly WebTAG) or the DCLG/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and DfT's TAG and MHCLG's Appraisal Guide.

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<sup>1</sup> Source:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each dimension. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
  - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
  - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.
- 1.8 The five dimensions of a government business case are:
- **Strategic Dimension:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
  - **Economic Dimension:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
  - **Commercial Dimension:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
  - **Financial Dimension:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
  - **Management Dimension:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies – this includes the need for a Monitoring and Evaluation Plan and Benefits Realisation Plan.
- 1.9 In addition to a rating for each of the five dimensions, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.
- 1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails between June and August 2020.



## Growing Places Fund

1.11 Three business cases have been assessed for schemes seeking a Growing Places Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

1.12 With all schemes at outline business case stage there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.

### High value for money, high certainty

1.13 The following GPF schemes achieve **high value for money** with a **high certainty** of achieving this.

#### *Green Hydrogen Generation Facility (£3.47m)*

1.14 This project involves Ryse Hydrogen Limited installing and operating what will be the UK's largest zero carbon hydrogen production system in Kent. This will be powered by a direct connection to the on-land substation for the existing Vattenfall offshore wind farms. Ryse requires the GPF loan in order to accelerate the pace of development. The scheme promoter has also confirmed that demand for hydrogen is high despite Covid-19 related economic and travel demand impacts.

1.15 The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a benefit cost ratio of 11.7:1 representing "very high" value for money. The analysis was robustly carried out on the basis of carbon dioxide reduction impacts, drawing on Green Book guidelines, air quality impacts in line with Green Book and Department for Environment, Food and Rural Affairs guidelines and land value uplift in line with Ministry for Homes Communities and Local Government Appraisal Guidance.

1.16 Reasonable and robust assumptions have been used to populate the scheme appraisal and therefore the scheme delivers high levels of certainty for this value for money categorisation.

#### *Observer Building, Hastings (Phase 1) (£1.75m)*

1.17 The project will support Phase 1 of the full redevelopment of the 4,000 square metre Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support. The GPF will fund development of the workspace, retail and leisure element of the building as well as roof repairs to safeguard the future of the building and reduce risk to the public. The scheme promoter has confirmed that revisions to the plan for the workspace have been made to ensure that social distancing can be accommodated.

1.18 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the land value uplift of the scheme in line with Ministry for Homes Communities and Local Government Appraisal Guidance as well as the labour supply impacts with a bespoke assessment approach aligned with Green Book principles. This assessment shows the scheme to have a benefit cost ratio of 2.9:1 which falls within a "high" value for money categorisation.

1.19 The assumptions used in the appraisal are reasonable and robust, therefore the scheme delivers high levels of certainty for this value for money categorisation.

### High value for money, low/medium certainty

- 1.20 The South East Local Enterprise Partnership Assurance Framework states that schemes may be eligible for exemption from quantified benefit cost analysis when the cost of the project is below £2.0m and there is an overwhelming strategic case (with minimal risk in the other cases). The following scheme is subject to this exemption and it is estimated that it will achieve high Value for money. However, without quantified benefit cost analysis we cannot guarantee this outturn Value for money categorisation. Therefore, our recommendation is that there is a low/medium certainty of achieving high value for money.

#### *Wine Innovation Centre (£0.6m)*

- 1.21 This project supports the development of a facility to host a wine innovation centre at the East Malling Estate. This will be the first UK research vineyard and will support Kent's wine sector to develop as a global leader in innovation. The GPF will enable the ground and foundations work as well as installation of utilities and services and construction and fit out of building.
- 1.22 A proportionate, GVA-based approach to the economic appraisal has been taken. The business case provides details of the forecast number of jobs and the value of those jobs that will be stimulated by delivery of the scheme. This provides a reasonable indication that, were full, monetised economic appraisal undertaken the scheme would represent "high" value for money however the lack of full, monetised economic appraisal does reduce the certainty of value for money.
- 1.23 We are satisfied that an overwhelming strategic case has been made for the scheme which provides a compelling case for intervention. The scheme promoter has provided assurance that the horticulture sector, and particularly viticulture, have remained very active during the pandemic. There is an increased demand for innovation due to the current labour shortages and this will support realisation of the planned benefits of this scheme.
- 1.24 Moreover, there is minimal risk in the other cases. However, we invite the Accountability Board to consider the risk that a lack of full, monetised benefit cost analysis presents before determining whether or not to approve funding for the scheme.

## Getting Building Fund

1.25 One business case has been assessed for a scheme seeking Getting Building Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

1.26 With all schemes at outline business case stage there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.

### High value for money, high certainty

1.27 The following GBF scheme achieves **high value for money** with a **high certainty** of achieving this.

#### *Connecting Rural Kent and Medway (£2.29m)*

1.28 This project aims to provide broadband connectivity greater than 30 Mbps to rural businesses and residents who currently experience very poor (or no) connections. It will do this by providing a top-up voucher to the existing Rural Gigabit Voucher scheme funded by Government and delivered by Broadband Delivery UK. This will mean that residents and businesses in the 'hardest to reach' areas will be able to get a voucher worth up to £7,000 to obtain connectivity, with the value of the voucher capped at the actual cost of connection.

1.29 A compelling strategic case has been developed demonstrating that the scheme is well aligned with the strategic objectives of the Getting Building Fund. The implementation of the scheme will generate fifteen construction jobs and then it is forecast that a further fifteen permanent jobs will be created as an outcome of the increased broadband connectivity. It is also a scheme which will support the Green Recovery enabling more people to work remotely and reducing the number of car journeys taken.

1.30 The economic analysis a proportionate assessment of the scheme costs and benefits. A bespoke assessment approach has been taken aligned with 'Green Book' principles and drawing on the most up to date evidence around the impact of improved connectivity on productivity and employment. The analysis results in a benefit cost ratio of 2.7:1 representing "high" value for money.

1.31 Reasonable assumptions have been used to populate the scheme appraisal and a reasonable and robust programme has been provided which demonstrates that spend of the Getting Building Fund allocation and delivery of the scheme will be completed before March 2022. Therefore, it has been assessed that the scheme delivers "high" value for money with high levels of certainty.

**Table 1.1: Gate 1 & 2 Assessment of Growing Places Fund and Getting Building Fund Schemes seeking Approval for Funding for Q2 2020/21**

Scheme Name	Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Growing Places Fund										
Green Hydrogen Generation Facility	£3.5m	Gate 1: 11.7	Amber /Green	Amber /Green	Amber /Green	Amber	Green	A reasonable approach has been adopted using MHCLG guidance as well as DEFRA air quality and carbon reduction appraisal guidelines.	The methodology has been applied accurately. Justification for some assumptions in the Economic and Financial Case is required.	Certainty would be improved with further detail on how the works will be procured and how operating costs will be funded by Ryse Hydrogen Ltd.
		Gate 2: 11.7	Green	Green	Green	Green	Green	As above.	Justification has been provided which gives confidence that the approach is robust.	Clarification has been provided on procurement strategy and non-capital funding sources.
Observer Building, Hastings (Phase 1)	£1.75m	Gate 1: 2.3	Green	Amber	Amber /Green	Amber /Green	Green	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken assessing land value uplift and labour supply impacts stimulated by the scheme.	There are some assumptions which are the basis of the economic appraisal for which better justification is required.	Certainty would be improved with the application of some sensitivity tests to demonstrate the resilience of the Value for Money.
		Gate 2: 2.9	Green	Green	Green	Green	Green	As above.	All assumptions are now well documented and justified.	Sensitivity testing has been undertaken and this has shown that the high Value for Money is relatively resilient to downside risks.

Scheme Name	Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Wine Innovation Centre	£0.6m	Gate 1: Not monetised	Amber /Green	Amber	Amber	Amber	Amber /Green	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m.	Assumptions within the economic case are clearly set out, but are not currently justified.	A greater consideration of risk and identification of mitigation strategies would increase certainty of deliverability.
		Gate 2: Not monetised	Green	Amber	Green	Green	Green	As above	Appropriate justification has been provided for the assumptions in the economic case.	An enhanced risk register has been provided giving great assurance that risk are being appropriately managed.
Getting Building Fund										
Connecting Rural Kent and Medway	£2.3m	Gate 1: 2.6 (initial), 2.7 (adjusted)	Amber /Green	Green	Green	Green	Amber	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken.	The analysis has been undertaken using a bespoke approach aligned with Green Book principles.	More information is required in how the programme will be managed and the interdependencies BDUK's national Rural Gigabit Voucher will be optimised.
		Gate 2: 2.6 (initial), 2.7 (adjusted)	Green	Green	Green	Green	Green	As above.	As above	Additional information has been provided with addresses these areas of uncertainty.

## Control Information

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**Distribution**

Client: SELEP                      Steer: Project team

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**Version control/issue number**

V1.0 Draft for Client

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**Date**

02 September 2020



<b>Report title:</b> Queensway Gateway Road Project Update	
<b>Report to Accountability Board on 18<sup>th</sup> September 2020</b>	
<b>Report author:</b> Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 26 <sup>th</sup> August 2020	<b>For:</b> Information
<b>Enquiries to:</b> Helen Dyer, <a href="mailto:Helen.dyer@southeastleap.com">Helen.dyer@southeastleap.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex	

## 1. Purpose of report

- 1.1 Updates on the delivery of the Queensway Gateway Road project (the Project) were provided to the Accountability Board (the Board) in February and July 2020. The updates set out the current position in relation to the land acquisition issues which are impacting on the delivery of the final section of the new road and which represent a significant risk to delivery. It was noted that the Board will be provided with regular updates on the Project whilst work continues to address the ongoing land acquisition delays.
- 1.2 The purpose of this report, therefore, is for the Board to receive a further update on the delivery of the Project.

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Note** the latest position on the delivery of the Project; and
  - 2.1.2 **Agree** that the Board will be provided with a further update on the Project at its meeting on 20<sup>th</sup> November 2020. This report will provide a full update on the delivery of the permanent connection, including consideration of progress on the required land acquisitions, the delivery programme and the Project budget.

## 3. Background

- 3.1 The Project was approved by the Strategic Board on 20<sup>th</sup> March 2015, prior to the establishment of the Accountability Board. The Project has an LGF allocation of £10m.
- 3.2 The Project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway. Construction of this road link provides access to designated employment development sites within the



Bexhill Hastings Growth Corridor which would otherwise not be brought forward. Further information regarding the Project can be found in Appendix A - LGF Project Background Information.

- 3.3 In light of the delays encountered with the required acquisition of the land for the final section of the road, a temporary connection to the A21 is being progressed which will enable vehicles to use the road for access to the A21 as an interim solution until the permanent connection can be delivered.
- 3.4 This report provides an update on the delivery of both the temporary connection and the permanent road link.

#### **4. Delivery of the temporary connection with the A21**

- 4.1 Sea Change Sussex, as scheme promoter, is currently working with Hastings Borough Council, East Sussex County Council and Highways England to progress the necessary approvals for the temporary connection. The plans for the temporary connection have been agreed and an instruction has been issued for a Section 278 agreement, which is required to allow connection to the existing public highway.
- 4.2 A contractor has been appointed to deliver the temporary connection with the A21, with work due to commence onsite on Monday 23<sup>rd</sup> November 2020 following completion of the next phase of the permanent connection. It is anticipated that the works will take four weeks to complete, although the timing of the works is dependent upon when the necessary road space can be booked with Highways England for the works on the A21.
- 4.3 The final element of the temporary traffic solution involves the installation of traffic lights at the junction between the A21 and Junction Road and securing a temporary traffic regulation order and a stopping-up order for the section of road between Junction Road and The Ridge.
- 4.4 It is expected that the temporary connection will be delivered and fully open to traffic by the end of 2020.
- 4.5 Completion of the temporary connection will allow traffic to use the road as a through route, thereby reducing the volume of traffic currently using the Ridge and helping to address local congestion issues.

#### **5. Update on the land acquisition negotiations**

- 5.1 In order to allow the final section of the permanent connection to progress it is essential that the required acquisitions are completed. Sea Change Sussex have actively engaged with the identified landowners with the aim of progressing these acquisitions.
- 5.2 Sea Change Sussex have acquired the freehold for one of the sites, which is subject to acquisition negotiation, and negotiations regarding the under leases

of the site have been ongoing since 2014/15. These negotiations have included efforts to assist the relocation of the business to alternative new build sites. Whilst these suggested sites are no longer being pursued by the current leaseholder, negotiations remain ongoing.

- 5.3 Discussions with the other affected parties have identified that a Compulsory Purchase Order (CPO) would be the most effective way of progressing the required land acquisition. As a result, Sea Change Sussex are working closely with East Sussex County Council who have agreed in principle to promote a Compulsory Purchase Order for the remainder of the required land, subject to Sea Change Sussex providing the necessary evidence in order for East Sussex County Council to progress making the CPO. The CPO will also include the site which is subject to ongoing negotiations.
- 5.4 Sea Change Sussex's solicitors have provided a draft statement of reasons for the CPO to East Sussex County Council. In addition, Sea Change Sussex's Board has agreed an indemnity for the costs of promoting the CPO, including land compensation payments. East Sussex County Council will now consider the information provided and, assuming it is accepted, will seek the necessary approvals over the coming months to make the CPO.
- 5.5 Sea Change Sussex are committed to completing the required acquisitions as soon as possible in order to minimise any further delay in the delivery of the permanent connection with the A21.

## **6. Delivery of the permanent connection with the A21**

- 6.1 Work is continuing to progress the construction of the remaining sections of the permanent connection to the A21.
- 6.2 Work on the next phase of the permanent solution is scheduled to commence on 7<sup>th</sup> September 2020, subject to all required legal agreements with East Sussex County Council being in place. It is anticipated that the works will take 11 weeks, with completion expected on 20<sup>th</sup> November 2020. These works will provide access to the remaining businesses which have a frontage on Queensway Gateway Road and will deliver the permanent road to the boundary of the properties which are still to be acquired.
- 6.3 The final section of the permanent connection principally involves the creation of a roundabout junction with the A21. These works can effectively be progressed offline, thereby having minimal impact on the existing road network during the construction programme.
- 6.4 At this stage it is not possible to give a definite timeline for the completion of the final phase of the permanent solution as it is dependent upon the outcome of the ongoing acquisition negotiations. However, the use of the Compulsory Purchase Order process should ensure that the Project is completed within the 2021/22 financial year, with work on the final section of the permanent solution currently scheduled to commence in Summer 2021.

6.5 Delivery of the permanent connection will ensure that the required infrastructure is in place to allow the employment sites to be brought forward for development, whilst also permanently addressing congestion issues in the area.

6.6 If it is not possible to deliver the final section of the permanent connection, which will enable the full realisation of the benefits set out within the Project Business Case, steps may be taken by the Board and Accountable Body to recover the £10m LGF allocation to the Project.

## **7. Project budget**

7.1 The Project was considered by the Strategic Board in March 2015, and the award of £15m LGF funding was approved. Subsequent to this decision, East Sussex County Council identified a need to amend their LGF allocations to a number of their projects to facilitate successful delivery. This was achieved by reallocating funding between the projects. As a result, the LGF allocation to the Project was reduced to £10m.

7.2 The funding package available to enable delivery of the Project totals £12m. In addition to the £10m LGF allocation, Sea Change Sussex are contributing £2m towards Project delivery. This contribution is fully committed by Sea Change Sussex and the funding has been ring-fenced for the sole purpose of delivering the Project within their accounts.

7.3 Spend on the Project to the end of June 2020 totals £9.631m and has been fully funded through the £10m LGF allocation.

7.4 In recent months the construction industry has been impacted by the COVID-19 pandemic and the associated lockdown and social distancing measures introduced by Government. At this stage, the full impacts of the COVID-19 pandemic on the construction industry are still unknown, however, a number of potential impacts have been identified including availability of materials and extended delivery programmes, which have the potential to increase project costs.

7.5 Despite the potential impacts of the COVID-19 pandemic on the construction industry and the delays encountered in delivering the Project, Sea Change Sussex remain confident that the Project can be delivered within the available budget. Costs have now been identified for the majority of the outstanding works including the construction of the next phase of the permanent connection and the remainder of the temporary solution, professional and management fees for the completion of the Project and CPO indemnity costs including land compensation payments. Assurances have been provided that, after consideration of these identified costs, sufficient funding remains within the funding package to deliver the final phase of the permanent connection.

7.6 The updated Project spend profile is set out in Table 1 below.

Table 1: Updated Project spend profile

Spend to end 2019/20	2020/21	2021/22	Total
£9,532,898	£1,652,814	£814,288	£12,000,000

## 8. Next steps

8.1 The next steps, in terms of Project delivery, are:

- 8.1.1 to commence work on the next phase of the permanent connection to the A21. Completion of these works will facilitate completion of the temporary connection, which will allow traffic to use the road as a through route whilst work continues to progress the final section of the permanent connection;
- 8.1.2 to continue progressing the land acquisition negotiations, which would facilitate acquisition of the remaining properties on the route allowing works to complete on the permanent connection;
- 8.1.3 provision of the required evidence to allow East Sussex County Council to progress making the CPO, which will release the land required for delivery of the final section of the permanent connection.

8.2 The Board will continue to receive regular updates on the Project until satisfied that the deliverability risk has been fully addressed and has reduced to an acceptable level. The next update report will be provided at the November Board meeting and will include a full update on the delivery of the permanent connection, including consideration of progress on the required land acquisitions, the delivery programme and the Project budget.

## 9. Financial Implications (Accountable Body Comments)

- 9.1 The full £10m LGF allocation to this Project has been transferred to ESCC, of which, it is noted, £9.496m has been spent to 2019/20, with the remaining £0.504m to be spent in 2020/21. SeaChange Sussex have confirmed the forecast total Project spend profile in table 1 as part of this update and are confident that the project will be delivered within the total project cost of £12m.
- 9.2 Should the Project not be delivered within the available budget, this will reduce the overall value for money of the Project; this should be reported to the Board. It should be noted that the full benefits of this Project that supported the value for money assessments and funding decisions of the Board, are dependent on successful delivery across all phases of the Project.
- 9.3 Should there be continued delays in the delivery of the final phase of this Project, there are increased risks associated with the overall Project

completion within the Growth Deal period.

- 9.4 To mitigate the risk of slippage, the Board is advised to keep under review the delivery progress of this project. The next update to the Board in November 2020 should include confirmation of the total Project cost expenditure profile and confirmed updated timescale for delivery of full project outcomes which would include the permanent solution. Any significant risks to the overall value for money assessment and Project benefits should also be updated to the Board.
- 9.5 As part of the LGF programme review to Central Government in June 2020, the Accountable Body and SELEP reported spend in full of the LGF programme by 31 March 2020, either through deliverability of the projects or using the Option 4 mechanism. There is a risk that SELEP and the Accountable Body will be unable to evidence project spend by the end of the Growth Deal, if project slippage occurs. The Project will be considered as part of an overall LGF programme review at the October 2020 meeting of the Strategic Board, in which they will be asked to consider LGF projects deemed high risk. These projects will need to seek continued endorsement from the Board as to the viability of their delivery.

## **10. Legal Implications (Accountable Body Comments)**

- 10.1 There are no substantive legal implications arising out of this decision.

## **11. Equality and Diversity implications (Accountable Body Comments)**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
  - b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
  - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.


## 12. List of Appendices

### 12.1 Appendix A - LGF Project Background Information

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

Role	Date
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  09/09/20

## Appendix A – LGF Project Background Information

<b>Name of Project</b>	<p>Queensway Gateway Road, Hastings</p> <p>East Sussex County Council</p>
<b>Local Growth Fund (LGF) allocation</b>	<p>£10,000,000</p>
<b>Description of what Project delivers</b>	<p>The Queensway Gateway Road scheme compromises a single carriageway road link between A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store, as shown below. The road will include roundabout junctions at either end and a roundabout junction with Whitworth Road facilitating access to employment sites to the north and south.</p>  <p>The road will connect the Combe Valley Way (formerly known as the Bexhill Hastings Link Road) via Queensway to the A21, redistributing traffic from Combe Valley Way and The Ridge heading towards the</p>

	<p>A21. The opening of the Combe Valley Way changed the balance of traffic movements in the Hastings and Bexhill area, and has resulted in increased traffic volumes along the Ridge and Queensway. By relieving congestion, the Queensway Gateway Road will improve strategic connectivity in the Bexhill Hastings Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill.</p> <p>The key objectives of the project are:</p> <ul style="list-style-type: none"> <li>• to support the development and employment potential of the Bexhill Hastings Growth Corridor;</li> <li>• to improve strategic access between the A21 and Queensway/ Combe Valley Way and thereby strategic access to employment and housing sites in North Bexhill and Hastings; and</li> <li>• to alleviate congestion at junctions to the A21 enabling Combe Valley Way to perform to its full potential as a driver of economic growth.</li> </ul>
<b>Project benefits</b>	<p>The Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.</p> <p>The new road allows land to be released for employment development, as set out within Hastings Local Plan 2004 and Hastings Planning Strategy. Specifically, the road opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.</p> <p>It is expected that the Project will lead to the creation of 900 new jobs. In addition, the development of Queensway Gateway Road and Combe Valley Way are expected to directly contribute to the delivery of at least 60,000 sqm of new employment workspace and construction of 3,100 new homes in North Bexhill by 2028 as a result of improved connectivity.</p>
<b>Project constraints</b>	<p>The Project is being delivered in phases with the first phase having started early in 2017. In March 2019, the western section of road was completed (70% of the total length of the road) and was opened for access to local businesses only.</p> <p>The final section of the road, to connect the already completed sections with the A21, requires the purchase of remaining properties on the route. These acquisitions are under negotiation, however, there is currently no clear timeline as to when the acquisitions will be completed either through negotiation or potentially through a</p>



	Compulsory Purchase Order. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.												
<b>Project Timeline (as set out in the Business Case)</b>	<table border="1"> <thead> <tr> <th>Milestone</th><th>Indicative Date</th></tr> </thead> <tbody> <tr> <td>Planning Consent</td><td>February 2015</td></tr> <tr> <td>Highways design completion</td><td>April 2015</td></tr> <tr> <td>Commencement of highways works</td><td>October 2015</td></tr> <tr> <td>Acquisition of remaining properties on the route</td><td>May 2016</td></tr> <tr> <td>Project completion</td><td>November 2016</td></tr> </tbody> </table> <p>Updated project timeline set out within the Report to Accountability Board</p>	Milestone	Indicative Date	Planning Consent	February 2015	Highways design completion	April 2015	Commencement of highways works	October 2015	Acquisition of remaining properties on the route	May 2016	Project completion	November 2016
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Acquisition of remaining properties on the route	May 2016												
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<b>Link to Project page on the website with full business and links to any previous decisions by Accountability Board and/or Strategic Board</b>	<p><a href="https://www.southeastlep.com/project/queensway-gateway-road/">https://www.southeastlep.com/project/queensway-gateway-road/</a></p> <p>Funding decision (note: original LGF allocation to the project was £15m):  <a href="https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf">https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</a></p> <p>Project changes:  <a href="https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf">https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf</a></p>												

Forward Plan reference number: FP/AB/296

<b>Report title:</b> A28 Sturry Link Road Project Update	
<b>Report to Accountability Board on 18 September 2020</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 20/08/2020	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, <a href="mailto:Rhiannon.mort@southeastlep.com">Rhiannon.mort@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent	

### Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.

## 2. Recommendations

- 2.1 The Board is asked to agree one of two options:

### Option 1

- 2.1.1 **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline, in accordance with the decision made by the Board in February 2020; and
- 2.1.2 **Agree** that there is compelling justification for SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure; or

### Option 2

- 2.1.3 **Agree** to extend the deadline until 20<sup>th</sup> November 2020 for planning consent to be secured for:
- 2.1.1.1 The Broad Oak Farm and Sturry development; and
- 2.1.1.2 The Project itself; and
- 2.1.4 **Agree** that written confirmation must be provided by Kent County Council to SELEP Accountable Body, by 12 February 2021, to confirm the funding package is in place for the Project, to enable the release

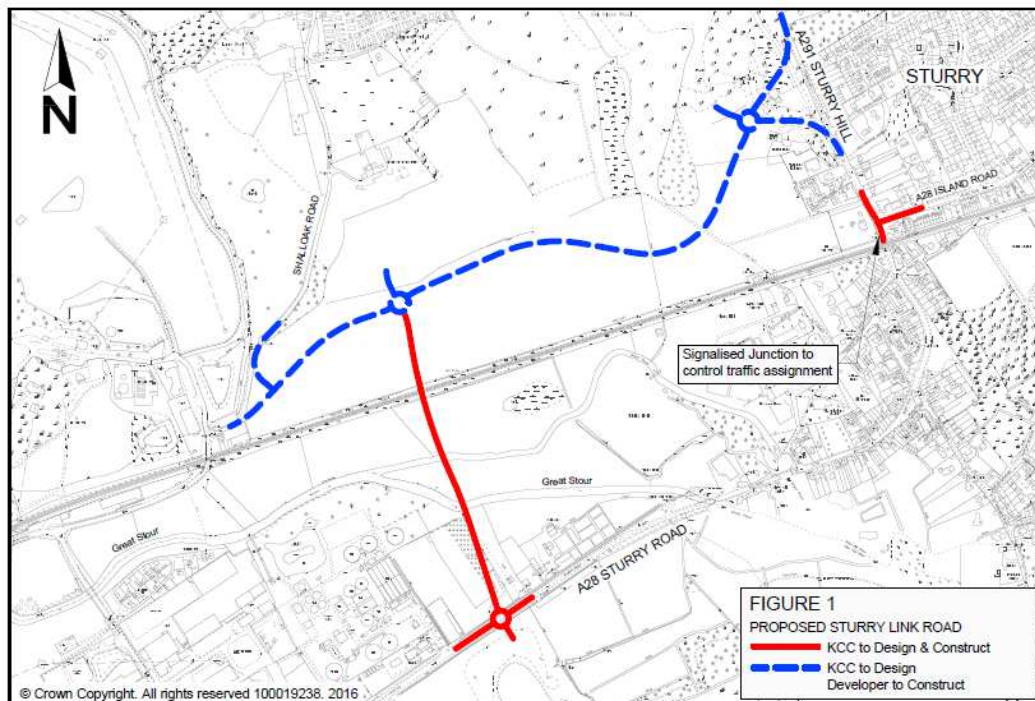
of the remaining £4.791m LGF to Kent County Council for the delivery of the Project beyond 31 March 2021.

- 2.1.5 **Note** that SELEP Ltd will also be required to approve the spend of LGF beyond the Growth Deal.

### 3. A28 Sturry Link Road (the Project)

- 3.1 The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury, Kent. The LGF is due to contribute to the cost of constructing a bridge over a railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. The sections shown in red in Figure 1 below show the sections of road included as part of the scope of the LGF Project.

**Figure 1 A28 Sturry Link Road**



### 4. Background

- 4.1 The Project was approved in June 2016 for the award of £5.9m LGF but is identified as a high-risk project, due to the risk to the private sector funding contributions to the Project.
- 4.2 As a result of the project risks, the Board has received individual update reports on the Project since June 2019 and deadlines have been set on a number of occasions for planning consent to be secured for the Project itself and for the residential developments for the main sites due to financially contribute to the Project.
- 4.3 Due to the exceptional circumstances which have arisen, as a result of COVID-19, the Board agreed to award flexibility to enable the planning

consent to be considered at the next opportunity once planning committee meetings resume and by no later than 18 September 2020. However, the Project has been unable to meet this revised deadline due to emerging issues relating to the planning consents, as set out in section 5.

- 4.4 In this report, the Board is asked to consider whether further flexibility should be awarded or if the unspent LGF should be reallocated to the next project on the LGF pipeline.

## 5. Project Cost and Funding

- 5.1 To date, £1.109m LGF has been spent by Kent County Council (KCC) on the delivery of the Project. In addition to the £5.9m LGF award to the Project, three developer funding contributions are expected to be made to fund the remaining project cost. These developer contributions are being made by three different developers from sites in the vicinity of the Project, as detailed within the confidential appendix. Appendix 1 also clarifies the current status in relation to each contribution including where agreements are subject to planning dependencies.

**Table 1 Funding Breakdown (£m)**

Funding Source	Expenditure Forecast (£m)							Total
	Prior to 2018	18/19	19/20	20/21	21/22	22/23	23/24 and onwards	
LGF	0.8	0.262	0.038	0.6	3	1.2	0	5.9
Developer Contributions					9.8	6.163	7.737	23.7
KCC Borrowing					1.5	5	-6.5	0
<b>Total Funding Requirement</b>	<b>0.8</b>	<b>0.262</b>	<b>0.038</b>	<b>0.6</b>	<b>14.3</b>	<b>12.363</b>	<b>1.237</b>	<b>29.6</b>

- 5.2 The delays in programme and uncertainty caused by the COVID -19 crisis has had an impact on the commencement of development, as a result of the delays in securing planning consent. The impact of COVID-19 could also delay the payment dates for development contributions to be made to the Project. Whilst KCC remain committed to the funding model, set out in Appendix 1, the delayed payment for developer contribution could result in additional forward funding being required by KCC.
- 5.3 No change to the total Project cost has been reported to date as a result of the delays or increased delivery risk related to COVID-19. If such cost increases are identified, the onerous will be on the developers to meet these increased costs.

## 6. Project delivery update

- 6.1 The original Project business case set out the intention to commence site mobilisation work in October 2019 and to complete the Project by October 2021. It is now proposed that the Project will open to traffic in February 2024.

- 6.2 The delivery of the Project has been slower than anticipated due to the interdependency between the Project and the planning applications for the residential/ commercial development which is associated with the Project. Project delays have also been experienced through the development of the environmental impact assessment (EIA), as stakeholder feedback has been considered and used to enhance the Project design work.
- 6.3 The interdependencies between the Project and the housing developments are complex and any resolution by Canterbury City Council to grant planning permission will be subject to the application for the relief road (the Project) being granted by KCC.
- 6.4 The outstanding planning applications, for the housing developments (being decided by Canterbury City Council) and the Project (being decided by KCC), are also subject of a joint Appropriate Assessment (AA) being considered as part of the planning application and being agreed by Natural England.
- 6.5 Positive steps have been made in early September 2020 towards agreeing the AA, but previously delays to the AA meant that the planning applications could not be determined in June/July 2020, to achieve the deadline previously set by the Board.
- 6.6 Once Natural England formally accept the AA, there are no other foreseen barriers to the determination of the planning application for the Project and associated developments once the planning committee meetings at Kent County Council and Canterbury City Council resume.
- 6.7 It is now intended that the AA will be signed off by the end of September 2020. This will enable the planning application for the two main residential developments to be considered by Canterbury City Council in October 2020.
- 6.8 As the planning consent for the Project itself is not intended to be considered by Kent County Council until the residential developments have been considered, the next opportunity for the planning application for the Project to be considered is 4 November 2020. If the consideration of the application by Canterbury City Council is delayed, this will further delay the consideration of the Project by KCC Planning Committee.
- 6.9 Based on the latest Project delays, it is now anticipated that construction will start in January 2022, with the completion of the Project by November 2023. The key project milestones are summarised in Table 2 below. This is on the basis that the developer contributions are in place and that the land required to deliver the Project can be acquired voluntarily. Section 6 below provides further details on these Project risks.

Table 2 – Project Milestones

Key Milestones	Updated milestones
Planning	November 2020
Procurement and award of design and build contract	April 2020
Detailed Design	Oct 2021
Land acquisition	November 2021
Construction start	January 2022
Construction complete	November 2023
Open to traffic (including developer portion)	February 2024

6.10 Though the LGF would be spent before the other funding sources, on costs such as land acquisition, it is expected that due to the latest delays and the current pause on LGF spend, the full LGF award to the Project will not be spent in full prior to the end of the Growth Deal (30 September 2021; as extended by SELEP Ltd in April 2020).

6.11 The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond 30 September 2021 are set out in Appendix 2. Three of the five conditions have been met but written confirmation is required from KCC to confirm that the funding sources have been secured to deliver the project and updated endorsement is required from SELEP Ltd for LGF spend beyond 31 March 2021.

## 7. Project risk

7.1 The most significant Project risk is the availability of the private sector funding contributions towards the delivery of the Project. As detailed in Appendix 1, potential options have been identified to manage the cash flow position and to secure developer contributions which have been identified towards the delivery of the Project. Although all of the sites are allocated in the adopted Local Plan (July 2017), full planning consent has not yet been approved for any of the main three developers due to financially contribute towards the delivery of the Project.

7.2 Given the complex funding package for the Project, there are a large number of dependencies to secure the full local funding package required to deliver the Project. These dependencies include:

8.2.1 Planning consent being secured for the developments which are due to financially contribute to the delivery of the Project;

8.2.2 The pace of housing delivery for the other development sites which are financially contributing towards the delivery of the Project;

Based on the expected pace of housing delivery, the developer contributions will not immediately be available to enable the delivery of the Project as per the current programme.

A forward funding model has been identified to cover any short fall in which KCC will forward fund the developer contributions to the Project, in advance of the developer contributions being paid. As this pace of housing delivery may slow, due to the impact of COVID-19, this will likely further delay the developer contributions to the Project, thereby increasing the duration of the forward funding by KCC.

The likely borrowing costs will be costed by KCC over the next few months, to ensure the current funding model remains viable. If the Board agree that the Project should retain its full LGF allocation, the outcome of this assessment will be considered as part of the next update report to the Board in November 2020.

- 8.2.3 A security bond is being provided to Kent County Council to forward fund Source 1, as set out within the confidential appendix. The provision of a bond has been agreed in principal with the developer;
  - 8.2.4 KCC securing a charge on the land to enable Kent County Council to forward fund Source 2. The provision of a land charge has been agreed in principal with the developer, however, details are still to be provided and agreed.
- 7.3 As the developers are also delivering the spine road, to connect the bridge with the existing road network to the north east, any delays to the developer's construction of the spine road will impact the opening date for the Project.
  - 7.4 The draft Head of Terms agreement with the developer, who is constructing the spine road, sets out the requirement to deliver the spine road at the same time as the Project. As full planning consent has not yet been granted to this site, this remains a substantial Project risk. A detailed planning submission has been made for the spine road which will be determined as part of the application for the site in October 2020, subject to gaining Natural England agreement on the developers proposals to mitigate the water quality impacts on the river Stour.
  - 7.5 A Compulsory Purchase Order (CPO) inquiry may be required to secure the land to complete the Project. A land agent has been appointed to lead on land negotiations, and the landowners have been consulted during the design phase to enable their initial concerns to be mitigated through design amendments. Once the planning has been confirmed, KCC will be in a better position to progress negotiations, with the intention of acquiring the land through voluntary negotiations.
  - 7.6 If a CPO enquiry is required then this will add to the timescales for delivering the project and risks an increase in LGF spend beyond 30 September 2021.

KCC intend to run the CPO in parallel with the negotiations to reduce the impact on the construction programme.

## 8. Next steps and potential options

8.1 LGF spend on the Project has been placed on hold since July 2019, whilst Kent County Council seek to address the project risks.

8.2 The main barrier to the Project's ability to proceed relates to planning consents having not been secured for the Project, nor for the main residential developments due to financially contribute. There also remain considerable risks, as Kent County Council are not currently in a position to provide confirmation of the match funding and a CPO may also be required.

8.3 With these risks in mind, the Board is asked to agree one of two options:

### Option 1

9.3.1 **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline, in accordance with the decision made by the Board in February 2020; and

9.3.2 **Agree** that there is compelling justification for SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure; or

### Option 2

9.3.3 **Agree** to extend the deadline until 20<sup>th</sup> November 2020 for planning consent to be secured for:

8.3.3.1 The Broad Oak Farm and Sturry development; and

8.3.3.2 The Project itself.

9.3.4 **Agree** that written confirmation must be provided by Kent County Council to SELEP Accountable Body to confirm the funding package is in place for the Project by 12 February 2021, to enable the release of the remaining £4.791m LGF to Kent County Council for the delivery of the Project beyond 31 March 2021.

9.3.5 **Note** that SELEP Ltd will be required to approve the spend of LGF beyond the Growth Deal.

8.4 At the last meeting of the Board, the Board were advised against awarding further extensions to the deadline for planning consent to be secured beyond the September 2020 extension. For SELEP to remove the hold on LGF project spend and transfer the remaining LGF allocation for the project by the end of 2020/21, SELEP will require firm confirmation that the full funding package is in place to deliver the Project. There remain a number of hurdles to overcome before this assurance can be provided, as set out in section 5.



- 8.5 If the Project is unable to proceed and an alternative project is brought forward, SELEP must be in a position to demonstrate to Government that the funding is contractually committed and can be spent on the new project by the end of 2020/21. Allowing a further extension to the deadline will reduce the amount of time available for an alternative project to be brought forward.
- 8.6 If the remaining £4.791m unspent LGF is withdrawn from the Project (Option 1), it is still expected that the Project will proceed and be funded through development contributions, as the completion of the Project remains essential to the planning residential developments in North East Canterbury. However, the withdrawal of the LGF could potentially impact the viability of the development and the affordable housing allocation for the developments would be reduced or lost. If there was still a remaining viability issue then there would be further impacts of the S106 contributions such as towards education and health care.
- 8.7 Under Option 1 for the £1.109m LGF spend to date not to be recovered, KCC have provided confirmation that the LGF spend to date would remain a capital cost and the Project would still progress to delivery using other funding sources.
- 8.8 As KCC has not yet completed the delivery of the Project there are provisions under the Service Level Agreement, for the SELEP Accountable Body to recover the £1.109m LGF spend to date. However, it remains KCC's intention to deliver the Project. If the unspent LGF is reallocated, it is expected that the Project would still progress utilising other funding streams, as set out in 6.14.
- 8.9 The Board, under Option 1, is therefore asked to agree that SELEP should not recover the £1.109m LGF spend to date. This is on the basis that KCC continue to account for the LGF spend to date as a capital cost, which is a condition of the funding, and the Project will still be delivered using alternative funding sources.
- 8.10 Should KCC reach a point of agreeing that the Project will no longer progress to delivery, the £1.109m LGF spend to date would likely become a revenue cost and would therefore need to be returned to SELEP, as the grant conditions would no longer be met; it is a stipulation from Central Government that LGF funding can only be spent on capital expenditure. Should this situation arise then the Board will be provided with an update.
- 8.11 Should the Board agree to provide a further extension to the deadline for planning consent to be secured, as per Option 2, Strategic Board approval will also be required in October 2020 to enable the spend of LGF beyond the Growth Deal period.
- 8.12 The Project was considered by the Strategic Board in January 2020, but subsequent delays to the delivery schedule, of greater than six months, means that the Strategic Board are required to review the Project.

- 8.13 If this approval is not granted by the Strategic Board, the LGF contribution to the Project will be limited to the value of the LGF which can be spent on the Project by the end of the Growth Deal period.
- 8.14 Kent County Council will also be required to provide the SELEP Accountable Body with written confirm, by 12 February 2021, to confirm that the funding package is in place for the Project, to enable the release of the remaining £4.791m LGF to Kent County Council for the delivery of the Project beyond 31 March 2021.

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

- 9.1 The proposals for funding this Project are complex and currently not all arrangements with the developers are unconfirmed, and have varying degrees of associated risk.
- 9.2 Should the necessary funding or planning permissions not be secured, there is a risk that the Project may need to be cancelled and any LGF funding spent to date may no longer meet the conditions of funding. In these circumstances, under the terms of the Funding Agreement in place with KCC, the LGF spent to date may need to be returned to Essex County Council (ECC), as the Accountable Body, and reallocated through the SELEP investment pipeline.
- 9.3 It is noted that currently further LGF spend is paused on this project until the funding is secured. Given the complexities and size of the risks associated with this Project, on-going monitoring of the risks and dependencies is necessary, to support effective decision making with regard to the use of LGF.
- 9.4 All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear 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.
- 9.5 Under the terms of the SLA any abortive costs will become revenue and will need to be returned to the Accountable Body, Essex County Council, as the requirements of the grant agreement will no longer be met
- 9.6 It is noted that the Project does not currently meet the five conditions of spend beyond the Growth Deal as agreed at the Strategic Board in February 2019. For the project to meet the five conditions it is necessary for;
  - 10.6.1 KCC to provide written confirmation to confirm the availability of the all local funding sources
  - 10.6.2 The Strategic Board to consider the Project at the October 2020 meeting, and give endorsement that the funding should be retained against the project beyond 31 March 2021
- 9.7 Option 2 of this report's recommendations states that KCC must provide written confirmation to SELEP Accountable Body to confirm the funding

package is in place for the Project by 12 February 2021. If KCC are unable to confirm the funding by this time then there is a risk that SELEP will be unable to demonstrate spend by 31 March 2020.

- 9.8 As part of the LGF programme review to Central Government in June 2020, the Accountable Body and SELEP reported spend in full of the LGF programme by 31 March 2020, either through deliverability of the projects or using the Option 4 mechanism. The delay highlighted in 8.7 presents a risk that SELEP and the Accountable Body will be unable to evidence project spend by the end of the Growth Deal. The Project will be considered as part of an overall LGF programme review at the October 2020 meeting of the Strategic Board, in which they will be asked to consider LGF projects deemed high risk. These projects will need to seek continued endorsement from the Board as to the viability of their delivery.

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

- 10.1 There are no legal implications arising from the proposals set out in this report. If the Project is cancelled at a later date, the provisions set out with the SLA in place between ECC, as Accountable Body, and KCC will be activated, and ECC will work with KCC to recover the abortive revenue costs.

## **11. Equality and Diversity implication**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3 In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **12. List of Appendices**

- 12.1 Appendix 1 – Confidential appendix – developer contributions  
12.2 Appendix 2 – LGF spend beyond the Growth Deal

### 13. List of Background Papers

#### 13.1 Business Case for the A28 Sturry Link Road

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

Role	Date
<b>Accountable Body sign off</b>  Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	08/09/20

## Sturry Link Road Update Report - Appendix 2

Consideration of the Project against the five conditions for LGF spend beyond the Growth Deal		
Requirement	Has project met requirement?	Explanation
A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board	Yes	There is a clear delivery plan in place for the Project and has been shared with the SELEP Secretariat. The key milestones are summarised in Table 2 in the main report. However, there remain risks to the delivery schedule as the funding package has not yet been secured and there is a risk of CPO being required.
A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;	Yes	The Project is integral to the delivery of the Canterbury Local Plan adopted in July 2017. It is necessary to deliver of the allocation of 2526 new homes at Sturry, Broadoak and Hersden. It also supports over 3000 homes at Herne Bay which are identified within the Local Plan.
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 courses are in place to deliver the project beyond the Growth Deal;	No	As set out in section 5 of the report, written confirmation has not yet been provided to confirm the availability of the local funding sources.
Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31 March 2021	No	This was endorsed by the Strategic Board on 31 <sup>st</sup> January 2020 but as the completion of the project has been delayed by more than 6 months, from December 2022 to November 2023. As such, updated consideration by the Strategic Board will be required in October 2020.
Contractual commitments being in place with construction contractors by 30 September 2021 for the delivery of the project.	Yes	Based on the current project programme it is expected that design and build contract will be awarded in February 2021.

<b>Report title:</b> Bexhill Enterprise Park North Project Update	
<b>Report to Accountability Board on 18<sup>th</sup> September 2020</b>	
<b>Report author:</b> Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 20 <sup>th</sup> August 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, <a href="mailto:Helen.dyer@southeastlep.com">Helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex	

## 1. Purpose of report

- 1.1 Updates on the delivery of the Bexhill Enterprise Park North project (the Project) were provided to the Accountability Board (the Board) in February and July 2020. The updates set out the current planning position and intended next steps, following the decision by Rother District Council planning committee to refuse the reserved matters application for the site. The decision to refuse the reserved matters application presents a significant deliverability risk to the Project and therefore the Board will be provided with regular updates on the Project whilst work continues to address this risk.
- 1.2 The purpose of this report, therefore, is for the Board to receive a further update on the delivery of the Project and to set out the delivery options currently under consideration.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the latest position on the delivery of the Project;

- 2.1.2 **Agree** one of the following two options:

### Option 1

- 2.1.2.1 **Agree** that the Project remains on hold until the planning appeal has been concluded and, if successful, planning consent has been granted;

- 2.1.2.2 **Agree** that LGF spend on the delivery of the Project, beyond the £440,000 already transferred to East Sussex County Council, should remain paused until the planning appeal has been concluded and, if successful, planning consent has been granted; and

- 2.1.2.3 **Agree** that if the planning appeal is unsuccessful that the full £1.94m LGF allocation will be returned to SELEP for reallocation through the LGF project pipeline **OR**

Option 2

- 2.1.2.4 **Agree** that the £1.94m LGF currently allocated to the Project should be reallocated to the next project on the LGF project pipeline.

### **3. Background**

- 3.1 The Project was identified by the Investment Panel as a priority through the LGF3b pipeline development process and was approved by the Board on 7<sup>th</sup> June 2019 for the award of £1.94m LGF.
- 3.2 The Project will deliver the site and servicing infrastructure required to access individual development plots within Bexhill Enterprise North from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access and will enable private sector investment. Further information regarding the Project can be found in Appendix A - LGF Project Background Information.
- 3.3 In October 2019, the decision was taken by Rother District Council to refuse the reserved matters application for the site. The application was refused for a number of reasons including: unacceptable phasing of the development, lack of master-planning for the site, poor design, impact on landscape character, detrimental impact on existing protected trees and failure to mitigate impacts on biodiversity. An appeal has been submitted to the Planning Inspectorate in relation to the refusal of this application.
- 3.4 Following the previous updates provided to the Board in February and July 2020, which set out the significant deliverability risks faced, LGF spend on the Project is currently paused until such time as planning permission has been granted.
- 3.5 Sea Change Sussex, as scheme promoter, have been working to identify other routes through which delivery of the LGF funded elements of the wider project can be accelerated, allowing delivery of the Project whilst awaiting the outcome of the ongoing planning appeal in relation to the wider development planning application.
- 3.6 This report sets out the options considered for progressing delivery of the Project.

**4. Option 1 – Project remains on hold until the planning appeal has been resolved**

4.1 Following delays encountered as a result of the COVID-19 pandemic, the Planning Inspectorate have now confirmed that the Planning Appeal hearing will commence on 19<sup>th</sup> January 2021. It is expected that the hearing will be held over two days, with the outcome of the appeal being known in late February 2021.

4.2 Assuming that the appeal is successful, Sea Change Sussex are anticipating that delivery of the enabling works will be able to commence onsite in early March 2021.

4.3 The full delivery programme is set out in Table 1 below.

Table 1: Bexhill Enterprise Park North Option 1 delivery programme

Milestone	Indicative date
Planning Appeal hearing start date	19 <sup>th</sup> January 2021
Estimated Planning Appeal hearing end date	21 <sup>st</sup> January 2021
Estimated date of Planning Appeal decision	22 <sup>nd</sup> February 2021
Letting of final construction contract (for enabling works)	25 <sup>th</sup> February 2021
Commencement of enabling works	1 <sup>st</sup> March 2021
Completion of enabling works	31 <sup>st</sup> May 2021
Commencement of employment workspace construction (estimated)	May 2021

4.4 Under this option the LGF funded enabling works will be delivered by the end of May 2021, with construction of the employment workspace expected to immediately follow.

4.5 In the update provided to the Board in July 2020, it was noted that the LGF funded site enabling works would be subject to a 9 month delivery programme. This programme included a full range of pre-development activities, including full design development, site clearance, site investigations and archaeological surveys. Whilst awaiting the outcome of the planning appeal, Sea Change Sussex have progressed and completed these workstreams which has resulted in a significantly reduced delivery programme of 3 months, which now solely reflects the time required onsite to deliver the enabling works. The scope of the works remains unchanged.

4.6 In April 2020, the Strategic Board agreed to extend the Growth Deal period by 6 months to 30<sup>th</sup> September 2021. This decision was taken due to the significant impact that the COVID-19 pandemic was having on local partners ability to deliver their LGF programmes.

4.7 In light of this decision, under Option 1 the LGF spend is currently expected to fall entirely within the Growth Deal period, as set out in Table 2 below.



Table 2: Bexhill Enterprise Park North Option 1 LGF spend profile

	2019/20	2020/21	2021/22	<b>TOTAL</b>
Original spend profile	£1.94m	-	-	<b>£1.94m</b>
Updated spend profile	-	£1.54m	£0.40m	<b>£1.94m</b>

- 4.8 In February 2020, in light of the significant deliverability risk faced by the Project, the Board agreed to pause LGF spend, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted. It was agreed that this approach minimised the risk to East Sussex County Council should the planning appeal not be successful. This decision was re-endorsed by the Board in July 2020.
- 4.9 As it has not been possible to reduce the scale of the deliverability risk faced by the Project, as a result of the impacts of the COVID-19 pandemic, it is recommended under this option that LGF spend, beyond the £440,000 already transferred to East Sussex County Council, remains paused until the deliverability risk has reduced to an acceptable level.
- 4.10 It is acknowledged that adopting this approach to Project delivery may result in further delay to the completion of the Project and may increase the likelihood of spend extending beyond the end of the Growth Deal period, however, this option offers a greater level of certainty regarding the delivery of the employment workspace on the site.
- 4.11 The delivery of the planned employment workspace is dependent upon the successful conclusion of the planning appeal. By adopting this option, there will be greater certainty regarding the deliverability of the workspace prior to any further LGF funding being invested in the Project, thereby reducing the risk of abortive spend.
- 4.12 Whilst the LGF funding is allocated to the delivery of the enabling infrastructure, the successful delivery of the wider project is fundamental to the realisation of the benefits set out in the Project Business Case. The LGF funded element of the Project does not, in itself, create any significant benefits.
- 4.13 Should the planning appeal be unsuccessful, the full £1.94m LGF allocation will need to be returned to SELEP for reallocation through the LGF project pipeline.
- 5. Option 2 – Reallocation of LGF funding to the next project on the LGF project pipeline**
- 5.1 The £1.94m LGF allocation to the Project was approved by the Board on 7<sup>th</sup> June 2019, following consideration of the Project Business Case. At the time of the funding decision, it was expected that the LGF funded site enabling works would be completed by the end of March 2020 with the construction of the employment workspace commencing in Q1 2020.

- 5.2 As set out at 4.4 it is now expected that the site enabling works will not be completed until the end of May 2021 (subject to the outcome of the planning appeal). It is expected that construction of the employment workspace will begin shortly after the completion of these works, which will enable the realisation of the benefits set out within the Project Business Case.
- 5.3 Delivery of the Project has been significantly delayed as a result of the refusal to grant planning permission, and whilst alternative options have been considered to accelerate delivery of the LGF funded elements of the Project (as set out in Section 6 of this report), there remains a risk that the planning appeal will be unsuccessful meaning that it is not possible to bring forward the employment workspace on the site. This will result in a failure to realise the benefits set out within the Project Business Case.
- 5.4 Due to delays encountered by the Planning Inspectorate as a result of the COVID-19 pandemic, it is expected that it will not be possible for Sea Change Sussex to give any assurances regarding the delivery of the employment workspace until late February 2021. Should the planning appeal be unsuccessful, there will be no opportunity for the LGF funding to be reallocated to an alternative project prior to the official end of the Growth Deal period on 31<sup>st</sup> March 2021.
- 5.5 As part of the LGF review conducted by Government earlier this year, assurances were given by SELEP that the LGF funding would be spent in full by the end of 2020/21. It was anticipated that this would be achieved through the use of Option 4 capital swaps where required. If the LGF allocation to the Project is returned in February 2021 following the unsuccessful conclusion of the planning appeal, it will not be possible for SELEP to evidence full LGF spend at 31<sup>st</sup> March 2021 as required.
- 5.6 Due to the significant delays encountered and the high level of deliverability risk still faced by the Project, the Board may wish to agree that the £1.94m LGF allocation to the Project should be reallocated to the next project on the LGF project pipeline.

## **6. Other options considered**

- 6.1 In light of the significant deliverability risks currently faced by the Project, Sea Change Sussex have taken steps to identify alternative routes to Project delivery. Whilst details of a proposed alternative route to Project delivery are set out below, this option is not considered to be viable as it does not safeguard the realisation of the employment benefits set out within the Project Business Case.
- 6.2 Sea Change Sussex have submitted a separate Reserved Matters Application to Rother District Council in relation to the enabling infrastructure requirements for the site, which will be funded through the LGF. This application disengages the site enabling infrastructure from the wider development application which is currently under appeal.

- 6.3 In September, Sea Change Sussex will also submit the required documentation to discharge the remaining pre-commencement planning conditions that were attached to the outline planning permission.
- 6.4 It is anticipated that the Reserved Matters Application will be determined, and the planning conditions discharged, by 17<sup>th</sup> November 2020. This will allow construction of the enabling works to commence in late November 2020.
- 6.5 Under this option the LGF funded enabling works will be delivered by March 2021, and the full LGF allocation will therefore be spent within the original Growth Deal period. The development of the proposed employment workspace will be dependent upon the successful conclusion of the planning appeal.
- 6.6 This option presents the opportunity for accelerated delivery of the enabling infrastructure and ensures that the LGF allocation is spent in full by 31<sup>st</sup> March 2021. Furthermore, by disengaging the site enabling infrastructure from the wider development planning application, the level of planning risk for the LGF funded elements is reduced as a number of the grounds for refusal are no longer applicable or will be addressed within the infrastructure reserved matters application.
- 6.7 However, whilst this option provides greater certainty regarding delivery of the enabling infrastructure, it offers no certainty regarding the delivery of the proposed employment workspace on the site. The development of the workspace will remain dependent upon the outcome of the planning appeal.
- 6.8 The successful delivery of the wider project is fundamental to the realisation of the employment benefits set out in the Project Business Case. By adopting this option, there will be no certainty regarding the delivery of the employment workspace until the planning appeal is determined in late February 2021, by which time the enabling works will be nearing completion. Should the appeal be unsuccessful, and it is not possible to bring forward the planned workspace, no Project benefits will be realised in at least the short to medium term whilst further work is undertaken to address the grounds for refusal as set out by Rother District Council.
- 6.9 Adoption of this option would increase the risk of abortive costs, would not offer a solution in terms of securing delivery of the wider project and would offer no certainty regarding the realisation of the employment benefits set out within the Project Business Case. For these reasons, **this option is not recommended.**

## **7. Next steps**

- 7.1 If Option 1 is chosen by the Board, regular updates on the Project will continue to be provided until the Board are satisfied that the deliverability risk has been fully addressed and has reduced to an acceptable level.

- 7.2 If the Board choose to endorse Option 2, the funding will be reallocated to the next project on the LGF pipeline and the Project will be removed from the LGF programme.

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

- 8.1 In considering the recommendations of this report, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant. Delays in the delivery of the Project increases the risks associated with the overall Project completion within the Growth Deal period.
- 8.2 Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The slippage experienced by this Project detrimentally impacts on this delivery assessment, placing a risk over the outcome of this APR.
- 8.3 It should be noted that delivery of this project beyond the Growth Deal in March 2021 is subject to meeting the five conditions agreed by the Board on 15 February 2019, including obtaining endorsement from the Strategic Board. Delays in the delivery of this Project increase the risks associated with the overall Project completion within the Growth Deal period.
- 8.4 Should the Board agree to Option 1 to continue to pause the LGF spend on the Project, this potentially increases the risk of further delay to deliver the Project, however, given that planning permission has been refused and the outcome of the Planning Inspectorate appeal is unknown, this could be considered as the prudent approach to avoid the risk of abortive LGF spend to East Sussex County Council.
- 8.5 To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made
- 8.6 Under Option 1 in the recommendations, the potential release of £1.94m to be reallocated to the next project(s) on the LGF pipeline would be delayed until February 2021 when SeaChange Sussex would confirm the outcome of the planning application. Assuming the planning application is unsuccessful, this would not allow sufficient time for the funding to be reallocated and demonstrated as spent by 31 March 2021.
- 8.7 As part of the LGF programme review to Central Government in June 2020, the Accountable Body and SELEP reported spend in full of the LGF programme by 31 March 2020, either through deliverability of the projects or using the Option 4 mechanism. The delay highlighted in 8.6 presents a risk that SELEP and the Accountable Body will be unable to evidence project spend by the end of the Growth Deal. The Project will be considered as part of

an overall LGF programme review at the October 2020 meeting of the Strategic Board, in which they will be asked to consider LGF projects deemed high risk. These projects will need to seek continued endorsement from the Board as to the viability of their delivery.

- 8.8 If LGF spend on the Project becomes an abortive revenue cost, the funding must be repaid to SELEP by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.
- 8.9 Essex County Council is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.10 All LGF is transferred to East Sussex County Council under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 8.11 The Agreements also 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.

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

- 9.1 As set out in the report, an agreement was entered into between ECC as the Accountable Body and East Sussex to transfer the funding. The agreement between the parties permit reallocation of funding to other LGF projects if approved by Accountability Board.

## **10. Equality and Diversity implications (Accountable Body Comments)**

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
  - 10.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
  - 10.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not;
  - 10.1.3 Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the

promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **11. List of Appendices**

### **11.1 Appendix A - LGF Project Background Information**

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  08/09/20

## Appendix A – LGF Project Background Information

<b>Name of Project</b>	Bexhill Enterprise Park North, Bexhill On Sea  East Sussex County Council
<b>Local Growth Fund (LGF) allocation</b>	£1,940,000 – awarded June 2019
<b>Description of what Project delivers</b>	<p>Bexhill Enterprise Park North is a key element in the package of developments that have been designed as a direct response to the socio-economic challenges facing the Bexhill area.</p> <p>The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access and will enable private sector investment.</p> <p>The Bexhill Enterprise Park North site gained outline planning approval in May 2018 for 33,500sqm of employment floor space within use classes B1 and B2.</p> <p>The key objectives of the Project are:</p> <ul style="list-style-type: none"> <li>• the delivery of employment floorspace;</li> <li>• creation of jobs to benefit economic development;</li> <li>• to enable private sector investment;</li> <li>• to encourage foreign investment; and</li> <li>• to demonstrate market viability.</li> </ul>
<b>Project benefits</b>	<p>The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.</p> <p>The wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.</p>
<b>Project constraints</b>	Outline planning permission was granted in May 2018 for up to 33,500 sqm (net internal area) of employment floor space (classes B1 and B2)

	<p>with roads and ancillary infrastructure and services. Planning permission was granted subject to a number of conditions being satisfied.</p> <p>In October 2018, an application for approval of reserved matters following outline planning approval was submitted by a private sector development partner to Rother District Council. After a lengthy period of engagement and consultation, the application was considered by Rother District Council planning committee on 10<sup>th</sup> October 2019.</p> <p>The planning committee resolved to refuse the reserved matters application for a number of stated reasons including: unacceptable phasing of the development, lack of master-planning for the site, poor design, impact on landscape character, detrimental impact on existing protected trees and failure to mitigate impacts on biodiversity.</p> <p>On 24<sup>th</sup> December 2019, an appeal was lodged with the Planning Inspectorate in respect of the refusal of the reserved matters application.</p> <p>The Planning Inspectorate have indicated that the time to process appeals has been affected due to site visits and other events being postponed during March, April and May 2020 as part of the measures to slow the spread of COVID-19. As a result, the planning appeal has not yet been heard.</p> <p>The decision to refuse the reserved matters application presents a significant deliverability risk to the Project.</p>																
<b>Project Timeline (as set out in the Business Case)</b>	<table border="1"> <thead> <tr> <th>Milestone</th><th>Indicative Date</th></tr> </thead> <tbody> <tr> <td>Discharge of planning conditions</td><td>July 2019</td></tr> <tr> <td>Procurement of contractor</td><td>December 2018</td></tr> <tr> <td>Final design</td><td>January 2019</td></tr> <tr> <td>Site preparation</td><td>August 2019</td></tr> <tr> <td>Enabling works commence</td><td>August 2019</td></tr> <tr> <td>Enabling works complete</td><td>March 2020</td></tr> <tr> <td>Construction of initial light industrial units</td><td>Q1 2020/21</td></tr> </tbody> </table> <p>Updated project timeline for options currently under consideration set out within the Report to Accountability Board.</p>	Milestone	Indicative Date	Discharge of planning conditions	July 2019	Procurement of contractor	December 2018	Final design	January 2019	Site preparation	August 2019	Enabling works commence	August 2019	Enabling works complete	March 2020	Construction of initial light industrial units	Q1 2020/21
Milestone	Indicative Date																
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Site preparation	August 2019																
Enabling works commence	August 2019																
Enabling works complete	March 2020																
Construction of initial light industrial units	Q1 2020/21																
<b>Link to Project page on the website with full business and links to any previous</b>	<p><a href="https://www.southeastlep.com/project/bexhill-enterprise-park-north/">https://www.southeastlep.com/project/bexhill-enterprise-park-north/</a></p> <p>Funding decision:  <a href="https://www.southeastlep.com/app/uploads/2019/01/Summary-of-Decisions-07.06.19-final.pdf">https://www.southeastlep.com/app/uploads/2019/01/Summary-of-Decisions-07.06.19-final.pdf</a></p>																



<b>decisions by Accountability Board and/or Strategic Board</b>	<p>Decision to pause LGF spend on the project:</p> <p><a href="https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Summary-of-Decisions-14.02.20.pdf">https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Summary-of-Decisions-14.02.20.pdf</a></p> <p><a href="https://www.southeastlep.com/app/uploads/2019/09/Summary-of-Decisions-July-2020-final.pdf">https://www.southeastlep.com/app/uploads/2019/09/Summary-of-Decisions-July-2020-final.pdf</a></p>
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## Award of Growing Places Fund Funding

Forward Plan reference numbers: FP/AB/293, 294 and 295

<b>Report title:</b> Award of Growing Places Fund Funding	
<b>Report to Accountability Board on 18<sup>th</sup> September 2020</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 27 <sup>th</sup> August 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, <a href="mailto:Helen.dyer@southeastlep.com">Helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent and East Sussex	

### 1. Purpose of report

- 1.1 The purpose of this report is to allow the Accountability Board (the Board) to consider the award of £5,820,000 Growing Places Fund (GPF) funding to the three projects (the Projects) detailed at Appendix B. These Projects were included in the GPF project pipeline agreed by Strategic Board on 12<sup>th</sup> June 2020.

### 2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Approve** the award of:

- 2.1.1.1 £600,000 GPF by way of a loan to support the delivery of the Wine Innovation Centre project, as set out in Appendix C, which has been assessed as presenting high value for money with low/medium certainty of achieving this;
- 2.1.1.2 £3,470,000 GPF by way of a loan to support the delivery of the Green Hydrogen Generation Facility project, as set out in Appendix D, which has been assessed as presenting high value for money with high certainty of achieving this;
- 2.1.1.3 £1,750,000 GPF by way of a loan to support the delivery of the Observer Building, Hastings (Phase 1) project, as set out in Appendix E, which has been assessed as presenting high value for money with high certainty of achieving this.

### 3. Background

- 3.1 The GPF was established by the Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses and help 'kick start' development at stalled sites. The fund operates as a recycled capital loan

scheme regenerating funds based on the repayment schedules agreed for the existing GPF projects.

- 3.2 A total of £45.477m GPF capital funding was made available to SELEP for spend as a capital loan. The recyclable nature of the pot has enabled a total of £54.4m to be invested across 21 projects to date.
- 3.3 Repayments are now being made on the initial GPF investments, with SELEP holding £22m of GPF funding at the end of 2019/20 which was available for reinvestment during the course of 2020/21.

#### **4. Growing Places Fund Overview**

- 4.1 The overarching objectives of the Growing Places Fund are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and to support the creation of new jobs.
- 4.2 Growing Places Fund projects must be aligned with SELEP's strategic objectives as set out in SELEP's Economic Strategy Statement, SmarterFasterTogether.
- 4.3 On the 4<sup>th</sup> October 2019, the Strategic Board agreed a 3-stage approach to the GPF prioritisation and award process. Details of the full process can be found in the Guidance Note for Applicants.
- 4.4 At the Strategic Board meeting on 12<sup>th</sup> June 2020, the GPF project pipeline was agreed and the top 5 projects in the pipeline list received a provisional GPF allocation. This report considers the award of funding to the first 3 of these projects.
- 4.5 In line with the requirements of the SELEP Assurance Framework, each project under consideration in this report has been subject to a two-stage review undertaken by the SELEP Independent Technical Evaluator (ITE). The ITE has been appointed by the Accountable Body on behalf of SELEP Ltd. to provide impartial technical advice on value for money and project deliverability.
- 4.6 The ITE assessment is based on adherence of individual project Business Cases to the guidance set out in The Green Book, and related departmental guidance such as the DfT's WebTAG (Web-based Transport Analysis Guidance) or the MHCLG Appraisal Guide. The Green Book, WebTAG and MHCLG Appraisal Guide provide proportionate methodologies for project Business Case appraisal.
- 4.7 Details of each project considered in this report can be found at Appendix C (Wine Innovation Centre), Appendix D (Green Hydrogen Generation Facility) and Appendix E (Observer Building, Hastings (Phase 1)). The ITE assessment can be found at Appendix A (as attached to Agenda Item 6).

## 5. Case for Investment

- 5.1 This report considers the award of GPF funding to 3 new projects, as prioritised by the Strategic Board on 12<sup>th</sup> June 2020.

### Wine Innovation Centre

- 5.2 Table 1 provides an overview of the Wine Innovation Centre project.

Table 1: Overview of the Wine Innovation Centre project

GPF allocation: £0.6m		Total project cost: £0.7m	
Key outputs:			
<ul style="list-style-type: none"><li>• Infrastructure (i.e. utility services, ground works and drainage) required to enable the full development of the Wine Innovation Centre;</li><li>• A state-of-the-art wine research facility (500sqm) housing a modern fruit press and fermentation tanks.</li></ul>			
Key project milestones:			
Milestone		Indicative date	
Planning approval		July 2020	
Ground and foundations work undertaken		April to June 2021	
Construction of building		August 2021	
Completion of internal fit out		August to December 2021	
Wine Innovation Centre open		April 2022	
Repayment schedule:			
2023/24	2024/25	2025/26	Total
£100,000	£250,000	£250,000	£600,000

- 5.3 The delivery of the Wine Innovation Centre forms a key part of the National Institute of Agricultural Botany and East Malling Research's (NIAB EMR) aim to establish the South East as global leaders in the viticulture sector. A sector which has the potential to grow at an accelerated rate in a post-Brexit economy. NIAB EMR and the East Malling Trust have invested in the development of the only Research Vineyard in the United Kingdom, which has proved to be an invaluable resource and point of reference for the industry, and has enabled the implementation of a variety of research and innovation projects. The Wine Innovation Centre builds on this investment and provides the opportunity to support further development of the sector through the provision of advanced technology.
- 5.4 The ability to provide the independent research and innovation, for which NIAB EMR is renowned, is severely constrained by a lack of the infrastructure needed for the cutting-edge technologies that are being developed to increase productivity and the adoption of sustainable production methods. The delivery

of the Wine Innovation Centre is fundamental to tackling this issue and to removing the barrier to increasing wine productivity in the United Kingdom.

- 5.5 Following consideration of the Business Case by the ITE, the Wine Innovation Centre project has been assessed as offering high value for money, with low/medium certainty of achieving this. The ITE is satisfied that a proportionate, GVA-based approach to the economic appraisal of the project has been taken. This appraisal provides a reasonable indication that were a full monetised economic appraisal to be undertaken, that the scheme would represent high value for money. However, the lack of a full monetised economic appraisal does reduce the certainty of the value for money categorisation.
- 5.6 The SELEP Assurance Framework states that schemes may be eligible for exemption from quantified benefit cost analysis, under value for money exemption 1, when a project satisfies the following five conditions:
- 5.6.1 the project has a benefit to cost ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and
  - 5.6.2 the funding sought from the SELEP is less than £2m; and
  - 5.6.3 to conduct further quantified and monetised economic appraisal would be disproportionate to the GPF ask; and
  - 5.6.4 there is an overwhelming strategic case (with minimal risk in the other cases of the Business Case); and
  - 5.6.5 there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.
- 5.7 As the GPF ask is below £2m, the project meets the criteria for this exemption. The ITE is satisfied that an overwhelming Strategic Case has been made for the project, which provides a compelling case for intervention. The scheme promoter has provided assurances that the horticulture sector, and particularly viticulture, has remained very active during the COVID-19 pandemic. In addition, there is an increased demand for innovation due to the current labour shortages and this will support realisation of the planned benefits of this project.
- 5.8 It is also noted that there is minimal risk in the other sections of the Business Case. However, the Board are asked to consider the risk that a lack of full, monetised benefit cost analysis presents before determining whether or not to approve funding for the project.

#### Green Hydrogen Generation Facility

- 5.9 Table 2 provides an overview of the Green Hydrogen Generation Facility project.

Table 2: Overview of the Green Hydrogen Generation Facility project

Table 2: Overview of the Green Hydrogen Generation Facility project												
GPF allocation: £3.47m												
Key outputs:												
<ul style="list-style-type: none"><li>• A new Hydrogen Production Facility;</li><li>• Equipment for use in the Hydrogen Production Facility (i.e. electrolyzers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which will be installed within the SELEP region.</li></ul>												
Key project milestones:												
<table><tr><td>Milestone</td><td>Indicative date</td></tr><tr><td>Planning consent secured</td><td>June 2020</td></tr><tr><td>Procurement of contractors</td><td>January 2020 to July 2020</td></tr><tr><td>Construction works</td><td>March 2020 to May 2021</td></tr><tr><td>Start of commercial operations</td><td>May 2021</td></tr></table>			Milestone	Indicative date	Planning consent secured	June 2020	Procurement of contractors	January 2020 to July 2020	Construction works	March 2020 to May 2021	Start of commercial operations	May 2021
Milestone	Indicative date											
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Construction works	March 2020 to May 2021											
Start of commercial operations	May 2021											
Repayment schedule:												
<table><tr><td>2024/25</td><td>2025/26</td><td>Total</td></tr><tr><td>£350,000</td><td>£3,120,000</td><td>£3,470,000</td></tr></table>			2024/25	2025/26	Total	£350,000	£3,120,000	£3,470,000				
2024/25	2025/26	Total										
£350,000	£3,120,000	£3,470,000										

- 5.10 The Green Hydrogen Generation Facility will be the United Kingdom's first utility-scale green hydrogen plant with enough capacity to meet fuel demand from hundreds of fuel cell buses and cars daily. Delivery of the project represents an important step towards reducing reliance on nuclear and coal as the main sources of power and realising the decarbonisation targets in the South East.
- 5.11 Climate Emergencies have been declared by a number of councils across the South East and a commitment has been made to reduce their carbon emissions to net zero by 2030. This project will help to achieve this target and will place the South East at the forefront of the energy revolution.
- 5.12 The relevance of this project has been further highlighted following the recent period of lockdown where significant environmental benefits were reported as a result of reduced transport movements. This project seeks to act as a catalyst to encourage development of innovative solutions to the Climate Emergency and to reduce reliance on the car as the preferred mode of transport. Achieving these objectives will help maintain some of the environmental benefits experienced during the lockdown.
- 5.13 Following consideration of the Business Cases by the ITE, the Green Hydrogen Generation Facility project has been assessed as offering high value for money, with high certainty of achieving this. The ITE is satisfied that a proportionate and robust assessment of scheme costs and benefits has been undertaken and that appropriate guidance has been followed.

Reasonable and robust assumptions have been used in the project appraisal, meaning that the project delivers high levels of certainty in relation to the value for money categorisation.

#### The Observer Building, Hastings (Phase 1)

- 5.14 Table 3 provides an overview of the Observer Building, Hastings (Phase 1) project.

Table 3: Overview of the Observer Building, Hastings (Phase 1) project

GPF allocation: £1.75m		Total project cost: £2.67m (Phase 1)	
Key outputs:			
<ul style="list-style-type: none"><li>• Full renovation of the Alley Level and Ground Floor;</li><li>• Provision of universal access (lift and entrance ramp);</li><li>• Completion of essential safe-guarding works to the roof and external facades;</li><li>• Installation of new electricity substation and Air Source Heat Pumps; and</li><li>• Key internal structural works that would otherwise be disruptive to tenants in future.</li></ul>			
Key project milestones:			
Milestone		Indicative Date	
Purchase of the Observer Building		February 2019	
Planning permission granted		July 2020	
Appointment of construction contractor		October 2020	
Construction of Phase 1 works starts		November 2020	
Construction of Phase 1 works completed		May 2021	
Construction of Phase 2 and 3 works		June 2021 to December 2022	
Repayment schedule: The full £1.75m GPF loan will be repaid in 2025/26.			

- 5.15 The Observer Building has been empty for 35 years and has become increasingly derelict over that period of time. This project seeks to transform the building and bring it back into highly productive use, offering a variety of uses including commercial, leisure and residential. The project seeks to offer opportunities for those in the hardest to reach economically deprived communities in Hastings and has a key role to play in catalysing the wider revitalisation of Hastings Town Centre.
- 5.16 The Observer Building will support creativity and will enable businesses with growth potential to expand by providing flexible space, coaching and leadership development. The regeneration of the building will also enable the delivery of a package of training and start-up support to entrepreneurs and start-up businesses, helping to foster and grow emerging businesses locally, thereby helping to improve start-up and survival rates. The delivery of the project will play an important role in supporting the local economy in Hastings,

an economically deprived area, and will provide important opportunities for the local community.

- 5.17 Following consideration of the Business Case by the ITE, the Observer Building project has been assessed as offering high value for money, with high certainty of achieving this. The ITE is satisfied that a proportionate and robust assessment of scheme costs and benefits has been undertaken and that appropriate guidance has been followed. Reasonable and robust assumptions have been used in the project appraisal, meaning that the project delivers high levels of certainty in relation to the value for money categorisation.

## **6. Risks**

- 6.1 Each of the projects under consideration in this report has produced a comprehensive risk register which identifies the key risks faced by the Projects and sets out appropriate individual mitigating actions in each case.
- 6.2 As would be expected, there are a number of risks stemming from the COVID-19 pandemic and the associated measures introduced by Government which have the potential to impact on the delivery of all the Projects. These risks all stem from the likely impact on the construction industry and the associated supply chains.
- 6.3 The social distancing measures introduced by Government to slow the spread of COVID-19, are likely to result in protracted construction programmes due to restrictions on the number of contractors who can be onsite at any given time. This also has the potential to result in increased construction costs if this risk is not factored into the procurement process.
- 6.4 There is a further risk that construction programmes could be adversely impacted by delays in the supply of materials. Following lockdown there is likely to be a backlog in orders which need to be met, and it is to be expected that the supply chain will take some time to return to normal which could lead to increased lead in times. There is also a risk that the supply chain will not return to normal due to business failures which have arisen as a result of the impacts of the COVID-19 pandemic.
- 6.5 In relation to project specific risks, the key risk to the delivery of the Observer Building project is that planning consent has not yet been granted. The planning application was submitted in May 2020, following positive pre-planning discussions with Hastings Borough Council. It is anticipated that the planning application will be determined by mid September 2020.
- 6.6 There is evidenced demand for the use of hydrogen as a fuel for sustainable travel modes, however, at this stage the level of demand is low. The success of the Green Hydrogen Generation Facility project is dependent upon the level of demand increasing over the coming years. The scheme promoter has indicated that there is the potential for changes in climate policy as a result of



the COVID-19 pandemic, with the Committee for Climate Change (the Government's advisors on climate policy) identifying actions to tackle climate change as being central to the rebuilding of the economy.. This expectation is supported by the publication of the Decarbonising Transport report released by DfT on 4<sup>th</sup> March 2020, which highlights the importance of hydrogen as a transport fuel. Based on this evidence, it is expected that the demand for hydrogen as a fuel remains, with the potential for accelerated growth as a result of likely policy change.

## **7. Financial Implications (Accountable Body Comments)**

- 7.1 There is sufficient GPF held in 2020/21 for reinvestment in the projects identified through GPF round 3 and included on the agreed prioritised pipeline of GPF projects, which are asking for a funding decision in this paper.
- 7.2 The repayment schedule for each project is as set out in Appendices C, D & E. Any changes to the Project or the repayment schedule will require further approval by the Board.
- 7.3 In the event of Project failure, the risk of non-repayment of the loan sits with the fund; any delay in repayment or non-repayment reduces the funding available to reinvest into new projects on the GPF investment pipeline. To mitigate this risk, it is a requirement of the lead County / Unitary authority to undertake regular monitoring and evaluation of the projects and report progress on delivery, outcomes and risks to the SELEP Secretariat.
- 7.4 It is expected that each lead County/Unitary authority will enter into reciprocal agreements with the project promoter for each GPF project coming forward for a funding decision.

## **8. Legal Implications (Accountable Body Comments)**

- 8.1 The Growing Places Fund will be administered by the Accountable Body in accordance with the terms set by Central Government. For each project, where a loan is to be provided following approval by Accountability Board, a loan agreement will be put in place between the Accountable Body and each partner authority, this will include a repayment schedule.

## **9. Equality and Diversity implications (Accountable Body Comments)**

- 9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
  - a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
  - b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 9.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **10. List of Appendices**

- 10.1 Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 6)
- 10.2 Appendix B – GPF funding awards
- 10.3 Appendix C – Wine Innovation Centre project information
- 10.4 Appendix D – Green Hydrogen Generation Facility project information
- 10.5 Appendix E – The Observer Building, Hastings (Phase 1) project information

## **11. List of Background Papers**

- 11.1 Business Case for the Wine Innovation Centre project
- 11.2 Business Case for the Green Hydrogen Generation Facility project
- 11.3 Business Case for the Observer Building, Hastings (Phase 1) project

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	08/09/20

Appendix B - Summary of GPF projects seeking funding approval

Name of Project	Sponsoring Upper Tier	S151 officer sign off received	ITE - Recommend?	Secretariat Recommend?	VFM	Certainty	BCR	Total GPF - £	GPF 2020/21 - £	GPF 2021/22 - £	Final GPF repayment date
Wine Innovation Centre	Kent CC	Yes	Yes	Yes	High	Low/Medium	Not calculated	600,000	100,000	500,000	31st March 2026
Green Hydrogen Generation Facility	Kent CC	Yes	Yes	Yes	High	High	11.7:1	3,470,000	3,470,000	-	31st March 2026
The Observer Building, Hastings - Phase 1	East Sussex CC	Yes	Yes	Yes	High	High	2.9:1	1,750,000	1,750,000	-	31st March 2026
Total GPF Recommended for Approval								5,820,000			

## Appendix C – GPF Project Background Information

<b>Name of Project</b>	<p><b>Wine Innovation Centre</b></p> <p>East Malling Estate, New Road, East Malling, Kent</p> <p>Kent County Council</p>
<b>Growing Places Fund allocation</b>	£600,000
<b>Description of what Project delivers</b>	<p>The project will deliver a Wine Innovation Centre, which will build on the success of Kent's wine industry. The delivery of the project complements NIAB/EMR's investment in the only UK research vineyard to support Kent's wine sector to develop as global leaders in innovation.</p> <p>The project consists of:</p> <ul style="list-style-type: none"> <li>• Construction of infrastructure (utility services, ground works and drainage) that will enable the full development of the Wine Innovation Centre;</li> <li>• Construction of the state-of-the-art wine research facility (500sqm) which will be capable of housing a modern fruit press and fermentation tanks.</li> </ul>
<b>Need for intervention</b>	<p>East Malling is located in the heartland of the UK's emerging wine industry and provides an internationally recognised focus for independent research and innovation. However, the ability to deliver this support in the long-term is severely constrained by a lack of the infrastructure needed for the cutting-edge technologies that are being developed to increase productivity and the adoption of sustainable production methods. The implications are:</p> <ul style="list-style-type: none"> <li>• Attracting industry investment will become increasingly difficult. It will also diminish NIAB EMR's ability to provide the research &amp; development and Knowledge Exchange support that will allow the UK wine industry to emerge as world-class, competitive and environmentally responsible;</li> <li>• Capacity for other businesses to conduct Research &amp; Development, innovation and commercialisation activities will also be limited as the sector depends on the support of centres such as NIAB EMR to successfully adopt new technologies.</li> </ul> <p>NIAB EMR is at the innovation forefront and delivery of the Wine Innovation Centre will allow them to support the sector in the</p>

	adoption of new technologies needed to increase productivity and the adoption of sustainable production methods.								
Project benefits	<p>The project will:</p> <ul style="list-style-type: none"><li>• create infrastructure, services and high-tech facilities which will generate upwards of £1m (over 5 years) in additional annual Research &amp; Development spend in the region;</li><li>• create 4 new knowledge based and highly skilled jobs in addition to safeguarding 5 jobs at NIAB EMR.</li></ul> <p>Wider benefits will include:</p> <ul style="list-style-type: none"><li>• a de-risked environment to unlock follow-on private sector investment that is needed to deliver further Research &amp; Development facilities (estimated at £300k by 2025);</li><li>• facilitating the development of the strategy for the research agenda of NIAB EMR as a key focus for innovation in the food and drink sector in the SELEP region.</li></ul> <p>Accelerating investment at East Malling is a priority to ensure that NIAB EMR and its partners remain at the cutting edge of research and innovation and are able to secure future public and private sector funding.</p> <p>Access to the most advanced facilities is also essential to attract and retain high-calibre staff, provide the ‘know-how’ that is needed by industry to deliver sustainable growth and productivity gains, and ensure that Kent, and the SELEP area are established as world-class leader in wine making innovation.</p>								
Financial Information	<p>Total capital cost of project: £700,000</p> <p>Capital funding sources:</p> <p>Growing Places Fund - £600,000 (subject to Board approval)</p> <p>NIAB EMR - £100,000 (committed)</p>								
GPF spend profile	<table><tr><td>2020/21</td><td>2021/22</td><td>Total</td></tr><tr><td>£100,000</td><td>£500,000</td><td>£600,000</td></tr></table>			2020/21	2021/22	Total	£100,000	£500,000	£600,000
2020/21	2021/22	Total							
£100,000	£500,000	£600,000							
Project Timeline	<table><tr><td>Milestone</td><td>Indicative date</td></tr><tr><td>Planning approval</td><td>July 2020</td></tr><tr><td>Procurement of contractor</td><td>November 2020</td></tr></table>			Milestone	Indicative date	Planning approval	July 2020	Procurement of contractor	November 2020
Milestone	Indicative date								
Planning approval	July 2020								
Procurement of contractor	November 2020								

	Ground and foundations work undertaken	April to June 2021		
	Construction of building	August 2021		
	Completion of internal fit out	August to December 2021		
	Installation of specialist equipment	October to December 2021		
	Wine Innovation Centre open	April 2022		
Repayment schedule				
	2023/24	2024/25	2025/26	Total
	£100,000	£250,000	£250,000	£600,000
Outcome of ITE Review	The project has been assessed as offering high value for money with low/medium certainty of achieving this.			
	The project is subject to value for money exemption 1 as set out in the SELEP Assurance Framework.			
	A proportionate, GVA-based approach to the economic appraisal has been taken. The Business Case provides details of the forecast number of jobs and the value of those jobs that will be stimulated by delivery of the project. This provides a reasonable indication that, were full monetised economic appraisal undertaken the scheme would represent high value for money. The lack of a full, monetised economic appraisal reduces the certainty of the value for money categorisation of the project.			
Evidenced compliance with Assurance Framework?	An overwhelming Strategic Case has been made for the project and this provides a compelling case for intervention. Assurances have been provided that the horticulture sector, and particularly viticulture, has remained very active during the COVID-19 pandemic. There is also an increased demand for innovation due to the current labour shortages and this will support realisation of the benefits set out within the Business Case.			
	Yes, the project does meet the requirements of the SELEP Assurance Framework.			
	Requirements of the Assurance Framework	Compliance		
	A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	The project objectives align with both national and regional policy. The objectives presented align with those identified in the Economic Strategy Statement.		

	Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	The Business Case clearly sets out the expected outputs and outcomes of the Project. Due to the low level of GPF funding required for this Project, a full BCR assessment is not required.
	Considers deliverability and risks appropriately along with appropriate mitigating action	A comprehensive risk register has been developed which provides an itemised mitigation.
	A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m, but a full BCR assessment has not been completed.
	A full monetised economic appraisal has not been undertaken; however, the project complies with value for money exemption 1 as set out in the Assurance Framework.	
<b>Link to project page on the website, Business Case and link to prioritisation decision by Strategic Board</b>	<p>Project page: <a href="https://www.southeastlep.com/project/wine-innovation-centre/">https://www.southeastlep.com/project/wine-innovation-centre/</a></p> <p>Project Business Case: <a href="https://www.southeastlep.com/app/uploads/2019/09/Wine-Innovation-Centre-Business-Case-v2.pdf">https://www.southeastlep.com/app/uploads/2019/09/Wine-Innovation-Centre-Business-Case-v2.pdf</a></p> <p>Prioritisation decision by Strategic Board: <a href="https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/">https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/</a></p>	

## Appendix D – GPF Project Background Information

<b>Name of Project</b>	<p><b>Green Hydrogen Generation Facility</b></p> <p>Thanet Way, Herne Bay (land to the west of Herne Bay Household Waste Recycling Centre)</p> <p>Kent County Council</p>
<b>Growing Places Fund allocation</b>	£3,470,000
<b>Description of what Project delivers</b>	<p>The project involves the construction of the UK's largest zero carbon hydrogen production system. This will be situated in Herne Bay, Kent and will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms.</p> <p>The GPF funding will be used to purchase equipment for hydrogen production facility (electrolysers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which are installed within the SELEP region.</p> <p>The project will demonstrate the economic and practical viability of generating hydrogen from wind energy to produce hydrogen on a bulk scale to be used in zero emission mobility solutions.</p> <p>The hydrogen generated will be distributed to fuel fleets of hydrogen buses in the South East of England. It is anticipated that the hydrogen supply will eventually expand to serve fleets of trucks, taxis and trains.</p> <p>The provision of the GPF funding will help accelerate the pace of development and will allow construction of a larger system which will be able to support the expected increased level of hydrogen demand in future years.</p>
<b>Need for intervention</b>	<p>The scheme promoter has sufficient funding to develop a hydrogen production and dedicated distribution system. However, the GPF funding has been sought to accelerate the pace of development. Without the GPF funding:</p> <ul style="list-style-type: none"> <li>the hydrogen production system installed will be at the scale required to meet only the initial small customer demand for hydrogen. This leads to poor economics and a risk of a system stuck without capacity for expansion. With GPF support, a larger system can be installed which will enable a full demonstration of the renewable hydrogen principles on an economically viable basis and will allow for</li> </ul>



	<p>expansion to meet early large-scale markets for hydrogen in the UK.</p> <ul style="list-style-type: none"> <li>the ability to support future projects at scale will be constrained. This will impact timescales for producing hydrogen at a cost which is competitive with conventional fossil-based fuel or other “brown” methods for hydrogen generation, as well as the strategy for reaching these levels of production on an economic basis.</li> <li>the scheme promoter will need to consider alternative options for siting the new hydrogen generation facility.</li> </ul>
<b>Project benefits</b>	<p>The project will demonstrate a valid pathway to 100% renewable hydrogen at an affordable price. It will also illustrate how hydrogen can offer a secure market for the output from a wind farm, which in turn can be used to help to stimulate renewable energy deployment and in so doing help the SELEP region meet its renewable energy and carbon reduction commitments.</p> <p>In addition, the project will lead to zero local pollutant emissions from the buses powered by the hydrogen fuel generated.</p> <p>The project will create multiple jobs – both directly and indirectly. Once the hydrogen generation plant is operational, it is expected that 2 managerial positions and 2 admin staff positions will be created for the daily upkeep and operations of onsite activities. Furthermore, as the demand for hydrogen increases, 1 transport manager and up to 8 truck drivers will be employed. An additional 3 sales personnel will be employed on a full-time basis to attend to customer enquiries and for maintenance of stakeholder relationships. Therefore, a total of 16 direct jobs will be created in the short term, following the commissioning of the facility and the scale up to full capacity.</p> <p>Demand growth for hydrogen fuel and zero emission transport modes will provide a huge impetus to businesses involved in the supply chain. This will lead to the creation of a large number of jobs in deployment and support of wind turbines, solar panels, electrolysers, hydrogen refuelling systems, hydrogen fuel cell buses, fuel cell stacks, hydrogen storage tanks and hydrogen trailers. Similarly, engineering, research and business oriented roles will emerge to support innovation in what is anticipated to be a crucial technology for displacing fossil fuels in transport, heat and power generation and wider industrial applications.</p> <p>The project also stimulates new opportunities for learning. This will involve establishing relationships with local universities in order to study and look to optimise the wind hydrogen production process.</p>

Financial Information	The capital cost of the project will be met through the following funding sources:														
	Funding sources	Funding security													
	GPF	Subject to Board decision													
	Sponsor Equity and other investment partners	Ryse Hydrogen Limited – written confirmation of funding commitment provided Other co-investors have demonstrated interest in participating after initial development and production milestones successfully met													
	Asset Finance	Discussions ongoing – investment is likely to be forthcoming post commissioning and stabilisation of operating performance.													
GPF spend profile	The full GPF funding allocation will be spent in 2020/21.														
Project Timeline	<table><tr><td>Milestone</td><td>Indicative date</td></tr><tr><td>Planning consent secured</td><td>June 2020</td></tr><tr><td>Design finalisation</td><td>September 2019 to May 2020</td></tr><tr><td>Procurement of contractors</td><td>January 2020 to July 2020</td></tr><tr><td>Construction works</td><td>March 2020 to May 2021</td></tr><tr><td>Start of commercial operations</td><td>May 2021</td></tr></table>			Milestone	Indicative date	Planning consent secured	June 2020	Design finalisation	September 2019 to May 2020	Procurement of contractors	January 2020 to July 2020	Construction works	March 2020 to May 2021	Start of commercial operations	May 2021
Milestone	Indicative date														
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Construction works	March 2020 to May 2021														
Start of commercial operations	May 2021														
Repayment schedule	<table><tr><td>2024/25</td><td>2025/26</td><td>Total</td></tr><tr><td>£350,000</td><td>£3,120,000</td><td>£3,470,000</td></tr></table>			2024/25	2025/26	Total	£350,000	£3,120,000	£3,470,000						
2024/25	2025/26	Total													
£350,000	£3,120,000	£3,470,000													
Outcome of ITE Review	<p>The project has been assessed as offering high value for money with high certainty of achieving this.</p> <p>The Business Case analysis provides a proportionate assessment of the scheme costs and benefits and results in a benefit cost ratio of 11.7:1 which represents “very high” value for money. The analysis was robustly carried out on the basis of carbon dioxide reduction impacts, drawing on Green Book guidelines, air quality impacts in line with Green Book and DEFRA guidelines and land value uplift in line with MHCLG Appraisal Guidance.</p> <p>Reasonable and robust assumptions have been used to populate the scheme appraisal and therefore the scheme delivers high levels of certainty for this value for money categorisation.</p>														

<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.	
	Requirements of the Assurance Framework	Compliance
	A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Economic Strategy Statement
	Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	The expected project outputs and outcomes are set out in the Business Case and are considered in the Economic Case. Appropriate assumptions have been made and incorporated into the economic assessment.
	Considers deliverability and risks appropriately along with appropriate mitigating action	A comprehensive risk register has been developed which provides an itemised mitigation.
	A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	A BCR of 11.7:1 has been calculated which indicates high value for money.
<b>Link to Project page on the website and link to prioritisation decision by Strategic Board</b>	<p>Project page: <a href="https://www.southeastlep.com/project/green-hydrogen-generation-facility/">https://www.southeastlep.com/project/green-hydrogen-generation-facility/</a></p> <p>Project Business Case: <a href="https://www.southeastlep.com/app/uploads/2019/09/Green-Hydrogen-Generation-GPF.pdf">https://www.southeastlep.com/app/uploads/2019/09/Green-Hydrogen-Generation-GPF.pdf</a></p> <p>Prioritisation decision by Strategic Board: <a href="https://www.southeastlep.com/meetings/strategic-board-12th-june-2020">https://www.southeastlep.com/meetings/strategic-board-12th-june-2020</a></p>	

## Appendix E – GPF Project Background Information

<b>Name of Project</b>	<b>Observer Building (Phase 1)</b>  Cambridge Road, Hastings  East Sussex County Council
<b>Growing Places Fund Allocation</b>	£1,750,000
<b>Description of what Project delivers</b>	<p>The project will support Phase 1 of the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.</p> <p>The Observer Building will include leisure and retail uses on the lower three floors, a wide range of workspaces including studios, offices and open space, 16 capped-rent flats and a public roof terrace and bar with fantastic sea, castle and town views.</p> <p>The GPF investment in Phase 1 of the project will enable full renovation of the Alley Level and Ground Floor, along with universal access (lift and entrance ramp), essential safeguarding works to the roof and external facades, installation of the new electricity substation and Air Source Heat Pumps, and key internal structural works that would otherwise be disruptive to tenants in future.</p> <p>Completion of the Phase 1 works will enable anchor tenants in the Alley Hall and Vaults, will revitalise both street level entrances, and create flexible workspace and space for enterprise support.</p>
<b>Need for intervention</b>	<p>The Observer Building has suffered from a series of market failures over an extended period, including:</p> <ul style="list-style-type: none"> <li>• The deindustrialisation of print – the Observer Building was used as a print works from construction in 1924 through to the early 1980's, when technological changes signalled the end of the old print industry and the building was abandoned.</li> <li>• Profiting from doing nothing – The Observer Building has had 13 owners since 1985. All but one of the property owners made a profit through the sale of the building but no repairs or redevelopment was undertaken by any of the owners.</li> </ul>

	<ul style="list-style-type: none"><li>The university withdrawal - the most recent owner of the Observer Building sought to create student accommodation. This aspiration failed as a result of the failure of the University of Brighton to sustain a student market in Hastings.</li></ul> <p>There is no market solution to this building – it needs public funding support to undertake the renovation and to deliver a mix of homes, workspace and leisure use that is both community rooted and commercially focused.</p> <p>As the country emerges from lockdown it is important for people to see a display of confident investment in new models that achieve economic, social, environmental and cultural benefit.</p>						
Project benefits	<p>Phase 1 of the project will safeguard the future of the building through the completion of essential roof repairs. It will also create a total of 1,322sqm of commercial space across the alley level and ground floor of the building.</p> <p>The redevelopment of the building will provide affordable accommodation to businesses and will be targeted at some of the hardest to reach economically deprived communities in Hastings. Through returning the currently derelict building to effective use, the project will help to catalyse the wider revitalisation of Hastings Town Centre.</p> <p>It is expected that the completion of Phase 1 of the project will directly create 54 gross FTE jobs by 2024/25.</p> <p>The regeneration of the Observer Building will also enable the delivery of a package of training and start-up support to at least 60 entrepreneurs and start-up businesses, significantly helping to foster and grow emerging businesses locally, thereby helping to improve start-up and survival rates.</p> <p>Finally, the delivery of the GPF and GBF funded elements of the project will significantly improve the viability of the proposed follow on development, consisting of 1,000sqm of housing or commercial space.</p>						
Financial Information	<p>The total cost of the project is £2,670,000, which will be funded through:</p> <table><tr><th>Funding source</th><th>Funding security</th><th>Amount</th></tr><tr><td>GPF</td><td>Subject to Board approval at this meeting</td><td>£1.75m</td></tr></table>	Funding source	Funding security	Amount	GPF	Subject to Board approval at this meeting	£1.75m
Funding source	Funding security	Amount					
GPF	Subject to Board approval at this meeting	£1.75m					

	CHART/Heritage Action Zone funding	Funding confirmed	£0.812m
	White Rock Neighbourhood Ventures reserves	Funding confirmed	£0.108m
	Total		£2.67m
GPF spend profile	The full GPF funding allocation will be spent in 2020/21.		
Project Timeline	Milestone		Indicative Date
	Purchase of the Observer Building		February 2019
	Planning permission granted		July 2020
	Appointment of construction contractor		October 2020
	Construction of Phase 1 works starts		November 2020
	Construction of Phase 1 works completed		May 2021
	Construction of Phase 2 and 3 works		June 2021 to December 2022
Repayment schedule	The full £1.75m GPF loan will be repaid in 2025/26.		
Outcome of ITE Review	The project has been assessed as offering high value for money with high certainty of achieving this.		
	<p>A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the land value uplift of the scheme in line with MHCLG Appraisal Guidance. The labour supply impacts have also been considered via a bespoke assessment approach which is aligned with the principles of the Green Book. This assessment shows the scheme to have a BCR of 2.9:1 which falls within the “high” value for money categorisation.</p> <p>The assumptions used in the appraisal are reasonable and robust and therefore the scheme delivers high levels of certainty for this value for money categorisation.</p>		
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.		
	Requirements of the Assurance Framework	Compliance	
	A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the	

		SELEP Economic Strategy Statement
	Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	The expected project outputs and outcomes are set out in the Business Case and are considered in the Economic Case. Appropriate assumptions have been made and incorporated into the economic assessment.
	Considers deliverability and risks appropriately along with appropriate mitigating action	A comprehensive risk register has been developed which provides an itemised mitigation.
	A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	A BCR of 2.9:1 has been calculated which indicates high value for money.
<b>Link to Project page on the website, project Business Case and link to prioritisation decision by Strategic Board</b>	<p>Project page: <a href="https://www.southeastlep.com/project/observer-buildinghastings/">https://www.southeastlep.com/project/observer-buildinghastings/</a></p> <p>Project Business Case: <a href="https://www.southeastlep.com/app/uploads/2019/09/Observer-Building-GPF.pdf">https://www.southeastlep.com/app/uploads/2019/09/Observer-Building-GPF.pdf</a></p> <p>Prioritisation decision by Strategic Board: <a href="https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/">https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/</a></p>	

<b>Report title:</b> Growing Places Fund Update	
<b>Report to Accountability Board on 18<sup>th</sup> September 2020</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 27 <sup>th</sup> August 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, <a href="mailto:Helen.dyer@southeastlep.com">Helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

- 1.1 The purpose of this report is to update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the updated position on the GPF programme;
  - 2.1.2 **Approve** the revised repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.

## 3. Background

- 3.1 In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 27 capital infrastructure projects, as detailed in Appendix A. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and a further £2m was ring-fenced to support the activities of SELEP's Sector Working Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2 In June 2020, the Strategic Board took the decision to repurpose a portion of the GPF funding to enable delivery of interventions which will support economic recovery post COVID-19. It was agreed that £10m of GPF would be repurposed as set out in Table 1.



Table 1: Repurposed GPF funding

Purpose of funding	Value
To establish a revenue reserve to support the SELEP Secretariat operating budget during financial years 2021/22 and 2022/23	£1,000,000
To establish an extended Sector Support Fund programme to operate in 2020/21 and 2021/22	£1,000,000
To establish a COVID-19 Skills Fund to support COVID-19 recovery	£2,000,000
To establish a COVID-19 SME Business Support Fund to support COVID-19 recovery	£2,400,000
To establish an LGF COVID-19 LGF Contingency Fund that would underwrite the risks to the LGF programme that have arisen due to the changes to the payment of the capital grant by HM Government	£3,600,000
<b>Total</b>	<b>£10,000,000</b>

- 3.3 Subsequent to this decision being taken by the Strategic Board, HM Government have confirmed the payment of the final third of SELEP's 2020/21 LGF allocation and therefore the £3.6m within the LGF COVID-19 Contingency Fund has been returned to the GPF pot for reinvestment in pipeline projects.
- 3.4 Quarterly updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress, realisation of project benefits and any risks to the repayment of the GPF loans

#### 4. Current Position

##### COVID-19 Impacts

- 4.1 The impact of the COVID-19 pandemic and the associated social distancing measures introduced by Government have resulted in a severe shock to our economy. Whilst the full impact is not yet known, the existing GPF projects are feeling the effects and longer-term risks have been identified which may affect the delivery of the projects, the realisation of expected project benefits and the ability to repay the current GPF loans.
- 4.2 Through recent reporting on the GPF projects, it is apparent that there are a number of high-level risks which will have an impact across the GPF programme. The key overarching risks highlighted are:
- 4.2.1 **The effect of social distancing measures on construction practices** – these measures are resulting in extended construction periods and unknown delays to the completion of projects, which in turn will have an impact on the ability of the scheme promoter to repay the GPF funding in line with the agreed repayment schedule.

4.2.2 **The impact on the property sales and rental market** – a number of projects are dependent upon the sale or rental of properties delivered using the GPF funding, in order to meet the agreed repayment schedules. At this stage, the impact on the property market is not known meaning that a number of risks have been identified including realisation of project benefits, project delivery and repayment of the GPF loan.

4.2.3 **Income from commercial tenants** – GPF funding is often used to support the development of commercial workspace, which is then rented to businesses to generate the income required to repay the GPF loan. Due to the impacts of COVID-19, scheme promoters of this type of project have expressed a desire to support their commercial tenants during this period. This support is often in the form of rent deferrals or rent holidays. Whilst this support increases the likelihood of their tenants being able to survive the current period of uncertainty, it places significant pressures on the cash flow of the scheme promoters as they see a drop in rental income. There is also a risk that, despite the support offered, businesses will not survive leading to further losses in service charge income and an increase in business rates payable on empty commercial space. Whilst the Government are encouraging landlords to be flexible during this period, there is currently no support being offered to landlords to help mitigate the impact on their cash flow position thus raising a significant risk to the repayment of the GPF funding.

4.3 GPF project risks will continue to be monitored over the coming months as the wider impacts of the COVID-19 pandemic become evident. This may result in currently unidentified risks being highlighted in future Board reports.

### **Cash Flow Position**

4.4 Through the latest round of GPF reporting, risks to repayment schedules for eight projects have been identified predominantly as a result of the impact of the COVID-19 pandemic. The agreed GPF repayment schedules are set out in Appendix B.

4.5 Scheme promoters are working to understand the impacts of COVID-19 on their projects and their intended repayment mechanism. It is therefore expected that revised repayment schedules for five of these projects will be brought forward for consideration by the Board at the November 2020 Board meeting. It is expected that a revised repayment schedule for the Javelin Way Development project will be brought to the Board for consideration in February 2021. A revised repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development Project is set out within this report.

4.6 No update reporting has been received in relation to the Centre for Advanced Engineering project since the onset of the COVID-19 pandemic and therefore

it is unknown if the repayment schedule is likely to be impacted. To be prudent a repayment risk has been flagged until further information is provided.

- 4.7 Table 2 below sets out the current cash flow position based on the planned GPF investment and the GPF available for re-investment through loan repayments. The cash flow is based on the assumption that the six projects at the top of the GPF round 3 project pipeline, agreed by the Strategic Board in June 2020, will receive Board approval during the course of 2020/21.
- 4.8 This cash flow reflects the assessment of repayment risk set out in Appendix D and assumes repayments in 2020/21 against the three projects currently showing no repayment risk. This will continue to be monitored and updated in accordance with updates from scheme promoters.
- 4.9 A proposed change to the repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development project is set out in this report. This change will result in an initial repayment being made in 2020/21, and therefore this change has been included in Table 2.
- 4.10 As repayment risks have been identified against all other projects which are due to make repayments in 2020/21, these repayments have not been included in the cash flow position at this time. Once revised repayment schedules have been considered and agreed by the Board, they will be added into the updated cash flow position.
- 4.11 Revised repayment schedules for the Charleston Centenary and Fitted Rigging House projects were approved at the July Board meeting. These revised repayment schedules have been incorporated into the cash flow set out in Table 2.

Table 2: GPF Cash Flow Position

£	2020/21	2021/22
GPF available at the outset of year	25,347,202	14,367,202
GPF funding repurposed	6,400,000	-
GPF available for investment	18,947,202	14,367,202
GPF Round 1 planned investments	0	0
GPF Round 2 planned investments	3,055,000	0
GPF Round 3 planned investments	5,320,000	9,250,000
Position before GPF repayments are made	10,572,202	5,117,202
GPF repayments expected	3,795,000	2,394,042
Carry forward	14,367,202	7,511,244

- 4.12 As shown in Table 2 total GPF drawdown of £8.375m is forecast for 2020/21. Sufficient GPF funding is currently being held to meet these drawdown requirements. It is expected that by the end of 2020/21 all currently approved Round 1 and 2 GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix C.

### Growing Places Fund Round 3 Projects

- 4.13 On 12<sup>th</sup> June 2020 the Strategic Board agreed a GPF prioritised pipeline of projects, which will be used to inform the allocation of any available GPF funding during 2020/21, 2021/22 and early 2022/23. The agreed project pipeline is set out in Table 3.

Table 3: GPF prioritised pipeline of projects

Project	Federated Area	GPF ask (£)	Cumulative total (£)
Green Hydrogen Generation Facility	KMEP	3,470,000	3,470,000
Observer Building, Hastings (Phase 1)	TES	1,750,000	5,220,000
Barnhorn Green Commercial and Health Development (Phase 1)	TES	1,750,000	6,970,000
Wine Innovation Centre	KMEP	600,000	7,570,000
Leigh Port Quay Wall (Cockle Wharf)	OSE	3,500,000	11,070,000

Herne Relief Road – Bullockstone Road Improvement Scheme	KMEP	3,500,000	14,570,000
No Use Empty Commercial South Essex	OSE	1,000,000	15,570,000
No Use Empty Commercial Phase II	KMEP	2,000,000	17,570,000
Observer Building, Hastings (Phase 2)	TES	1,616,500	19,186,500
Barnhorn Green Commercial and Health Development (Phase 2)	TES	1,750,000	20,936,500
No Use Empty Homes Initiative	KMEP	2,500,000	23,436,500

- 4.14 In June 2020, there was sufficient GPF funding available to allocate funding to the top 5 projects on the pipeline. During the course of this Board meeting, the Board will be asked to approve the GPF allocation to the Green Hydrogen Generation Facility, Observer Building Hastings (Phase 1) and Wine Innovation Centre projects. Funding decisions on the Barnhorn Green Commercial and Health Development and Leigh Port Quay Wall (Cockle Wharf) projects will be sought at the November 2020 Board meeting.
- 4.15 Following the decision by HM Government to transfer the final third of SELEP's 2020/21 LGF allocation, the £3.6m repurposed to establish an LGF COVID-19 LGF Contingency Fund has been returned to the GPF pot for reinvestment. As a result, there is now sufficient funding available to support the delivery of the Herne Relief Road – Bullockstone Road Improvement Scheme. It is expected that the Board will be asked to approve this GPF allocation in November 2020.

## **5. Growing Places Fund Project Delivery to Date**

- 5.1 A deliverability and risk update is provided for each GPF project in Appendix A. A high delivery risk has been identified for the Innovation Park Medway (southern site enabling works) project, as the adoption of the Local Development Order (LDO) 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 comments raised by Highways England.
- 5.2 A high risk in relation to delivery of project outcomes has been identified for the Workspace Kent project. Whilst 147 jobs have been created or safeguarded as a result of the project to date, there is concern that the COVID-19 pandemic will result in delays in realising the remaining jobs outcomes. This is expected as loan recipients seek to safeguard and protect their current workforce during this crisis and as they seek to recover and become more resilient. It is therefore anticipated that new job creation will be delayed as a result of the pandemic.

- 5.3 A high risk in relation to repayment of the GPF loan has been identified in relation to the following projects: Workspace Kent, Javelin Way Development, North Queensway and Sovereign Harbour. The scheme promoters are currently working to fully understand the impacts of the COVID-19 pandemic on their projects and their intended repayment mechanisms. This understanding will inform revised repayment schedules which will be brought to the Board for consideration in November 2020 and February 2021.
- 5.4 Ten GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 2,803 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix E.
- 5.5 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.
- 5.6 A RAG rating is being used, on Appendix E, 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.
- 5.7 The North Queensway project has been completed, however, due to slower uptake of land than originally anticipated no jobs outcomes have been delivered to date. Steps are being taken by the scheme promoter to accelerate development at the site.
- 5.8 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.
- 5.9 Due to the COVID-19 pandemic a number of projects have raised risks in relation to the realisation of these benefits. In most cases it is expected that the project benefits will still be realised, however, this is now likely to be over a longer time period than originally anticipated. This is for a number of reasons, including extended construction programmes, likely impact on the tourism sector, uncertainty regarding the effect on the property sales and rental market and the as yet unknown long-term impact on the economy and the viability of businesses. The Board will be updated on the likely impact on the realisation of the expected benefits across the GPF programme at the November Board meeting.

## 6. Eastbourne Fisherman's Quay and Infrastructure Development Project

- 6.1 The Eastbourne Fisherman's Quay and Infrastructure Development Project was awarded £1.15m GPF in December 2017. The funding was awarded to support the build of a Fisherman'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. Further information on the project can be found in Appendix F.
- 6.2 As set out in Appendix F, the project has encountered a number of issues which have significantly delayed progress. However, following resolution of these issues, work commenced onsite on 27<sup>th</sup> July 2020 and it is expected that the project will be complete by the end of April 2021.
- 6.3 £1,000,000 of European Maritime and Fisheries Fund (EMFF) grant funding has been secured to support the delivery of the project. The grant must be claimed in arrears and therefore the majority of the GPF funding is being used as a bridging loan.
- 6.4 As a result of the delays experienced by the project, the timescales for the drawdown of the grant have also been affected and this has been reflected in the revised repayment schedule. It should be noted that the grant funding is still secure and therefore repayment of the GPF loan is not at risk.
- 6.5 The remaining balance of the GPF funding (£250,000) will be repaid using the increased revenues generated as a result of the delivery of the project. Following completion of the project the fishing fleet will be able to process and sell fish at the site, which will result in increased revenues and will provide the foundation for future growth of the industry in Eastbourne.
- 6.6 The proposed revised repayment schedule is set out in Table 4 below.

Table 4: Proposed revised repayment schedule for Eastbourne Fisherman's Quay and Infrastructure Development Project

£	2020/21	2021/22	2022/23	Total
Repayment schedule				
Current repayment schedule	1,150,000	-	-	<b>1,150,000</b>
Revised repayment schedule	225,000	675,000	250,000	<b>1,150,000</b>

## 7. Financial Implications (Accountable Body Comments)

- 7.1 The 2020/21 forecast cashflow position indicates that there is enough funding available to meet the agreed GPF investments due at present in this financial year including the three funding decisions coming forward at this meeting.

- 7.2 The Board are advised to note that in consideration of the reprofiling request and the further repayment risks that are highlighted, that a delay in the amount of GPF repaid by existing projects, as a result of re-profiled repayment schedules, will reduce the amount of GPF available for reinvestment in 2021/22.
- 7.3 If an existing GPF project is put forward for a change to its repayment schedule, under the terms of the credit agreement with Essex County Council, the lead County/Unitary Authority is required to provide assurance that there is reasonable justification for a delay in repayment and that the project is still viable in the longer term to make the repayments in full.
- 7.4 If any loan is confirmed by the lead County/Unitary Authority as not repayable in part or in full due to failure, or part failure, of the project, under the terms of the credit agreement with Essex County Council and, the Board will be updated and asked to agree that the balance is written off. The Board will not be asked to make this decision until there is certainty that the funding cannot be recovered. The status of the at-risk projects and all GPF projects in train are being closely monitored by SELEP.
- 7.5 A total of £14.367m (table 2) GPF is expected to be available by the end of the 2020/21 for reinvestment into the pipeline; this is on the assumption that repayments are made in line with current expectations. This total does not include £2.376m of repayments which are flagged at high risk at this time, as a contingency.
- 7.6 There is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced by projects as a result of COVID-19. At its June 2020 meeting the Strategic Board agreed to offer flexibility to delay GPF repayments for existing projects due to the impact of COVID-19, therefore, it is likely that there will be a further reduction in the amount of GPF repaid by existing projects in 2020/21.
- 7.7 In June 2020 the Strategic Board agreed to utilise the available GPF in 2020/21 of £22.3m (value is prior to scheduled repayments being made) in response to the COVID-19 pandemic and allocate £12m to a prioritised list of GPF projects. The pot to be utilised for funding the GPF prioritised list of projects has subsequently increased by £3.6m in August 2020 following the receipt of the final third of LGF from BEIS, and therefore LGF project allocations are fully funded, resulting in the contingency fund of £3.6m (table 1) no longer being required and automatically reallocated to invest in the GPF pipeline.
- 7.8 It is noted that actual delivery of jobs and homes reported to date remained out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. This is critical due to the Covid-19 situation and to help monitor the economic



impact of the crisis on the SELEP region and project outcomes. Where appropriate, these reviews should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.

## **8. Legal Implications (Accountable Body Comments)**

- 8.1 The Growing Places Fund is provided by the Accountable Body to the partner authorities for each project under a loan agreement. Revising a repayment schedule for a project under a GPF loan agreement will be subject to the terms of the loan agreement and Accountability Board approval.

## **9. Equality and Diversity implications (Accountable Body Comments)**

- 9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- 9.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
  - 9.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not;
  - 9.1.3 Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 9.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **10. List of Appendices**

- 10.1 Appendix A – GPF Project Update
- 10.2 Appendix B – GPF Repayment Schedule
- 10.3 Appendix C – GPF Drawdown Schedule
- 10.4 Appendix D – Assessment of GPF Repayment Risk for 2020/21
- 10.5 Appendix E – Monitoring of GPF Project Outcomes
- 10.6 Appendix F – Eastbourne Fisherman's Quayside and Infrastructure Development Project Background Information

## **11. List of Background Papers**

- 11.1 Strategic Board Agenda Pack 12<sup>th</sup> June 2020, including decision to repurpose an element of the GPF funding to support economic recovery post COVID-19.

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  08/09/20

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Workspace Kent	Kent	Round One	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 five projects within this programme. Of these, one project is working through the approval processes, one project has been completed and has repaid in full, two projects are meeting their repayment schedules and one project is behind on their targeted repayment schedule.	Previously identified final loan recipient declined their loan offer as a result of the COVID-19 pandemic. Alternative project identified and full application for funding is currently being prepared. It is expected that a decision will be made in November, regarding the award of the loan.	Spend of the remaining GPF funding is dependent upon the final project being approved.	Kent County Council have offered all loan recipients a 12 month repayment holiday. This will impact on the GPF repayment schedule. Paperwork has been received regarding an Individual Voluntary Arrangement (IVA) in relation to one of the loan recipients. A Proof of Debt form has been submitted by Kent County Council and the outcome of the IVA process is awaited.	Some job numbers have been delayed for approximately one year due to a new project build not completing in accordance with the agreed programme. The remainder of the project is on schedule for delivery and outcomes will be realised. However, the COVID-19 pandemic could result in further delays to job outcomes as loan recipients seek to safeguard their current workforce as they emerge from lockdown and try to recover and become more resilient.		Revised repayment schedule will be required as a result of the 12 month repayment free period offered by Kent County Council. The impact of COVID-19 on each loan recipient business is not yet fully understood and will need to be analysed before a revised repayment schedule is brought forward.
Centre for Advanced Engineering	Essex	Round Two	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.	Project delivered	GPF funding spent in full	No update provided on repayment risk.	No update provided on delivery of project outcomes.		No update provided on repayment risk and realisation of project outcomes
Chatham Waterfront	Medway	Round One	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 175 homes over 6 to 10 storeys with ground floor commercial space.	Pre-commencement archaeology onsite works have been carried out. Site remediation has commenced. Impact of the COVID-19 pandemic on project delivery is currently being assessed.	The location of the new substation is still to be agreed with UKPN. Discussions are ongoing with UKPN.	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 delays are expected as a result of the COVID-19 restrictions. Duration of the delay unknown at this stage.	Impact of COVID-19 pandemic on project delivery currently being assessed.
Colchester Northern Gateway	Essex	Round Two	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, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	The new sports hub is nearing completion, with work in progress to install fixtures, fittings and equipment.	There is no delivery risk in relation to the delivery of the Sports Hub complex as work is nearing completion. However, there is a risk that the highway works will be delayed.	GPF draw down schedule has been amended due to delays in finalising the required loan agreement.	No repayment risks identified.	Project outcomes will be delivered as per the Business Case		Delays to finalising required loan agreement has impacted on drawdown of the GPF allocation.

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Fitted Rigging House	Medway	Round Two	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 <sup>2</sup> of office space.	Building works to the project were complete as of 31st March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces.  Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan.	Project complete.	GPF allocation spent in full.	Tenant spaces are now fully occupied, however, requests for rent holidays from commercial tenants have been received which has resulted in a delay to the repayment schedule. Revised repayment schedule approved at July Board meeting.	Due to the COVID-19 pandemic there is a risk to the survival of the businesses that are housed within the Fitted Rigging House.		Revised repayment schedule agreed to July Board meeting but uncertainty remains regarding survival of commercial tenants post COVID-19.
Innovation Park Medway (southern site enabling works)	Medway	Round Two	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.  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.  The Project will bring forward site enabling works on the southern site at the Innovation Park.	Demolition of the disused building is now complete.  Detailed design work is continuing in line with the Masterplan and draft Local Development Order (LDO). Once the LDO has been adopted, the final design will be taken through the self-certification process and work will subsequently begin on site.  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. Discussions are ongoing with Highways England and Natural England.	Adoption of the LDO 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 comments raised by Highways England.	Spend of the GPF funding may be delayed depending upon when it is possible to adopt the LDO. The design concept has been agreed and the detailed design is being progressed so that the self-certification process can commence as soon as the LDO is adopted.  Options to accelerate delivery of the scheme are being reviewed to minimise spend delay.	Despite work not yet having commenced onsite due to the need for the LDO to be adopted, Medway Council have confirmed that they are comfortable with the current repayment schedule and that they will make the first repayment prior to the end of 2020/21 as required.	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.	The COVID-19 pandemic has impacted on the delivery programme, with an estimated three month delay reported.	Delivery of the project is dependent upon the adoption of the LDO.
Javelin Way development project	Kent	Round Two	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	The procurement process has now concluded, following delays as a result of a number of contractors being understaffed due to COVID-19, and therefore not being able to meet the original submission date.  The impact of COVID-19 on the sale of the industrial units is not currently known. If sale of the units is delayed to allow time for the market to recover, this will impact on the timetable for repaying the GPF loan.	Delivery of the project has been delayed due to COVID-19 impacts.	Procurement process has concluded and construction is due to start.	Repayment schedule is based on sales value of the industrial units before COVID-19. The repayment schedule will need to be deferred if sales values do not recover or if the expected sales programme is not met.	Delivery of project outcomes may be delayed depending upon the impact of COVID-19 on the project, however, it is still expected that the project outcomes will be as set out in the Business Case.		Impact of COVID-19 on the sales market of industrial units and the construction sector is not currently known. A revised repayment schedule will need to be brought forward.



Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Round One	<p>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>	<p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>A former school site was acquired on 1st April 2020, which contains a number of derelict homes that will be refurbished and brought back into use as family homes.</p> <p>Work recommenced onsite on 2nd June, following the COVID-19 lockdown period.</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>Currently the GPF funding is being used to support the creation of 73 new homes. To date 51 units have been completed and occupied.</p>	Delays are expected due to COVID-19 impacts on working practices in the construction sector.	GPF spend may be delayed due to COVID-19 impacts on the construction sector, however, risk is considered low in terms of the GPF funding actually being spent.	<p>COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use.</p> <p>In addition, it is unknown at present how much of an impact COVID-19 will have on sales values of the new homes.</p> <p>Revised repayment schedule will be brought to November Board meeting.</p>	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 2024/25.	As with any development project, there is a planning risk, although for the identified properties this is considered to be low risk.	Repayment and Delivery risk as a result of COVID-19 impacts. Revised repayment schedule to be brought to November Board meeting for consideration.
No Use Empty Commercial	Kent	Round Two	<p>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.</p>	<p>The project has contracted with 12 projects in Dover, Folkestone and Margate.</p> <p>These projects will provide 15 commercial units and 28 residential units in total. To date, 9 commercial and 19 residential units have been brought back into use.</p>	As a result of COVID-19 work was paused on all projects, however, work has now recommenced with all but 2 projects complete.	The full £1.0m of GPF funding has been allocated to projects	<p>The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay the first £500,000 by March 2021.</p> <p>However, due to COVID-19 impacts some borrowers may request a longer repayment schedule.</p>	<p>Contracts are now in place to ensure delivery of the outcomes stated within the Business Case.</p> <p>Timeframe for realisation of benefits will be affected by COVID-19 construction delays.</p>	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case.	As a result of COVID-19 impacts, a revised repayment schedule will be required.
North Queensway	East Sussex	Round One	<p>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<sup>2</sup> (gross) of high quality industrial and office premises.</p>	<p>GPF invested, project complete and repayments are being made.</p> <p>Development of the site has been delayed as a result of challenges in securing planning consent for the commercial development due to concerns raised by statutory consultees, particularly in relation to drainage issues. To mitigate this issue, further site enabling works will now be delivered.</p>	Project Complete	Project Complete and GPF funding spent in full	The COVID-19 outbreak has impacted on the delivery of the additional site enabling works and on the sale of plots, meaning that the repayment schedule will need to be revised. Revised repayment schedule to be brought to November Board meeting.	Slower uptake of land than was initially anticipated has impacted on the delivery of project outcomes. Further site enabling works are being undertaken to mitigate planning risks. The COVID-19 pandemic has further increased to risks to delivery of project outcomes.	COVID-19 has resulted in delays in obtaining competitive tenders for the additional site enabling works. This means that these works will now be undertaken during autumn and winter, risking delays to the delivery programme as a result of bad weather.	Site development impacted by COVID-19 pandemic, resulting in the need for a revised repayment schedule.
Sovereign Harbour	East Sussex	Round One	<p>The Pacific House project has delivered 2,345m<sup>2</sup> 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.</p>	<p>The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m<sup>2</sup> of high quality office space.</p>	Project Complete	Project Complete	Support offered to tenants during COVID-19 pandemic has impacted on income projections, therefore resulting in a risk to the repayment schedule. Revised repayment schedule to be brought to November Board meeting.	Project outcomes are still achievable as the economy recovers from the impacts of COVID-19.	COVID-19 impacts - risk of business failures, loss of income and increased business rate charges on empty properties.	As a result of COVID-19 impacts, a revised repayment schedule will be required.

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Bexhill Business Mall	East Sussex	Round One	The Bexhill Business Mall (Glover's House) project has delivered 2,345m <sup>2</sup> 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.	Glover's House has been delivered.  The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20	Project Complete	Project Complete	GPF funding repaid in full	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		Project completed and GPF repaid in full
Charleston Centenary	East Sussex	Round Two	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.  Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan.	Project complete	GPF funds spent	Repayment of the GPF loan is dependent upon income from visitors. Due to COVID-19 visitor numbers have been severely impacted and this is expected to continue in the coming months. Revised repayment schedule agreed at July Board meeting.	Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps being taken to try and ensure recovery in 2021.		Project delivered. Revised repayment schedule agreed as a result of the immediate impacts of the COVID-19 pandemic on the tourism industry.
Chelmsford Urban Expansion	Essex	Round One	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.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Expected project outcomes not yet delivered.		Project Complete
Eastbourne Fisherman Quayside and Infrastructure Development	East Sussex	Round Two	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.	The lease between the landowner and the Fisherman's CIC has now been signed.  Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August.	Construction has now commenced and project is progressing to programme.	GPF allocation will be spent in full in 2020/21, following commencement of works onsite.	GPF loan to be predominately repaid using the EMFF grant. Due to delays encountered prior to starting the works onsite, the drawdown of the grant has been delayed. This presents a risk to the current repayment schedule but not to the repayment of the GPF loan. A revised repayment schedule has been provided for Board consideration.	Objectives and deliverables are still as per the original Business Case, but will be delivered to a different timetable due to the delays encountered.		Project is progressing to programme.
Grays Magistrates Court	Thurrock	Round One	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 repayment made in full.  The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	GPF funding repaid in full	Project outcomes delivered.	COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term.	Project delivered.
Harlow West Essex	Essex/ Harlow	Round One	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope.	Project Complete	Project Complete	GPF funding repaid in full	The job and housing outcomes are likely to be delivered over a 7 to 10 year period. As project delivered to a reduced scope, approximately 1,000 less jobs will be delivered as a result of the project.		Further works in the programme ongoing in Harlow that help improve the overall viability and attractiveness of the Enterprise Zone.
Parkside Office Village	Essex	Round One	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.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Current occupancy - 92% with 163 jobs created .		Project Complete and expected project outcomes delivered.

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Priory Quarter Phase 3	East Sussex	Round One	<p>The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m<sup>2</sup> of high quality office space with the potential to facilitate up to 440 jobs.</p> <p>The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m<sup>2</sup> 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.</p> <p>Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.</p>		Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		Project completed and GPF repaid in full
Rochester Riverside	Medway	Round One	<p>The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways.</p> <p>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 &amp; retail space, an 81 bed hotel and 10 acres of public open space.</p>	<p>The first housing units were completed in Q2 of 2019.</p> <p>The site was closed due to COVID-19 related restrictions but reopened in June 2020. Construction has now resumed, with social distancing measures in place.</p>	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 schedule.	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.	Contractors stopped work onsite due to the COVID-19 pandemic, which caused a 10 week delay to the programme. Whilst work has now recommenced on site, the full impacts of imposing the required social distancing measures are currently unknown.	Overall the project is on track to deliver outputs and outcomes.
Discovery Park	Kent	Round One	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and will be reallocated through GPF round 3.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme
Harlow EZ Revenue Grant	n/a	n/a		n/a						
Revenue admin cost drawn down	n/a	n/a		n/a						



Appendix B - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2020	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000									2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000									1,244,000
Round 1 Projects													
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000								7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,000,000	500,000							1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	1,890,000	2,520,000							4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	1,000,000	1,000,000	999,042						2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	6,000,000								6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000								3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000								1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,400,000								1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	825,000	300,000	3,475,000						4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	1,437,000	1,176,633	76,400	8,400	8,400	8,600	9,600	11,200	200,767	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000								1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000								5,300,000
Live Margate	Kent	5,000,000	5,000,000	2,477,000	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			5,000,000
Sub Total		46,705,042	46,705,042	38,819,042	31,341,633	5,396,400	5,482,442	1,008,400	1,008,600	1,009,600	11,200	200,767	46,705,042
Round 2 Projects													
Colchester Northern Gateway	Essex	2,000,000	-	-	-		2,000,000						2,000,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	-		20,000	20,000	40,000	40,000			120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	575,000	-	-	225,000	675,000	250,000					1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	2,000,000	-		2,000,000						2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	-		100,000	200,000	250,000				550,000
Javelin Way Development	Kent	1,597,000	1,597,000	366,262	-		1,597,000						1,597,000
Innovation Park Medway	Medway	650,000	170,000	170,000	-	50,000	600,000						650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000	1,000,000	-	500,000	500,000						1,000,000
Sub Total		9,067,000	6,012,000	4,206,262	-	775,000	7,492,000	470,000	290,000	40,000	0	0	9,067,000
Round 3 Projects (subject to Board approval)													
Wine Innovation Centre	Kent	600,000	-	-	-				100,000	250,000	250,000		600,000
Green Hydrogen Generation Facility	Kent	3,470,000	-	-	-					350,000	3,120,000		3,470,000
Observer Building, Hastings - Phase 1	East Sussex	1,750,000	-	-	-						1,750,000		1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-	-	-						1,750,000		1,750,000
Leigh Port Quay Wall (Cockle Wharf)	Southend	3,500,000	-	-	-				62,000	63,000	3,375,000		3,500,000
Herne Relief Road	Kent	3,500,000	-	-	-						3,500,000		3,500,000
Sub Total		14,570,000	0	0	-	-	-	-	162,000	663,000	13,745,000	-	14,570,000
Total		70,342,042	52,717,042	43,025,304	31,341,633	6,171,400	12,974,442	1,478,400	1,460,600	1,712,600	13,756,200	200,767	70,342,042



**Appendix C - Growing Places Fund Drawdown Schedule**

Name of Project	Upper Tier Local Authority	Total Allocation	Total drawn down to end 2019/20		2020/21 total	2021/22 total	Total scheduled for drawdown
<b>Round 1 Projects</b>							
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000				7,000,000
North Queensway	East Sussex	1,500,000	1,500,000				1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000				4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042				2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000				6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000				3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000				1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000				1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000				4,600,000
Workspace Kent	Kent	1,500,000	1,500,000				1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000				1,500,000
Discovery Park	Kent	5,300,000	5,300,000				5,300,000
Live Margate	Kent	5,000,000	5,000,000				5,000,000
<b>Sub Total</b>		<b>45,459,042</b>	<b>45,459,042</b>		-	-	<b>45,459,042</b>
<b>Round 2 Projects</b>							
Colchester Northern Gateway	Essex	2,000,000	-		2,000,000		2,000,000
Charleston Centenary	East Sussex	120,000	120,000				120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	575,000		575,000		1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000				2,000,000
Fitted Rigging House	Medway	550,000	550,000				550,000
Javelin Way Development	Kent	1,597,000	1,597,000				1,597,000
Innovation Park Medway	Medway	650,000	170,000		480,000		650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000				1,000,000
<b>Sub Total</b>		<b>9,067,000</b>	<b>6,012,000</b>		<b>3,055,000</b>	-	<b>9,067,000</b>
<b>Round 3 Projects (subject to Board approval)</b>							
Wine Innovation Centre	Kent	600,000	-		100,000	500,000	600,000
Green Hydrogen Generation Facility	Kent	3,470,000	-		3,470,000		3,470,000
Observer Building, Hastings - Phase 1	East Sussex	1,750,000	-		1,750,000		1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-			1,750,000	1,750,000
Leigh Port Quay Wall (Cockle Wharf)	Southend	3,500,000	-			3,500,000	3,500,000
Herne Relief Road	Kent	3,500,000	-			3,500,000	3,500,000
<b>Sub Total</b>		<b>14,570,000</b>	-		<b>5,320,000</b>	<b>9,250,000</b>	<b>14,570,000</b>
<b>Total</b>		<b>69,096,042</b>	<b>51,471,042</b>		<b>8,375,000</b>	<b>9,250,000</b>	<b>69,096,042</b>

## Appendix D – Assessment of GPF Repayment Risk for 2020/21

Project	Repayment due (£)	RAG Rating	Comment
North Queensway	500,000		Repayment risk identified. Revised repayment schedule to be submitted for consideration at November Board meeting.
Sovereign Harbour	300,000		Repayment risk identified. Revised repayment schedule to be submitted for consideration at November Board meeting.
Workspace Kent	76,400		Repayment risk identified. Revised repayment schedule to be submitted for consideration at November Board meeting.
Eastbourne Fisherman	1,150,000		Revised repayment schedule brought forward for consideration by the Board
Live Margate	1,000,000		Repayment risk identified. Risk to be monitored and revised repayment schedule will be submitted for consideration at November Board meeting.
No Use Empty Commercial	500,000		Repayment risk identified. Risk to be monitored and revised repayment schedule will be submitted for consideration at November Board meeting.
Rochester Riverside	2,520,000		No repayment risk identified
Chatham Waterfront	1,000,000		No repayment risk identified
Innovation Park Medway	50,000		No repayment risk identified
<b>Total repayment due</b>	<b>7,096,400</b>		

## Appendix E – Monitoring of GPF Project Outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects				
Priory Quarter Phase 3	440	0	240	0
North Queensway	865	0	0	0
Rochester Riverside	1,004	374	25	160
Chatham Waterfront	211	159	0	0
Bexhill Business Mall	299	0	98	0
Parkside Office Village	127	0	163	0
Chelmsford Urban Expansion	600	4,000	0	1,251
Grays Magistrates Court	200	0	206	0
Sovereign Harbour	299	0	197	0
Workspace Kent	198	0	147	0
Harlow West Essex	3,000	1,200	1,500	89
Live Margate	0	66	0	51
Round 2 GPF Projects				
Colchester Northern Gateway	81	450	0	0
Charleston Centenary	6	0	6	0
Eastbourne Fisherman	4	0	0	0
Centre for Advanced Engineering	56	0	0	0
Fitted Rigging House	300	0	195	0
Javelin Way Development	311	0	0	0
Innovation Park Medway	307	0	0	0
No Use Empty Commercial	16	28	26	23
<b>Total</b>	<b>9,324</b>	<b>6,277</b>	<b>2,803</b>	<b>1,574</b>

Key:

	Projects which have been completed and which have delivered the jobs or homes outcomes as defined in the Business Case
	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.

## Appendix F – GPF Project Background Information

<b>Name of Project</b>	<p><b>Eastbourne Fisherman's Quayside and Infrastructure Development Project</b></p> <p>Sovereign Harbour, Eastbourne</p> <p>East Sussex County Council</p>
<b>Growing Places Fund allocation</b>	£1,150,000
<b>Description of what Project delivers</b>	<p>The Eastbourne Fisherman's Quayside and infrastructure development project sought GPF funding for the build of a Fisherman'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.</p> <p>The GPF project represents the first phase of the redevelopment of the site and will deliver:</p> <ul style="list-style-type: none"> <li>• site works, drainage and servicing for the whole site;</li> <li>• a three storey, 270sqm space to house equipment for ice production, cold storage and the processing of fish; and</li> <li>• an on-site retail unit for wet fish sales.</li> </ul> <p>Phases 2 and 3 of the project will deliver a further three buildings, providing space for storage of fishing and landing equipment, a repair workshop and a Visitor Centre. A £1.08m LGF allocation has been approved to support delivery of phases 2 and 3.</p>
<b>Project benefits</b>	<p>The project aims to protect the fishing fleet in Sovereign Harbour, safeguarding up to 72 fishing jobs and over £2m revenue per year, as well as the resulting impacts on the local economy.</p>
<b>Project history</b>	<p>Delivery of the project has been impacted by a number of factors including:</p> <ul style="list-style-type: none"> <li>• Land acquisition - the intention was for the scheme promoter to purchase the land at Sovereign Harbour where the Fisherman's Quay is to be constructed. However, the required land was owned by Carillion, and before the land purchase could be completed Carillion went into liquidation in January 2018. During the liquidation process, the land was sold to Premier Marinas Ltd.</li> </ul>

	<ul style="list-style-type: none"> <li>• Securing long leasehold on the site – whilst agreement was reached in relation to the leasehold for the site, significant delays were encountered in relation to formalising and signing the lease. These delays meant that the lease wasn't signed until March 2020.</li> <li>• Procurement of a contractor – in order to avoid further delays, the scheme promoter sought to appoint a contractor whilst work was ongoing to formalise the lease. A preferred contractor was identified, but unfortunately the contractor entered administration in early 2019 and the scheme promoter had to appoint an alternative contractor to deliver the project.</li> </ul> <p>Following resolution of these issues, delivery of the first phase of the wider project commenced onsite on 27<sup>th</sup> July 2020 and is expected to be complete by the end of April 2021.</p>
<p><b>Link to Project page on the website and links to any previous decisions by Accountability Board</b></p>	<p>Project page:  <a href="https://www.southeastlep.com/project/eastbourne-fisherman/">https://www.southeastlep.com/project/eastbourne-fisherman/</a></p> <p>Funding decision:</p> <p>Agenda Pack (December 2017):  <a href="https://www.southeastlep.com/app/uploads/2017/12/Accountability-Board-Agenda-Pack-15.12.2017-excluding-confidential-appendices.pdf">https://www.southeastlep.com/app/uploads/2017/12/Accountability-Board-Agenda-Pack-15.12.2017-excluding-confidential-appendices.pdf</a></p> <p>Summary of decisions (December 2017):  <a href="https://www.southeastlep.com/app/uploads/2017/12/Accountability-Board-Summary-of-Decisions-15th-December-2017.pdf">https://www.southeastlep.com/app/uploads/2017/12/Accountability-Board-Summary-of-Decisions-15th-December-2017.pdf</a></p> <p><u>Previous project changes considered by the Board</u></p> <p>Change of land acquisition to long-term leasehold:</p> <p>Agenda Pack (September 2018):  <a href="https://www.southeastlep.com/app/uploads/2018/09/Accountability-Board-Agenda-Pack-14th-September-2018.pdf">https://www.southeastlep.com/app/uploads/2018/09/Accountability-Board-Agenda-Pack-14th-September-2018.pdf</a></p> <p>Summary of decisions (September 2018):  <a href="https://www.southeastlep.com/app/uploads/2018/09/Summary-of-Decisions-14.09.18-final.pdf">https://www.southeastlep.com/app/uploads/2018/09/Summary-of-Decisions-14.09.18-final.pdf</a></p> <p>Changes to GPF drawdown schedule:</p>

	<p>Agenda Pack (February 2019):  <a href="https://www.southeastlep.com/app/uploads/2019/02/SELEP-Accountability-Board-Agenda-Pack-15.02.2019-excluding-confidential-appendices-.pdf">https://www.southeastlep.com/app/uploads/2019/02/SELEP-Accountability-Board-Agenda-Pack-15.02.2019-excluding-confidential-appendices-.pdf</a></p> <p>Summary of decisions (February 2019):  <a href="https://www.southeastlep.com/app/uploads/2019/01/Summary-of-decisions-Accountability-Board-15.02.19.pdf">https://www.southeastlep.com/app/uploads/2019/01/Summary-of-decisions-Accountability-Board-15.02.19.pdf</a></p> <p>Agenda Pack (April 2019):  <a href="https://www.southeastlep.com/app/uploads/2019/01/SELEP-Accountability-Board-Agenda-Pack-12th-April-2019.pdf">https://www.southeastlep.com/app/uploads/2019/01/SELEP-Accountability-Board-Agenda-Pack-12th-April-2019.pdf</a></p> <p>Summary of decisions (April 2019):  <a href="https://www.southeastlep.com/app/uploads/2019/01/Accountability-Board-12th-April-2019-Summary-of-Decisions.pdf">https://www.southeastlep.com/app/uploads/2019/01/Accountability-Board-12th-April-2019-Summary-of-Decisions.pdf</a></p> <p>Agenda Pack (February 2020):  <a href="https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Agenda-Pack-14.02.2020.pdf">https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Agenda-Pack-14.02.2020.pdf</a></p> <p>Summary of decisions (February 2020):  <a href="https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Summary-of-Decisions-14.02.20.pdf">https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Summary-of-Decisions-14.02.20.pdf</a></p> <p>Change to GPF repayment schedule:</p> <p>Agenda Pack (February 2020):  <a href="https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Agenda-Pack-14.02.2020.pdf">https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Agenda-Pack-14.02.2020.pdf</a></p> <p>Summary of decisions (February 2020):  <a href="https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Summary-of-Decisions-14.02.20.pdf">https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Summary-of-Decisions-14.02.20.pdf</a></p>
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Forward Plan reference number: (N/A)

<b>Report title:</b> SELEP Operations Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Suzanne Bennett Chief Operating Officer	
<b>Date:</b> 18 <sup>th</sup> September 2020	<b>For:</b> Information
<b>Enquiries to:</b> Suzanne.bennett@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Pan-LEP	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes details on risk management and updates on items of governance. The financial update is in a separate report.

## 2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Agree** to call-off the Bloom consultancy framework and award the ITE contract directly to Steer on a 1+1 years basis;
  - 2.1.2. **Note** the proposed updates to the Assurance Framework and the updated Assurance Framework monitoring; and
  - 2.1.3. **Note** the Risk Register at Appendix C.

## 3. ITE Contract Decision

- 3.1. Steer, previously known as Steer Davies Gleave, provide services to SELEP in undertaking the Independent Technical Evaluation (ITE) of project business cases submitted by local partners and makes recommendations to the Accountability Board for the award of funding. It is a requirement of the National Assurance Framework that all LEPs engage an Independent Technical Evaluator to carry out this work. This work includes the assessment of project changes, where there are changes to parameter such as project cost, scope, timescales and/or benefits.
- 3.2. An open, OJEU compliant procurement exercise was completed in 2016 and which involved officers from across local partner authorities to assess the bidders to the contract. The original contract awarded covered the period from April 2016 – March 2021. The end of the contract was due to coincide with the completion of the Local Growth Fund programme.

- 3.3. The public health response to the COVID-19 pandemic has had a negative impact on the delivery of the Local Growth Fund programme resulting in project delays and cost increases. It is expected that a number of project changes may be submitted or projects removed from the programme entirely and new projects brought forward in their place. This will increase the resource requirements for the ITE assessment of new or revised business cases.
- 3.4. SELEP has also been allocated a £85m capital Getting Building Fund (GBF) grant from HM Government to support new projects, for spend in 2020/21 and 2021/22. This funding has the primary aim of supporting the economic recovery. This funding must be spent by the end of 2021/22 or risks being clawed back. ITE support is required through the delivery of the GBF.
- 3.5. Specifically the tasks in 2021/22 for the programme will include the assessment any project changes and/or assessment of any new projects which are included within the programme, where other existing schemes are unable to proceed.
- 3.6. Steer are familiar with the specific requirements in relation to the existing capital programme requirements.
- 3.7. The GBF is capital grant only and has no revenue provision that would fund the operational overhead with the Secretariat. There is no capacity within the current resource base to carry out a full procurement within the timelines available.
- 3.8. There is also uncertainty over future funding streams from Government. Beyond 2021/22, there is currently no capital funding allocated to SELEP by Central Government. As such, it would be very challenging to complete a tender exercise for a longer term contract when the scope of the contract cannot be closely defined.
- 3.9. Based on trends in the annual spend on the ITE contract over the last four years, the value of the contract is estimated at £100,000 p.a. but may increase or decrease depending on whether future capital funding is allocated to SELEP by Central Government between April 2021 and March 2023.
- 3.10. The options presented by the Procurement team of the Accountable Body are:
  - 3.10.1. ECC & SELEP re-procure as per the original process. This would require a tender process being completed by October 2020 in order to give SELEP and the successful supplier time to transition and commence services. The incumbent will be required to provide an exit plan by December 2020. Further time would likely to be required if the incumbent deems TUPE to be applicable. At present there is no clarity concerning funding and projects beyond 31/03/2020 so it would not be cost-effective or viable to conduct an open procurement process at this stage, which would require significant resources.



- 3.10.2. Procure through an existing consultancy framework and directly award a call-off contract for 1+1 years. Bloom services is a consultancy framework where a 3<sup>rd</sup> party manages the 'tender' process. Users have the option of conducting a mini-competition or directly awarding to a contract. In terms of direct award there needs to be an audit trail of how this option was picked, such as through the agreement of this option by the Board.. This will reduce the impact on SELEP and ECC in terms of managing the tender process and can be completed in a much shorter timescale.
- 3.11. The recommendation to the Board is for the use of the Bloom consultancy framework to issue a direct award to Steer on a 1+1 year basis, with an open procurement process to be completed in Autumn 2022.
- 3.12. It is expected that by Autumn 2022 there will be greater clarity from Central Government regarding any further funding streams. This will enable the SELEP Secretariat to complete an open procurement exercise in Autumn 2022, to align when the call-off contract with Steer (via Bloom) comes to an end in March 2023, and when there is greater certainty over the scope work to be completed under the contract.

#### **4. Assurance Framework update**

- 4.1. The SELEP Framework Agreement requires this Board to be consulted on any changes to the Assurance Framework before they are presented for approval by the Strategic Board.
- 4.2. The Assurance Framework has been updated to reflect recent changes concerning COVID-19 Recovery Funding and the new Getting Building Fund introduced by Government in response to the COVID-19 pandemic.
- 4.3. The necessary changes are:
  - 4.3.1. the addition of details regarding the new Getting Building Fund and COVID-19 Recovery Funding;
  - 4.3.2. wording has been edited to reflect a generic approach to cover all capital funding in order to future proof the document ahead of any further releases of funding; and
  - 4.3.3. the addition of information regarding the Power of Attorney granted to the CEO and COO by the SELEP Ltd
  - 4.3.4. immaterial changes to working or grammar to increase clarity or consistency
- 4.4. A more detailed table of changes can be seen below, none of the changes are a fundamental deviation from current processes:

Section	Changes
Section 2: Guide to SELEP documents and policies	Mention of the new list of exceptions to the National Assurance Framework
Section 3: Aims and Objectives	Addition of the Getting Building Fund and COVID-19 Recovery Funds in the list of current funding.
Section 4: Who we are	<p>Some changes to wording to make the statements less specific to a particular funding stream for future-proofing.</p> <p>Information added regarding the Power of Attorney granted to the CEO and COO by the SELEP Ltd.</p> <p>Correction of “Skills Advisory Group” to “Skills Working Group”.</p>
Section 5: How we work	Some changes to wording to make the statements less specific to a particular funding stream for future-proofing.
Section 6: How we make decisions	<p>The Power of Attorney has been added to the publishing requirements.</p> <p>The paragraph around conflicts (R.8.) has been clarified to include SELEP Ltd.</p>
Section 7: How we manage our programmes	<p>Some changes to wording to make the statements less specific to a particular funding stream for future-proofing or generally clearer.</p> <p>Added statement that there may be flexibility in the prioritisation process if there are significant time restraints.</p> <p>Clarified that the Investment Panel delegation can be revoked by the Strategic Board.</p> <p>Updates added to the SSF section (U.3.) to reflect new possible focuses</p>

	<p>around leaving the EU and the pandemic.</p> <p>Addition of details around the COVID-19 Recovery Funds (U.4.).</p>
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- 4.5. A tracked changes copy of the Assurance Framework can be found at Appendix A.
- 4.6. Government have provided LEPs with a list of exceptions to the National Assurance Framework in light of the COVID-19 pandemic which can be found here.
- 4.7. There have been no updates to the National Assurance Framework and there have been no indications from Government that an update is in the pipeline.

## 5. Assurance Framework Monitoring

- 5.1. It is the role of the Accountability Board to oversee the implementation of the requirements of the Local Assurance Framework (LAF). To receive grant funding from central Government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central Government in January 2019.
- 5.2. An assessment has been made of compliance to the requirements of the current Assurance Framework. The following actions are required:

Increasing gender diversity to 50/50 by 2023	This has been indicated by Government as a target in the National Assurance Framework, further consideration of how this target can be reached will be made at the December meeting of Strategic Board.
LIS	The LIS is still awaiting detail from Government around adoptions given the current circumstances around COVID-19.
A formal agreement between SELEP Ltd and the Accountable Body for services provided	The Service Level Agreement is in development but completion has been delayed due to resourcing and prioritising during the Covid-19 Crisis. It is not anticipated that the lack of this agreement will create any issues in the operations of the LEP. The agreement is expected to be completed in quarter 3 of 2020/21.

2020/21 Delivery Plan	The Delivery Plan will be presented to the October Strategic Board meeting.
2019/20 Annual Report	The Annual Report will be presented to the October Strategic Board meeting, with the AGM taking place on the same day.

- 5.3. The Board will be updated on progress against these actions at each meeting. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-to-date information, which will continue to be reviewed. More detail can be found at Appendix B.

## 6. Key Performance Indicators

- 6.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. Key Strategic/Accountability Board deadlines are being met and progress has been made with publishing papers for Federated Board meetings, but there is still improvement needed with some of the Federated Boards. More detail can be found at Appendix C.

## 7. Risk Register

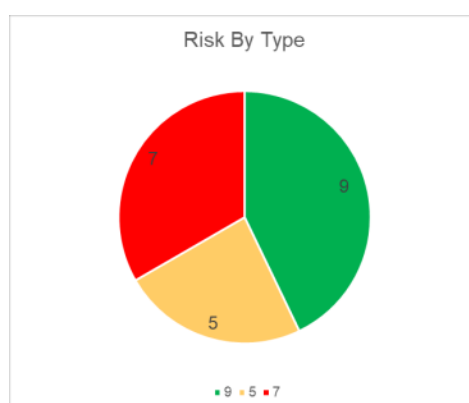
- 7.1. Since the last report to Board one risk has been removed from the register and one risk added. There has been some downgrading of risks as remote working becomes the norm and the first wave of the pandemic has passed. Should a second wave hit the UK or the region these risks could again increase but mitigations are in place as far as possible.
- 7.2. Risks related to a no—deal Brexit were downgraded last year but the position is being monitoring as the deadline for reaching a deal with the EU comes closer.
- 7.3. The risk removed associated to the final third of Local Growth Fund (LGF) grant not being received. We were successful in providing assurances to HM Government that the grant would be utilised in this year and the funding has now been released.
- 7.4. A risk has been added that the Getting Building Fund may not be delivered by 31<sup>st</sup> March 2022. Further details can be found below.
- 7.5. There are currently seven red-rated risks, details of which can be found below.
- 7.6. Risks Related to the Team/Service Delivery
- 7.6.1. **Increased workloads (RR reference 9)** Workload continues to outstrip available resources due to changes in programmes.

- 7.6.2. An additional 34 projects have been notionally added to the capital programme as part of the Getting Building Fund all of which require Accountability Board approval by the end of this calendar year. HM Government continues to provide additional funding for Growth Hubs that requires administration and monitoring but prevents these costs being recovered from the grant. Much additional effort has been needed to develop the COVID19 Recovery Funds.
- 7.6.3. To mitigate some of these pressures an additional Capital Programme Officer role has been created for a fixed term to cover the GBF projects. Strategic Board will also be requested to approve using part of the COVID19 Recovery Funds to support a further fixed term resource to oversee that programme.
- 7.7. Risks Related to Outcomes/Outputs of Programmes
  - 7.7.1. **Capital Programme Outcomes/Outputs not achieved (RR reference 19)** – the delays to projects and financial implications of the lockdown mean that some projects may not be able to complete. the worsened economic situation means that there is a significant risk that programmes will be unable to deliver the outcomes that were set out businesses cases even if they are able to complete.
  - 7.7.2. This is being closely monitored by the Capital Programme team with issues flagged as soon as possible to both Board and HMG officials.
  - 7.7.3. **Getting Building Fund delivery (RR reference 40)** – The GBF is required to be fully spent by 31 March 2022. This is a very short timeline for some quite substantial projects. Every effort is currently being made to get the 34 projects through the approval process as quickly as possible. HM Government has not provided details yet on the terms and conditions of the GBF grant. Until this is provided the Accountable Body and SELEP Ltd, we will be unable to enter into contract with any delivery organisation, this may create delays.
  - 7.7.4. There is a major reputation risk to the partnership if the fund can't be fully delivered and this may impact on future allocations of funding.
  - 7.7.5. The Capital Programme team are working closely with partners to ensure that the tight deadlines on the approvals are met. A reserve list being developed that will allow other projects to come forward if projects on the current list can't come forward in line with the timeline. Projects on the reserve list will need to be of smaller scale to be able to be delivered in the time available. It is not yet clear whether funding can be swapped to a reserve list, this will be dependent on the grant conditions and pressure is being exerted on HM Government to release this as soon as possible.
- 7.8. Risk Relating to Funding or Financial Position

- 7.8.1. **GPF Repayment (RR reference 12)** At the 17 April meeting of Strategic Board, it was agreed that a flexible approach would be taken to the changing of repayment schedules for GPF Projects that are being adversely affected by the Crisis. In addition, where the delaying of repayments should incur interest charges, these charges will be waived for a period of 12 months starting from 1 April 2020.
- 7.8.2. Whilst the economy has now restarted to an extent there is likely to still be a significant economic impact for at least the remainder of this financial year raising the risk of default and non delivery of outputs and outcomes. The Capital Programme team are working closely with delivery organisations to identify the risks on individual projects. Information will continue to be provided to the Board on the impact of defaults on the future viability of the revolving fund.
- 7.8.3. **Uncertainty of future capital funding (RR reference 20)** – Uncertainty surrounding the future of LEPs and funding for their activities continues. A White Paper on devolution and local recovery is due shortly that may make this clearer.
- 7.8.4. With no future investment funding beyond the GBF identified it is unclear how the partnership will be able to deliver on strategies such as the Local Industrial Strategy or any economic recovery strategy that may be developed.
- 7.8.5. **Future viability of the operational budget (RR reference 38)** There is now a very large risk to the operating budget in future years beyond 2021/22. A large proportion of the operational budget is supported via the interest earned on capital balances held and the cut of base rates to 0.1% at the start of the Crisis means the level of receipts will be much lower than assumed at the time of budget setting.
- 7.8.6. Strategic Board agreed in June to the establishment of a revenue reserve to support the Operational budget in financial years 2021/22 and 2022/23.
- 7.9. Risks related to service design and reputation
  - 7.9.1. **HMG Expectations (RR reference 37)** - Government has already made a number of requests of LEPs to gather information and intelligence via the Growth Hubs. The role for LEPs to play in the Recovery phase is still unclear but given the already over-extended team and reduced funding there is a reputational risk that the partnership won't be able to deliver to Government's expectations. We have been informed that the Local Industrial Strategy (LIS) policy has been put on hold and there is a risk that as we move into the Recovery phase, large amounts of the evidence base will need to be recut and reconstructed to cover a wider set of indicators and information than just productivity. Again, there is a risk to the

reputation of the partnership if we are not able to do this in line with Government's requirement.

- 7.9.2. Government may also raise local businesses expectations on what support can be offered by LEPs in both the Respond and Recovery phases, potentially damaging our reputation with our local business base if we can't deliver due to restrictions in capacity and/or capability.
- 7.9.3. This risk is best mitigated through working with the LEP Network to ensure that ministers and officials understand how LEPs can respond and the resource implications of additional asks. The team is also begin to gather intelligence on the impact of the Crisis that can be used to both add to the evidence base and to formulate and guide Government in shaping a role for LEPs in the Recovery phase and beyond.
- 7.10. In total the Management Team of the Secretariat are tracking a total of 21 risks. A breakdown in the rating of those risks can be seen below and details on the high and medium risks can be found in the Risk Register extract at Appendix C.



## 8. Accountable Body Comments

- 8.1. It remains a requirement for SELEP to have an assurance framework in place that complies with the requirements of the National Local Growth Assurance Framework.
- 8.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 8.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2020/21, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2020, that the SELEP has the following in place:

- 8.3.1. the processes to ensure the proper administration of its financial affairs;
  - 8.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
  - 8.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.
- 8.4. This confirmation was provided to the Government, by the S151 Officer on the 28 February 2020.
- 8.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 8.6. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.
- 8.7. At present, no significant issues are arising with regards to the financial affairs of SELEP, however a number of risks to the future financial position of SELEP which are noted in this report and will be considered further as part of the budget setting process for 2021/22.

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

- 9.1. The procurement of the Steer contract from April 2021 on a 1 + 1 year(s) basis is anticipated to cost up to £100,000 per annum, in line with the existing spend profile. It is possible that pricing may be impacted in the award of the contract through the Bloom framework, in comparison to the current contract. An assessment will be made in this respect, through the award process, to ensure that value for money can be secured.
- 9.2. As is indicated in the risks section 7.8, the future financial position for SELEP remain uncertain, with budget challenges identified from 2021/22; it is therefore, necessary to ensure that all costs are contained as far as possible, including those relating to the ITE. Future budget modelling that has been undertaken has indicated that additional ITE costs over the £100,000 per annum currently budgeted, would not likely be affordable from 2021/22 without additional revenue funding being made available.
- 9.3. Where additional resource capacity is being sought by the Secretariat to support the additional requirements in relation to the GBF and the Covid



Recovery funds, funding has been identified for these on a short term basis, up to 12 months, but this resource is not sustainable on an on-going basis without additional revenue funding being made available for this pressure as well.

- 9.4. A longer term funding risk for SELEP also remains relating to the receipt of future funding from Government and the continued confirmation of funding on an annual basis, often after the outset of the financial year; this undermines future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework for planning and prioritisation of investment. This risk regarding uncertainty of future funding is now exacerbated in light of the Covid-19 Crisis and the subsequent economic impact.
- 9.5. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

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

- 10.1. The Bloom Consultancy Framework is a framework agreement that is available for the Accountable Body to call-off contracts for the provision of ITE services. Any call-off will be in accordance with the provisions set out in the Framework and the services will be subject to the terms and conditions set out in the Framework Agreement.

## **11. List of Appendices**

- 11.1. Appendix A – tracked-changes copy of revised Assurance Framework
- 11.2. Appendix B - LAF Implementation Plan
- 11.3. Appendix C – Governance and Transparency KPIs
- 11.4. Appendix D – Extract of Risk Register

## **12. List of Background Papers**

- 12.1. None

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	10/09/20



**SOUTH EAST**  
LOCAL ENTERPRISE  
PARTNERSHIP

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# ASSURANCE FRAMEWORK

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| [Tracked Changes Version- October 2020](#)



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### SECTION 1: SUMMARY GUIDE TO GOVERNANCE

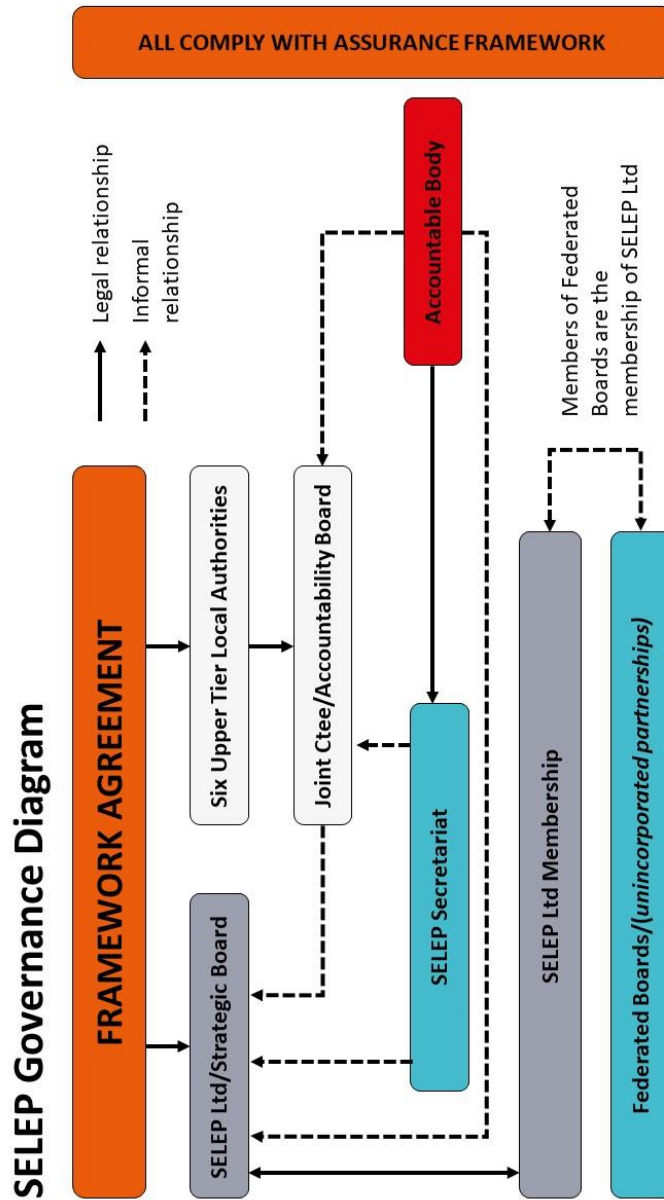
#### A. INTRODUCTION

- A.1. The South East Local Enterprise Partnership (SELEP) is a partnership between public and private sectors who come together to drive sustainable economic growth in our region. Because we have two different sectors with differing legal frameworks working together our governance structures are more complex than those in one sector alone. It's because of the benefits of those sectors working together that Local Enterprise Partnerships (LEPs) were created and our governance structures need to be robust enough to encompass the complexities and allow those benefits to be realised.
- A.2. With this in mind, this first section will give an overview of our governance and provide links to more detail. Everyone who is involved with the LEP, whether a Board member, a member of Secretariat or working in a partner organisation should read and understand this overview and know which policies and procedures apply to their activities.
- A.3. The funding that the LEP directs is taxpayers' money and the stewardship of that money on behalf of those taxpayers, is the most important role that all of those involved in the LEP has. When decisions are made on how those funds are spent, they must be made transparently and openly so that taxpayers can see how their money is being used. This principle is at the heart of our Assurance Framework.

#### B. WHO IS "THE LEP"?

- B.1. SELEP is used as a colloquial term and applied to different groups of people and organisations. Legally the LEP is registered under the name South East LEP Ltd (SELEP Ltd) at Companies House, as a company limited by guarantee. The Articles of Association for SELEP Ltd can be found [here](#). But the LEP has a broader remit than that. The board of directors of SELEP Ltd (also known as the Strategic Board) come from a cross-sector background and provide a wider representation of views. More detail on the Strategic Board can be found at I.1 below.
- B.2. A simplified diagram of how the component parts of SELEP work together on the agreed objectives of SELEP Ltd can be found below, along with high level responsibilities for the different organisations/boards which can be seen at B.12.





- B.3. The Strategic Board recognises the very important role of democratic accountability, especially with regard to spending public funds. That is why the three County Councils and three Unitary Councils in the SELEP Ltd area have come together to form a board that supports the activities of SELEP Ltd and ensures that due process has taken place before any public funds can be invested. This board is called Accountability Board. Accountability Board only considers decisions that relate to funding associated to SELEP Ltd or other decisions related to SELEP Ltd. Accountability Board is not a sub board of SELEP Ltd but pays very close regard to the wishes and advice of SELEP Ltd and vice versa. More detail on the Accountability Board can be found at I.3 below.
- B.4. Both SELEP Ltd and the Accountability Board are supported by a small team of paid individuals. This group is known as the SELEP Secretariat. The Secretariat supports the administration of the partnership, provides advice and support to all Board members and ensures that policy and procedures are both in place and abided by. More detail on the Secretariat can be found at J below.
- B.5. The majority of funding, both investment and operational, for SELEP Ltd comes from Central Government. Central Government cannot easily make grants to commercial companies and therefore they ask a local authority to take receipt of funding on behalf of a LEP. This local authority then has a responsibility to ensure that the funding is used in the way that Government directs. This local authority is known as the Accountable Body. Government has asked that Accountable Body's take a further role for LEPs and provide some oversight of their governance processes to provide assurances to Government that both the correct governance processes are in place and are being adhered to.
- B.6. SELEP's Strategic Board agreed before incorporation that the all funding would remain within the Accountable Body rather than be transferred to SELEP Ltd. This means that SELEP Ltd has no assets or liabilities. It also means that SELEP Ltd can't employ the Secretariat, so the Accountable Body also undertakes that role.
- B.7. The Accountable Body provides a finance function for SELEP Ltd. This involves holding and managing public funds paid by Government on behalf of SELEP Ltd. It also provides a support function (as agreed with SELEP Ltd) providing technical advice on the relevant law, discussing risks associated with pursuing a particular course of action for the Strategic Board to consider, drafting funding agreements and contracts.
- B.8. The Accountable Body ensures that public funds are handled in line with the relevant procedures and grant conditions and that funds are used with propriety, regularity and deliver value for money. This includes an oversight function of processes such as LEP governance and transparency arrangements, compliance with the framework and agreement on scrutiny arrangements, to ensure that the checks and reporting requirements of the Section 151 Officer are met, this includes retaining appropriate documentation on decisions around funding.
- B.9. The Accountable Body is also responsible for escalating concerns around non-delivery and/or mis-management. If this can't be resolved at the local level the Accountable Body will report any concerns to the Cities and Local Growth Unit. More detail on the Accountable Body can be found at L below.
- B.10. SELEP is the largest LEP in the country and whilst that size brings scale and opportunities, it is recognised that this means there are many more stakeholders who need a voice if we are to properly understand our economies in the geography. In order to do that the partnership has adopted a federated model, and there are four Federated Boards. More detail on the Federated Boards can be found at I.4 below I.4 below.

## Section 1: Summary Guide to Governance

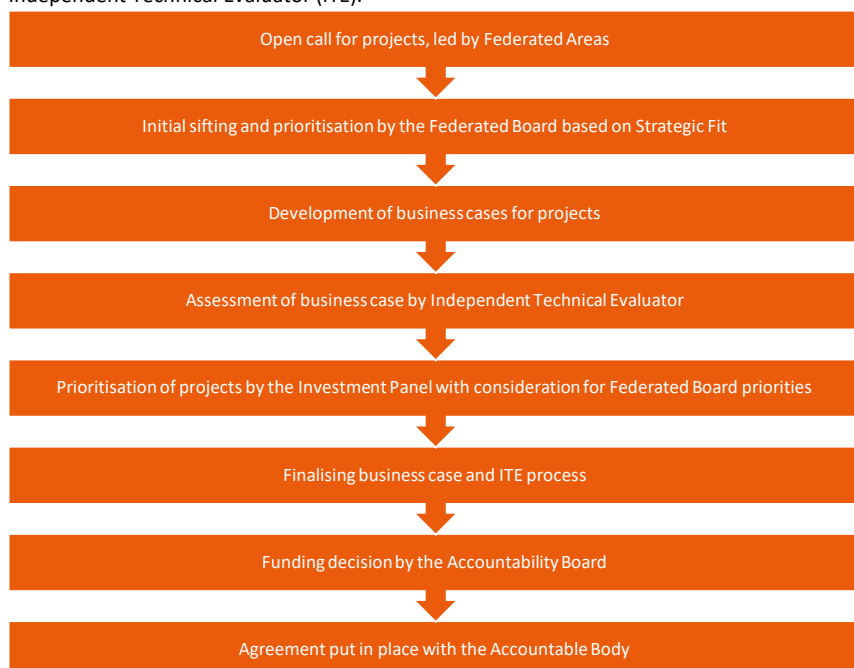
- B.11. To ensure that all the organisations that have a direct role in working with SELEP Ltd on joint objectives understand their responsibilities a Framework Agreement will be in place before the 20/21 financial year signed by all parties. This will be found [here](#). All the parties of the Framework Agreement will have agreed that they will abide by this Local Assurance Framework.
- B.12. The table below sets out the high-level responsibilities for the different parts of the wider partnership.

### SELEP Responsibilities

SELEP Ltd/Strategic Board	Sets strategy	Secretariat provides support
	Prioritises and selects interventions to deliver strategy (projects)	
	Oversight of outcomes of programme of projects and accountable to Govt	
	Considers effectiveness of interventions/strategy	
Joint Ctee/Accountability Board	Approves investment in projects selected by SELEP Ltd	
	Oversight of the delivery of projects – incl change control	
	Oversight of SELEP Operational spend	
Accountable Body	Oversight of Governance arrangements	
	Provides finance function for SELEP Ltd: holds & manages public funds	
	Employs the Secretariat and enters into operational contracts on their behalf	
	Provides technical advice on legal and financial operations of SELEP Ltd	
Federated Boards	Has oversight of projects in their area	
	Advise SELEP Ltd on challenges and opportunities in their area	
	Recommends prioritised projects/interventions to SELEP Ltd	

### C. WHAT IS THIS ASSURANCE FRAMEWORK?

- C.1. The Local Assurance Framework (Assurance Framework) is a document that sets out all of the SELEP's governance and brings together the policies and procedures into one place. The SELEP Ltd Assurance Framework must comply with the National Local Growth Assurance Framework (National Assurance Framework), and the Section 151 Officer of the Accountable Body assesses whether our Local Assurance Framework is compliant and whether it is being adhered to in all the operations and decisions of the partnership.
- C.2. The National Assurance Framework is written by the Cities and Local Growth Unit ("Government"), which is a joint unit between the Department for Business, Energy and Industrial Strategy (BEIS) and the Ministry of Housing, Communities and Local Government (MHCLG). This unit is responsible for LEPs nationally.
- C.3. The details of how a decision is made will depend on the type of decision and the financial value associated with that decision. Details on how to classify a decision and how each decision flows can be found at Section 6: How We Make Decisions but below is an example of how the LEP's Investment Panel (a sub-committee of the Strategic Board) decides to invest in a project with the assistance of the Independent Technical Evaluator (ITE).



### SECTION 2: GUIDE TO SELEP DOCUMENTS AND POLICIES

#### D. THIS ASSURANCE FRAMEWORK

- D.1. This Assurance Framework is not a legal document, but provides a guide to the structure of the SELEP Partnership together with the processes and systems which are used to manage its activities, including the detailed processes applied to manage the funding awarded from Government. It is intended to provide Government, Partner Authorities and wider stakeholders with the assurance that decisions over funding are proper, transparent and deliver value for money.
- D.2. This Assurance Framework reflects the expectations of Government as set out in the revised [National Assurance Framework](#) published January 2019 which incorporates the [LEP Governance and Transparency Best Practice Guidance](#), published in January 2018.
- D.3. This Assurance Framework will be reviewed and agreed at least annually or as required by the Strategic Board, consulting the Accountability Board and in accordance with the Framework Agreement.
- D.4. SELEP Ltd, Accountability Board, Federated Boards and Partner Authorities are required to adhere to this Assurance Framework in respect of their involvement with the SELEP partnership.
- D.5. This Assurance Framework should be read in conjunction with the SELEP Ltd Articles of Association and the SELEP Ltd Framework Agreement (in place before the 20/21 financial year).
- ~~D.5-D.6.~~ In light of the COVID19 pandemic, a list of exceptions to this Assurance Framework has been published by Government, which is accessible [here](#).

#### E. OTHER DOCUMENTS AND POLICIES

Name of the policy/document	Purpose of the policy/document
National Assurance Framework	Provides guidance on how LEPs should build their own Local Assurance Framework. It explains how LEPs should appraise, monitor and evaluate schemes to achieve value for money. It provides Government, stakeholders and the public the necessary assurances that LEPs have the policies and processes in place to ensure the robust stewardship of public funds.
Assurance Framework (this document)	Provides information on the structure of the SELEP together with the processes and systems which are used to manage its activities including the detailed processes applied to manage the funding provided by HM Government. It is intended to provide Government, Partner Authorities and wider stakeholders with the assurance that decisions over funding are proper, transparent and deliver value for money and be a reference point for those involved in the activities of SELEP

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## Section 2: Guide to SELEP Documents and Policies

<b>Framework Agreement</b>	This Agreement will be in place by the 20/21 financial year between the SELEP Ltd and the six Partner Authorities who make up the Accountability Board. The agreement sets out how the partnership will function, the relationship between SELEP Ltd and Accountability Board. It also contains the Joint Committee Agreement that lays out the terms of reference for Accountability Board.
<b>Articles of Association</b>	The Articles of Association is a legal document containing the written regulations setting out the way in which the SELEP Ltd will be governed, including the resignation procedure for Directors of the company.
<b>Terms of Reference</b>	Provides the detailed purpose, remit and governance processes for the Strategic Board.
<b>Board Recruitment Policy</b>	Explains the processes for the recruitment of Strategic Board members (Directors), including the Chair and Deputy Chair, and Federated Board members (Members of the Company)
<b>Code of Conduct</b>	A set of rules outlining the norms, rules, and responsibilities of, and or proper practices for any Member or Director; the Secretariat and any other officers supporting SELEP Ltd must comply with the Code of Conduct in addition to any code applicable to their employing organisation
<b>Public Questions Policy</b>	Sets out the process for members of the public to submit questions to the Accountability Board and Strategic Board, as well as the rights of District/City/Borough Councils in relation to Strategic Board meetings.
<b>Register of Interests Policy</b>	Explains the requirements for Members, Directors and relevant officers to complete Registers of Interest, declaring interests in relation to meetings and appropriate actions in case of a conflict of interest.
<b>Confidential Reporting of Complaints Policy</b>	Explains the process to report a complaint confidentially.
<b>Subsistence and Hospitality Policy</b>	Explains the regulations around expense claims, gifts and hospitality to safeguard the use of public funds.
<b>Whistleblowing Policy</b>	Provides a framework for its Board Members, Officers, those working for the SELEP, members of the public and third parties to report concerns or perceived wrongdoings within the SELEP which they believe are in the public interest and may relate to illegal, improper or unethical conduct.

E.1. [All these policies are available on the SELEP website.](#)

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### SECTION 3: AIMS AND OBJECTIVES

#### F. CORE OBJECTIVES

- F.1. The South East Local Enterprise Partnership (SELEP Ltd) is one of 38 Local Enterprise Partnerships (LEPs), established to “provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area<sup>1</sup>”. It encompasses the Local Authority areas of East Sussex, Essex, Kent, Medway, Southend and Thurrock.
- F.2. Whilst LEPs determine their own specific priorities, in their document [Strengthened Local Enterprise Partnerships](#) Government set out the requirement that LEPs should focus on the following four activities to support the development and delivery of their Local Industrial Strategy:
- F.2.1. 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;
- F.2.2. 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. ~~Details on the current funds available for award can be found on the website. The current funding streams awarded by SELEP at time of writing are:~~  
~~the funding streams that are awarded by SELEP Ltd are:~~
- i. the Local Growth Fund (LGF), which is a capital grant for investment in capital infrastructure projects and includes the Skills Capital Fund. This funding aims to support the delivery of jobs, homes, new learners and other economic growth objectives;
  - ii. the Growing Places Fund (GPF), which is a capital loan, awarded as a low or zero percent interest rate. Similarly to the LGF ~~and GBF~~, this funding aims to tackle barriers to economic growth; and
  - iii. ~~the~~ the Sector Support Fund (SSF), which is a revenue grant aimed at supporting the work of SELEP sector working groups (K.1 below).
  - iv. ~~t~~The Getting Building Fund (GBF), a capital grant in response to the economic ~~difficulties~~ ~~slowdown~~ caused by the COVID19 pandemic ~~lockdown~~. ~~GBF should be treated procedurally identically to LGF for the purposes of this Assurance Framework.~~
  - v. COVID19 Recovery Funds, revenue funds that are targeted in response to the COVID19 pandemic:
    - a. COVID19 ~~SME~~ Business Support Fund; and
    - ~~a-b.~~ COVID19 Skills Support Fund.
- F.2.3. Advocacy: Collaborating with a wide-range of local stakeholders to act as an informed and independent voice for their area.

<sup>1</sup> Local Growth: Realising every place's potential, HMG, October 2010

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### G. DIVERSITY

- G.1. SELEP Ltd commits to diversity and representing the local business community, including a gender balance within the Directors of at least one third female directors , with a view to equal representation by 2023. To implement this, SELEP Ltd has:
  - G.1.1. an objective recruitment processes in place for all board appointments, with applications assessed against the criteria in a board member job specification; and
  - G.1.2. regular reporting received by the Accountability Board as part of reporting against the governance KPIs;
  - G.1.3. eliminated unlawful discrimination, harassment and victimisation and other conduct prohibited by the act; and
  - G.1.4. the aim of advancing equality of opportunity between people from different equality groups.
- G.2. SELEP Ltd and local partners will always consider how added economic, social or environmental benefits can be maximised and secured and through its commissioning, procurement and delivery. All partners in the SELEP Ltd support the principles of the Social Value Act 2012. Within each [LGFcapital](#) project business case, project promoters are asked to consider any opportunities available to maximise social value
- G.3. SELEP Ltd will endeavour to ensure a level playing field for small businesses and voluntary, charity and social enterprise (VCSE) organisations in bidding for the SELEP Ltd or local delivery contracts, as appropriate in the delivery of SELEP Ltd objectives.

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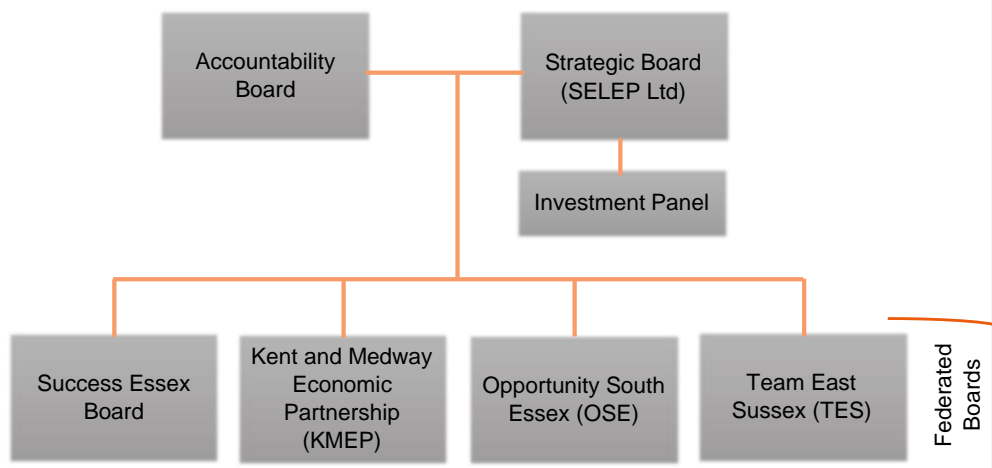
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### SECTION 4: WHO WE ARE

#### H. GOVERNANCE STRUCTURE

- H.1. SELEP is a partnership between business and public sector at both SELEP Ltd and local partnership levels. At the heart of this partnership is the devolution of local accountability and funding to ensure decision-making at the most appropriate level. Democratic accountability for funding decisions is ensured through Local Authority representation on the Accountability Board, whilst accountability to the business community is provided by the private sector representation on the Strategic and Federated Boards.



- H.2. The partnership operates under a Federated Model (see above diagram). The Strategic and Accountability Boards are supported by four Federated Boards; Success Essex (SE), Kent and Medway Economic Partnership (KMEP), Opportunity South Essex (OSE) and Team East Sussex (TES). [Each Federated Board has their own Terms of Reference](#) (aligned to the overall SELEP Ltd Terms of Reference (D.5 above) and this Assurance Framework).
- H.3. The partnership is committed to ensuring fairness in its decision-making and to follow best practice, with due regard to the general equality duty and the principles of public life.

#### I. OUR BOARDS

##### I.1. Strategic Board

- I.1.1. The Strategic Board (SELEP Ltd) consists of the Directors of the SELEP Ltd and sets the strategic direction of the SELEP Ltd, providing clear strategic leadership and championing shared SELEP Ltd priorities. It is the main interface with Government, bringing together both private and

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public sectors to drive local growth and job creation, and to oversee all activity to deliver these aims.

I.1.2. Working collectively, SELEP Ltd Directors (Strategic Board members) are responsible for:

- i. setting the vision, strategic direction and priorities of the LEP overall;
- ii. ensuring the development, maintenance and delivery of evidence-based strategy. These strategies include, but are not limited to:
  - a. the Economic Strategy Statement (ESS);
  - b. a Skills Strategy;
  - c. The Energy Strategy;
  - d. the European Structural Investment Funds (ESIF) strategy; and
  - e. a Local Industrial Strategy;
- iii. developing a pipeline of projects for investment: a role it has delegated to the Investment Panel in respect of [specific funding streams; LGF and GPF](#)
- iv. considering and agreeing a position on major items of strategic importance;
- v. publishing arrangements for developing, prioritising, appraising and approving projects with a view to ensuring that a wide range of delivery partners can be involved;
- vi. approving the annual Delivery Plan;
- vii. monitoring progress in completing the activities and KPIs set out in the Delivery Plan;
- viii. championing the LEP and the LEP area in all other forums;
- ix. supporting pan-LEP activity undertaken by the working groups;
- x. working closely with Federated Boards to oversee Growth Hub, Enterprise Zone and City Deal activities;
- xi. endorsing local areas' efforts to advance projects for economic growth which may not be directly linked to the LEP;
- xii. ensuring that adequate capacity and expertise is maintained to deliver against the above (i-xi).

I.1.3. Where the Strategic Board puts in place schemes of delegation to the Federated Boards or Investment Panel, the Strategic Board remains responsible for the delegated decision.

I.1.4. The Strategic Board is made up of 25 members (including 5 co-opted members), and two-thirds of the Board is required to be from the private sector. All Board members, including the Chair and Deputy Chair, are appointed on a 2-year term, up to a maximum of 3 consecutive terms.

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- I.1.5. The Strategic Board membership currently is as follows (please see the Terms of Reference for more detail):
- i. Chair (private sector);
  - ii. Deputy Chair (private sector);
  - iii. Leader or Cabinet member from each of the 3 County and 3 Unitary Councils;
  - iv. 12 business representatives from the Federated Boards (one of whom must be designated as the SELEP-wide SME champion), comprising of:
    - a. 2 from Success Essex;
    - b. 5 from the Kent and Medway Economic Partnership;
    - c. 2 from Opportunity South Essex; and
    - d. 3 from Team East Sussex;
  - v. There are also 5 co-opted positions on the Board; these Board members are also Directors of SELEP Ltd, but are appointed on a 1-year rolling term (please see I.1.8.i below for more detail). The co-opted members are as follows:
    - a. 2 representatives from District/Borough/City Councils (Kent and Essex areas for 2020/21, and it is expected that one of the representatives will be from East Sussex in 2021/22);
    - b. a further education representative;
    - c. a higher education representative; and
    - d. a social enterprise representative.
- I.1.6. Recruitment to the Strategic Board and Federated Boards will be conducted through an open, transparent, competitive and non-discriminatory process, with extensive private sector engagement.
- I.1.7. The Board Recruitment Policy (above) sets out how Directors are appointed to the Strategic Board. Any updates to this policy will be agreed by the Strategic Board.
- I.1.8. The Succession Plan for Strategic Board members is as follows:

Category of Board Member	Succession Approach	Policy/Governance
Chair of SELEP	Open recruitment – run by Secretariat/Decided by Strategic Board	Board Recruitment Policy
Deputy Chair of SELEP	Open recruitment – run by Secretariat/Decided by Strategic Board	Board Recruitment Policy

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Council representatives	Each Council puts forward their representative. Must be a leader or member of Cabinet or equivalent committee	Terms of Reference/Articles of Association/Board Recruitment Policy
Federated Board business representatives	Nominated by Federated Boards. Recruitment to Federated Boards via open recruitment	Federated board recruitment policies which comply with Board Recruitment policy
Higher and Further Education and Social Enterprise representatives	Nominated by relevant working groups.	Board Recruitment Policy

- i. In order to vote on the Board of Directors it will be necessary for the co-opted members to be Directors of SELEP Ltd for the year of their service. This means that there may need to be approvals gained from their employing organisation. The Assurance Framework runs from April to March, as does the financial year and the delivery plan for SELEP Ltd. It is recommended that the year that co-opted members serve would also be April to March (covering June, September, December and March Boards) to align.
- ii. Further Education, Higher Education and Social Enterprise Co-opts will be nominated by their sector groups as set out within the [Board Recruitment Policy](#). This would be the Skills Advisory Group, the U9 Group and the Social Enterprise Group respectively.
- iii. The Strategic Board will consider the future year's Delivery Plan at its December Board meeting and make any recommendations to the sector groups for particular skills/knowledge from their representatives that would align with the Delivery Plan. The sectors groups will confirm names of representatives at the March Board.
- iv. There are two Council co-opted seats on the Board. These seats are reserved for representatives of District/Borough/City Councils. At the December meeting, the Strategic Board will discuss which two of the three shire areas would be invited to put forward a representative for the forthcoming year, looking for alignment with the Delivery Plan for that year.
- v. The District/Borough/City Councils for the relevant area will then be asked to select a representative who must be confirmed by the March meeting of the Strategic Board.
- vi. Board members will complete an induction process in advance of participating in their first decision-making meeting. This will involve a meeting with a senior member of the Secretariat and the receipt of the Board Member Induction Pack. All board members are required to complete their Register of Interests, which includes agreement to comply with

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the [Code of Conduct](#), within 28 days of taking up the post and in advance of participating in any decision making.

- vii. Board members are not entitled to any remuneration for sitting on either the Strategic Board or any other SELEP Ltd Boards or panels, however, the Chair and Deputy Chair of the Strategic Board are entitled to an allowance of up to £20,000 or £10,000 per annum respectively under the terms of their appointment.
- viii. Expenses may only be claimed by board members under the terms of the [Subsistence and Hospitality Policy](#). All expense claims paid will be published on the website, in line with the Localism Act.

### I.2. Investment Panel

- i. The establishment of an Investment Panel was agreed by the Strategic Board on the 9<sup>th</sup> June 2017, as a sub-committee of the Strategic Board (I.1.2.iii above).
- ii. The role of the Investment Panel is to act as an advisory committee to the Strategic Board and Accountability Board.
- iii. The Investment Panel's role and responsibilities include:
  - a. Reviewing the initial list of projects for LGF and GPF funding that has been sifted and prioritised by each Federated Board (U.1.7 belowU.1.6 below);
  - b. Conducting a prioritisation process for those projects requiring capital investment based on the approach agreed by the Strategic Board, with regard for the outcome of the ITE assessment of projects and in accordance with this Assurance Framework;
  - c. Making recommendations for the provisional allocation of funding to projects prioritised by the Investment Panel. The final award of funding will be made by an Accountability Board decision; and
  - d. Considering priorities for future funding from Government in accordance with the priorities identified through the SELEP Ltd's Economic Strategy Statement (ESS) and Local Industrial Strategy along with emerging SELEP Ltd and Government priorities.
- iv. The Investment Panel operates under its own Terms of Reference, which are available on the [website](#). The Investment Panel Terms of Reference are agreed by the Strategic Board
- v. All members of the Investment Panel must be members of the Strategic Board. The membership of the Investment Panel consists of:
  - a. the Chair of the Strategic Board;
  - b. 6 County/Unitary Council Representatives;
  - c. 6 Private Sector Business Representatives, including 2 from TES, 2 from KMED and 2 from across SE and OSE;
  - d. 1 Higher Education Representative; and
  - e. 1 Further Education Representative.

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- vi. The Investment Panel is a closed meeting but the dates for the meetings, the meeting agenda, reports and minutes shall be made [available on the website](#).

### I.3. Accountability Board

- I.3.1. The Accountability Board provides the accountability structure for decision-making and approval of funding within the overarching vision of the Strategic Board. No changes to the structure of the Accountability Board are proposed as a result of the LEP Review.
- I.3.2. The Accountability Board operates under a Joint Committee Agreement, signed by each of the six County/Unitary Councils within the SELEP area. A revised Joint Committee Agreement has been created to take into account the establishment of SELEP Ltd. This is part of the Framework Agreement which has been agreed in principle by the partner organisations and signed before the beginning of financial year 2020/21.
- I.3.3. The Accountability Board is responsible for the sign-off of all funding decisions, having regard to the Independent Technical Evaluator (ITE) recommendations, as detailed in V.1.1 below. This includes any direct awards of funding from the Government, such as for Department for Transport retained schemes.
- I.3.4. The responsibilities of the Accountability Board are summarised below:
  - i. Appraisals and approvals of capital grants and loans with regard to the ITE recommendations;
  - ii. Monitoring project assessment, implementation and delivery;
  - iii. Ensuring accountability from each of the federated areas relating to expenditure and programme delivery (through their responsible Section 151 Officer);
  - iv. Approving project changes;
  - v. Quarterly performance reporting on an exception's basis to the Strategic Board;
  - vi. Reporting on progress to Government;
  - vii. Any other accountability or assurance function required by Government or recommended by the auditors or the S151 Officer of the Accountable Body;
  - viii. Agreeing all new or revised processes in relation to the spend of grant funding;
  - ix. Agreeing the annual budget of the Secretariat, plus any subsequent variations to that budget. Once agreed, the budget will be managed under the Financial Regulations of the Accountable Body and the associated Scheme of Delegation;
  - x. Providing comment on changes to the Assurance Framework; and
  - xi. Ensuring the implementation of this Assurance Framework
  - xii. The Accountability Board is advised by the Secretariat and the Accountable Body's S151 Officer and Monitoring Officer.

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I.3.5. The Accountability Board membership is as follows:

- i. Voting members:
  - a. 1 member appointed from each of the 6 County/Unitary Councils.
- ii. Non-voting co-opted members:
  - a. the Deputy Chair of the Strategic Board (Chair);
  - b. one member appointed by the Accountability Board on the nomination of the higher education sector;
  - c. one member appointed by the Accountability Board on the nomination of the further education sector.

I.3.6. Any funding allocated for pan-LEP projects will be managed in accordance with the arrangements agreed at the time of the allocation by the Accountability Board, with updates provided to the Strategic Board as required.

### I.4. Responsibilities of the Board Chairs

I.4.1. The responsibilities of the Chair of the Strategic Board and the Investment Panel are set out in the Terms of Reference (D.5 above); however, in relation to this Assurance Framework, the following specific responsibilities are applicable:

- i. Demonstrating the highest levels of integrity, honesty and transparency;
- ii. Maximising connections with Small and Medium-sized Enterprises (SMEs) across the SELEP area;
- iii. Providing an annual statement on the status of governance and transparency in conjunction with the Chief Executive Officer. This statement will be explored in greater detail during the Annual Performance Review process with Government, and published on the website;
- iv. The Communication Strategy (P.1 below);
- v. Supporting any resolutions of conflict between the Accountable Body and the Accountability Board (R.7 below);
- vi. Ensuring that declarations of interest are requested, and acted upon, at the outset of each Strategic Board and Investment Panel meeting (N.5 below).

B.5.2. The Accountability Board Chair, as a non-voting private sector representative, is responsible for:

- i. Demonstrating the highest levels of integrity and honesty;
- ii. Ensuring that the decisions made by the Accountability Board are consistent with the strategic direction set by the Strategic Board; and
- iii. Ensuring that declarations of interest are requested, and acted upon, at the outset of each Accountability Board meeting.

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### I.5. Federated Boards

I.5.1. The Federated Boards are the local public/private partnerships which support the SELEP Ltd (H.2 above). The Federated Boards utilise public and private sector knowledge and expertise to identify priorities that will deliver the greatest benefit to the SELEP area.

- i. They have responsibility in their respective areas for:
  - a. leading the opening call for capital funding projects ~~for~~ and ensuring the call is widely publicised; ~~(except for COVID-19 Recovery funding);~~
  - b. the identification and prioritisation of capital projects for investment by SELEP Ltd, prior to projects being prioritised at a pan-LEP level by the Strategic Board/Investment Panel (depending on funding stream);
  - c. overseeing SELEP Ltd capital investment programmes within the agreed local tolerance levels for spending and delivery;
  - d. coordinating reports as required to the Strategic and Accountability Boards;
  - e. identifying local priorities and/or a vision for the federated area which are aligned with SELEP Ltd's Economic Strategy Statement, Local Industrial Strategy and the LEP's approach to project prioritisation;
  - f. enabling collective engagement with all Local Authority leaders within the federated area to ensure that there is a clear mandate for decision making on growth priorities and supporting collaboration and joint delivery at executive level;
  - g. championing successes within their communities, including bringing to the attention of Government local growth projects which should be recognised as innovative, or examples of best practice, and ensuring that stakeholders are able to make informed decisions on local growth matters;
  - h. ensuring ongoing local engagement with public and private sector partners to inform key decisions and set out how they will evidence effective engagement;
  - i. supporting SELEP Ltd's local engagement with, and feedback to, the general public about future strategy development and progress against delivery of the Growth Deal, including key projects and spend against those projects and that this can be evidenced;
  - j. increasing their overall diversity of protected characteristics, including gender, age, ethnic origin, religion and sexual orientation as defined in the Equality Act 2010; and to commit to having at least one third female membership of appointed members of the Federated Board;
  - k. ensuring that the Chief Executive Officer is informed of all meetings and that the Secretariat is given the opportunity to attend;
  - l. working with the LEP to publish arrangements for developing, prioritising, appraising and approving projects, with a view to ensuring that a wide range of delivery partners can be involved;
  - m. providing SELEP Ltd Secretariat with clear and updated nominations for membership of the Strategic Board;
  - n. championing the work of the LEP to local communities; and

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- o. ensuring the transparency and accountability of decisions and recommendations made at local level.
- ii. Each Federated Board shall determine its own board size and ratio of its private / public sector membership, with the following caveats:
  - a. being business led will mean that a majority of the membership is private sector;
  - b. each Federated Board shall conduct its own competitive, open, transparent and non-discriminatory recruitment process in accordance with the SELEP Ltd Board Recruitment Policy. Opportunities for the private sector to be recruited to the Federated Board must be advertised widely, on a variety of platforms to ensure that people across the business community have an opportunity to apply and consider the diversity requirements outlined in this Assurance Framework;
  - c. each Federated Board's process for board member recruitment will be set out within their Terms of Reference (H.2 above);
  - d. each Federated Board should ensure that their membership provides representation which is diverse and reflects the local population and business community.
  - e. the total number of SELEP Ltd Members is limited to 50 for each Federated Board, as stated in the [Articles of Association](#).
- iii. Federated Boards are required to publish their Terms of Reference (H.2 above) which meet the minimum requirements of Federated Boards, as set out in section ii above) This must be consistent with the same high level of governance and transparency that is required of the SELEP Ltd, as set out in this Assurance Framework and associated policies.
- iv. Each Federated Board will ensure it complies with the LEP Governance and Transparency Best Practice Guidance (D.2 above). Each Federated Board will be required to ensure it has in place the following policies, through agreeing to adopt the SELEP Ltd policy or publication of their own policy, and that the policies are published on its own and/or the SELEP Ltd website:
  - a. Confidential reporting procedures for third parties and the public;
  - b. Whistleblowing Policy;
  - c. Code of Conduct for Board Members; and
  - d. Register of Interests Policy.
- v. Each Federated Board will comply with the Local Government Act 1972 requirements for the publication of meeting agendas and meeting minutes (Q.3 below).
- vi. Federated Board meeting papers and minutes shall be made available to Strategic Board members on the SELEP website.
- vii. The membership of SELEP Ltd is made up of members of the Federated Boards. Up to 50 members from each Federated Board are eligible for membership of SELEP Ltd. When Federated Board members cease to be members of the Federated Board they are expected to relinquish their SELEP Ltd membership at that time

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### J. SECRETARIAT/CHIEF EXECUTIVE OFFICER

- J.1. The Chief Executive Officer is responsible for the following activities pertaining to this Assurance Framework:
- J.1.1. ensuring, on behalf of the Accountability Board, that the Assurance Framework is being fully implemented and embedded within the activities and operations of the SELEP Ltd, and that the Accountability Board is updated on areas of risk of non-compliance at each Board meeting as appropriate;
  - J.1.2. providing, on an annual basis, in conjunction with the Strategic Board chair, a statement on the status of governance and transparency within SELEP Ltd. This statement will be explored in greater detail during the Annual Conversation process with Government. This statement will be published [on the SELEP website](#);
  - J.1.3. Providing a formal joint Annual Governance statement that has been prepared in conjunction with the Section 151 Officer of the Accountable Body and which is [reported to the Strategic Board](#);
  - J.1.4. keeping records which demonstrate that the SELEP Ltd meets all legal obligations and all other compliance requirements placed upon them, ensuring these are accessible if requested;
  - J.1.5. ensuring that SELEP Ltd cooperates with stakeholders and other regeneration organisations;
  - J.1.6. ensuring that the Secretariat acts as an independent secretariat to the SELEP Ltd and Accountability Board. This includes providing impartial advice and support to all Board members;
  - J.1.7. delegated responsibility to approve up to £1m of expenditure/income within the Accountability Board approved operational budget;
  - J.1.8. publishing as a Chief Officer Action on the [website](#), all decisions made under the Chief Executive Officer's delegated responsibilities; these must be in line with:
    - i. the Accountable Body's scheme of delegation and Financial Regulations;
    - ii. respective decisions made by the Accountability Board and the Strategic Board, including decisions related to the approved budget of the Secretariat;
    - iii. this Assurance Framework.
- J.2. Salary information for the Chief Executive Officer will be published on [the SELEP website](#).
- ~~J.3. The Chief Executive Officer is employed by the Accountable Body but works under the direction of the Chair, the Strategic Board and the Accountability Board.~~
- ~~J.4. The Chief Executive Officer and Chief Operating Officer have been appointed as [hold Power of Attorneys on behalf of SELEP Ltd under a Power of Attorney. This is to allow them to jointly:](#)~~
- ~~J.4.1. [execute legal documentation on behalf of the company following a decision of the Board to enter into agreements;](#)~~
  - ~~J.4.2. [sign executive letters of support on behalf of SELEP Ltd following an assessment by the Chief Executive Officer/Chief Operating Officer that the project aligns with SELEP Ltd's strategies.](#)~~

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~~J.3-J.5.~~ The Power of Attorney is for a period of 12 months. This will be reviewed to ensure that it is still appropriate and will be renewed on a 12-monthly basis. The Board will be provided with details of where this power has been exercised on their behalf at each general meeting of the Strategic Board.

~~J.4-J.6.~~ The Secretariat is responsible for:

- ~~J.4.1-J.6.1.~~ overseeing the working groups (K.1 below);
- ~~J.4.2-J.6.2.~~ making recommendations to the Accountability Board and Strategic Board;
- ~~J.4.3-J.6.3.~~ providing impartial advice to all Accountability and Strategic Board members;
- ~~J.4.4-J.6.4.~~ engaging with the Federated Boards;
- ~~J.4.5-J.6.5.~~ production and day to day implementation of the Delivery Plan, to be agreed by the Strategic Board in advance of each financial year. This will define the activities to be undertaken during the financial year, along with Key Performance Indicators (KPI); progress against which will be reported to the Strategic Board throughout the year;
- ~~J.4.6-J.6.6.~~ production of the Annual Report, which will review SELEP Ltd's performance against the agreed KPIs set out in the Delivery Plan and be presentation at each Annual General Meeting (AGM);
- ~~J.4.7-J.6.7.~~ practical co-ordination and organisation of meetings (including the AGM, a public meeting annually in July, an opportunity to engage with the wider business community), Strategic Board minutes, preparation of papers and maintenance of the website;
- ~~J.4.8-J.6.8.~~ ensuring appropriate engagement with stakeholder, local partners, neighbouring LEP's, and Government (P.5 below);
- ~~J.4.9-J.6.9.~~ carry out the day to day business of the LEP in compliance with the requirement of the National Assurance Framework and this Local Assurance Framework, and SELEP's own policies;
- ~~J.4.10-J.6.10.~~ ensuring the Central Government Growth Deal branding guidance is adhered to;
- ~~J.4.11-J.6.11.~~ management of financial and operational risk by the Chief Operating Officer;
- ~~J.4.12-J.6.12.~~ management of project and capital programme risk by the Capital Programme Manager;
- ~~J.4.13-J.6.13.~~ induction of new Secretariat team members, incorporating ECC training (including GDPR and Diversity and Equality);
- ~~J.4.14-J.6.14.~~ ensuring that SELEP Ltd is properly administered through the establishment and maintenance of registers of Directors and Members and the correct filing of information with Companies House and properly administered for the purposes of Company law and regulation.

### K. WORKING GROUPS

- K.1. The SELEP Ltd may establish, as it considers appropriate, informal non-decision-making working groups to provide expertise and support to the Strategic and Accountability Board, in shaping its strategy or delivering pan-LEP priorities. Each group operates according to their own terms of reference.
- K.2. Currently the SELEP Ltd is supported by the following groups which lead on specific work streams as required:
  - K.2.1. Sector Working Groups
    - i. Coastal Communities

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- ii. Enterprise Zones
- iii. Housing and Development
- iv. ~~Skills Advisory Group~~ Working Group
- v. Skills Advisory Panel
- vi. Digital Skills Partnership
- vii. Rural
- viii. Social Enterprise
- ix. South East Creative Economy Network (SECEN)
- x. Tourism
- xi. Transport Officers (meets on ad hoc basis)
- xii. U9 (Universities)
- xiii. Growth Hubs (Business Support)
- xiv. Clean Growth

### K.2.2. Officer Advisory Groups

- i. Senior Officer Group
- ii. Programme Consideration Meeting
- iii. Directors Group

### K.3. The Working Groups should provide the following as a minimum:

- K.3.1. a simple Terms of Reference, which will be made available on the SELEP website;
- K.3.2. a designated direct link to the Strategic ~~B~~board, either through existing representation, or through an existing Board member acting as a champion for the sector;
- K.3.3. notification of future meetings and meeting notes made available on the SELEP website;
- K.3.4. clarifications around how federal areas have been engaged in any process which culminates in recommendations being made to the Strategic Board;`
- K.3.5. an action plan which clearly associates milestones, outputs and monitoring arrangements when SELEP funding is being spent;
- K.3.6. an assurance that SELEP funding will not be used until full approval has been sought from SELEP; and

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- K.4. updates to Strategic Board meetings, and Federated Boards where there is specific local interest in their work. Through the working group activities, representation, and involvement with other organisations across a wider geography, the SELEP Ltd actively engages in cross-LEP working on strategic issues. This includes, but is not limited to, joint working with neighbouring LEPs regarding:
  - K.4.1. The development and implementation of the Energy Strategy;
  - K.4.2. The Greater South East Energy Hub;
  - K.4.3. Engagement with Transport Bodies; and
  - K.4.4. Southern LEPs' work programme.
- K.5. There are two groups external to, but critical to SELEP's successful discharge of its duties and will therefore continue to be resourced. These are:
  - K.5.1. the European Structural and Investment Fund (ESIF) sub-committee, administered by Ministry for Housing Communities and Local Government for the discharge of European funding in the SELEP area;
  - K.5.2. the Thames Gateway Strategic Group, which incorporates South Essex, North Kent and East London, continues to meet to progress the delivery of Government policy objectives in the area and continues to benefit from special ministerial attention.
- K.6. Furthermore, SELEP Ltd is committed to working with the LEP Network to discuss issues of shared importance as a sector, engage Government, and share knowledge and good practice.
- K.7. The SELEP Ltd has four enterprise zones:
  - K.7.1. Discovery Park, Kent;
  - K.7.2. Harlow, Essex;
  - K.7.3. North Kent;
  - K.7.4. Newhaven, East Sussex.
- K.8. The Strategic Board has overall oversight for the Enterprise Zones, however day to day management and the development of Enterprise Zone strategy sits at the local level.
- K.9. SELEP Ltd secured a City Deal for Southend, which has now evolved into a new area of work with The Hive Enterprise Centre and has also received funding from the Local Growth Fund (LGF). The Strategic Board receives regular updates on the progress of ~~LGF~~ projects which have received SELEP investment, which includes work from the City Deal.
- K.10. Ultimate leadership of the South East Business Hub (Growth Hubs) sits with the Strategic Board. Any strategic decisions pertaining to the Growth Hubs are raised at the Federated Boards, considered by the working group and taken to the Strategic Board where appropriate.

## L. THE ACCOUNTABLE BODY

### L.1. Introduction

- L.1.1. As the Accountable Body, Essex County Council, retains overall legal accountability for the funding streams, and is responsible for overseeing the proper administration of financial affairs when these affairs relate to public funds.

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~~L.1.2. Essex County Council (ECC) will take a decision to Cabinet in early 2020, to formally agree to be the Accountable Body of SELEP Ltd. Essex County Council's Cabinet agreed that the organisation would continue to act as the Accountable Body for SELEP on 21 January 2020. Essex County Council Cabinet approved a decision to act as Accountable Body in March 2013 and this decision stands until revoked.~~

~~L.1.3.~~ ~~L.1.2.~~ The complementary roles of both the financial responsibilities of the Accountable Body and the leadership role and responsibilities of the SELEP Ltd are supported by a set of agreed systems and practices which are managed through the Accountability Board. This ensures proper, transparent decision making which delivers value for money and supports timely, informed decision making by the SELEP Ltd.

~~L.1.4.~~ ~~L.1.3.~~ The Accountable Body will receive funds from Government on behalf of the SELEP Ltd.

~~L.1.5.~~ ~~L.1.4.~~ The Framework Agreement in place before the 20/21 financial year between SELEP Ltd, the respective County and Unitary Authorities, including Essex County Council clearly defines the roles and relationships between the SELEP Ltd and the Accountable Body; this will be supported by a service level agreement (SLA) which will be agreed between the Accountable Body and SELEP Ltd and published on the SELEP Ltd website. The SLA will set out how the Accountable Body will collaborate with the SELEP Ltd to ensure that the terms of the Framework Agreement and the SLA are met.

~~L.1.6.~~ ~~L.1.5.~~ The Accountable Body is responsible for ensuring that the usual Local Authority checks and balances apply to the awards of public funding directed by the Accountability Board. The Accountable Body cannot use funding allocated to the SELEP Ltd for its own purposes, without a clear mandate from SELEP Ltd

### L.2. Functions of the Accountable Body

L.2.1. The Accountable Body, with oversight as appropriate from the Section 151 Officer, the Monitoring Officer and the Senior Information Risk Owner, are responsible for the following:

- i. The managing of grant income received, payments out and any applicable repayments to be accounted for and administered correctly;
- ii. to publish -annual accounts which include the funding they receive from government on behalf of LEPs, to be linked on the SELEP Ltd website;
- iii. the provision of a Treasury Management function in relation to cash balances held by Accountable Body on behalf of the SELEP Ltd. This function will be administered in accordance with the approved Treasury Management Strategy of the Accountable Body;
- iv. to account for all spend and income made or received by the SELEP Ltd;
- v. to ensure there are arrangements for local audit of funding allocated to partners by the SELEP Ltd at least equivalent to those in place for Local Authority spend; and
- vi. the use of resources is managed in accordance with the Accountable Body's established processes including financial regulations and contract regulations.
- vii. An oversight function which will ensure:

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- a. all decisions are made, and funds used, in accordance with the conditions placed on each grant by the respective awarding body;
- b. all decisions and activities of the SELEP Ltd conform with all relevant law (including State Aid and Public Procurement), and ensuring that records are maintained so that this can be evidenced; the Accountable Body shall be responsible for the management of this if challenged;
- c. the SELEP Ltd Local Assurance Framework is adhered to;
- d. all reports placed before the Strategic and Accountability Board are reviewed by the Accountable Body, who will include the details of any implications arising as a result of the decision being sought within the report prior to publication;
- e. all grants are transferred to Partner Authorities under an SLA or grant agreement, as appropriate, which reflects the grant requirements of the awarding body and any additional requirements agreed by the SELEP Ltd Strategic Board and/or Accountability Board;
- f. all loans are transferred to Partner Authorities under a loan agreement, which reflects the loan requirements of the awarding body and any additional requirements agreed by the SELEP Ltd Strategic Board and/or Accountability Board;
- g. the official record of the SELEP Ltd proceedings is maintained and copies of all SELEP Ltd documents relating to LGF and other funding sources received from Government are held;
- h. appropriate responses to Freedom of Information requests, with regard to the responsibilities of the Accountable Body;
- i. procurement of all contractual services as appropriate and oversight of the contract management arrangements administered by the Secretariat;
- j. all necessary legal agreements are in place, including:
  - SLAs between the Accountable Body and partners;
  - grant agreements and conditions; and
  - an annual assurance statement is provided by the Section 151 Officer on the governance and transparency arrangements implemented by SELEP Ltd, with a specific requirement to identify any issues of concern to [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk)
- viii. A support function (as agreed with the SELEP Ltd):
  - a. providing technical advice on the relevant law;

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## Section 4: Who We Are

- b. discussing risks associated with pursuing a particular course of action for the LEP Board to consider;
  - c. drafting funding agreements and contracts
  - d. provision of advice and support with regard to the financial and legal operation of the SELEP Ltd, as appropriate; and
  - e. the SELEP Ltd is supported in accounting to Government on programme delivery and financial management.
- ix. an audit function:
  - a. the internal audit function of the Accountable Body will undertake an annual risk-based audit programme with SELEP Ltd; and
  - b. arrangements will be made to provide an external audit of the accounts of the monies held on behalf of SELEP Ltd.
- L.2.2. In providing the support set out above, consideration is given to ensuring that the standards set out in the CIPFA guidance on the role of the Section 151 Officer are met (L.2.7 below).
- L.2.3. The SELEP Ltd and the Accountable Body have agreed timescales and operating practices in place to support decision making, including ensuring that all papers and relevant supporting information are provided to the Accountable Body, to support their review and comments, at least 5 working days in advance of the agreed publishing deadline.
- L.2.4. In addition, where the Accountable Body is required to review or approve reports to Government, or similar by the SELEP Ltd, the report (or equivalent) and all supporting information should be made available to the Accountable Body at least 5 working days in advance of the required completion date.
- L.2.5. The SELEP Ltd and the Accountable Body have agreed timescales and operating practices to support the effective implementation of decisions. These are reflected in the SLAs between the Accountable Body and the partner, and include ensuring that:
  - i. arrangements are in place for monitoring delivery;
  - ii. there are clear expectations in relation to the information required from scheme partners and delivery agents; and
  - iii. when the SELEP Ltd awards funding for a project, that there are written agreements in place between the Accountable Body and the partner, clearly setting out ownership of responsibilities and makes adequate provisions for the protection of public funds (e.g. arrangements to suspend or claw back funding in the event of non-delivery or mismanagement).
- L.2.6. In acting as the Accountable Body for the SELEP Ltd, the role of the Authority's Section 151 Officer, in overseeing the proper administration of financial affairs, is extended to include those of the SELEP Ltd.

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## Section 4: Who We Are

- L.2.7. The standards set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) document, "[Principles for Section 151 Officers in accountable bodies](#)", form part of the assurance process undertaken by the Accountable Body on behalf of the SELEP Ltd.
- L.2.8. The following five principles set out in the CIPFA guidance are required to be addressed by the SELEP Ltd and the Accountable Body:
- i. Enshrining a corporate position for the Section 151 Officer in LEP assurance;
  - ii. Creating a formal/structured mandate for the Section 151 Officer;
  - iii. Embedding good governance into decision making;
  - iv. Ensuring effective review of governance; and
  - v. Ensuring appropriate skills and resourcing.
- L.2.9. The Section 151 Officer will exercise their duties in line with the CIPFA guidance and this framework.
- L.2.10. The SELEP Ltd is required to ensure that the Section 151 Officer is given sufficient access to information in order to carry out their role. All SELEP Ltd Board documents should be provided to the Section 151 Officer, and where decisions are being made, the Section 151 Officer should have the opportunity to comment (as per the timescales set out in L.2.3 above).
- i. Details of the checks that the Section 151 Officer (or deputies) has taken to assure themselves that the SELEP Ltd has in place the processes that ensure proper administration of financial affairs in the SELEP Ltd;
  - ii. A statement outlining whether, having considered all the relevant information, the Section 151 Officer believes the financial affairs of the SELEP Ltd are being properly administered (including consistently with the National Assurance Framework (D.2 above) and this framework); and
  - iii. If not, information about the main concerns and recommendations about the arrangements which need to be implemented to get the SELEP Ltd to be properly administered.
- L.3. Accounts and Audit Arrangements**
- L.3.1. The Accountable Body will produce accounts of the monies held on behalf of SELEP Ltd, on an annual basis; these will be subject to External Audit. The Accounts will be considered by the Strategic Board and published on the SELEP Ltd website in a timely manner.
- L.3.2. SELEP Ltd and the Accountable Body will agree an internal audit plan each year. This will include a risk-based audit plan of SELEP Ltd activity that will provide assurance to the Section 151 Officer and the Accountability Board at appropriate points through the year.
- L.3.3. The internal auditors of the Accountable Body provide assurances to the Accountability Board, Secretariat and Accountable Body Section 151 Officer. A key role of the internal auditors is to provide independent assurance that internal controls are designed well, are proportionate to risk and are operating effectively in practice. Following a completed audit, where there are

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## Section 4: Who We Are

recommendations that relate to the SELEP Ltd, these will be reported back to the Accountability Board by internal audit. Accounts are also audited externally and reported to the Strategic Board.

- L.3.4. SELEP Ltd is required to ensure that there are arrangements for funding audit activity.
- L.3.5. As part of the SELEP's incorporation arrangements, SELEP Ltd and the Accountable Body will agree appropriate audit committee arrangements which fit the chosen model of incorporation.
- L.3.6. If the SELEP Ltd decides in future for additional funds to run through its own accounts, they will ensure appropriate external audit arrangements in line with the Companies Act (2006) and consider relevant corporate governance best practice.
- L.3.7. Essex County Council will be adhere in all aspects with respect to the Accountable Body role for SELEP Ltd to:
  - i. the [Financial Regulations and Scheme of Delegation for Financial Management](#);
  - ii. the Procurement Regulations;
  - iii. information handling and data policies; and
  - iv. the Treasury Management Strategy.
- L.3.8. Furthermore, the Secretariat, where they are employed by the Accountable Body, are required to comply with [the Code of Conduct](#) of the Accountable Body plus all agreed policies applicable to employees of Essex County Council.

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### SECTION 5: HOW WE WORK

#### M.PRINCIPLES OF PUBLIC LIFE

- M.1. All SELEP Ltd Board and Federated Board members, advisors and officers are expected to demonstrate the highest standards of conduct when carrying out their responsibilities, and to adhere to their respective authority and business code of conducts or equivalent. As a minimum all members and officers must also comply with the [SELEP Code of Conduct](#).
- M.2. The Code requires that all members of all SELEP Boards and respective officers maintain high standards in the way they undertake their duties. As a Board member they are a representative of SELEP Ltd, and therefore their actions impact on the way in which SELEP Ltd is viewed by the public.
- M.3. The Code also reflects the requirement that all members are required to have regard to the principles of public life, known as the Nolan Principles, contained within the provisions of S.29(1) of the Localism Act 2011, and set out below:
- M.3.1. Selflessness- to serve only the public interest and never improperly confer an advantage or disadvantage on any person.
- M.3.2. Integrity– Not to place themselves in situations where their integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
- M.3.3. Objectivity- Make decisions on merit, including when making appointments, awarding Contracts or recommending individuals for rewards or benefits.
- M.3.4. Accountability– To be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their Office.
- M.3.5. Openness– To be as open as possible about their actions and those of SELEP Ltd and should be prepared to give reasons for those actions.
- M.3.6. Honesty– Not to place themselves in situations where their honesty may be questioned, should not behave improperly and should, on all occasions, avoid the appearance of such behaviour.
- M.3.7. Leadership– Should promote and support these principles by leadership and by example and should always act in a way that secures or preserves public confidence.

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M.4. In signing their SELEP Ltd Register of Interest, Board members and officers are required to agree that they will comply with all SELEP Ltd policies, including, but not limited to, the [Code of Conduct and Gifts and Hospitality Policy](#).

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M.5. The Secretariat are also required to sign up with the Nolan Principles through their contract of employment through Essex County Council, as the Accountable Body.

### N. CODE OF CONDUCT AND REGISTERS OF INTERESTS

- N.1. All members of the Secretariat, Senior Officer Group and Strategic, Accountability and Federated Boards are required to complete a register of Interests form, recording details of any relationship or other financial or personal interest which might conflict with their duties to SELEP Ltd. Declarations must be completed in line with the [Register of Interests Policy](#) and includes individual registers of interest for all Board Members, Federated Board Members, co-opted Members and the Chief Executive (or equivalent). The Register of Interest form should be completed and signed within 28 days of taking up post and before advising or participating in any decision making.
- N.2. Copies of all declarations are retained by the Secretariat and for board members, Federated Board members, co-opted members and the Chief Executive (or equivalent) are published on the website. Excluding the Chief Executive Officer, all other officer registers of interests are held on file but are not published.
- N.3. Each board member must review their individual register of interests before each board meeting and decision-making committee meeting, submitting any necessary revisions at the start of the meeting.
- N.4. All declarations are reviewed every 6 months in accordance with the Register of Interest Policy. However, each member is required to ensure that their declarations are up to date, and therefore must notify the Secretariat of any changes within 28 days of becoming aware of any change in circumstances.
- N.5. All Strategic, Accountability, Investment and Federated Board members (including substitute members) are required to declare interests regarding any items to be discussed at the beginning of meetings, even if the interest is already on the member's Register of Interests form. Such declarations and associated actions taken will be recorded in the minutes of the meeting which are available on [the website](#).
- N.6. Where there is a potential conflict of interest between the commercial enterprise and activities of the Partner Authority and the decision making by the Boards, Board members and officers are required to advise the Chief Executive Officer in advance of the meeting and to declare such interests during the relevant meeting.
- N.7. Conflicts of interest will be managed in accordance with the [Register of Interest Policy](#). This policy sets out the process for managing Disclosable Pecuniary Interests and code interests during the course of meetings.
- N.8. Where a Disclosable Pecuniary Interest declaration has been made, the board member must:
  - N.8.1. withdraw from the room where the meeting considering the business is being held, at the time that the item of business is being discussed; and
  - N.8.2. not participate in any debate or vote on the matter.

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### O. COMPLAINTS AND WHISTLEBLOWING

- O.1. The SELEP Ltd is committed to creating a work environment with the highest possible standards of openness, probity and accountability. In view of this commitment we encourage employees and others with serious concerns about any aspect of SELEP Ltd's work to come forward and voice those concerns without fear of reprisal.
- O.2. Employees and those working closely with SELEP Ltd should follow the [Whistleblowing Policy](#), third parties and members of the public should follow the [confidential complaints procedure](#), as detailed in the Confidential Reporting of Complaints Policy.
- O.3. These policies are available on the website and provide details of:
- i. the relevant contacts for disclosers to contact;
  - ii. the confidential process by which complaints will be considered and respond to; and
  - iii. the timescales for response by the responsible officers.

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- O.4. Confidential complaints and whistleblowing are managed by the Secretariat's Governance Officer and Chief Executive Officer, who will maintain a record of all complaints received.
- O.5. If the complainant is not satisfied with the outcome of the complaint or how the complaint procedure has been followed, this should first be escalated to the Accountable Body, Essex County Council. If it is not possible to resolve the complaint at this stage, then it will be referred to the Cities and Local Growth Unit at MHCLG.
- O.6. The Cities and Local Growth Unit will be informed of any concerns raised under the whistleblowing procedure by e-mailing [LEPPolicy@Communities.gsi.gov.uk](mailto:LEPPolicy@Communities.gsi.gov.uk) or by writing to: LEP Policy Deputy Director, Cities and Local Growth Unit, Fry Block, 2 Marsham Street, London, SW1P 4DF.
- O.7. Each County and Unitary Council member of Accountability Board is responsible for handling and responding to Freedom of Information and Environmental Information Regulations requests relating to SELEP funded activities within their authority. All responses are prepared in consultation with the Secretariat.
- O.8. All other requests received by the Secretariat and the Accountable Body shall be handled and responded to by the Accountable Body with the support of the Secretariat. All partners will support the Accountable Body in responding to requests for information in a timely manner to ensure that appropriate responses are provided within the stipulated 20 working days.
- O.9. The SELEP Ltd has data protection arrangements in line with the [General Data Protection Regulations](#) (GDPR) and the [Data Protection Act 2018](#). The SELEP Ltd acts in accordance with the policies of the Accountable Body, Essex County Council.

### P. COMMUNICATIONS AND ENGAGEMENT

- P.1. Through the chair, the Strategic Board shall be responsible for the SELEP Ltd's communications strategy. This shall include communications to Strategic Board members, participating organisations and the wider public, and the maintenance of an up-to-date, relevant and accessible website. The Secretariat shall be responsible for implementation of the communications strategy.
- P.2. SELEP Ltd is committed to complying with the Government's branding and communication guidance for all LGF projects. The requirement for Local Partners to also comply with this guidance is set out within SLA and the grant agreements under which the funding is transferred from the Accountable Body to Local Partners.
- P.3. A [dedicated website](#) for the partnership is available for local partners and members of the public. The website is updated regularly and provides a source of information about partnership and its activities, to ensure transparency. The website provides access to a range of documents and information, including:
  - P.3.1. details of progress made on implementing the [Growth Deal](#);
  - P.3.2. updates on the delivery of individual [LGF](#), [GBF](#), [GPF](#) and [SSF](#) projects;
  - P.3.3. information about available funding [opportunities](#) and how open calls for projects will operate, including details of the criteria against projects will be assessed;
  - P.3.4. [contact details](#) for the Secretariat;
  - P.3.5. Access to all [key documents](#) and [policies](#); including the Assurance Framework, Annual Report, Delivery Plan, Local Industrial Strategy, Economic Strategy Statement, Board member and Chief Executive Officer Registers of Interests, and the following policies:

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## Section 5: How We Work

- i. Code of Conduct;
- ii. Confidential Reporting of Complaints Policy;
- iii. Whistleblowing Policy;
- iv. Register of Interest Policy;
- v. Declaration of Interest- Guidance;
- vi. Board Recruitment Policy;
- vii. Subsistence and Hospitality Policy;
- viii. Gifts and Hospitality Capture and Declaration Form; and
- ix. Public Questions Policy.
- x. forward plans;
- xi. agendas;
- xii. reports and business cases;
- xiii. annual Delivery Plan;
- xiv. annual financial statement;
- xv. annual assurance statement;
- xvi. information on the process for applying for funding;
- xvii. minutes;
- xviii. summary of decisions of the SELEP Ltd Boards.
- xix. The website can be accessed at <http://www.southeastlep.com/>.

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- P.4. [In addition to being published on the SELEP Ltd website, all Accountability Board agendas, decisions and minutes are also published on the Accountable Body website and the websites of the six local authorities who are partners to the Accountability Board, which can be accessed at via their websites <http://cmis.essexcc.gov.uk/essexcmis5/Home.aspx>](http://cmis.essexcc.gov.uk/essexcmis5/Home.aspx)
- P.5. SELEP Ltd ensures there is appropriate local engagement (with public and private stakeholders, and the general public) to inform key decisions around future strategy development. This includes sub-regional events and regular updates to stakeholders through a range of social media. As part of the Local Industrial Strategy development and wider team activities, measures will be put in place to evidence engagement, including a log of engagement activity.
- P.6. SELEP Ltd actively cooperates and engages constructively with stakeholders and other regeneration organisations. These include:
- P.6.1. Government departments;
  - P.6.2. subnational bodies;
  - P.6.3. Local Authorities;
  - P.6.4. third sector representatives;
  - P.6.5. the general public;
  - P.6.6. the local business community;
  - P.6.7. community interest groups;
  - P.6.8. universities and research institutions;
  - P.6.9. Mayoral Combined Authorities (MCAs); and
  - P.6.10. other LEPS.
- P.7. SELEP Ltd works collaboratively on projects or decisions which are likely to have an effect across MCA or LEP borders or significantly affect the plans of another MCA or LEP.
- P.8. A forward plan of funding decisions is published 28 days in advance of Accountability Board meetings to provide awareness of forthcoming decisions to the Accountability Board, and to enable the opportunity for comments to be raised by stakeholders and members of the public in advance of the meeting reports being published.
- P.9. The Federated Boards are the primary forum for engagement with local businesses, councils and members of the public. The public and private sector knowledge and expertise on the boards enables effective and meaningful engagement of local partners; this informs key decisions, future strategy development, the development of projects, and provides delivery of the greatest benefit to the area.

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### SECTION 6: HOW WE MAKE DECISIONS

#### Q. MAKING AND RECORDING DECISIONS

- Q.1. Clear systems, rules, practice and processes are in place to ensure that decisions are made on a transparent basis, by the appropriate person or groups and on merit.
- Q.2. Arrangements are in place to support the effective and meaningful engagement of local stakeholders and the public. The Strategic Board, Accountability Boards and Investment Panel operate with transparency, openness and good communication, with processes in place to ensure that these principles are replicated as part of the decision-making processes.
- Q.3. Meetings of the Strategic and Accountability Boards are open to members of the press and public, except for any items that should be treated confidentially (Q.9 below). [The Public Questions Policy](#) sets out the process under which questions can be made by a member of the public to either board. Filming or recording of proceedings can take place, provided that they are agreed in advance with the Secretariat and at the discretion of the board chair.
- Q.4. The quorum requirements of the Strategic Board and details regarding Electronic Procedures are continued within the Terms of Reference.
- Q.5. All decisions undertaken by the Investment Panel, Strategic or Accountability Board must be supported by a full written paper. This must provide details of the decision being sought and contain all relevant information to enable an informed decision. All reports will be reviewed by the Accountable Body prior to publication, who will add the details of any implications arising as a result of the decision being sought. If appropriate, the Accountable Body will provide comments on the financial and legal implications of recommendations being made to the Accountability Board.
- Q.6. All papers relating to the Accountability Board are made [available on both the SELEP Ltd](#) and the Accountable Body website. Papers relating to the Strategic Board and Investment Panel are made available on the [SELEP Website](#).
- Q.7. All papers are published at least 5 clear working days before the meeting, except for papers containing confidential information (Q.9 below), or in extreme circumstances where it is not possible to circulate papers in advance.
- Q.8. These timelines for publications of papers are clearly outlined on the SELEP website.
- Q.9. Please see the SELEP Ltd Articles of Association for the definition of confidential information.
- Q.10. Where information that is necessary to support a Board decision is exempt from publication, in line with the requirements above, this is clearly stated on the respective meeting agenda, with the reason for the exemption included. The standard reporting template must be applied when publishing all meeting agendas to ensure that appropriate reference is made to exempt items.
- Q.11. Board members and officers in receipt of confidential information (Q.9 above) from the SELEP Ltd are required to adhere to the Code of Conduct and the ECC Confidential Information Policy which sets out the expectations of members and officers when handling confidential information.
- Q.12. Any breaches to the handling of confidential information will be dealt with in accordance with the Accountable Body's policies and in compliance with the appropriate Government legislation.

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## Section 6: How We Make Decisions

- Q.13. All key decisions, where there is likely to be a significant impact, or the decision involves a saving or spend of over £500k, taken by the Accountability Board, are published on the Forward Plan and [available on both the SELEP](#) Ltd and Accountable Body websites, 28 days before the decision is taken. This ensures transparency around future decisions.
- Q.14. All decisions made by the Chief Executive Officer that are Chief Officer Actions under the Financial Regulations and associated scheme of delegation of the Accountable Body, shall also be [published on the SELEP website, including those made under the Power of Attorney](#).
- Q.15. Draft minutes of all meetings are publicly available on [the SELEP website](#) no more than 10 clear working days after the meeting and will similarly be published in final form no more than 10 clear working days following approval by the respective board. Those minutes relating to exempt items under Schedule 12A are not published but are stored confidentially by the Secretariat.
- Q.16. The Accountability Board summary of decisions shall be [published](#) as soon as practicably possible following the meeting.
- Q.17. Any declaration of interest made at the meeting must be included in the minutes of the meeting and must document:
- Q.17.1. The nature of the interest (pecuniary or code);
- Q.17.2. What the declaring member did during the item to demonstrate the interest was handled appropriately.
- Q.18. When there is a new declaration of interest, this must also be updated on the relevant member's register of interest.
- Q.19. For each quarter of the financial year, a table of decisions taken by the Accountability Board, Federated Boards or under the Chief Executive Officers delegated budget during that quarter, will be made available on the [SELEP website](#).

### R. SCRUTINY ARRANGEMENTS

- R.1. There are scrutiny arrangements in place for all funding decisions taken by the Accountability Board.
- R.2. Accountability Board decisions may be called-in by members of any Partner Authority in the same way they call-in decisions of their own executive arrangements, subject to:
- R.2.1. the decision may not be called-in after 5pm on the third working day after the date of publication by the Accountable Body; and
- R.2.2. call-in may only be made if the decision affects that partner area.
- R.3. If a decision is called-in, a two-stage process will be followed:
- R.3.1. a meeting will be held between the chair of the Accountability Board, the member calling it in, and the relevant member of Accountability Board. In addition, the Accountable Body representative, Secretariat and local partner officers may also be in attendance. If the call-in is not withdrawn, it shall be referred to the Local Authority scrutiny committee;
- R.3.2. the Local Authority scrutiny committee will be required to consider the decision and either agree to take no further action, at which point the decision will come into effect, or to refer the decision back to the Accountability Board for re-consideration with a record of the committee's concerns. This second consideration of the decision by the Accountability Board cannot be challenged through the scrutiny arrangements.

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## Section 6: How We Make Decisions

- R.4. This process is compliant with the Joint Committee Agreement (JCA) within the [Framework Agreement](#) and ensures that scrutiny is managed in a way that gives equal footing for all partners.
- R.5. Requests to attend County/Unitary Council Scrutiny Committees within the SELEP are welcomed, and attendance prioritised.
- R.6. Challenge sessions will be included within each meeting of the company membership.
- R.7. The Accountable Body would not be required to comply with an Accountability Board decision in the following circumstances:
  - R.7.1. the decision does not comply with the financial regulations of the Accountable Body;
  - R.7.2. the decision would be contrary to any requirements laid out in all agreements, including the SLA and the Joint Committee Agreement, for which the Accountable Body is responsible;
  - R.7.3. the decision is unlawful; or
  - R.7.4. the decision does not comply with the requirements of this Assurance Framework.
- R.8. In circumstances where there is a conflict between the ~~Accountable Body and the Accountability Board~~any of the three parties (the Accountable Body, the Accountability Board and/or SELEP Ltd), the following process will be used to resolve the issue:
  - R.8.1. in the first instance, any dispute will be escalated to the chair of the Strategic Board and the Section 151 Officer of the Accountable Body within 10 working days of the dispute arising. The chair of the Strategic Board and the Accountable Body Section 151 Officer will discuss and, in good faith, attempt to agree on the action required to resolve the issue;
  - R.8.2. if the Chair of the Strategic Board and the Section 151 Officer of the Accountable Body are unable to resolve the dispute, the matter will be referred to the Government (or grant awarding body, if not the Government) for consideration.

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### SECTION 7: HOW WE MANAGE OUR PROGRAMMES

#### S. VALUE FOR MONEY

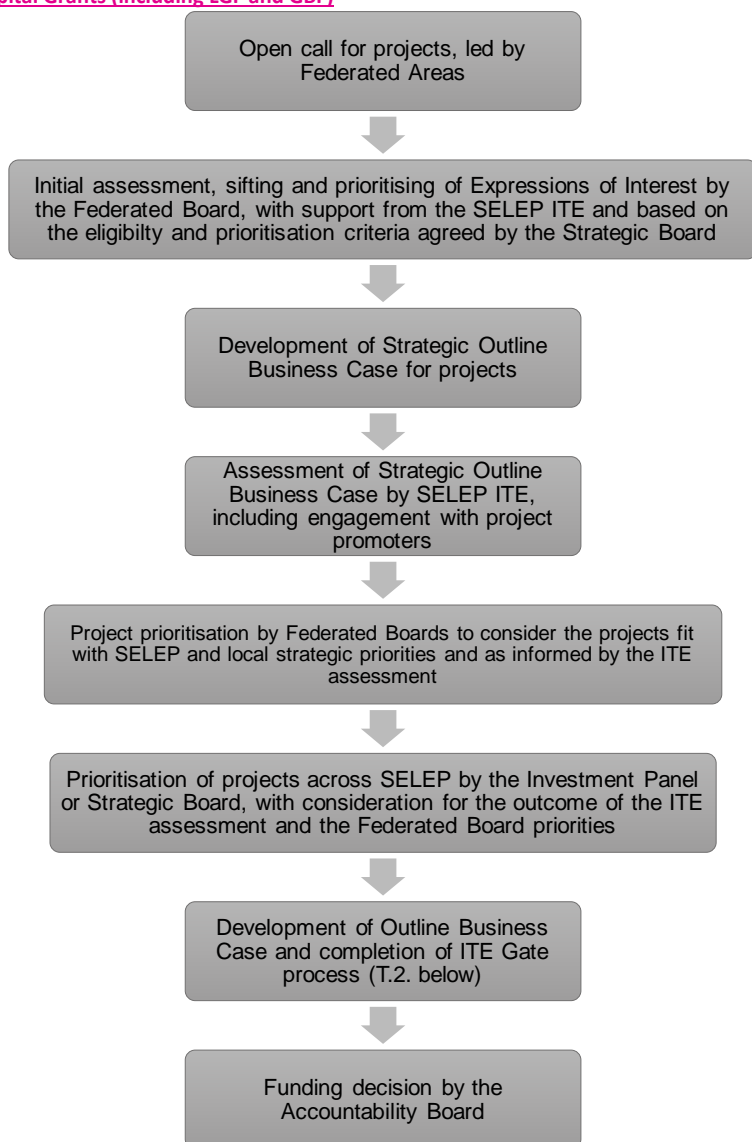
- S.1. SELEP Ltd recognises the need to have robust arrangements in place to ensure value for money and effective delivery through strong project management, project options and appraisal, prioritisation and business case development. This section explains how SELEP Ltd ensures that effective processes are in place.

#### T. EFFECTIVE MANAGEMENT OF RESOURCES

- T.1. The use of resources by SELEP Ltd are subject to the usual Local Authority checks and balances This includes the financial duties and rules which require councils to act prudently in spending, which are overseen and checked by the Responsible Chief Finance Officer of the Accountable Body, the Section 151 Officer.
- T.2. All SELEP Ltd funding transferred to partners is, by agreement, subject to audit by the Accountable Body and, where required, by external auditors appointed to provide the required assurances regarding appropriate use of the funding.
- T.3. Partners are required to maintain a robust audit trail of the use of Government funding, to demonstrate compliance in fulfilling its obligations regarding use of that funding.
- T.4. The Accountable Body will ensure that there are arrangements for local audit of funding allocated by SELEP Ltd which is equivalent to those in place for Local Authority spend.
- T.5. SELEP Ltd is required to ensure that there are arrangements for the funding of audit activity carried out by the Accountable Body.
- T.6. If the SELEP Ltd has additional funds running through its own accounts, they will ensure appropriate external audit arrangements in line with the Companies Act (2006) and consider relevant corporate governance best practice.
- T.7. Through the nominated Section 151 Officer (or equivalent) of the partner organisation, SELEP Ltd, in conjunction with the Accountable Body may undertake an audit of the partner's project to ensure the correct use of funding and may, if necessary, arrange for the recovery of any funds.

### U. PRIORITISATION

#### U.1. ~~LGF~~ Capital Grants (including LGF and GBF)



~~U.1.1.~~ Some steps of this process may be combined if there are significant time constraints ~~, for example, due to Government timescales for the award or spend of grants. This will be communicated to the Strategic Board and partners at the start of the process.~~

~~U.1.1.U.1.2.~~ Through adopting the recommendations of the MHCLG Deep Dive in 2018, the SELEP Ltd is committed to developing and maintaining a single pipeline of LGF projects, ~~should LGF underspend become available.~~

~~U.1.2.U.1.3.~~ As SELEP Ltd covers such a wide geographical area, encompassing several local authorities facing competing challenges, the initial identification and prioritisation of projects is most effectively managed within local areas through the federated model.

~~U.1.3.U.1.4.~~ At the outset of a funding round, the Strategic Board will agree the specific project eligibility and prioritisation criteria to be applied through the process. The Strategic Board may also choose to agree an upper limit on the number of applications submitted and/or the total value of funding that can be sought by a Federated Board for a particular funding round.

~~U.1.4.U.1.5.~~ Upon the funding opportunity being launched by SELEP Ltd, scheme promoters will be invited to complete an Expressions of Interest, using the SELEP Ltd template, for submission to the respective Federated Board.

~~U.1.5.U.1.6.~~ Federated Boards are required to identify and prioritise potential projects with support of the ITE through an open call for projects, publicised widely by SELEP Ltd, Partner Authorities and Federated Boards. As a minimum, funding opportunities are publicised on the website and through the media/social media.

~~U.1.6.U.1.7.~~ The initial assessment and sifting of the Expression of Interest will be undertaken by the Federated Boards, with support from the ITE, to identify the priority projects of the respective Federated Board to be taken forward to the next stage of assessment. The role of the ITE at this stage of the process will be to support local areas in ensuring the suitability of the projects for the funding call, that the projects meet the eligibility criteria and to help identify any showstopper issues.

~~U.1.7.U.1.8.~~ Through the initial Federated Board assessment, consideration will be given for the eligibility and prioritisation criteria, agreed by the Strategic Board for the specific funding opportunity and any upper limits on the number of applications and/or the maximum amount of funding that a Federated Board can seek during a particular funding round.

~~U.1.8.U.1.9.~~ At the Federated Board, there must be a fair and equal opportunity for discussion around the relative merits of each of the projects put forward for the funding opportunity.

~~U.1.9.U.1.10.~~ For those projects supported by a Federated Board, the project promoter will be invited to develop a Strategic Outline Business Case, using the SELEP Ltd template. The Business Case will be assessed by the ITE, with feedback being provided to the project promoter and the respective Federated Board.

~~U.1.10.U.1.11.~~ Project prioritisation will then take place at a Federated Board level to consider each project's fit with the strategic priorities of SELEP Ltd and the Federated Area. This will be informed by the outcome of the ITE assessment and the Federated Board will be asked to focus on their top few priorities relative to the amount of funding available.

~~U.1.11.U.1.12.~~ Should the Federated Board choose to prioritise a project which has been assessed by the ITE as having delivery issues or other project constraints, the burden of proof will be on

the respective Federated Board representative to demonstrate to the Investment Panel how the project risks or issues can be mitigated.

~~U.1.12-U.1.13.~~ The Federated Board will help inform the prioritisation of projects across SELEP and the information presented within the Investment Panel papers. The outcome of the ITE assessment and the Federated Board prioritisation will be used to support the decision making, by the Investment Panel in agreeing a single SELEP Ltd prioritised list of projects.

~~U.1.13-U.1.14.~~ Overall responsibility for the prioritisation of projects at a SELEP Ltd level rests with the Strategic Board, but this role has been delegated by the Strategic Board to the Investment Panel, as a sub-committee of the Strategic Board, for GPF and LGF prioritisation. Strategic Board retains the right to revoke this delegation at any time or chose to prioritise at Strategic Board rather than Investment Panel.

~~U.1.14-U.1.15.~~ The specific eligibility criteria and prioritisation criteria for each funding round will be agreed by the Strategic Board at the outset of the process. As a minimum the prioritisation of projects for funding, will include an assessment of each project based on Her Majesty's Treasury's The Green Book: Appraisal and Evaluation in Central Government ([The Green Book](#)), and related departmental guidance. Prioritisation will give consideration to the five cases listed below:

- i. the strategic case- the project should be aligned with the Economic Strategy Statement and support delivery of the objectives and outcomes contained within the plan;
- ii. the economic case- the projects are expected to deliver high or very high value for money for investment of public funds;
- iii. the commercial case- the proposed deal is attractive to the market place, can be procured and is commercially viable;
- iv. the financial case- the project should demonstrate the proposed funding streams to finance the total project costs and the expected phasing of the funding. There is the expectation that opportunities will be sought to leverage private sector investment and other match funding to support delivery of the project;
- v. the management case- the project should set a proposed plan for project delivery, evaluation, progress reporting and monitoring of benefit realisation. It should also include details of any risks and how these will be managed, including the costs of mitigating these risks.

~~U.1.15-U.1.16.~~ In prioritising projects, consideration will also be given to the phasing, suitability and availability of funding. The application of the five cases should be proportionate to the scale of intervention and the value of funding sought.

~~U.1.16-U.1.17.~~ Any amendments to the prioritisation methodology set out above to reflect, for example, additional funding criteria from Government, will be agreed by the Strategic Board and will be published on the website.

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~~U.1.17-U.1.18.~~ Once project prioritisation has been completed, partners will be required to further develop their business case for investment prior to a funding decision by the Accountability Board.

~~U.1.18-U.1.19.~~ Before a project can be considered for inclusion in the single prioritised list, it must have been developed in consultation with the Federated Board, received Federated Board approval and S151 officer sign off from a Partner Authority.

~~U.1.19-U.1.20.~~ For pan-LEP projects to be brought forward, they must also be prioritised by at least one Federated Area and have received Section 151 officer sign off from a Partner Authority.

### U.2. GPF

U.2.1. On the 4<sup>th</sup> October 2019, the Strategic Board agreed the approach to the reinvestment of GPF capital funding and which is [published on the website](#).

U.2.2. The first stage, for scheme identification and prioritisation, is led by federated areas based on the submission of an expressions of interest form. The initial prioritisation by the Federated Boards considers the projects fit with the GPF eligibility criteria and the projects fit with local and SELEP strategic objectives. Each Federated Board is asked to nominate projects to be submitted for consideration by the SELEP Ltd.

U.2.3. For projects nominated by Federated Boards, scheme promoters are required to complete a strategic outline business case, which will be reviewed independently by the ITE (V.1.1 below),

U.2.4. The independent assessment will be conducted based on the following criteria, as agreed by the Strategic Board:

- i. need for Intervention;
- ii. viability;
- iii. deliverability;
- iv. expected Benefits;
- v. pace of benefit realisation; and
- vi. contribution to the establishment of a revolving fund;

U.2.5. Following the prioritisation of projects by the Strategic Board or Investment Panel, those projects which are successfully allocated GPF are required to complete Gate 2 of the business case review process (V.2.16 below), and fulfil the value for money requirements (V.3.2 below), prior to a funding decision by the Accountability Board.

### U.3. SSF

~~U.3.1.~~ On the 9<sup>th</sup> of June 2017, the Strategic Board approved the use of the GPF revenue grant to support the sector-focused activities that are being undertaken on a pan-LEP basis and predominantly led by the SELEP Ltd working groups. [Further funds were allocated to the SSF on 12~~X~~ June 2020.](#)

~~U.3.1.~~



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- U.3.2. The purpose of the Sector Support Fund (SSF) is therefore to support one-off, discrete pieces of work of a pan-LEP nature, with a sector-focus that brings demonstrable benefits and has support across the SELEP area, including supporting recovery after the COVID19 pandemic and offsetting and impacts of the UK's withdrawal from the EU Brexit. All applications must meet the criteria a set out in the SSF guidance published on the [website](#). The funding will be deployed on a first-come first-served basis for those projects that meet the criteria.
- U.3.3. Each bid must be supported by a completed [SSF application template](#).
- U.3.4. The appraisal of projects will be conducted by the Secretariat, followed by an independent review by the Accountable Body.
- U.3.5. Projects which are successful through the appraisal process will be recommended to the Strategic Board for endorsement, prior to funding being approved by the Chief Executive Officer.
- U.3.6. There will be an opportunity to submit SSF applications at least every six months, subject to sufficient funding being available within the annual allocation agreed by the Accountability Board. The lead dates for the submission of applications will be made available on [the website](#).
- U.3.7. If the total amount of SSF sought exceeds the amount available, then the Strategic Board will be asked to consider and prioritise the applications.

### U.4. COVID-19 Recovery Fundings

- U.4.1. ~~Applications~~ Contracts to deliver the activities identified as part of the COVID19 Recovery Funding will be ~~conducted~~ awarded following through an open and competitive procurement process.
- U.4.2. There will be general principles for all procurements which will include a LEP wide approach, evidence of local employer support and collaboration and a good understanding of the local landscape in terms of the labour market, LEP Economic Strategy Statement and also existing programmes. Provision should not duplicate national mainstream or local funding but should cover gaps (e.g. industry qualifications). Support to specific cohorts will be included, for example to address issues such as gender and ethnic diversity in certain sectors and support for particular age cohorts.
- U.4.3. Contracts will meet the value for money requirements that are part of the Accountable Body's procurement processes.
- ~~The total £4.4million pot will undergo evaluation for value for money in accordance with ECC's procurement processes.~~
- U.4.4. Programmes will be expected to deliver within one year of being awarded the contract.
- U.4.5. All procurement will be subject to other Assurance Framework requirements including openness and transparency, value for money and monitoring arrangements.
- ~~The two streams of COVID 19 Funds will be required to demonstrate programme level value for money before investment is approved by Accountability Board.~~

U.3.7.

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### V. BUSINESS CASE AND GATE ASSESSMENTS

#### V.1. Role of the ITE

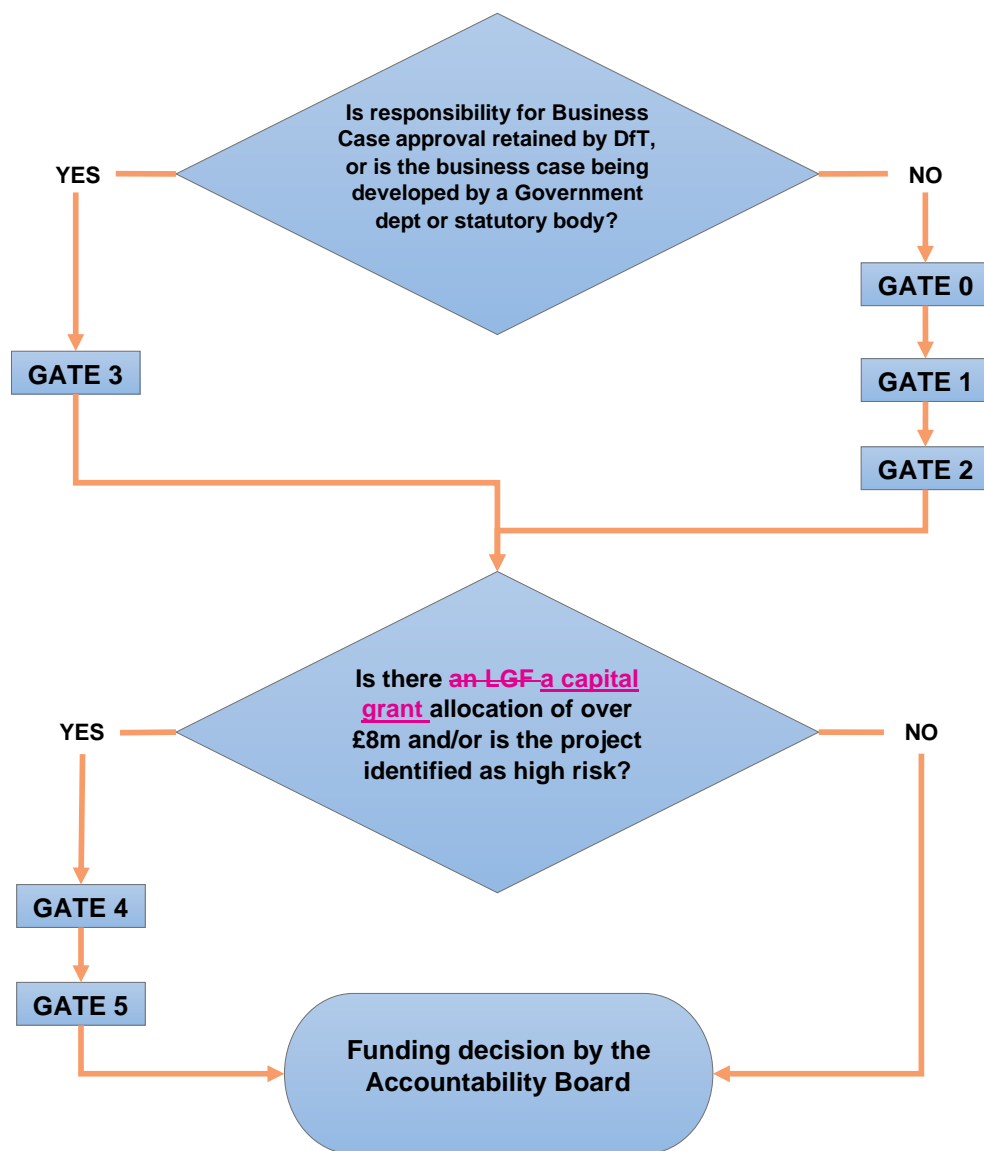
- V.1.1. An independent technical evaluator (ITE) has been appointed by the Accountable Body on behalf of the SELEP Ltd, to provide impartial technical advice to the Strategic Board, the Accountability Board, Investment Panel and local project sponsors on value for money and project deliverability. They are required to make recommendations to the Accountability Board on funding decisions, taking into account the agreed criteria for funding, as set out in the value for money section (V.3.1 below).
- V.1.2. The ITE review and external scrutiny of business cases is the process through which the partnership assures that appropriate checks and balances are completed to ensure that fair and accurate information is presented to decision makers.
- V.1.3. The ITE assessment is based on adherence of individual project business cases to the guidance set out in The Green Book (Q.8 above), and related departmental guidance such as the [Department for Transport's WebTAG](#) (Web-based Transport Analysis Guidance) or the [MHCLG Appraisal Guide](#). The Green Book, WebTAG and MHCLG Appraisal Guide provide proportionate methodologies for project business case appraisal. An assessment pro-forma has been developed based on the guidance and is [available on the Website](#).
- V.1.4. The pro-forma supports the assessment of each project on a consistent basis and is based on the five cases listed in [U.1.15 above](#) ~~U.1.14 above~~, and which reflects the Green Book approach.
- V.1.5. Each project is assessed and then given a RAG rating as follows:
  - i. green- approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the value for money category assessment;
  - ii. amber- approach or assumption(s) out of line with guidance and practice, with limited significance to the value for money category assessment but should be amended in future submissions (e.g. at Gate 2 submission of the Business Case);
  - iii. red- approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the value for money category assessment, requires amendment or further evidence in support before ITE assessment can be passed and recommendations made to the Accountability Board for the approval of the project.
- V.1.6. all funding decisions sought by the Accountability Board will be supported by a recommendation from the ITE.

#### V.2. Process from outline to full business case

- V.2.1. Business cases for all projects must include a value for money assessment and follow the Green Book ([U.1.15 above](#) ~~U.1.14 above~~) guidance on appraisal and evaluation.
- V.2.2. Business cases will also follow Government departmental guidance such as the Department for Transport's [Transport Analysis Guidance](#) (WebTAG) or similar non-transport guidance appropriate to their scheme with appropriate proportionality. Transport projects are defined, within MHCLG's National Assurance Framework (D.2 above), as any scheme that significantly changes the transport network infrastructure, whatever its objective.

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- V.2.3. For transport schemes, central case assessments shall be based on forecasts consistent with the latest version of the [National Trip End Model \(NTEM\)](#) and the appraisal spreadsheets. Assumptions and outcomes must be included in the business case or supporting appendices to be considered by the SELEP Ltd and its appointed ITE.
- V.2.4. For skills schemes funded by ~~the current LGF programme capital grants~~, the business cases will be evaluated based on Skills Funding Agency good practice, advice and guidance, tailored to reflect local circumstances as appropriate, [or other appropriate government guidance](#).
- V.2.5. Each business case will set out a statement of strategic and viable objectives and the specific outcomes that the scheme is intended to achieve.
- V.2.6. The business cases will include sign-off by the promoting partners Section 151 Officer, or equivalent, before being submitted to the SELEP Ltd for ITE review, as per the processes described (V.2.9 below). Where the business case has been developed by a Government department or other statutory body under value for money exemption 2 (V.3.3.ii below), written confirmation is required that an appropriate process has been followed to assure the value for money of this project. The allocation of funding for these business cases is still required to be approved by the Accountability Board.
- V.2.7. The ITE will ensure that the approach taken by partners is robust, consistent with technical guidance and able to withstand scrutiny. In so doing, the ITE will collaborate with partners to minimise the time and cost associated with preparing business cases by adopting practices which are proportionate to the scale of each project.
- V.2.8. All business cases must provide a risk register, project programme, funding profile and monitoring and evaluation plan.
- V.2.9. All ~~LGF capital grant~~ projects which have received a provisional funding allocation and seek funding approval will progress through a business case development progress, known as Gates 0 – 5.
- V.2.10. Only certain ~~LGF capital grant~~ projects will go through a Gate 4 and 5 review. This will include projects with an ~~LGF~~ allocation of over £8m and/or the project is identified as high risk by the ITE [and/or SELEP Secretariat](#). These projects will be identified to the Accountability Board during the early gate submissions.
- V.2.11. Business cases with ~~an LGF a capital grant~~ allocation of over £8m which include a programme of works, where no individual element exceeds a value of £5m, may not be required to go through a Gate 4 and 5 review. These projects will be agreed with Accountability Board on a project by project basis.
- V.2.12. Projects will be exempt from Gate 4 and 5 reviews, if the decision to award the full funding allocation to the project was made in advance of 24<sup>th</sup> February 2017, except where necessitated through the Change Request Process (BB.1.1 below).
- V.2.13. A Gate 4 and 5 review may also be required where a project change necessitates the review of the Project Business Case.



V.2.14. Gate 0:

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- i. through the Capital Programme Manager, the ITE will provide early advice to project promoters on applying the assessment process on a project by project basis, including the appropriate approach and the process, procedures and timescales;
- ii. through a Gate 0 meeting or teleconference, the project promoters will agree with the ITE an approach to the project business case development which is considered proportionate to the project cost, ~~LG~~capital grant ask and is fit for purpose.

### V.2.15. Gate 1:

- i. following Gate 0, project promoters must develop a business case commensurate with an outline business case as guided by The Green Book guidance (V.2.20 below—) on appraisal and evaluation or other relevant Government departmental guidance;
- ii. To progress through Gate 1, the ITE will assess the outline business cases using a standard assessment pro-forma, and will, in the first instance, make recommendations to the Capital Programme Manager, project promoter and relevant partners.

### V.2.16. Gate 2:

- i. all projects will have an opportunity to make changes to the outline business case, following the receipt of feedback from the ITE Gate 1 assessment. Once resubmitted, the ITE will conduct the Gate 2 assessment, using the same assessment pro-forma as for Gate 1;
- ii. based on the Gate 2 assessment, recommendations will be made by the ITE to the Accountability Board on the value for money assessment and the certainty of that assessment's accuracy. The Accountability Board will then decide whether to approve the funding allocation. This may be subject to completion of Gate 4 and 5.
- iii. For projects which are required to complete Gate 4 and 5, a proportion of the funding can be approved following Gate 2, to support the capital spend on the development of the project, prior to full business case approval following Gate 5. The approval of funding on this basis is at the discretion of the Accountability Board and requires risk acceptance by the partner regarding repayment of the grant award, should the project not proceed to full delivery.

### V.2.17. Gate 3:

- i. this is for projects for which the responsibility for business case approval is retained by the Department for Transport (DfT), or when the business case is being developed by another Government department or statutory body (excluding local authorities);
- ii. in these instances, the role of the ITE is to review the business case and provide professional advice to the Accountability Board of any key risks or issues arising that need to be considered by the Accountability Board to support the associated decision for funding.

### V.2.18. Gates 4 and 5:

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- i. large schemes with ~~an LGF capital grant~~ allocation of over £8 million, and those considered high risk by the Accountability Board, will be required to go through Gate 4 and 5 to develop a full business case (if agreed with the Accountability Board on the completion of Gate 2);
- ii. as the project is further developed, costs could be significantly different from those estimated at outline business case stage, altering the value for money assessment. This change to project cost would also lead to a requirement for a review of a full business case under the change request process (BB.1.1 below);
- iii. Gate 4 is commensurate with Gate 0, outlining the approach, process, procedures and timescales for development of the full business case;
- iv. Gate 5 is an assurance review of the submitted full business case. The Gate 5 review should take place following detailed design and procurement of the construction contract, but in advance of the construction contract award and construction works commencing. It is not anticipated that this process is iterative. Based on the assurance review, recommendations are made by the ITE to the Accountability Board on the value for money assessment and the certainty of that assessment's accuracy. The Accountability Board will then consider approval of the project for funding.

V.2.19. For projects seeking funding to support the development of a specific business case, the role of the ITE will be to review the intention to develop the business case, and to provide professional advice to the Accountability Board of any key risks or issues arising from that assessment. In such instances, it is expected that the advice will include an indication of whether the business case to be developed will be expected to meet the value for money assessment criteria (V.3.2 below).

V.2.20. Where a package of investment projects is being considered for ~~LGF capital grant funding~~, the partner may bring smaller packages or projects forward through the gate review process as appropriate. Each individual project within the programme should demonstrate benefits which contribute to the strategic and economic objective of the overall programme. The business case should provide evidence that double counting of project benefits has not taken place.

V.2.21. Projects are defined as a package of investment if:

- i. there is a clear strategic case which is consistent for all the packages of investment;
- ii. consistent strategic objectives are defined for the package of investment;
- iii. there is clear evidence that the project directly contributes to the benefits of the package of investment;
- iv. there is clear evidence that the delivery of the project forms an integral part of the programme's strategic objectives and value for money being achieved; and
- v. an ITE review of the package of investment has been completed which confirms that the overall package of investment demonstrates high value for money.

- V.2.22. Where the ~~LGF~~ capital grant allocation to individual projects within a package of investment does not exceed £8m and the package does not present high risk, the package will be exempt from completing Gate 4 and 5.
- V.2.23. The Gate 2 outline business case for the project will be published on the website when it is submitted to the Secretariat and ITE for the Gate 2 review. This will be published at least one month in advance of the Accountability Board meeting at which the funding decision will be taken, subject to the removal of those parts which are commercially sensitive and confidential (Q.9 above).
- V.2.24. For those projects completing a Gate 4 and 5 review, the full business case will also be updated at the point of Gate 5 submission to the Secretariat and ITE. This will be published at least one month in advance of the Accountability Board meeting at which the funding decision will be taken, subject to the removal of those parts which are commercially sensitive and confidential.
- V.2.25. The cost of the ITE completing one review at each gate of the business case review process will be funded through the Secretariat revenue budget for all projects identified within the Growth Deal programme, subject to the County and Unitary Councils maintaining the level of their contribution to the Secretariat budget.
- V.2.26. The cost of an ITE review of a business case will be funded by the partner where a project change request (BB.1.1 below) has triggered the review of the business case on more than one occasion, and where a gate review process needs to be repeated due to:
  - i. the business case being insufficiently well developed to complete a gate of the ITE review process; or
  - ii. the ITE having not been provided with the necessary information to enable them to complete a gate of the review process and make recommendations to the Accountability Board.
- V.2.27. Projects seeking GPF capital loan funding will be required to complete Gate 2 of the business case review process (V.2.9 above) and fulfil the value for money requirements (V.3.2 below).
- V.2.28. Projects seeking funding from the SSF will be subject to an independent review by the Accountable Body proportionate to the investment requested, and in line with the process for awarding the funding as agreed by the Strategic Board in June 2017 and published [on the website](#).
- V.2.29. Any other funding awards will follow the terms and conditions of the grant from the respective awarding body.
- V.3. **Recommendations to the Accountability Board**
  - V.3.1. The ITE shall ensure that all evidence provided by the partners, including value for money, is robust and relevant. They will report back to partners on any inconsistencies that need to be addressed before the ITE review can be completed and the funding decision taken to the Accountability Board. Value for money is assessed based on the methodology outlined in The Green Book (Q.8 above) published by the Treasury or alternative appropriate Government guidance; this assessment includes the calculation of the benefit to cost ratio, which forms part of the value for money assessment.
  - V.3.2. To receive a recommendation for approval, projects should have:

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- i. a clear rationale for the interventions linked with the strategic objectives identified in the Economic Strategy Statement or other Strategy approved by Strategic Board;
- ii. clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account;
- iii. consideration of deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood); and
- iv. a benefit to cost ratio of at least 2:1 or comply with one of the two exemptions listed (V.3.3 below).

V.3.3. Certain projects may be eligible for exemption from the condition stated in (d) above, under one of the following exemptions:

- i. Exemption 1 (all criteria i–v must be met):
  - a. the project has a benefit to cost ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and
  - b. the funding sought from the SELEP Ltd is less than £2m; and
  - c. to conduct further quantified and monetised economic appraisal would be disproportionate to the LGF capital funding ask; and
  - d. there is an overwhelming strategic case (with minimal risk in the other cases of the business case); and
  - e. there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.
- ii. Exemption 2 (all criteria i–v must be met):
  - a. the project has a benefit to cost ratio of over 1:1; and
  - b. there is an overwhelming strategic case that supports the prioritisation of this project in advance of other unfunded investment opportunities identified in the ESS or other strategy; and
  - c. there is demonstrable additionality which will be achieved through investment to address a clear market failure; and
  - d. there are no project risks identified as high-risk impact, and with high probability of that risk occurring, after risk mitigation measures have been considered; and
  - e. there are assurances provided from at least one of the organisations identified below that the project business case, including value for money, has been considered and the organisation have approved the project for funding through their own assurance processes:



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- a Government department;
- Highways England;
- Network Rail;
- Environment Agency; ~~or~~
- Skills Funding Agency; or
- Other Government Agency-

- V.3.4. On completion of a business case review, the ITE will make recommendations to the Accountability Board on projects that perform well against the assessment criteria and therefore should be funded. Where projects do not perform well against the assessment criteria, recommendations will be made back to SELEP Ltd and the promoting authority to either further develop the case for the project, or to consider alternative options.
- V.3.5. The Accountable Body will ensure that all projects sent for approval to the Accountability Board include a value for money statement that has been prepared in line with the requirements set out in this Assurance Framework.
- V.3.6. When funding decisions are considered by the Accountability Board, the Accountability Board reports include:
- a. the outcome of the ITE assessment;
  - b. the availability of funding;
  - c. details of any high project risks;
  - d. the alternative project options which have been considered;
  - e. any comments received by SELEP Ltd directly (prior to the publication of the report) from members of the public or other stakeholders, in relation to the project.
  - f. consideration as to whether the funding decision is compliant with the requirements of this Assurance Framework;
  - g. impartial advice and recommendations from the Secretariat on whether to fund the project under consideration; and
  - h. Accountable Body comments on the legal and financial implications of the funding decision.
- V.3.7. The project business case is also made available as a background document to the Accountability Board report.
- V.3.8. Successful projects will progress to delivery. Unsuccessful projects will be considered by the local partner for revision or will be removed from the programme.

- V.3.9. The Accountability Board is required to agree the removal of any project from the capital programme regardless of funding stream either the LGF or GPF programme. The Strategic Board will be informed of any amendments or removal of any projects to and from the pipeline of projects which have been provisionally allocated or awarded funding.
- V.3.10. The Secretariat's Capital Programme Manager has overall responsibility for ensuring value for money for all projects and programmes and is responsible for overseeing the ITE assessment and recommendations relating to each business case. The Capital Programme Manager is required to act independently from the project promoting the business case, and to sit outside the management unit responsible for developing and promoting the business case.
- V.3.11. SELEP Ltd will seek assurances from the Section 151 Officer or equivalent responsible financial officer of the promoting partner that the value for money assessment is true and accurate.

### W. APPROVING FUNDING

- W.1. All funding decisions are taken by the Accountability Board, unless they are decisions made under the Chief Executive Officer's delegated responsibilities, within the SELEP budget approved by the Accountability Board. The Chief Executive Officer delegation (J.1.7 above) operates within the Accountable Body's approved scheme of delegation.
- W.2. All funding decisions made by the Accountability Board or Chief Executive Officer to approve funding for a specific project or programme must be supported with a robust, independently assessed business case. Impartial advice on the merits of project business cases is provided by the independent technical evaluator (ITE).
- W.3. A decision which is made in contravention of the process set out in this Assurance Framework will be invalid due to non-compliance.
- W.4. **Devolution of LGF Capital grants**
  - W.4.1. To devolve the LGF capital grants, the Accountable Body ensures that there is a service level agreement (SLA) or grant agreement in place with the respective Partner Authorities which sets out the minimum requirements and expectations relating to the grant allocations. This includes but is not limited to:
    - i. providing grant funding to the relevant Partner Authority for all schemes within its area (approved by the Accountability Board following ITE appraisal);
    - ii. devolving responsibility for all relevant requirements, including clawback provisions if applicable, as specified or intended by the grant awarding body;
    - iii. adhering to all Government grant conditions;
    - iv. any monitoring or reporting requirements; and
    - v. committing the Partner Authority to be responsible for any project overspend.
  - W.4.2. For Capital Skills funding, the Accountable Body ensures that there is a grant agreement in place (on similar terms to the SLA) between the Accountable Body and the respective college before any funding is released. The Accountable Body will only transfer grant funding for the

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purpose of delivering the project for which the grant has been awarded, if the following conditions are met:

- i. the grant allocation must have been approved by the Accountability Board, in line with the business case development (V above) and value for money (S above) assurance process;
- ii. a copy of the respective SLA or grant agreement, signed in accordance with the requirements of the agreement, has been sent to the Accountable Body's Section 151 Officer; and
- iii. the Accountable Body is in receipt of the grant from the Government.

W.4.3. The grant for each LGF Capital Grant Project will be paid ~~to the partner in advance on a quarterly basis, through the submission of a transfer request form by the partner in accordance with the SLA.~~

W.4.4. The amount of LGF capital grant transferred to the partner in relation to ~~an LGF a~~ project will not exceed the LGF capital grant spend approved by the Accountability Board.

W.4.5. The partner's Section 151 Officer or equivalent responsible financial officer is required to carry out the normal stewardship role, in terms of monitoring and accounting in respect of ~~the LGF any capital grants~~ received by the Partner Authority. The Partner Authority is responsible for providing regular reports to the Accountable Body and the Secretariat's Capital Programme Manager to enable quarterly reporting to the Accountability Board and Government.

### W.5. Devolution of GPF

W.5.1. The Accountable Body ensures that there is a loan agreement in place between the Accountable Body and the respective partner for any GPF capital loans before funding is released.

W.5.2. The funding for each allocated GPF project will be paid to the partner in advance, provided that the following conditions are met:

- i. The loan allocation must have been approved by the Accountability Board, in line with the business case development (V above) and value for money (S above) assurance process.
- ii. A copy of the respective loan agreement, signed in accordance with the requirements of the agreement, has been sent to the Accountable Body's Section 151 Officer; and
- iii. The Accountable Body is in receipt of sufficient funds from the repayment of existing GPF loans.

W.5.3. The Partner Authority's Section 151 Officer or equivalent responsible financial officer is required to carry out the normal stewardship role in terms of monitoring and accounting in respect of the GPF received by the Partner Authority. The Partner Authority is responsible for providing regular reports to the Accountable Body and the Secretariat's Capital Programme Manager to enable quarterly reporting to the Accountability Board.

W.5.4. Following approval of funding for a GPF capital project by the Accountability Board, a capped contribution from the SELEP Ltd via the Accountable Body will be made to the project cost. The Partner Authority will be responsible for all cost increases that may occur through the delivery period.

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- W.5.5. Where the GPF project is not being delivered by the partner, the partner is required to enter into a loan agreement with the project delivery body. This agreement ensures the delivery of the project in compliance with the conditions of the loan agreement between the Accountable Body and the partner.
- W.6. **Revenue Grants ~~(including Sector Support Fund)~~**
- W.6.1. Regarding revenue grant funding ~~(except COVID-19 Recovery Funding)~~, the Accountable Body ensures that there is a grant agreement in place between the Accountable Body and the respective partner before any funding is released if funds are to be awarded to recipients as grants..
- W.6.2. The funding for each allocated revenue grant project will be paid to the partner in advance, provided that the following conditions are met:
- i. The established application process must be followed, where required, such as that in place for the Sector Support Funding process (U.3U.3 above);
  - ii. The revenue grant allocation must have been approved either by the Accountability Board or by the Chief Executive Officer, in line with Chief Executive Officer responsibilities ();
  - iii. A copy of the respective grant agreement, signed in accordance with the requirements of the agreement, has been sent to the Accountable Body's Section 151 Officer; and
  - iv. The Accountable Body is in receipt of sufficient funding.
- W.6.3. The Section 151 Officer or equivalent responsible finance officer within the respective Partner Authority is required to carry out the normal stewardship role in terms of monitoring and accounting in respect of that funding. The Partner Authority is responsible for providing regular reports to the Accountable Body and the Chief Executive Officer to enable biannual reporting to the Strategic Board.
- W.6.4. Following approval of funding by the Chief Executive Officer, a capped contribution from the SELEP Ltd via the Accountable Body will be made to the project cost. The Partner Authority will be responsible for all cost increases that may occur through the delivery period.
- W.6.5. Following the introduction of a nationwide lockdown to respond to COVID19 and the consequent impact on the economy, Strategic Board agreed to divert £4.4 million of GPF repayments to the creation of two COVID19 Recovery Funds.
- W.6.6. These funds are a one-off response to an exceptional situation and timeliness of application of these funds is paramount. On that basis VfM will be ascertained through the procurement process when selecting suppliers to deliver the activities agreed by Board. Given the low value of individual contracts, or contract lots, and the exceptional nature of this funding an ITE will not be required. Contracts will require monitoring and evaluation of the effectiveness of the investment and demonstration of delivery of outputs as agreed with Board.

~~W.6.6. The COVID19 Recovery Funds are two programmes of small projects to support skill acquisition and SME businesses in the immediate aftermath of the COVID19 Lockdown. Given the low value of the individual projects, that they are revenue projects and the nature of the type of activities funded these projects will not be required to produce full business cases or be subject to an ITE. A minimal level of outputs will be presented to Accountability Board for approval before the projects can commence.~~

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### X. MONITORING AND EVALUATION

- X.1. Partner Authorities refers to the six County and Unitary Councils across the SELEP area.
- X.2. The County and Unitary Councils are:
  - X.2.1. East Sussex County Council;
  - X.2.2. Essex County Council;
  - X.2.3. Kent County Council;
  - X.2.4. Medway Council;
  - X.2.5. Southend-on-Sea Borough Council; and
  - X.2.6. Thurrock Council.
- X.3. In receiving LGF or other funding, and entering into a service level agreement (SLA), loan agreement or grant agreement, Partner Authorities are responsible for:
  - X.3.1. Ensuring the delivery of projects, including the outputs, outcomes and spend of funding received through the SELEP Ltd and local funding contributions, to the scope agreed in the Business Case;
  - X.3.2. Providing regular and accurate reporting to the Secretariat on projects;
  - X.3.3. Reporting on a quarterly basis for all projects receiving funding from the SELEP Ltd, unless the SLA or grant agreement specifies otherwise including LGF and GPF. This funding must be completed in the format and to the timescales specified by the Secretariat;
  - X.3.4. Ensuring sufficient resource is allocated to support the delivery and the post-scheme monitoring and evaluation of all projects;
  - X.3.5. Complying with the conditions of the respective SLA, loan agreement or grant agreement under which funding has been transferred;
  - X.3.6. Providing briefings to Accountability Board members, which, as a minimum, should include project updates and decisions being presented to the Accountability Board for all areas, not just in relation to the decisions impacting their own area;
- X.4. For all GPF and LGF capital grant projects that are awarded funding by the SELEP Ltd, the partner will be required to provide an initial project programme including:
  - X.4.1. An outline/detailed design;
  - X.4.2. statutory requirements;
  - X.4.3. consultations;
  - X.4.4. procurement;
  - X.4.5. construction;

- X.4.6. a statement of expected outputs and outcomes;
- X.4.7. a risk assessment.
- X.5. Partner Authorities are required to submit regular detailed project monitoring reports at quarterly intervals for all GPF capital and ~~LGF capital grant~~ projects. This process will be managed by the Secretariat's Capital Programme Manager and will enable ongoing monitoring and evaluation of individual projects and the impact of the overall programme.
- X.6. Through the delivery and completion of projects, SELEP Ltd will ensure that the publicity of ~~LGF~~ projects meets with the Governments branding guidelines [where this applies](#). This includes the use of the appropriate branding and wording for websites, signage, social media, press notices and other marketing materials.
- X.7. A proportionate approach to monitoring and evaluation will be implemented, ensuring that evaluation objectives relate back to the business case and builds on assumptions used in the appraisal process.
- X.8. Monitoring and evaluation will focus on outcomes that are most relevant to the impact of the project's objectives, as defined in the project business case, but will include where appropriate an evaluation of the impact of the intervention on the following ~~Growth Deal~~ outcomes:
  - X.8.1. housing unit completion;
  - X.8.2. jobs created or safeguarded;
  - X.8.3. commercial/employment floorspace completed;
  - X.8.4. number of new learners assisted;
  - X.8.5. area of new or improved learning/training floor space; and
  - X.8.6. apprenticeships.
- X.9. Partner authorities for ~~LGF capital grant~~ projects must provide monitoring reports on the following measures, and any others identified by Government, to the Secretariat for each project:
  - X.9.1. grant spend to date and spend forecast across the agreed profile;
  - X.9.2. spend to date and forecast spend of matched contributions and funding leveraged compared to the agreed profile;
  - X.9.3. project delivery against agreed milestones;
  - X.9.4. identified risks and associated mitigations;
  - X.9.5. outputs and outcomes forecast and delivered to date against the agreed profile; and
  - X.9.6. identified Project Changes, as set out in BB.1.1 below.

- X.10. Each Partner is required to provide reports to the Capital Programme Manager in advance of each Accountability Board meeting, in a format specified by the Secretariat.
- X.11. Each partner has identified a Lead Responsible Officer who is accountable for ensuring that the LGF project reporting is completed in full and to the timescales required by the Secretariat
- X.12. To facilitate the gathering and discussion of the reporting, a Programme Consideration Meeting will be held a month in advance of each Accountability Board meeting to bring together the Lead Responsible Officer, or their nominated delegate, for ~~LGF capital grant~~ spend from each federated area.
- X.13. The Programme Consideration Meetings are held to ensure a coordinated approach to the management of the ~~LGF capital grant Programme and GPF Capital~~ Programme, in accordance with the Assurance Framework, grant agreements and SLAs in place between the Accountable Body and the partners.
- X.14. The responsibilities of the Programme Consideration Meeting group are to:
  - X.14.1. report and agree ~~LGF capital grant~~ spend forecast against each specific project included in the Growth Deal to be reported to the Accountability Board;
  - X.14.2. agree the ~~LGF capital grant~~ spend forecast for the next quarter transfer of ~~LGF grant~~, in line with the conditions of the SLAs and/or grant agreements;
  - X.14.3. agree the risk score for each specific ~~LGF~~ Project in the ~~Growth Deal Capital~~ Programme and the mitigation to be put in place during the next quarter to manage project risk;
  - X.14.4. agree the Project outcomes to be reported to Government;
  - X.14.5. share lessons learnt from the delivery of ~~LGF and GPF~~ capital projects;
  - X.14.6. support the Capital Programme Manager in managing the ~~LGF and GPF~~ capital programmes in accordance with the Assurance Framework, grant agreements, loan agreements and SLAs in place between the Accountable Body and the partners;
  - X.14.7. report on the GPF capital investment to date and planned GPF capital spend
  - X.14.8. receive updates on the delivery of GPF projects;
  - X.14.9. identify risks in relation to GPF capital project delivery and the repayment of GPF loans.

- X.15. The Programme Consideration Meeting group does not have authority to make decisions over the management of the ~~LGF or GPF~~ capital programmes. However, all recommendations of the Programme Consideration Meeting group are reported to Accountability Board for consideration and formal approval. Full Terms of Reference for the Programme Consideration Meeting group are available on the [website](#).
- X.16. In addition to the quarterly updates on the delivery of ~~LGF and GPF capital grant~~ projects, ~~LGF~~ projects are also required to complete one-year post-scheme evaluation and three/five-year post-scheme evaluation reporting, following the SELEP Ltd's standard project evaluation templates for all projects.
- X.17. The one-year post-scheme evaluation focuses on the delivery of the outputs stated within the original business case. This provides a review of the lessons learnt through the development and delivery of the project, as well as considering any project outcomes achieved to date. This one-year post-scheme completion must be completed by the end of the subsequent financial year following project completion.
- X.18. The three/five-year post-scheme evaluation focuses to a greater extent on the delivery of the outcomes of the project. For projects with a total project cost of less than £8 million, the three/five-year post-scheme evaluation must be completed within three years of post-scheme evaluation. For projects with a scheme cost of over £8 million the three/five-year post-scheme evaluation must be completed by within five years of project completion.
- X.19. Projects are exempt from the requirement to complete one year and three/five years post-scheme evaluation if plans are in place for the evaluation of the project through an alternative Government department, Government-owned company or non-departmental public body, and the outcome of which can be shared with the SELEP Ltd.
- X.20. The monitoring and evaluation reports, completed by local partners, will be subject to independent review by the SELEP Ltd.
- X.21. All monitoring and evaluation reports discussed at the Accountability Board, Investment Panel and the Strategic Board will be published on [the website](#) on individual project pages.
- X.22. Federated Boards will manage programmes within the agreed tolerance levels, and report regularly to the Accountability Board regarding delivery and risks. Changes required to projects outside the tolerance levels, or any significant modifications to project scope, outputs or outcomes arising during development or even construction, must be clearly reported for decision prior to implementation.
- X.23. For SSF projects, the Partner Authority is required to provide the Strategic Board with project updates twice a year. The reporting, monitoring and evaluation requirements for SSF projects will be proportionate to SSF award and the overall scale of the project. It is expected that the respective working group for the SSF project will have an active role in overseeing the delivery of the project and considering any project changes, prior to submission to the Secretariat for approval (BB.3.1 below).
- X.24. For COVID19 Recovery Funding, the Project Manager is required to provide the Strategic Board with project updates twice a year. The reporting, monitoring and evaluation requirements for COVID19 Recovery Funding projects will be proportionate to the award and overall scale of the project.

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### Y. MANAGING PROJECT SLIPPAGE

#### ~~Y.1. LGF Capital Grant Programme~~

##### ~~Y.1.~~

- Y.1.1. Through effective management of the Capital Programme, opportunities are sought to reduce the levels of slippage in grant spend in any given financial year. However, where slippage exists, approval can be sought from the Accountability Board to implement mitigation.
- Y.1.2. The Accountability Board has approved a range of measures to enable slippage in spend of the LGF to be managed; these are embedded within the SLAs. This enables the partner, subject to the approval of the Accountability Board, to manage any slippage of the funding between financial years within one of the following options:
  - i. Option 1: increase the amount of LGF spend in 2019/20 for projects which were already profiled to spend LGF in 2019/20.
  - ii. Option 2: bring forward LGF spend in 2019/20 for projects which are not due to spend LGF until 2020/21;
  - iii. Option 3: transfer LGF spend on schemes between Partner Authorities (this will be completed as a direct payment from Accountable Body to the Partner Authority, subject to Accountability Board agreement, under the grant payment process set out in the respective legal agreement for the project. ~~Error! Reference source not found.~~); and
  - iv. Option 4: re-profile spend between LGF projects and Capital Programme projects. This option should only be applied where there is no opportunity to apply options 1, 2 or 3, and federated areas are encouraged to only apply option 4 mitigation as a last resort.
- ~~Y.~~ Option 5: Any LGF held by the Accountable Body on behalf of SELEP Ltd at the end of financial year to be carried forward into the subsequent financial year.

Y.1.3. The Accountability Board can approve the implementation of the five options listed above, where these options are permitted under the grant conditions from Central Government relating to the specific funding stream.

#### Y.2. GPF

- Y.2.1. Where a project is unable to spend the full amount of GPF which has been allocated and transferred to the Partner Authority within a financial year, the Partner Authority may carry forward the GPF within partner accounts, subject to approval by the Accountability Board.
- Y.2.2. The Partner Authority will be required to declare the amount of GPF spent and GPF carried forward at the end each financial year.

### Z. MANAGING ~~LGF~~CAPITAL GRANT UNDERSPENDS

#### ~~Z.1. Local Growth Fund~~

- Z.1.1. Under the terms of the SLAs, the Partner Authority may retain the proceeds of project underspends for use on other LGF schemes or to offset overspend, if this is within the tolerance levels of no more than 10% variance on any individual LGF project. As part of the ongoing

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reporting process, the Accountability Board will be informed of such amendments to support its assurance function.

- Z.1.2. As stated in BB.1.1 below, a project cannot receive an additional LGF allocation which exceeds the 10% threshold; i.e. an additional LGF allocation which exceeds the projects original LGF allocation by greater than 10%, unless additional funding is allocated by the Investment Panel or Strategic Board through the prioritisation of the project following a competitive call for projects.
- Z.1.3. If any LGF underspend is identified below the 10% threshold, and a suitable LGF project is identified locally which requires the funding, then this funding may be retained locally (if this does not exceed the 10% threshold of the project to which the underspend is being transferred). In the event of underspends being identified on a specific project of below the 10% threshold, but no alternative LGF project being identified locally which can spend the LGF allocation without exceeding its 10% threshold, then the funding must also be returned to the Accountable Body on behalf of SELEP Ltd.
- Z.1.4. In the event of LGF underspend being identified which exceeds the 10% threshold of the project's LGF allocation, this must be returned to the Accountable Body on behalf of SELEP Ltd for reinvestment in projects included in the LGF pipeline.
- Z.1.5. In the event of a project being cancelled from the LGF programme, the expectation is that the LGF allocation would be returned to SELEP Ltd for reinvestment in projects included in the LGF pipeline, unless a project change is approved by the Accountability Board, or the Accountability Board agree a compelling reason not to recover the LGF spend to date (assuming the expenditure remains a capital cost).
- Z.1.6. In circumstances where funding received by partners can no longer meet the conditions of the grant, as set out in the relevant grant or SLA, the funding must be returned to the Accountable Body as soon as reasonably possible. The Accountability Board will be responsible for its future allocation in accordance with this Assurance Framework.

### Z.2. Other funding streams

- ~~Z.1.6.~~ Z.2.1. Any underspend must be returned to the Accountable Body on behalf of SELEP Ltd, in accordance with the requirements of the respective legal agreement for the funding, for reinvestment in pipeline project(s).

### AA. PIPELINE MANAGEMENT

- AA.1. In the case of LGF capital grant underspend being identified and returned to the Accountable Body on behalf of SELEP Ltd, the Accountability Board may award funding to a project included within the pipeline(s) of LGF projects agreed by the Investment Panel or Strategic Board for that funding stream, based on the amount of LGF funding available.
- AA.2. Provided enough funding is available, LGF capital grant should be allocated to the next priority identified within the single pipeline(s) of LGF projects agreed by the Investment Panel or Strategic Board.
- AA.3. As LGF underspend becomes available, the highest ranked project on the LGF appropriate pipeline will be made aware of the opportunity to come forward with an updated outline business case for a Gate 1 and 2 review, prior to a funding decision being sought from the Accountability Board.
- AA.4. 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 six months (from the point of the Accountability Board being aware of the underspend), until enough LGF underspend is made available. If insufficient funding is available after six months, the next project on the LGF appropriate pipeline which can utilise the amount of LGF capital grant available will be brought forward for consideration by the Accountability Board for a funding award.
- AA.5. The LGF single funding pipelines will be reviewed by the Investment Panel, at the request of the Strategic Board.

### BB. CHANGE CONTROL

#### BB.1. CAPITAL GRANT PROGRAMMES (INCLUDING LGF AND GBF)

- BB.1.1. Any variations to a project's costs, scope, outcomes or outputs from the information specified in the business case must be reported to the Accountability Board. The following changes would require approval by the Accountability Board:
  - i. cancellation of a project which had has received a provisional funding allocation in the agreed Growth Deal;
  - ii. inclusion of a new project within the LGF capital programme which has been identified within the SELEP Ltd's pipeline;
  - iii. acceleration of a project previously programmed to start in later years;
  - iv. delays to project start or end dates of more than six months;
  - v. all changes to project LGF capital grant allocations above the 10% threshold;
  - vi. any re-profiling of LGF capital grant between financial years;
  - vii. any changes to total project costs above 30% or a £500,000 threshold which are identified prior to the construction contract award;
  - viii. any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the value for money assessment.

In such circumstances, it is expected that the business case should be re-evaluated by the ITE; and

ix. any further changes as may be defined by the Government.

- BB.1.2. The partner shall not make any change to projects, as listed in BB.1.1 above, without the Accountability Board's prior approval.
- BB.1.3. Where there is a change to the nature of the project outcomes to be delivered through the intervention, or there is a change to the theme of the project (e.g. transport, housing, business support, flood management, skills, innovation), then this will be treated as the cancellation and introduction of a new project rather than a project change.
- BB.1.4. Where it is less apparent as to whether there is a project change or whether a new project is being developed, then the Accountability Board will be asked to consider these decisions on a case by case basis. Furthermore, any proposals by Partner Authorities to reallocation of **LGF capital grant** underspend within a package of investment (as defined in Z.1 above), is also subject to consideration and approval by the Accountability Board on a case by case basis.
- BB.1.5. The partner and Accountable Body will abide by any alternative definition of change, and any approval process for reporting change, as imposed by the Government.
- BB.1.6. A copy of the change request template is available on [the website](#). It is expected that the project change will be agreed by the local delivery partners processes prior to submission to the SELEP Ltd. This includes the review of the change request by finance officers and a Senior Responsible Officer within the Partner Authority.
- BB.1.7. Where a project is found to be non-compliant with the SLA under which the funding was transferred, the project will be brought to the attention of the Accountability Board and a decision sought as to the appropriate action to be taken. There must be compelling justification for any decision to not pursue recovery of **LGF capital grant** spent against the conditions of the SLA where there are legal grounds to do so.

### BB.2. GPF

- BB.2.1. Any variations to a GPF project's costs, scope, outcomes or outputs from the information specified in the business case must be reported to the Accountability Board. The following changes would require approval by the Accountability Board:
  - i. cancellation of a project that which had received a provisional funding allocation;
  - ii. acceleration of a project previously programmed to start in later years;
  - iii. delays to project start or end dates of more than six months;
  - iv. all changes to a project's GPF allocation;
  - v. any changes to total project costs above 30% or a £500,000 threshold which are identified prior to the construction contract award;
  - vi. any changes to the GPF repayment schedule;

## Section 7: How We Manage Our Programmes

vii. any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the value for money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE; and

viii. any further changes as may be defined by the Government.

BB.2.2. The partner shall not make any change to projects, as listed in i-viii without the Accountability Board's prior approval.

### BB.3. SSF

BB.3.1. Any variations to an SSF project's costs, scope, outcomes or outputs from the information specified in the application must be reported to the Secretariat prior to implementation.

BB.3.2. Where there are changes to the scope and/or SSF allocation, the project promoter is required to complete a SSF Change Request Form, using the SELEP Ltd template. For minor changes, which are in keeping with the scope and benefits stated in the original application, the SELEP Ltd Chief Executive Officer will consider the approval of the change request.

BB.3.3. For more substantial changes to the scope of the project and/or expected benefits the project promoter is required to update the SSF application template for an updated independent review by the Accountable Body and endorsement by the Strategic Board, prior to the change being agreed by the SELEP Ltd Chief Executive Officer.

BB.3.4. Change request must be considered by the lead Partner Authority for the project, prior to submission to the Secretariat.

BB.3.5. If the project change is not agreed and the conditions of the grant cannot be satisfied, the applicant will be required to repay the grant to the Accountable Body on behalf of SELEP Ltd, as per the conditions of the agreement.

### BB.4. COVID19 Recovery Funding

BB.4.1. Any changes to a project's costs, scope, outcomes or outputs must be reconsidered by the Accountability Board or CEO where Accountability has delegated responsibilities. Assessment Panel that originally prioritised the funding. Strategic Board.

BB.4.2. If a project is unable to proceed or the Assessment Panel/Strategic Board/Accountability Board decides that it cannot proceed, the processes will follow the Accountable Body procurement processes for ending a contract; this process will need to be considered in accordance with any exit provisions within the contract in place.

~~BB.3.5.~~BB.4.3. If underspend results in additional funding becoming available, new projects will be selected in alignment with the Accountable Body procurement processes; if this isn't appropriate, a further decision will be brought back to the Strategic Board to re-prioritise this funding.

### SECTION 8: GLOSSARY

Accountability Board	The Accountability Board provides the accountability structure for decision-making and approval of funding within the overarching vision of the Strategic Board. The Accountability Board operates under a Joint Committee agreement, agreed by each of the six Partner Authority members including, East Sussex County Council, Essex County Council, Kent County Council, Medway Council, Southend on Sea Borough Council and Thurrock Council.
Accountable Body	Essex County Council, who retains overall legal accountability for the investment programme, supported by Essex's Section 151 Officer.
Additionality	The extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention.
Branding Guidelines	The guidelines issued by the Ministry of Housing Communities and Local Government to provide clarity of LEPs should use Government branding to help promote projects via Local Growth Fund other UK Government funded projects and collaborate on external communications opportunities.
Call-in	Call-in provides an opportunity to ensure that the SELEP Ltd adheres to the principles of good decision-making. Local Authority Scrutiny Committees have the power to call in and scrutinise the decisions before they are implemented. Under the Accountability Board Joint Committee Agreement, each of the six Partner Authorities has the ability to challenge a decision made by the Accountability Board.
Capital Cost	Capital grant allocations received by SELEP from Central Government may only be used for the purposes that a capital receipt may be used, in accordance with regulations made under section 11 of the Local Government Act 2003.
Co-opted members	Board members appointed by the board.
<a href="#">COVID19 Recovery Funds</a>	<a href="#">Revenue funds made available to support skills acquisition and SME businesses in the immediate aftermath of the COVID19 lockdown</a>
Deadweight	It is the proportion of total outputs/outcomes that would have been secured without the investment in question.
Devolution	The transfer or delegation of power to the Federated Boards by the Strategic Board.
Displacement	Displacement is the number or proportion of outputs/outcomes that reduce outputs/outcomes and economic activity elsewhere.
Economic Strategy Statement	The South East Local Enterprise Partnership (SELEP Ltd) has agreed its new Economic Strategy Statement (ESS), outlining its priorities and aims to drive a more productive and prosperous economy for the area over the next decade. The ESS replaces the previous SELEP Strategic Economic Plan 2014.
Federated Boards	The Federated Boards are the local public/private partnerships which support SELEP Ltd. There are four Federated Boards; Essex Business Board

## Section 8: Glossary

	(EBB), Kent and Medway Economic Partnership (KMEP), Opportunity South Essex (OSE) and Team East Sussex (TES)
Freedom of Information request	The Freedom of Information Act 2000 provides public access to information held by public authorities. It does this in two ways: public authorities are obliged to publish certain information about their activities; and members of the public are entitled to request information from public authorities.
Gate Process	All <a href="#">LGF capital grant</a> projects which have received a provisional funding allocation and seek funding approval will progress through a business case development progress, known as Gates 0 – 5.
Governance	The structure, roles, responsibilities and system of decision-making and the process by which decisions are implemented (or not implemented).
	<a href="#">GBF</a> <a href="#">Getting Building Fund</a> –to deliver jobs, skills and infrastructure, targeted in areas facing the biggest economic challenges as a result of the pandemic. It supports the delivery of shovel-ready infrastructure projects to boost economic growth, and fuel local recovery and jobs. <del>A capital grant aimed at driving economic growth and jobs, and supporting green recovery.</del>
	<a href="#">GPF</a> <a href="#">Growing Places Fund</a> . A capital loan, awarded as a low or zero percent interest rate. This funding aims to tackle barriers to economic growth.
Growth Deal	Growth Deals provide funds to LEPs for projects that benefit the local area and economy.
Growth Hub	Growth Hubs are local public and private sector partnerships led by the Local Enterprise Partnership (LEP). They provide a mechanism for integrating national and local business support so it is easier for businesses to access the help and advice they need to thrive and grow.
Independent Technical Evaluator	To provide impartial technical advice to the Strategic Board, the Accountability Board, Investment Panel and local project sponsors on value for money and project deliverability.
Investment Panel	A sub-committee of the Strategic Board. The Investment Panel has responsibility for the prioritisation of projects following an approach agreed by the Strategic Board.
LEP Network	A membership organisation for LEPs, whose purpose is to enable LEPs to discuss issues of shared importance as a sector, engage with Government, and share knowledge and good practice.
LEPs	Local Enterprise Partnerships (LEPs) are public private partnerships between local authorities and businesses. LEPs were set up by the government to be the key body determining strategic economic priorities while making investments and delivering activities to drive growth and create jobs.
LGF	<a href="#">Local Growth Fund</a> A capital grant for investment in capital infrastructure projects. This funding aims to support the delivery of jobs, homes, new learners and other economic growth objectives <a href="#">that were identified as part of the Growth Deal</a> :-

LIS	Local Industrial Strategy
MHCLG	Ministry of Housing, Communities and Local Government
Local Assurance Framework	This Assurance Framework reflects the expectations of Government as set out in the revised National Assurance Framework published January 2019.
Partner Authority	The six County Council/Unitary Authorities within the SELEP area, including East Sussex County Council, Essex County Council, Kent County Council, Medway Council, Southend – on – Sea Borough Council and Thurrock Council.
Nolan Principles of Public Life	the seven ethical principles expected of public office holders, including people who are elected or appointed to public office, nationally and locally.
RAG Rating	The RAG system is a popular project management method of rating for issues or status reports, based on Red, Amber, and Green colours used in a traffic light rating system.
Registers of Interest	All members of the Secretariat, Senior Officer Group and Strategic, Accountability and Federated Boards are required to complete a Register of Interests form, recording details of any relationship or other financial or personal interest which might conflict with their duties to the SELEP
Retained schemes	Projects which are included in the Growth Deal and have been identified for LGF investment, but where the Department for Transport (DfT) requires additional project progress reporting and/or business case approval by the DfT. The funding for these projects is received by the Accountable Body from the DfT directly, rather than via MHCLG.
Section 151 Officer	An officer appointed under section 151 of the Local Government Act 1972 which requires every Local Authority to appoint a suitably qualified officer responsible for the proper administration of its affairs.
Sector Support Fund	A revenue grant, funded through Growing Places Fund revenue, aimed at supporting the work of the SELEP sector working groups.
SELEP	The South East Local Enterprise Partnership (SELEP Ltd) is one of 38 LEs, established to provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area.
SLA	A service-level agreement (SLA) is the agreement under which <del>LG</del> funding is transferred between the Accountable Body, Essex County Council and the Partner Authorities.
Slippage	Slippage refers to the amount of grant funding which is not spent within the financial year in which it was received.
SME	Small and medium sized enterprises <del>or subject matter expert</del> .
Social Value	Added economic, social or environmental benefits.
Strategic Board	The primary private/public partnership board within the SELEP structure. It is responsible for providing clear strategic direction and leadership
Terms of Reference	The scope and limitations of an activity or area of knowledge.
VCSE	Voluntary Community and Social Enterprise.
WebTAG	WebTAG is the Department for Transport web-based transport analysis guidance (TAG) which provides information on the role of transport modelling and appraisal.



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Working Groups	Informal non-decision-making groups intended to provide expertise and support to the Strategic and Accountability Board
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**SOUTH EAST**  
LOCAL ENTERPRISE  
PARTNERSHIP

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# **ASSURANCE FRAMEWORK MONITORING 2020-21**

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**Updated September 2020**



## CHANGES TO IMPLEMENT

### *Creating a Local Industrial Strategy*

**Develop an evidence-based Local Industrial Strategy that sets out a long-term economic vision.**

**Deadline: January 2020**

**Risk: MEDIUM/HIGH**

**Status: IN  
PROGRESS**

Task	Expected Completion Date	Risk factors	Status
<b>Stage 1: Draft evidence base creation &amp; review</b>	September 2019	<p><b>Delivery Risk: MEDIUM</b> Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p><b>Impact of non-delivery: HIGH</b> This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p><b>COMPLETE</b> The draft evidence base has been completed, for a final version to be approved in March 2020.</p>

<p><b>Stage 2: Developing Propositions/Intervention (wide consultation, drafting of the LIS and finalising evidence base)</b></p>	<p>December 2019</p>	<p><b>Delivery Risk: MEDIUM</b> Two officers (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p><b>Impact of non-delivery: HIGH</b> This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p><b>COMPLETE</b> LIS Workshops with wider stakeholders are occurred through October and November. Feedback from these events was fed into the development of the LIS. Draft content was discussed at the December 6<sup>th</sup> Strategic Board meeting.</p>
<p><b>Stage 3: Government co-design</b></p>	<p>Presented for approval at January 2020 Strategic Board meeting, to be finalised/published with Government by March 2020.</p>	<p><b>Delivery Risk: MEDIUM</b> Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p><b>Impact of non-delivery: HIGH</b> This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p><b>IN PROGRESS</b> A draft version of the LIS was presented for discussion at the January 2020 Board meeting. In the light of COVID-19, the LIS will need to be reviewed. We are awaiting more detail from Government.</p>

## Formalising the independent Secretariat

The independence of the Secretariat needs to be reflected and enshrined in the governance documentation.

Deadline: 31<sup>st</sup> March 2020

**Risk:**  
**MEDIUM**

**Status: IN**  
**PROGRESS**

Task	Expected Completion Date	Risk factors	Status
Include the independence of the secretariat in the Assurance Framework.	June 2019		<b>COMPLETE</b> A section on the independent secretariat is included in the Assurance Framework June 2019.
Put in place a formalised agreement between the Accountable Body and the SELEP Ltd, including the role of the Secretariat.	September 2020	<p><b>Delivery Risk: MEDIUM</b> Resource requirements for this task have been affected by the COVID-19 crisis.</p> <p><b>Impact of non-delivery: HIGH</b> This is a crucial document to enshrine the relationship between the Accountable Body and the SELEP as a new legal personality. Although this document is not explicitly requested by the LEP review, it is fundamental in the running of the SELEP and has been identified as an action by ECC audit.</p>	<p><b>IN PROGRESS</b> This is being supported by Essex Legal Services. This has been delayed due to the pandemic.</p>
Make sure the Assurance Framework includes the independence of the SELEP Secretariat.	March 2020		<b>COMPLETE</b> The Assurance Framework contains an Independent Secretariat section.

*To have a Delivery Plan in place*

The Delivery Plan should be updated on an annual basis.

**Deadline: Oct 2020**

**Risk:**  
**MEDIUM/HIGH**

**Status: IN**  
**PROGRESS**

Task	Expected Completion Date	Risk factors	Status
To complete the Delivery Plan for 2019/20			COMPLETE
To complete the Delivery Plan for 2020/21	October 2020	<p><b>Delivery Risk: MEDIUM</b> This document has been delayed the changes in circumstances caused by the COVID-19 crisis.</p> <p><b>Impact of non-delivery: HIGH</b> The Delivery Plan is a Government requirement and is therefore necessary for the functioning of the SELEP.</p>	To be presented to the Strategic Board on 2 October.

## ONGOING ACTIONS

### INCORPORATION

Requirement	Status
Maintain the records at Companies House and fulfil all legal requirements	COMPLETE/ONGOING (supported by Essex Legal Services)

### BOARD COMPOSITION

Requirement	Status
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To improve the gender balance and representation of those with protected characteristics on the Board.	COMPLETE/ONGOING
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## DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	COMPLETE/ONGOING
Declarations of interest must be noted for the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.	COMPLETE/ONGOING

## CAPITAL PROJECTS

Requirement	Status
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING
<b>Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the ESS</b>	ONGOING

## POLICIES AND PROCEDURES

Requirement	Status
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To hold Annual General Meetings open to the public to attend	COMPLETE/ONGOING (delayed by COVID-19)
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.	Page 235 of 260 COMPLETE/ONGOING

To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.

COMPLETE/ONGOING

## ACCOUNTABLE BODY

Requirement	Status
To extend invitations to the Section 151 Officer or representative to all board meetings.	COMPLETE/ONGOING
To include in the Business Case Template assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE/ONGOING
<b>For the Section 151 officer or their representative to review and comment on all board papers in advance of publication</b>	COMPLETE/ONGOING

## PUBLISHING INFORMATION

Requirement	Status
To publish Strategic and Accountability Board papers to agreed timescales	COMPLETE/ONGOING
To publish the Local Assurance Framework on the website	COMPLETE
To create, maintain and publish a register of all board member expenses and hospitality costs.	COMPLETE/ONGOING
To publish the Gate 2 outline business base at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.	COMPLETE/ONGOING
To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.	COMPLETE/ONGOING
To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.	COMPLETE/ONGOING
To use Government and SELEP branding on all marketing.	COMPLETE/ONGOING
To publish all key decisions of the Strategic and Accountability Boards on the Forward Plan, SELEP website and upper tier authority websites.	COMPLETE/ONGOING



## Governance Key Performance Indicators

### *Forward Plan of Decisions*

Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the Accountability Board meeting?

Meeting date	Met (Y/N)?
12/04/19	Y
7/06/19	Y
13/09/19	Y
15/11/19	Y
14/02/20	Y
15/05/20	Y
03/07/20	Y
18/09/20	Y

### *Publication of Papers*

Are all papers published on the SELEP website 5 clear working days in advance of the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	07/06/19	Y	13/09/19	Y	15/11/19	Y	14/02/20	Y	15/05/20	Y
Strategic Board	31/01/20	Y	17/04/20	Y	12/06/20	Y	16/07/20	Y	04/09/20	Y
Investment Panel	09/03/19	Y	28/06/19	Y						
SE	17/02/20	Y	16/03/20	Y	11/05/20	N	08/06/20	N	10/08/20	N
KMEP	28/01/20	N	03/06/20	Y						
OSE	04/03/20	Y	03/06/20	Y						
TES	15/04/20	Y	04/05/20	Y	19/05/20	Y	08/06/20	Y	30/07/20	Y

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**Draft Minutes**

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Are all draft minutes published within 10 clear working days following the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	07/06/19	Y	13/09/19	Y	15/11/19	Y	14/02/20	Y	15/05/20	Y
Strategic Board	31/01/20	Y	17/04/20	Y	12/06/20	Y	16/07/20	Y	04/09/20	Y
Investment Panel	09/03/19	Y	28/06/19	Y						
SE	17/02/20	Y	16/03/20	Y	11/05/20	N	08/06/20	N	10/08/20	N
KMEP	28/01/20	N	03/06/20	Y						
OSE	04/03/20	Y	03/06/20	Y						
TES	15/04/20	Y	04/05/20	Y	19/05/20	Y	08/06/20	Y	30/07/20	Y

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**Final Minutes**

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Are final minutes published within 10 clear working days following approval?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	07/06/19	Y	13/09/19	Y	15/11/19	Y	14/02/20	Y	15/05/20	Y
Strategic Board	31/01/20	Y	17/04/20	Y	12/06/20	Y	16/07/20	Y	04/09/20	Y
Investment Panel	09/03/19	Y	28/06/19	Y						
SE	17/02/20	Y	16/03/20	Y	11/05/20	N	08/06/20	N	10/08/20	N
KMEP	28/01/20	N	03/06/20	Y						
OSE	04/03/20	Y	03/06/20	Y						
TES	15/04/20	Y	04/05/20	Y	19/05/20	Y	08/06/20	Y	30/07/20	Y

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**Registers of Interest- Board Members**

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**Are registers of interests in place for all board members?**

Board	Percentage completed	Comments
Accountability Board	100%	In place for all Board members. There is a 28-day grace period for all new Board members (must be before attending a meeting).
Strategic Board	100%	As above
Investment Panel	100%	As above
EBB	100%	As above
KMEP	100%	As above
OSE	100%	As above
TES	100%	As above

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**Registers of Interest- Officers**

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**Are registers of interest in place for all officers?**

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	100%

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***Declarations of interests in meetings***

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**Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?**

<b>Board</b>	<b>Met (Y/N)?</b>
Accountability Board	Y
Strategic Board	Y
Investment Panel	Y
EBB	Y
KMEP	Y
OSE	Y
TES	Y

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***Business Case Endorsement***

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**Have all new and amended projects/business cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards?**

<b>Board</b>	<b>Met (Y/N)?</b>	<b>Comments</b>
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

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**Publication of Business Cases**

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**Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?**

Meeting date	Met (Y/N)?
12/04/19	N (but were published in advance)
7/06/19	N (but were published in advance)
13/09/19	N (but were published in advance)
15/11/19	N (but were published in advance)
14/02/20	Y
15/05/20	Y
03/07/20	Y
18/09/20	Y

Date	Percentage of female board members (excluding co-opted)
24/05/19	18%
05/08/19	21%
28/01/20	25%
16/04/20	35%

South East LEP

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
Risks Related to the Team/Service Delivery									
9	<b>Workload Risk:</b> Increase in scope of work overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	4	5	20	High	Workloads were already high but have now increased as the response to COVID-19 drives additional work. Pressures are exacterbated by extended working from home arrangements and potential isolation impacting on the mental health of the team	Management Team (MT) is meeting on a weekly basis to discuss how resources can be redeployed to address, additional 1:1s with line managers to be added. Daily 'All Hands' meeting instigated. Team members will be referred to ECC support and resources for the lockdown and following period. Additional business continuity risk from Covid-19 has been added.	All Man Team	Ongoing
34	<b>COVID-19 - Secretariat Risk</b> significant numbers of Secretariat fall ill and are unable to work, reducing resource availability and capacity. Social distancing measures may prevent or delay day to day operations of the team.	3	5	15	Med	<b>Cornonavirus has been classed a global pandemic by the WHO. There is a risk that the Secretariat could be infected and unable to work. Remote working is now the norm and further public health measures are in place to manage the infection risk and therefore risk has been reduced</b>	Remote working for the Secretariat will continue as the default and risk assessments undertaken where in-person contact is required. Mitigation of the risk of meeting in person will be managed in line with national guidance - i.e. social distancing, wearing of masks and following good hygiene protocols	All Man Team	Ongoing
36	<b>COVID-19 - Work Plan Risk</b> The impact of social distancing and the lockdown on the economy is not yet known and at time of writing it is unclear what the national exit from lockdown strategy is or the recovery plan. With such high levels of uncertainty it is very difficult to be able to plan for next steps	4	4	16	Med	HMG is now working on the development of policy in this area and the White Paper is expected shortly. On this basis the risk liklihood has been reduced to a 4	Through the Chair's role on the LEP Network we will remain close to HMG developing Exit Strategy. Intelligence from the Growth Hubs and wider networks will be assessed and analysed. We will work closely with neighbouring LEPs to develop thinking on what the 'new normal' will look like	All Man Team	Ongoing
Risks Related to Outcomes/Outputs of Programmes									
19	Non achievement of Outcomes/Outputs of the Capital Programme	5	5	25	High	Given the impact of lockdown on the economy, there is now a very high risk that not all of the outcomes and outputs that were stated in the business cases for both GPF and LGF projects will be achieved. These outcomes were calculated on the assumptions of a pre Covid-19 economy. The extent to which the economy bounces back will impact the likelihood of this risk and different sectors are likely to be impacted to varying degrees.	A review of all projects is underway to understand the impact on the projects. A working group has been set up to analyse and gather intelligence on the impact of the lockdown on the SELEP economy which will be able to be used to assess whether outcomes/outputs are deliverable. Continued dialogue with HMG to manage their expectations.	RM	Ongoing
40	<b>Getting Building Fund Risk</b> - given the very short timelines for the application of the fund it may not be possible to deliver a full programme in the time available	5	4	20	High	The GBF programme requires all funding to be spent by 31 March 2022 and all projects to be substantially delivered. This is a very tight deadline to work to and there is a significant reputational risk should SELEP not be able to deliver the full programme. The likelihood of this risk occuring is increased by the delay to HMG providing full details on what conditions will be associated with the grant	Additional staffing resource is being appointed to oversee the 34 projects that make this programme. Additional resource has also been allocated to ensuring that projects can come forward to Accountability Board for investment approval as soon as possible. A reserve list process is being put into place so any projects that can't come forward can be replaced as quickly as possible.	RM	31/03/2022



Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
<b>Risks Related to Funding/Financial Position</b>									
12	GPF projects do not repay in line with original repayment schedules	5	4	20	High	GPF Projects are already requesting changes to repayment schedules due to the lockdown impact on the economy. There is a high risk that some of the projects won't be able to make repayments if the economy does not bounce back or does not bounce back in all sectors	Capital Programme Team are working with project leads to understand where projects are impacted. Future rounds of GPF allocations are currently held and assumptions about future repayments will be downgraded to take into account additional risks	RM	Ongoing
15	Grants aren't properly administered/applied and are clawed back by Government	4	4	16	Med	Grants issued by HMG can potentially be clawed-back by HMG if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HMG claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time.	Back to back agreements are in place and the Accountable Body provides advice on the correct application of grants by SELEP. A further review of the capital programme and assessment of application of grant funding was planned for 2020/21 but this has been put on hold due to social-distancing. Consideration will be given as to how oversight of the application of grants can be structured and in a virtual manner if necessary. Each Management Team member who has grant funded activity takes responsibility for ensuring that grant conditions are understood and met	All Man Team	Ongoing
20	Uncertainty of future capital funding	5	5	25	High	The final payments of Local Growth Fund are due within the current financial year. At time of writing there is no clarity on what funding, if any, will replace this. There has been a further round of LGF announced but no information on which LEPs will receive this funding and on what basis. Without access to capital funding the ability of SELEP to implement and deliver against strategies will be very restricted and SELEP would have very little agency in the agenda	The LEP Network continues to work together to make the case for LEPs to play a pivotal role in the economic recovery from lockdown. A consultation paper on UK Devolution and Economic Recovery is due in the autumn and a strong position will be taken that LEPs have a role and need funding to be able to drive economic growth post Covid19	AB/SB	Ongoing
38	Future viability of the operational budget	5	5	25	High	The operational budget is 40% funded through the receipts earned on capital balances. The uncertainty of what capital balances will be run through the SELEP in future puts the future viability of the operational budget at risk. Additionally the cut to interest rates made at the start of the Covid-19 crisis has impacted adversely on the interest earned on capital balances already held. The intention of HMG to pay LGF capital grant in two tranches further impacts this revenue stream	A working group of senior Board Members is supporting the Secretariat to explore other funding models for the team and scenario planning has been undertaken by the Secretariat and Accountable Body. Issues regarding the viability of LEPs has been raised with the LEP Network and is being raised with CLGU. Strategic Board approved the creation of a £1m revenue reserve funded from repurposed GPF monies as a fund of last resort to support Secretariat costs in 21/22 and 22/23	SB	Ongoing
29	Incorrect application of LGF grant awarded to Hadlow College	4	4	16	Med	£11m of LGF funding across 4 projects has been awarded to Hadlow College which has entered into Education Administration. There is a risk that some of this funding has not been correctly applied by the College. There is a further risk that the benefits related to the projects may not be realised. Although the grant has been correctly applied by the Accountable Body, there may be a view from HMG that not all conditions have been met by the college. In these circumstances there may be a requirement from HMG for the repayment of the grant	Communication with the Administrators continues but a clear view on whether the grant has been incorrectly applied has still not been reached. Discussions will be held with MHCLG to raise awareness of the issue and to agree any mitigations required. Provision may need to be made in the SELEP budget for any potential cost of clawback of funding. Further work is being undertaken to assess proportionate measures that could be implemented to protect investments in future as set out for risk 15	LA	Ongoing
<b>Risks Related to Service Design and Reputation</b>									
22	<b>Growth Hubs</b> - the current model may hinder progress in changing the service shape of Growth Hubs to comply with Government policy requirements and to assist with the Recovery phase of the Covid-19 Crisis and beyond	3	4	12	Med	During the preparation for Brexit period HMG used the Growth Hub infrastructure to push out messaging and provided additional funding to support this work. This messaging has increased exponentially following the release of various packages of support for business during the lockdown period. However the sub-contracted nature of the SELEP Growth Hubs mean that there is a risk that it is not possible to meet HMG expectations in a timely manner or that the model that HMG prefers does not fit the Board's preferred model	Continued conversations on Growth Hub between the sub-hubs are ensuring more of a joint approach on areas of work where that is appropriate. No large scale changes to the Growth Hub model have been communicated from C Govt.  Evidence on what business support will be needed as we move into to Recovery is being collated. Secretariat is working closely with Growth Hub Cluster (SELEP, Herts and London) to understand the emerging requirements from both business and HMG.	JS	Ongoing
37	<b>COVID-19 - HMG Expectations Risk</b> HMG anticipating a growing role for LEPs, expectations may exceed what can delivered by SELEP within the resources available and impact on the reputation of the partnership within Whitehall	4	5	20	High	HMG has increased requirements for Growth Hubs to report on impacts of COVID-19 on local businesses. HMG may also expect LEPs to take on an additional role during the recovery period that we do not have the capacity or capabilities to undertake creating a large reputational risk and potentially undermining the future of LEPs. HMG may seriously raise local businesses expectations of what support LEPs can provide, undermining our credibility with our business base. HMG may require a rapid refocus of strategies esp. LIS away from productivity which would require a substantial recrafting of the evidence base	Using the Chair's role on the LEP Network, officials and ministers will be informed as to what LEPs are able to do. Any additional asks from HMG should be countered with an ask for the appropriate level of funding to allow it to be undertaken. The future of the Growth Hub model should be discussed by Board members to ensure that it can both provide the support to local businesses and be reactive to HMG requirements.  The Secretariat are working on intelligence gathering - collating information on the impact of Covid-19 on businesses during the Respond phase and into the Recovery phase. This intelligence can form part of an evidence base for any revised strategies	All Man Team	Ongoing

<b>Report title:</b> <i>Update on SELEP Revenue Budget 2020/21</i>	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner	
<b>Date:</b> 7 <sup>th</sup> September 2020	<b>For:</b> Information
<b>Enquiries to:</b> lorna.norris@essex.gov.uk	
<b>SELEP Partner Authority affected:</b> <i>Pan SELEP</i>	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest financial forecast position for the SELEP Revenue budget for 2020/21.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 Note the current on-line forecast revenue outturn position for 2020/21.

## 3. 2020/21 revenue budget update

- 3.1 The updated 2020/21 SELEP revenue budget was agreed by Accountability Board at its July 2020 meeting. The latest forecast outturn position indicates that the net expenditure is still expected to be delivered in the budget available; details can be seen in Table 1 overleaf. There have, however, needed to be some movements in planned spend, which are summarised as follows:
- 3.1.1 An increase in staffing related expenditure, reflecting the increased resource requirements associated with overseeing and administering the new Getting Building Fund (GBF) - £30,000
- 3.1.2 An offsetting decrease in the planned spend on consultancy and project work to reflect the change in priority activity to support delivery of the GBF - £32,000



**Table 1 – Total SELEP Revenue Budget Outturn Forecast – August 2020**

	Forecast Outturn	Latest Budget	Variance	Variance
	£000	£000	£000	%
Staff salaries and associated costs	1,008	987	21	2%
Staff non salaries	10	11	(1)	-9%
Recharges (incl. Accountable Body)	381	371	10	3%
<b>Total staffing</b>	<b>1,399</b>	<b>1,369</b>	<b>30</b>	<b>2%</b>
Meetings and admin	40	44	(4)	-9%
Chair's allowance	40	34	6	18%
Consultancy and project work	265	297	(32)	-11%
Local Area Support	-	-	-	0%
Grants to third parties	2,693	2,693	-	0%
<b>Total other expenditure</b>	<b>3,039</b>	<b>3,068</b>	<b>(30)</b>	<b>-1%</b>
<b>Total expenditure</b>	<b>4,437</b>	<b>4,437</b>	<b>(0)</b>	<b>0%</b>
Grant income	(3,431)	(3,431)	-	0%
Contributions from partners	(200)	(200)	-	0%
Other Contributions	-	-	-	0%
External interest received	(79)	(79)	-	0%
<b>Total income</b>	<b>(3,710)</b>	<b>(3,710)</b>	<b>-</b>	<b>0%</b>
<b>Net expenditure</b>	<b>727</b>	<b>727</b>	<b>(0)</b>	<b>0%</b>
<b>Contributions to/(from) reserves</b>	<b>(727)</b>	<b>(727)</b>	<b>-</b>	<b>0%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

- 3.2 Currently it is forecast that external interest received will be on-line with budget, however, this position is being regularly monitored as the current climate of economic recovery means that interest rates continue to be deflated and at risk of becoming negative. There is also an anticipated opportunity of additional interest arising from the expectation of further funding from the Getting Building Fund (GBF); MHCLG are still to confirm the value of the 2020/21 allocation from this Fund and any associated conditions. Once received, Essex County Council's Treasury Management function will review the forecast; an update on this will be provided in the next Finance update to the Board.
- 3.3 There remains considerable uncertainty with regards to the impact that Britain's Exit from the EU may have on interest rates and as such the forecast position may change in this respect. This position continues to be monitored to consider the budget impact for SELEP in the current and future financial years
- 3.4 Table 2 sets out the forecast position for the specific revenue grants; it is currently assumed that all specific grants will spend in line with budget.

**Table 2 – Specific Revenue Grants Forecast Summary**

Grant	Grant brought forward £000	Forecast Grant Received £000	Forecast Grant Applied £000	Grant Carried Forward £000
GPF Revenue Grant	(987)	-	-	(987)
Sector Support Fund (SSF)	(590)	(1,000)	1,590	-
Growth Hub	-	(656)	656	-
Brexit Readiness Funding	(44)	-	44	-
ERDF Legacy Funds		(350)	350	-
Skills Analysis Panels (SAP) Grant	(44)	(75)	119	-
Local Digital Skills Partnership Catalyst Grant	(108)	-	108	-
Delivering Skills for the Future	(57)	-	57	-
Careers Enterprise Company (CEC)	(0)	-	0	-
Energy Strategy Grant	(7)	-	7	-
<b>Total Grant Income Applied</b>	<b>(1,837)</b>	<b>(2,081)</b>	<b>2,931</b>	<b>(987)</b>
SELEP Core and Capacity Grants	-	(500)	500	-
<b>Total Revenue Grant Income Applied</b>	<b>(1,837)</b>	<b>(2,581)</b>	<b>3,431</b>	<b>(987)</b>

Note: The following two additional Growth Hub grants are also anticipated to be allocated by Government, for which final terms and conditions are still to be received:

- Peer Network Grant - £195,000
- Core Funding Uplift Grant - £234,000

3.5 In addition to the above grants, the Accountable Body administers the following funds on behalf of SELEP, to support investment through grants or loans to third parties to support delivery of the SELEP priorities, including delivery of the Growth Deal and to support the COVID-19 recovery:

**Table 3: Funds Administered by SELEP**

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (MHCLG)	(41,413)	(77,873)	119,286	-
Local Growth Fund (LGF) (DfT)	(26,650)	(20,600)	34,989	(12,261)
Growing Places Fund (GPF) ( on-going Loan Fund)	(18,947)	(3,795)	8,375	(14,367)
Growing Places Fund (GPF) reallocated to the priorities below:	(6,400)			-
COVID-19 Skills Fund	-	-	2,000	-
COVID-19 SME Business Support Fund	-	-	2,400	-
Contribution to the Sector Support Fund (SSF)	-	-	1,000	-
Ring-fenced funding to support future year budgets	-	-	-	(1,000)
Getting Building Fund (GBF)	-	TBC	TBC	TBC
<b>Total Funds</b>	<b>(93,410)</b>	<b>(102,268)</b>	<b>168,050</b>	<b>(27,628)</b>

Notes:

- Local Growth Fund (LGF) – in order to secure the remaining third of the 2020/21 LGF allocation from the MHCLG, the s151 of the Accountable Body and the Chief Executive Officer of the SELEP were required to provide confirmation that the full allocation is planned to be spent in 2020/21; either through direct delivery of projects or the application of a capital swap against alternative capital expenditure by the respective local partner authorities in line with the Grant Agreements in place (further information on the LGF position can be found in Agenda item 5);
- The GPF funding carried forward into 2021/22 will be available for reinvestment into the GPF pipeline; this amount is subject to receipt of the loan repayments due in 2020/21 (further information on the GPF position can be found in Agenda item 11);

- In July 2020, the Board agreed to reallocate £6.4m of the GPF funding to measures to support the COVID-19 recovery;
- The COVID-19 recovery funds are subject to final approval by the Board; the decision for the Skills fund is included in Agenda item 14; the Business Support Fund is due to be considered at a future Board meeting in 2020;
- The Sector Support Fund (SSF) contribution increases the funding available in this Fund – this fund is included in table 1 and 2 above, but also included in table 3 for completeness;
- The MHCLG have confirmed that SELEP has been awarded Getting Building Fund (GBF) totalling £85m; the MHCLG have yet to confirm what proportion of this fund will be received in 2020/21 and any associated conditions of the funding; further information is included in Agenda item 6.

#### 4. Reserves

- 4.1 The SELEP budget includes a contribution from reserves in 2020/21 of £727,000 to ensure sufficient funding is available to support the planned spend. The current forecast position for the general reserve at the end of financial year 2020/21 is £579,000 as shown in Table 4.

**Table 4 – Forecast Reserves**

	<b>Forecast Outturn £000</b>	<b>Latest Budget £000</b>
Opening balance 1st April 2020	(1,326)	(1,326)
<b>Planned Utilisation</b>		
Planned withdrawal 20/21	727	727
Adjustment to replenish grant	20	20
<b>Total</b>	<b>747</b>	<b>747</b>
<b>Balance remaining</b>	<b>(579)</b>	<b>(579)</b>
Minimum value of reserve	<b>(200)</b>	<b>(200)</b>

Note: The opening balance of the reserves has been increased by £20,000 from the position reported in July 2020; this follows an internal review of the 2019/20 outturn position that identified the requirement for a technical accounting adjustment between the reserve and a grant account. This adjustment has subsequently been offset by the withdrawal of the funding to enable it to be attributed to the grant to which it relates in the current financial year. The overall forecast reserves closing balance at 31<sup>st</sup> March 2021 remains unchanged from the budgeted position in July 2020.

- 4.2 The minimum level of reserves is set at £200,000 to ensure that sufficient funds are available to support any wind down costs of SELEP, should these be required. Table 5 below sets out the forecast position for the reserves for future financial years; this indicates that, based on the current forecast and should no additional funding be available, that the balance could fall below the minimum recommended level. Opportunities to address this risk will be discussed with the SELEP Secretariat as part of the budget setting process

for 2021/22, due to be brought to the Board for consideration in November 2020.

**Table 5 – Future Reserves Forecast Summary**

	<b>2020/21 Revised Budget £000</b>	<b>2021/22 Forecast Budget £000</b>	<b>2022/23 Forecast Budget £000</b>
Opening balance 1st April	(1,326)	(579)	(352)
<b>Planned Utilisation</b>			
Planned withdrawal	727	727	727
Adjustment to replenish grant	20		
Forecast Contribution	-	(500)	(500)
<b>Total</b>	<b>747</b>	<b>227</b>	<b>227</b>
<b>Balance remaining 31st March</b>	<b>(579)</b>	<b>(352)</b>	<b>(124)</b>
Minimum value of reserve	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>

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

- 5.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 5.2 A key risk for SELEP arises where there are delays in receipt of funding and associated conditions from Government; an example of this includes the GBF grant which has been awarded based on confirmation from the s151 Officer of the Accountable Body that projects are expected to be deliverable by the 31<sup>st</sup> March 2022. The continued delay in receipt of funding and confirmation of the associated conditions means that some projects may have to progress at risk to meet the delivery timelines; some delivery partners may not be able to accept this risk, however.
- 5.3 A further example of this is the additional Growth Hub funds which are expected to support delivery in the current financial year but have also experienced delays in confirming the funding arrangements.
- 5.4 The Board is advised to seek assurances from Government that any delay in confirmation and receipt of funding will be taken into consideration in any conditions applied to these funds.
- 5.5 Continued allocation of funding on a short term basis by Government does not support effective planning by the SELEP to deliver it's Strategies and gives greater challenges to assuring value for money, which is a requirement of the

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

6.1 There are no legal implications arising out of this report.

## **7. Equality and Diversity implication**

7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

7.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

7.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not.

7.1.3 Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

7.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **8. List of Appendices**

8.1 None

## **9. List of Background Papers**

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer Essex County Council)	10/09/20

## SELEP Revenue Skills COVID-19 Recovery Programme

Forward Plan reference number: FP/AB/299

<b>Report title: SELEP Revenue Skills COVID-19 Recovery Programme</b>	
<b>Report to Accountability Board on 18<sup>th</sup> September</b>	
<b>Report author: Louise Aitken</b>	
<b>Date: 25<sup>th</sup> August 2020</b>	<b>For: Decision</b>
<b>Enquiries to: <a href="mailto:louise.aitken@southeastlep.com">louise.aitken@southeastlep.com</a></b>	
<b>SELEP Partner Authority affected: East Sussex/ Essex/ Kent / Medway, Southend / Thurrock</b>	

### 1. Purpose of report

- 1.1 The purpose of this report is to allow the Accountability Board (the Board) to agree to award £2m to the revenue Skills COVID-19 Recovery Programme (the Programme) and to delegate decision making authority to the SELEP Chief Executive Officer in respect of delivery of the Programme.

### 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Agree** the award of £2m to the Programme, based on the case for investment set out in section 4;
- 2.1.2 **Agree** the proposed procurement approach for the delivery of £1,545,000 through a new training framework which can be divided into separate Lots
- 2.1.3 **Agree** to procure for the delivery of £375,000 Consultancy Services (covering innovative approaches to skills barriers) with authority delegated to SELEP Chief Executive Officer to determine the procurement route
- 2.1.4 **Agree** to £80,000 of the £2 million funding pot to be used for Project management, legal, procurement and contingency costs
- 2.1.5 **Agree** to delegate authority to the SELEP Chief Executive Officer, to sign off the award of grant funding and/or contracts, for the specific interventions included in the Programme; and
- 2.1.6 **Agree** to delegated authority to the SELEP Chief Executive Officer to amend the value of funding identified to each project by up to £100K, if so required, subject to:

- 2.1.6.1.1 The total value of investment remains within the total £2m budget allocated to the Programme;
- 2.1.6.1.2 minimum project benefits, set out in Table 1, still being achieved; and
- 2.1.6.1.3 Ensuring the maximum value of any of the projects included in the programme does not exceed £1m.

2.1.7 **Note** that the procurement of the projects included within the Programme will be completed in accordance with Essex County Council procurement advice and regulations.

### 3. Background

3.1 At the SELEP Strategic Board meeting in June 2020, SELEP Ltd agreed to repurpose £2million of Growing Places Fund to create a new Skills COVID-19 Recovery Fund Programme. The Programme is intended to provide support to the skills and employment landscape which has been significantly impacted by COVID-19.

3.2 On 4<sup>th</sup> September, SELEP Ltd agreed the focus, process and criteria for the Programme. The Programme includes the delivery of the following four projects:

- 3.2.1 Pathway to jobs in SELEP growth sectors;
- 3.2.2 Maximising jobs arising through the digital revolution;
- 3.2.3 Digital Skills for all – kit and training; and
- 3.2.4 Innovative solutions to skills barriers.

3.3 Further details about the Programme are set out in Appendix A.

### 4. Case for Investment

4.1 In the SELEP geography, as of July 2020, there are 160,000 people claiming out of work benefits compared to 63,785 in the same period last year. This represents a significant cost in terms of out of work benefits but also in lost productivity. Assisting individuals into jobs will support economic recovery and reduce public expenditure.

4.2 The standard Universal Credit Allowance is £342.72 per month for a single person under 25, or £409.89 for a single person aged 25 and over. Some individuals are eligible for extra amounts, for example if they have children. Therefore, considering the 160,000 current claimants and age differentials outlined in section 4.1, this is a public cost of at least £63 million per month for the SELEP area.

- 4.3 The delivery of the Programme is intended to reduce the number of claimants, through the four projects, increasing access to employment opportunities. The average work based weekly salary for the SELEP area is £571.10, or £2,475 per month. This roughly five times higher than current out of work benefits, clearly illustrating the economic case. Additionally, this would represent a contribution rather than deficit to the economy.
- 4.4 The economic value of the benefits for each of the specific projects included in the Programme have not been quantified, to enable a Benefit Cost Ratio to be calculated. However, based on the minimum benefits detailed for each project listed in Table 1, it is expected that the Programme will deliver value for money.
- 4.5 In direct benefits, the Programme will support a minimum of 400 people into work. It will also enable the purchase of 750 devices to support people into work or training. At least 1,000 people will receive basic digital training. Over 1,000 people will be supported through additional services commissioned such as online learning and virtual work experience.
- 4.6 The specific activities and minimum expected benefits per project intervention are set out in Table 1 below. Note that £80,000 is proposed for Project management and contingency as outlined in 6.1.

**Table 1 Specific projects included in the Programme**

Project	Funding allocation	Activities	Minimum benefits
Following categories to be included within first £1,545,000 framework			
Pathway to jobs in growth sectors	£945,000	<p>Training aligned to growth recruiting sectors (construction, care, health, engineering logistics, rural economy to get recently unemployed / redundant individuals into jobs. With an ability to adapt if government sector support funding is launched.</p> <p>To be targeted in areas of need (e.g. coastal)</p> <p>To include wrap around support for the individual</p>	<p>Up to 3 Lots to focus on different sectors</p> <p>Minimum of 300 people supported into jobs</p>



Maximising jobs arising through the digital revolution	£300,000	Training for digital roles in any sector and for jobs such as coding, software development, web design and video production	Minimum of 100 people supported into jobs
Digital Skills for all – kit and training	£300,000	Supporting individuals with kit and basic digital skills where this is a barrier to work or training	Minimum of 1,000 people to receive basic training  Minimum of 750 people supported with kit and connectivity
Following categories to be included in second £375,000 framework.			
Innovative solutions to skills barriers	£375,000	Examples of potential programmes: <ul style="list-style-type: none"> <li>• Online learning solutions for growth sectors</li> <li>• Virtual training and work experience</li> <li>• Supporting employers to access quality training provision and navigate the skills landscape</li> </ul>	Minimum of 1000 people supported through activities commissioned

- 4.7 In addition to the direct benefits of the Programme, the indirect benefits include raising awareness of key sectors recruiting, enabling greater access to existing online learning, leveraging additional funding where possible and illustrating SELEP's ability to commission effective local programmes.

## 5. Procurement and management of the Programme

- 5.1 Based on the options presented by the Procurement team of the Accountable Body, as outlined in Appendix 1, it is proposed to split the Programme into two

frameworks with different categories (Lots) to cover the core subject matters [as described in section 4.6]. Establishing a framework will enable the Programme to be delivered effectively. The criteria for all procurements are recommended as follows and will be incorporated into specifications:

**Table 2 – Eligibility Criteria**

<b>Eligibility Criteria</b>	<b>Notes</b>
Scope must be pan-LEP	Projects must demonstrate impact in all federated areas and proportionate benefits
Programmes must respond to COVID-19	Projects must demonstrate a response to COVID-19 challenges and the short- and medium-term impact of these
Projects must illustrate understanding of the local skills landscape and economy	In order to ensure effectiveness, projects should illustrate clear understanding of the local skills landscape and economy including existing work with and support from local employers for the proposed approach.
Projects must not duplicate existing or forthcoming local and national programmes	In order to ensure maximum impact and value, projects should not duplicate existing programmes and should illustrate a good knowledge of the existing offer. Programmes should address gaps, such as industry qualifications.
Projects are not required to provide match but should illustrate added value	Match will not be a requirement given that this can often be a barrier to funding. However, projects should outline where they can bring added or increased value, whether financial or in-kind.
Projects should deliver against SELEP's objective to build an inclusive economy	Projects will be asked to outline how they will support specific cohorts and increase diversity as well as addressing issues such as digital exclusion.
Funding will be to support revenue spending only	Capital bids will not be accepted (with the exception of the purchase of kit to address digital exclusion).
Programmes should deliver within one-year of funding award	Projects will be asked to demonstrate an ability to mobilise efficiently and effectively in order to address challenges at speed.

- 5.2 There will be general principles for all procurements which will include a SELEP wide approach, evidence of local employer support and collaboration and a good understanding of the local landscape in terms of the labour market, SELEP Economic Strategy Statement and also existing programmes. Provision should not duplicate national mainstream or local funding but should cover gaps (e.g. industry qualifications). Support to specific cohorts will be included, for example to address issues such as gender and ethnic diversity in certain sectors and support for particular age cohorts.

- 5.3 There will be two frameworks for these procurements and continued consultation will take place with relevant government departments and local partners to ensure no duplication.
- 5.4 Procurements will be drawn up in consultation with the SELEP Skills Advisory Panel, Skills Working Group and Digital Skills Partnership. To ensure no conflicts of interest, the SELEP Secretariat with Accountable Body support will make final decisions on the content.
- 5.5 Evaluation Panels will be formed in accordance with the set criteria in the procurement Lots to provide input to the evaluation of bids with SELEP Secretariat members and including local authority representation and representatives from key stakeholders such as the Skills Advisory Panel and Digital Skills Partnership, where there are no conflicts of interest. Evaluations will be in accordance with the procurement rules.
- 5.6 The Board is asked to agree that following the Evaluation Panel recommendations, final sign off to award the contracts should be delegated to the SELEP's Chief Executive Officer.
- 5.7 Based on the market interest in delivering the specific projects included in the overall Programme, it may be necessary to amend the specific amount of funding invested in each of the Projects. The Board is therefore asked to agree delegated authority to the SELEP Chief Executive Officer to amend the value of funding identified to each project by up to £100K, if so required, whilst ensuring the total value of investment remains within the total £2m budget allocated to the Programme and the minimum project benefits are still achieved.

## 6. Programme Management

- 6.1 A project management cost has been incorporated to ensure regular and effective reporting and monitoring of projects against targets and outcomes, as per the table 3 below. This will be shared with the SELEP £2.4 million Business Support COVID-19 Recovery Fund. This will enable the appointment of a one-year contract for a Project Manager to oversee the projects and ensure join up and alignment with the Business Support Fund. It also allows for legal and procurement costs incurred through the programme and a contingency as match for related government funding.

**Table 3 – Programme Management**

Project Management / contingency - £80,000	<p>A shared project manager post with the Business Support COVID-19 Recovery Fund (£35,000). To cover legal and procurement costs also.</p> <p>An additional £45,000 as contingency for attracting additional government</p>
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	funding by utilising as match – e.g. the Digital Skills Partnership work with the Department for Digital, Culture, Media and Sport.
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- 6.2 Monitoring will include regular reports on project outputs and progress to the Skills Advisory Panel, Digital Skills Partnership and main LEP Board. Reports will also be required to capture learning, case studies and best practice for the benefit of future programmes and to help make the case for further government investment. Reporting will also cover any challenges or risks to delivery.

## 7. Risks

- 7.1 The main Programme risks are set out in Table 3 below.

**Table 3 – Programme Risks**

<b>Risk</b>	<b>Mitigation</b>
A delay with the procurement process meaning that programmes are not up and running in October	Work is underway with Essex County Council's procurement team to prepare paperwork and ensure that procurement can commence in October. Due to the level of demand, slight slippage in the timetable would not be problematic to programme delivery.
Insufficient or poor applications for funding	SELEP has highlighted the £2million Skills pot overall since it was agreed in June 2020 and therefore there is good awareness of the opportunities and likely focus. This will help to ensure a good number and quality of bids. Further rounds of procurement would be possible if there are no successful applications.
Non delivery against targets and outputs	Payments will be staged to ensure delivery takes place and to reduce the risk to funding
Failure to appoint a project manager to oversee programme	Recruitment processes will be commenced as soon as possible. Preliminary monitoring can be carried out by the SELEP Secretariat in the event a Project Manager isn't in post.
Duplication of focus with government funding	There has been ongoing consultation with government departments to avoid any duplication of approach. Given the scale of need, this is a minimal risk.

## 8. Financial Implications (Accountable Body Comments)

- 8.1 In July 2020 the Board agreed to repurpose GPF to support the Covid-19 recovery through the establishment of a number of measures including the implementation of a Skills fund £2m.
- 8.2 The Accountable Body is currently holding the funding to support this scheme.
- 8.3 Value for money will need to be a key consideration through the establishment of the frameworks, alongside the other criteria in Table 2. The Accountable Body will support in ensuring this process if followed in accordance with the Procurement Regulations.
- 8.4 As this fund has been implemented in exceptional circumstances, the Assurance Framework has been updated to reflect the management of this programme. This amendment to the Assurance Framework is subject to final approval by the Strategic Board (see agenda item 12).
- 9. Legal Implications (Accountable Body Comments)**
- 9.1 A framework agreement will allow several suppliers to be pre-approved for certain types of contracts. In addition, a framework will allow SELEP to buy quickly and flexibly from the suppliers appointed to the framework agreement.
- 9.2 Any call-off from the Framework Agreement for services will be carried out in accordance with the provisions set out in the Framework and the services will be subject to the terms and conditions set out in the Framework Agreement.
- 10. Staffing and other resource implications (Accountable Body Comments)**
- 10.1 None at present.
- 11. Equality and Diversity implications (Accountable Body Comments)**
- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

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

## 12. List of Appendices

### 12.1. Options provided by Essex County Council Procurement (option 2 recommended as outlined

OPTION	Pros	Cons
1) Individual tenders for each requirement	<ul style="list-style-type: none"> <li>• Ability to stagger tenders</li> <li>• As and when approach attractive to service providers</li> <li>• Training falls under Light Touch Regime so in some circumstances can dictate length of procurement process</li> </ul>	<ul style="list-style-type: none"> <li>• Heavy impact on resources across the Organisation</li> <li>• Multiple tenders to manage and evaluate</li> <li>• No market leverage to obtain best value</li> <li>• Some elements a mix of training and consultancy where consultancy may be prime so unable to use light touch approach</li> </ul>
<p>2) Recommended – Simplify by pulling together in new framework with categories (e.g. training and consultancy) and separate for procurement purposes, e.g. Lot 1 Digital, Lot 2, Construction, Lot 3 Logistics, Lot 4 online learning. The specification would reflect the various subject matters and delivery models</p> <p>For innovative solutions to skills barriers, SELEP will work with ECC procurement to explore whether a similar approach is suitable or whether suitable existing consultancy frameworks are available (as per option 3)</p>	<ul style="list-style-type: none"> <li>• Simplified one stop tender process</li> <li>• Simplified contract management</li> <li>• Option to stagger call-offs</li> <li>• Could award to more than one supplier (e.g. different suppliers for different Lots)</li> <li>• Can use same framework for similar work undertaken</li> <li>• Can go back out for a specific Lot if not awarded first time</li> <li>• If existing framework, simplified efficient process</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility that suppliers less likely to engage with framework</li> </ul>
3) Similar to option 2 but for consultancy Services the option will be to use an existing framework	<ul style="list-style-type: none"> <li>• If existing framework, simplified one stop tender process reducing resource impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility that suppliers less likely to engage where a framework is used</li> <li>• Third party management costs</li> </ul>

	<ul style="list-style-type: none"> <li>• Simplified contract management</li> <li>• Option to stagger call-offs</li> <li>• Could award to more than one supplier under each Lot</li> <li>• Consultancy purchasing via a simplified process</li> </ul>	could be prohibitive, generally a % fee imposed on the supplier
<b>4) Sole supplier framework agreement where a third party is contracted the services from a supply chain. As with a standard framework call-offs can either be by direct award or mini-competition, with the third party carrying out this process</b>	<ul style="list-style-type: none"> <li>• Ability to direct award</li> <li>• Reduced resource impact</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of key supplier engagement when sourcing requirements</li> <li>• Higher costs due to additional management fee</li> <li>• Potential administrative bottlenecks</li> <li>• Supply chain is insufficient to meet needs</li> </ul>
<b>Considerations flagged by Essex County Council Procurement</b> <ul style="list-style-type: none"> <li>• Option 1 will have the greatest impact in terms of resources in terms of both time and staff costs</li> <li>• Options 2 and 3 have the lesser impact in terms of resources, ongoing contract management and delivery</li> <li>• Option 4 will reduce resource impact but may not be best value</li> </ul>		

## 12.2 Appendix 2. Draft procurement timeframe pending Accountability Board approval

Stages	Date
Governance	09/2020
Draft ITT Documents:  ITT Evaluation Matrix, Specification of requirements, T&C's, Pricing Matrix, policies, TUPE	01/09/2020 – 28/09/2020
Final documents signed-off	30/09/2020
ITT Published	02/10/2020 – 12 noon
ITT Clarification Closing Date	16/10/2020
ITT Closing Date	30/10/2020 – 12 noon
SSQ Compliance	02/11/2020 – 10/11/2020
Finance Price Evaluation	02/11/2020 – 10/11/2020
ITT Evaluation	02/11/2020 – 10/11/2020
ITT Consensus Meeting	11 – 18/11/2020

Preferred Bidder Notification	19/11/2020
Alcatel Standstill Period (subject to call-in) – min 10 days	30/11/2020
Contract Award	01/12/2020
Contract start date	08/12/2020

## 12.2. List of Background Papers

As per section 3.2. the proposed focus for this funding was approved to the SELEP

Strategic Board on 4<sup>th</sup> September. The relevant Board paper is available at [https://www.southeastlep.com/app/uploads/2020/08/SELEP-Strategic-Board-Agenda-Pack\\_Sept-2020.pdf](https://www.southeastlep.com/app/uploads/2020/08/SELEP-Strategic-Board-Agenda-Pack_Sept-2020.pdf) and the meeting recording is available at <https://www.southeastlep.com/meetings/strategic-board-3/>

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

Role	Date
<b>Accountable Body sign off</b>	
Peter Shakespear (On behalf of Nicole Wood)	10/09/20