
Getting Building Fund

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On behalf of SELEP



Welcome and Introduction

Adam Bryan
SELEP Chief Executive



South East LEP in numbers



- £90bn+ GVA
- 165,000 VAT registered businesses
- 4.2m people
- 8 ports
- 9 university campuses
- £600m Growth Deal (+£180m ESIF +£49m GPF [loan])
- Biggest of 38 LEPs

Working agenda

- Major **capital programme**
- Revolving **loan fund** - GPF
- High profile **Digital Skills Partnership** pilot
- Launch of industry driven **Skills Advisory Panel**
- Growth Hub – Covid-19 and **Brexit** readiness work
- 4 **Enterprise Zones**
- **Tourism Zone**
- Thames Estuary / Lower Thames Crossing



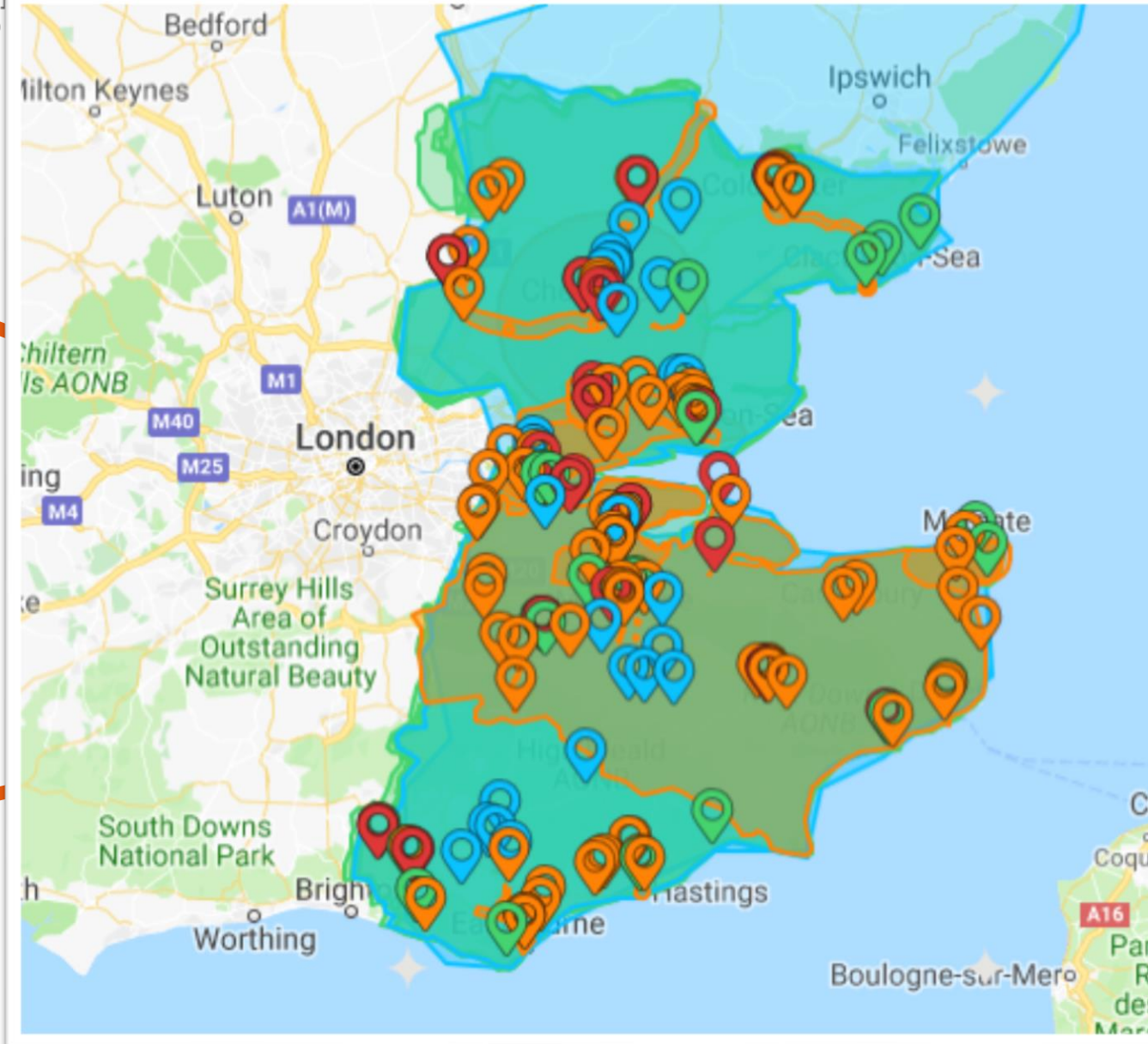


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SELEP's Investment

**110 Local
Growth Fund
projects**

**26 Growing
Places Fund
projects**



**12 Sector
Support Fund
projects**

**33 Capital Skills
Projects**

Getting Building Fund

- **£900m Getting Building Fund** nationally
- SELEP has been allocated £85m

SELEP was invited to put forward **shovel – ready capital projects** which can be delivered within 18 months

Projects must meet value for money standards, set out in local assurance frameworks and must spent the funding by the end of 2021/22.

- **34 projects** have been identified



The Getting Building Fund

Rhiannon Mort
SELEP Capital Programme Manager



Getting Building Fund

What will be covered through the webinar?

- Requirements from SELEP & Central Government
- Value for money & deliverability requirements
- Introduction to Independent Technical Evaluation (ITE) process
- Management of Getting Building Fund once funding secured
- Q&A

Requirements from SELEP & Central Government

- Key aims of fund: Driving economic growth, job creation and green recovery
- Projects must be 'shovel ready'
- Funding must be spent in 2020/21 and 2021/22. Funding will be subject to clawback if it has not been spent within timescales
- Must meet value for money requirements



Value for money and deliverability requirements

- ✓ Confidence of full spend of the GBF by 31st March 2022
- ✓ Full funding package is in place once GBF has been confirmed
- ✓ Planning permission and other consents are in place
- ✓ No high risks to delivery
- ✓ Business case passes ITE review and confirms that the project presents high Value for Money.



Introduction to Independent Technical Evaluation process

- SELEP is required to independently assess the project business case and value for money assessment. This is a requirement from Central Government
- Steer Consultancy act on behalf of SELEP as the Independent Technical Evaluator (ITE) and make recommendations to the Accountability Board following their assessment
- ITE are checking for compliance with Government guidance on economic appraisal and deliverability
- Two staged process (Gate 1 and Gate 2)





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Independent Technical Evaluator process

Steven Bishop


Project Director, Steer



Business case assessment process

- **Gate 0 Discussion:** Early engagement to advise scheme promoters on business case development, particularly what the appropriate approach to economic appraisal should be.
- **Gate 1 Review:** Assessment of initial business case submission.
- **Inter gate meeting:** An opportunity for us to explain our Gate 1 Review to scheme promoters and for them to ask any clarification questions.
- **Gate 2 Review:** Assessment of a revised business case by the same assessor in the same template to ensure consistency.
- **Reporting and Recommendations:** Presentation to the SELEP Accountability Board providing our assurance of value for money and certainty.

Five case business case

- **Strategic Case:** demonstration of strategic fit to national, LEP and local policy, predicated upon a robust case for change.
 - **Economic Case:** demonstration that the preferred option optimises public value to the UK
 - **Commercial Case:** demonstration that the preferred procurement route will result in value for money and prudent risk transfer
 - **Financial Case:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms.
 - **Management Case:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and that a monitoring and evaluation plan is in place.
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- Presentation of an evidence base and policy context which demonstrates that there is a problem and therefore a need for intervention.
- **Covid-19 Resilience:** Consideration of whether the need for intervention still applies.
- Development of a set of SMART objectives which respond to the need for intervention and align with LEP and government objectives regarding Covid-19 and more widely:
 - Government Objective 1: Growth and Jobs
 - Government Objective 2: Green Recovery
 - LEP Priority Interest Area 1: Modernising town and city centres
 - LEP Priority interest area 2: Physical infrastructure to improve the local economy
 - LEP Priority interest area 3: Human Capital including business support
 - LEP Priority interest area 4: Innovation ecosystem
 - LEP Priority interest area 5: Digital connectivity



Strategic Case

- A 'logic map' – the flow from: need for intervention; to how the scheme will address this with its input, outputs and outcomes; and how the outcomes align with the objectives for the scheme.
- Demonstration that a number of alternative options have been assessed in terms of their performance against the SMART objectives and that a clear and transparent process leads to a preferred option being identified.
- Interdependencies and how they will be resolved (e.g. stakeholder engagement, planning permission, other schemes)





- Explanation of the costs and the methodology for forecasting the benefits of the scheme.
- **Covid-19 Resilience:** Commentary to show that assumptions underpinning calculation of benefits remain relevant and appropriate
- Appraisal of the monetized costs and benefits of the scheme and presentation of the benefit cost ratio.
- Consideration of non-monetised and non-quantified benefits and risk profile of the benefits to support an overall value for money assessment



Economic appraisal guidance

| Scheme type | Potential outputs | Recommended appraisal methodology |
|--------------------------------|---|--|
| Transport | Journey time savings, decongestion, air quality, carbon emissions, enabling development | DfT TAG / MHCLG Land Value Uplift Appraisal Guidance |
| Skills | Learner numbers, jobs | SFA Appraisal Toolkit |
| Housing | Residential floorspace | MHCLG Land Value Uplift Appraisal Guidance |
| Enterprise/ Digital | Employment floorspace, jobs | MHCLG Land Value Uplift Appraisal Guidance/HCA Additionality Guide |
| Innovation | New patents, jobs, air quality, carbon emissions | MHCLG Land Value Uplift Appraisal Guidance/HCA Additionality Guide |

- Demonstration that the forecast profile of capital and revenue spend is aligned with the anticipated availability of capital and revenue funding.
- **Covid-19 Resilience:** Commentary on the security of other sources of capital and revenue funding.
- Break down of capital and revenue costs and the assumptions that have been used in their development. This should include a clear justification for the level of risk and contingency that has been included.



Commercial Case

- Demonstration that the preferred contracting and procurement route will maximise value for money while remaining proportionate to the size of the scheme.
- Commentary on the how risk will be transferred between delivery partners.
- **Covid-19 Resilience:** Commentary on commercial viability of anticipated delivery partners.



- Presentation of a work programme which is realistic and achievable but ensures spend and delivery in line with the requirements of the Getting Building Fund and the LEP.
- Presentation of a comprehensive risk register with each risk having an owner, mitigation strategy and timescale for monitoring and update.
- **Covid 19 Resilience:** Demonstration that the delivery partners have availability of appropriate resources to deliver the project to time and budget.
- Development of a benefits realisation and monitoring and evaluation plan which set out the inputs, outputs, outcomes and impacts of the scheme, how and when these will be monitored and evaluated.





Monitoring and Evaluation

- The Monitoring and Evaluation plan should set out the inputs, outputs, outcomes and impacts of the scheme, how and when these will be monitored and evaluated.
 - **Inputs:** these are typically the different funding sources, when will they become available and which components will they fund. (E.g. GBF funding)
 - **Outputs:** The physical infrastructure or asset that is delivered by the scheme. (E.g. employment floorspace)
 - **Outcomes:** The likely short-term and medium-term effects of a scheme's outputs. (E.g. increase in jobs)
 - **Impacts:** Positive and negative, primary and secondary long-term effects, can be direct or indirect and intended or unintended. (E.g. increase in local GVA)





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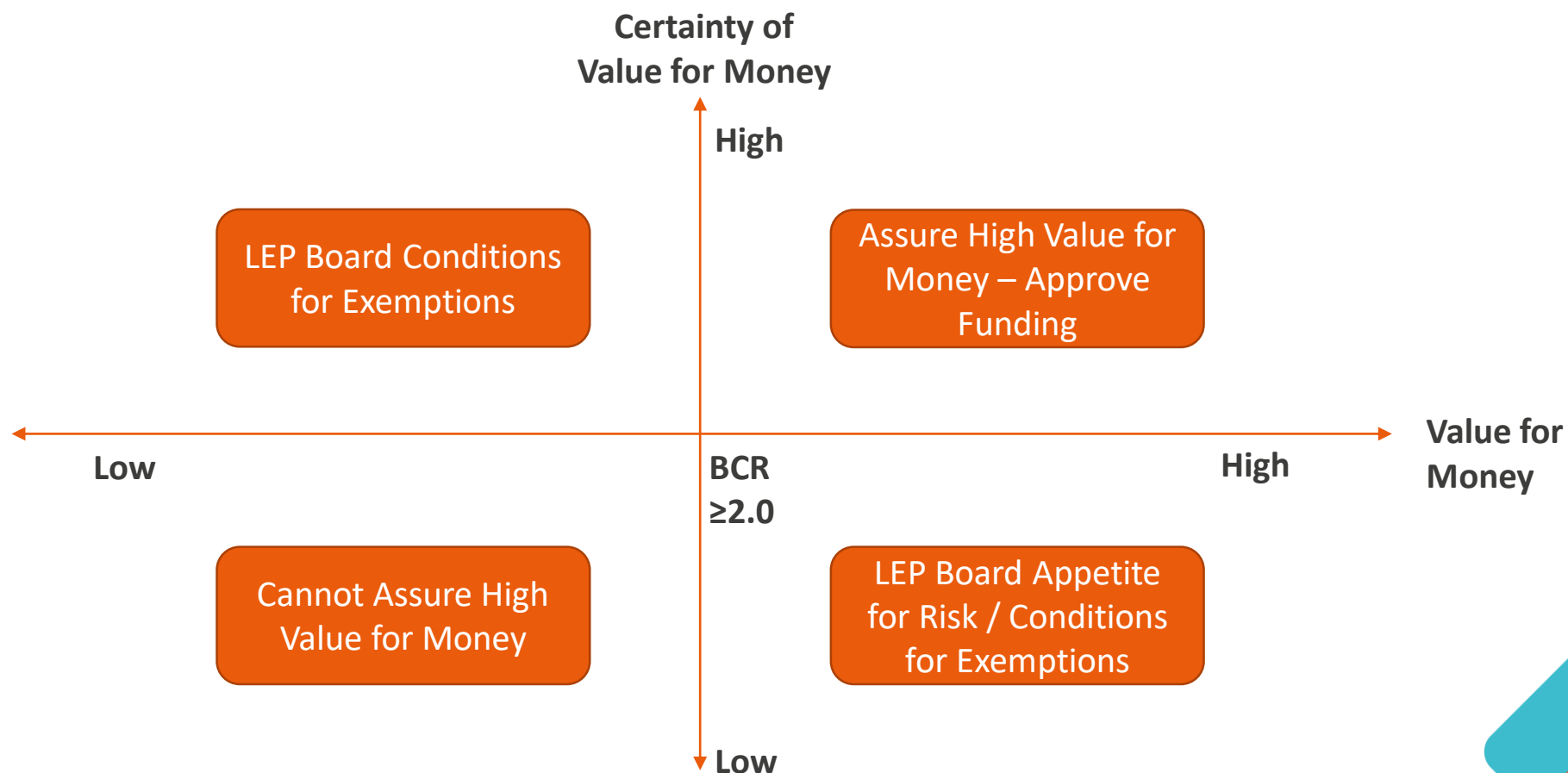
Monitoring and Evaluation continued

- For each of the inputs, outputs, outcomes and impacts identify how they will be monitored and how frequently this monitoring will take place.
- Focus on no more than five outputs and five outcomes, to increase the deliverability and reduce resource requirement of implementing the monitoring and evaluation plan.





Our recommendations



Value for money exemptions

Exemption 1: This may be applied where a project does not present High Value for Money (a Benefit Cost Ratio of over 2:1); but has a Benefit Cost Ratio value of greater than 1.5:1; or where the project benefits are notoriously difficult to appraise in monetary terms; and only if the following conditions are satisfied:

- the **project must be less than £2.0m** and to conduct further quantified and monetised economic appraisal would be disproportionate; and
- where there is an **overwhelming strategic case** (with minimal risk in the other cases); and
- there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1

Value for money exemptions

Exemption 2: This may be applied where a project does not demonstrate a High Value for Money (a Benefit Cost Ratio of over 2:1), but has a Benefit Cost Ratio of over 1:1, and only if the following conditions are satisfied:

- there is an overwhelming strategic case for the project
- there is demonstrable additionality - intervention address a clear market failure
- there are no project risks identified as high risk and high probability after mitigation measures have been considered; and
- where **Value for Money assurances are provided** by Government Department, Highways England, Network Rail, Environment Agency or Skills Funding Agency



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Next steps

Rhiannon Mort
SELEP Capital Programme Manager





Assessment Timescales

| STAGE | 16 th October Accountability Board | 20 th November Accountability Board |
|---|--|---|
| Initial business case submission | 10/08/2020 | 11/09/2020 |
| Gate 1 Review Completing | 21/08/2020 | 25/09/2020 |
| Inter gate meetings | w/c 24/08/2020 | w/c 25/09/2020 |
| Revised Business Case Submission deadline | 04/09/2020 | 09/10/2020 |
| Gate 2 Review completion | 18/09/2020 | 23/10/2020 |
| Reporting for Draft Board Papers | 25/09/2020 | 03/11/2020 |
| Issue Board Papers | 08/10/2020 | 12/11/2020 |
| Accountability Board | 16/10/2020 | 20/11/2020 |

Management of Getting Building Fund

- Recommendations will be made to SELEP Accountability Board on either **16 October 2020** or **20 November 2020** Public meeting.
- An agreement will be put in place between the Accountable Body for SELEP & the lead county/unitary authority
- Funding will be transferred from the Accountable Body on behalf of SELEP to the county/unitary authority
- Lead county/unitary authority will put agreement in place with third party organisations
- Lead county/unitary authority oversee the delivery of the projects and provide reporting to SELEP at least quarterly

Getting Building Fund

Management of Getting Building Fund continued.

- Update reports are presented to the Accountability Board (public meeting) on a quarterly basis
- Any changes to project timescales, costs, scope or benefits must be approved by SELEP in advance through a Change Request process
- Project evaluation will be required one year after scheme completion and three/five years after, depending on the scale of the project

Summary of Next Steps

- Organise half hour slot to speak to Steer about specific project business cases
- Send business case to hello@southeastlep.com and Edmund.Cassidy@Steergroup.com on **10 August or 11 September**
- Business case will require sign off from lead county/unitary Authority S151 officer and will be published on the SELEP website
- Gate review process will take place with opportunity to respond to the initial feedback before recommendations are made to the SELEP Accountability Board on either **16 October or 20 November**

Useful links to advise and information

- [SELEP Assurance Framework](#)
- [Examples of project business cases, for the Local Growth Fund](#)
- [HM Treasury Green Book](#)
- [Green Book supplementary guidance on Optimism Bias](#)
- [MHCLG Appraisal Guide](#)
- [DfT Transport Appraisal Guidance](#)
- [HCA The Additional Guide](#)
- [Research to improve the assessment of additionality](#)
- [Employment densities guidance](#)





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Questions and Answers



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