



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

STRATEGIC BOARD AGENDA PACK

Friday 9th December 2022

**JVHome, Unit 27, Creative Enterprise Quarter, Javelin
Way, Ashford TN24 8FN**



Agenda

Item 1	10:00	Welcome	Chris Brodie	
Item 2	10:05	Minutes from October 2022 meeting Declarations of Interest	Chris Brodie	Pg. 3
Item 3	10:10	• Welcome to JVC home and discussion on creative and cultural sector	Meg Saunders (Head of Creative Learning) and Ian Ross (Executive Director)	
Item 4	10:35	• Update following Mid-Year Review (presentation)	Adam Bryan	
Item 5	11:00	• Appointment of Directors	Amy Ferraro	Pg. 7
Item 6	11:05	• Capital Programme Update	Helen Dyer	Pg. 9
Item 7	11:20	• SSF Project Update	Adam Bryan	Pg. 24
Item 8	11:25	• Freeport East Membership	Adam Bryan	Pg. 31
Item 9	11:35	• Growth Hub Update	Jo Simmons	Pg. 36
Item 10	11:45	• Chair Recruitment Decision	Liz Gibney, Cllr Keith Glazier and Jeremy Kerswell	Pg. 40
AOB & Close				

Information items:
COVID-19 Funds Update

Future Strategic Board meeting dates:
10th February

Minutes of Strategic Board: 21st October 2022

Attendees

Sarah Dance	Chair
Adam Bryan	CEO
Ana Christie	Team East Sussex
Clive Soper	Team East Sussex
Cllr Christine Bayliss	District/Borough/City Councils representative
Cllr Deborah Arnold	Thurrock Council
Cllr Keith Glazier	East Sussex County Council
Cllr Lesley Wagland	Essex County Council
Cllr Rodney Chambers	Medway Council
Cllr Roger Gough	Kent County Council
Cllr Stephen George	Southend City Council
David O'Connell	Opportunity South Essex (non-voting)
David Rayner	Success Essex
Graham Peters	Team East Sussex
Lara Fox	Success Essex
Liz Gibney	Kent and Medway Economic Partnership
Matthew Arnold	Kent and Medway Economic Partnership
Nick Fenton	Kent and Medway Economic Partnership
Penny Shimmin	Social Enterprise Representative
Perry Glading	Opportunity South Essex
Roland Cooper	Kent and Medway Economic Partnership
Vince Lucas	Kent and Medway Economic Partnership

Apologies: Chris Brodie, Cllr Kevin Bentley (substituted by Cllr Lesley Wagland), Cllr Mark Coxshall (substituted by Cllr Deborah Arnold), Carol Ford (substituted by Roland Cooper), Jo James (substituted by Nick Fenton), Jeremy Kerswell, Prof Karen Cox

Other attendees:

Alex Riley	SELEP Secretariat	Michael Neumann	Essex County Council
Bernard Brown	Private Individual	Nick Brown	Southend City Council
Ellie Clow	SELEP Secretariat	Paul Chapman	Essex County Council
Helen Dyer	SELEP Secretariat	Richard Dawson	East Sussex County Council
Helen Russell	SELEP Secretariat	Sarah Nurden	KMEP
Howard Davies	SELEP Secretariat	Sharon Spicer	SELEP Secretariat
Jo Simmons	SELEP Secretariat	Stephanie Ennis	Essex Legal Services
Ian Lewis	OSE	Stephanie Mitchener	Essex County Council S151
Lorna Norris	Essex County Council	Steve Evison	Essex County Council
Louise Aitken	SELEP Secretariat	Vivien Prigg	SELEP Secretariat

This meeting was held as a video conference and a recording can be found [by clicking here](#); the timestamp of the start of the discussion for each item is indicated in brackets.



Item 1: Welcome and introduction

- 1.1. Sarah Dance welcomed the Board to the meeting.

Item 2: Minutes of last meeting, declarations of interest, matters arising (1'34" timestamp on video)

- 2.1. Sarah Dance welcomed two new Directors, Lara Fox and Cllr George, and substitutes attending the meeting to the Board.
- 2.2. The Board agreed the minutes of the previous meeting as an accurate record.
- 2.3. Cllr Wagland declared an interest relating to the role of Essex County Council as Commissioner for Thurrock Council, which is independent of the role of Essex County Council relating to this Board.
- 2.4. Sarah Dance declared that she is a co-Chair of SECEN which is mentioned in the SSF item.
- 2.5. Sarah Dance thanked those who attended and contributed to the Annual Conference and AGM
- 2.6. Adam Bryan provided an update regarding the Freeport East Articles of Association, which will be agreed by the Board via a future electronic procedure.
- 2.7. Adam Bryan provided an update regarding the Government's Deep Dive into selected Capital Projects in East Sussex.
- 2.8. Adam Bryan reminded the Board that there is a requirement of the original LEP Review to have an equal gender division on the Board by next year.

Item 10: Statement of Accounts (7'45")

- 10.1. Lorna Norris presented to the Board.
- 10.2. The Board confirmed they have considered the SELEP Statement of Accounts 2021/22.
- 10.3. The Board approved the South East LEP Ltd Statement of Accounts 2021/22.

Item 3: Creation of GBF Prioritised Project Pipeline (16'04")

- 3.1. Helen Dyer presented to the Board.
- 3.2. The Board agreed the prioritised pipeline as outlined at Table 1, with the exception of the Success Essex projects. The projects above the red line and eligible to receive funding are:
 - i) Innovation Park Medway – Sustainable City of Business
 - ii) Thanet Parkway Railway Station
 - iii) Javelin Way Development
 - iv) Observer Building, Hastings
 - v) Extension of the existing Phase 2 ASELA LFFN project
- 3.3. Success Essex will meet urgently to clarify their project recommendations to the Board.
- 3.4. An electronic procedure will follow this meeting to agree the final list with the addition of the Success Essex projects.
- 3.5. The Board also agreed GBF spend beyond the 31 March 2022, as applicable for projects listed in Table 4, for those projects which have been prioritised for additional GBF funding. If project completion dates are delayed by more than 6 months, the Board will be asked to confirm its continued support for the project.



Item 4: Planning for 23/24 and beyond (1h06'25")

4.1. Adam Bryan presented to the Board.



Planning for
2324.pdf

Item 5: SELEP & Housing Delivery (1h26'0")

5.1. Liz Gibney introduced the item, and Brian Horton presented to the Board.



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Item 7: Capital Programme Update (1h45'43")

7.1. Helen Dyer presented to the Board.

7.2. The Board agreed LGF spend beyond 30 September 2021 for the i3 Innovation Investment Loan Scheme project

7.3. The Board agreed GBF spend beyond 31 March 2022 for the Food Street, Eastbourne project – project completion July 2022

7.4. The Board agreed GBF spend beyond 30 September 2022 for the following projects:

- i) UTC Maritime and Sustainable Technology Hub, Newhaven – expected completion March 2023
- ii) Tendring Bikes and Cycle Infrastructure – expected completion December 2022
- iii) Swan Modular Housing Factory, Basildon – expected completion March 2024
- iv) Jaywick Market and Commercial Space – expected completion March 2023
- v) Romney Marsh Employment Hub – expected completion January 2023
- vi) Better Queensway, Southend – expected completion January 2033 (wider regeneration programme)
- vii) No Use Empty South Essex – expected completion of GBF spend March 2023

Item 6: SSF Project Update (1h52'17")

6.1. Adam Bryan presented to the Board.

6.2. The Board endorsed the request to extend the delivery timetable end date for the Accelerating Nature-Based Climate Solutions project from 31 October 2022 to 23 December 2022.

Item 8: Chair Recruitment Update (1h54'55")

8.1. Liz Gibney provided a brief update to the Board.

8.2. A further update will be provided at the December Board meeting.

Item 9: Appointment of Directors (1h56'24")

9.1. Amy Ferraro presented to the Board.

9.2. The Board noted the recent changes to the Directors of the South East LEP Ltd.



AOB & Close

Sarah Dance closed the meeting.



Item 5: Appointment of Directors

Executive Summary

1. Overview

- 1.1. South East LEP Ltd was registered with Companies House on the 2nd of March 2020 and in line with the Articles of Association adopted at that time, it is necessary for the South East LEP Ltd Board of Directors (the Board) to take a resolution to appoint Co-Opted Directors every year.
- 1.2. It was resolved by the Board in March 2022 that Graham Butland would be appointed as the Essex District/City/Borough representative for an interim period up to the end of June 2022, to allow more time for a full nomination process.
- 1.3. Essex Local Authority Leaders and CEOs have now chosen their nomination for the remainder of 2022/23.
- 1.4. In order to receive nominations for the District/City/Borough Local Authority representatives, the Board needs to decide which two areas will have seats for 2023/24. As Essex is the only area to so far have a seat every year, it is recommended that East Sussex and Kent have seats for the next financial year.

2. Decisions: Board is recommended to:

- 2.1. The Board is asked to resolve that the nominated candidate (to be announced during the meeting) be appointed as a Co-Opted Director for the remainder of 2022/23.
- 2.2. The Board is asked to agree that the District/City/Borough Local Authority representatives for 2023/24 will be from East Sussex and Kent.

3. Rationale for Decisions

- 3.1. In accordance with Section 19 of the Articles of Association, it was agreed at the October 2019 meeting of the Board that five Directors would be appointed on an annual basis, for a period of 12 months. These Directors would represent the following sectors:
 - 3.1.1. City/Borough/District Local Authority
 - 3.1.2. City/Borough/District Local Authority
 - 3.1.3. Social Enterprise
 - 3.1.4. Further Education
 - 3.1.5. Higher Education
- 3.2. It was agreed that the 12-month period served would align with the financial and planning year which runs from April to March.
- 3.3. It was agreed that the City/Borough/District Local Authority seats would rotate between Essex, East Sussex and Kent.
- 3.4. The District/City/Borough representatives on the Board have so far been as follows:

2020-21	David Monk (Kent)	Graham Butland (Essex)
2021-22	Trevor Bartlett (Kent)	Graham Butland (Essex)



2022-23	Christine Bayliss (East Sussex)	Graham Butland (Essex) up to June 2022
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- 3.5. These seats are intended to be assigned strategically if there is a particular project or focus in an area, or otherwise be rotated between the areas. As there has so far been consistent representation for Essex, it is logical to now rotate the seats back to Kent and to continue East Sussex's representation.

Further Information

4. Next Steps

- 4.1. The appointed Director will become a voting member of the Board as soon as the resolution is taken during the December 2022 meeting.
- 4.2. Local Authority areas will be asked to nominate their chosen representative to be appointed for the 2023/24 financial year by the 17th March 2023. Current representatives will finish their term at the end of March 2023 but may be reappointed if eligible.

5. Comments from the Accountable Body

- 5.1. The recommendations are appropriate and are in line with the Assurance Framework and the decisions previously agreed by the Board.

Legal implications

- 5.2. The Company must comply with company law requirements in filing the relevant information at Companies House in order to give effect to the recommendations set out in this report. Appointment of directors must be notified to Companies House within 14 days of appointment.

6. Appendices, Supporting Documents and Previous Decisions

- 6.1. None

For further information contact amy.ferraro@southeastlep.com

Item 6: Capital Programme Update

Executive Summary

1. Overview

- 1.1. This report provides the Strategic Board (the Board) with details of projects where Getting Building Fund (GBF) spend has extended beyond 31 March 2022. The report also provides an update on the overall position of the Local Growth Fund (LGF) and GBF programmes, the status of all high risk projects within both programmes and provides an update on repayment risks associated with two Growing Places Fund (GPF) projects.
- 1.2. The Board is asked to approve the spend of any GBF funding beyond 31 March 2022. One GBF project is brought forward for Board consideration at this meeting – this project is seeking approval for retention of GBF funding beyond 31 December 2022 having previously received approval for retention of funding for an additional nine months beyond 31 March 2022.
- 1.3. This report also provides the Board with an update on the status of the new GBF prioritised project pipeline, including confirmation of the inclusion of the Success Essex projects (agreed via Electronic Procedure) and those projects which have been approved for receipt of funding by the Accountability Board.
- 1.4. As three of the Success Essex projects accepted reduced additional GBF funding allocations, the Board is asked to agree the inclusion of the remaining balance sought by the projects in the GBF prioritised project pipeline, subject to confirmation from the Success Essex Board of the prioritisation of the projects.

2. Decisions: Board is recommended to:

- 2.1. **Approve** GBF spend to 31 March 2023 for the following project:
 - 2.1.1. Techfort, Dover – project completion March 2023.
- 2.2. **Agree** the principle of the inclusion of the remaining balance (£354,544) of GBF funding sought by the Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Jaywick Market and Commercial Space and Tindal Square Chelmsford projects in the GBF prioritised project pipeline. Noting that the positioning of the projects on the pipeline will be agreed at the next Board meeting following receipt of confirmation from the Success Essex Board as to the prioritisation of the projects.

3. Rationale for Decisions

- 3.1. At the outset of the GBF programme, there was a clear expectation from Central Government that the GBF funding should be spent in full by 31 March 2022. This expectation was a key factor when the Board considered the prioritisation of the GBF project submissions and led the Accountability Board to carefully consider any risks to project delivery when taking the final funding decisions.
- 3.2. Subsequently, it has been indicated by local partners that a number of GBF projects have been unable to fully spend their GBF allocations by 31 March 2022 due to the occurrence of unforeseen complications or delays during project delivery. In July 2021, Accountability Board



agreed that GBF funding could be retained against projects beyond 31 March 2022 in exceptional circumstances, subject to compliance with a number of conditions and criteria. Furthermore, in May 2022, the Accountability Board agreed that all projects forecasting GBF spend beyond March 2022 must meet a number of conditions designed to ensure timely completion of the GBF programme. The project outlined in this report was considered against the requirements agreed by the Accountability Board in May 2022 to inform recommendations made to the Accountability Board.

- 3.3. The Techfort project was considered by the Accountability Board in November 2022, and it was agreed that the GBF funding could be retained against the project beyond December 2022 (the extension originally agreed by the Board and the Accountability Board), subject to Board endorsement.
- 3.4. If Board endorsement is not provided, the GBF funding which remains unspent at 31 December 2022 will need to be returned to Essex County Council (as Accountable Body for SELEP) for reallocation to alternative projects. In addition, a review of the project will be undertaken to determine whether there is a requirement for any of the remaining GBF funding awarded to the project to be returned to the Accountable Body for reallocation. Return of any GBF funding will impact on the ability of the project to deliver in accordance with its' agreed Business Case.
- 3.5. A new GBF prioritised project pipeline was agreed by the Board in October 2022, with the exception of the Success Essex projects which were agreed via Electronic Procedure in November 2022. This pipeline was established to facilitate the timely reinvestment of the available GBF funding, which had been returned following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects from the GBF programme. The pipeline (as set out in Appendix C) will also be used to support the reallocation of any further funding which is returned to SELEP prior to the end of the GBF programme.
- 3.6. Following discussions at the Board meeting on 21 October 2022 regarding the prioritisation of the Success Essex projects, the Success Essex Board met on 31 October 2022 to reconfirm their prioritisation of the Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Jaywick Market and Commercial Space and Tindal Square Chelmsford projects. At this meeting, the Success Essex Board agreed that all three projects were important and that they should all be prioritised for receipt of additional GBF funding. As a result, each project agreed to accept a lower additional GBF funding allocation than was originally sought with the resultant funding gap being bridged by the delivery partner in each case. This approach was endorsed by the Board via Electronic Procedure.
- 3.7. The Success Essex Board requested that consideration be given to the inclusion of the remaining balance sought by each of the three projects in the final GBF prioritised project pipeline. At this meeting, the Board are asked to agree the principle of including the remaining GBF balance sought by these projects on the pipeline.
- 3.8. If the Board are supportive of this approach, the Success Essex Board will need to agree the prioritisation of the three projects before the Board can agree the final prioritised project pipeline at the February 2023 meeting. However, if the Board are not supportive of this approach, the remaining balance sought by each of the three projects will not be included in the GBF pipeline and the commitment from the respective delivery partners to bridge the funding gap will stand.

Further Information

4. Decision 1: Approve GBF spend beyond 31 December 2022 for the Techfort, Dover project

- 4.1. In July 2021, the Accountability Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. As outlined at the October 2021 Board meeting, the Accountability Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied.
- 4.2. Subsequently in May 2022, following a review of all projects which had received approval for retention of their GBF funding beyond March 2022, the Accountability Board agreed a set of requirements which needed to be met by all projects forecasting GBF spend beyond March 2022. These requirements were set out in the Capital Programme Update report provided at the June 2022 Board meeting.
- 4.3. These requirements were introduced as a mechanism for ensuring timely completion of the GBF programme and were not, at the time, intended to represent a new approach to determining whether funding could be retained beyond 31 March 2022 as there was an expectation for projects to complete GBF spend by the date agreed by the Accountability Board under the terms of the extension granted to each individual project. However, given that the Techfort project is seeking a further extension, it was decided to use the requirements agreed in May 2022 as the basis for the assessment of the request.
- 4.4. The Techfort project has previously been granted approval for retention of its' GBF funding allocation beyond 31 March 2022 for a maximum period of 9 months to 31 December 2022. This was agreed, as an exception, by the Accountability Board in February 2022 when the award of GBF funding to the project was approved.
- 4.5. The Board are asked to approve GBF spend beyond 31 December 2022 for the Techfort, Dover project.

Table 1: Summary of projects seeking approval for GBF spend beyond 31 December 2022

Summary of project seeking approval for GBF spend beyond 31 December 2022 (£m)						
Project name	Total GBF allocation	GBF spend to end of 2021/22	GBF spend - Q1 and Q2 2022/23	GBF spend forecast - Q3 and Q4 2022/23	Expected completion date in Business Case	Updated expected completion date
Techfort, Dover	1.009	0.000	0.000	1.009	Dec-22	Mar-23

- 4.6. The Techfort project was included in the GBF prioritised project pipeline agreed by the Board in March 2021 and the award of £1.009m GBF funding to the Techfort, Dover project was approved by the Accountability on 11 February 2022. At the time of the funding award, it was reported that the project would be completed, and the full GBF funding allocation spent by 31 December 2022. Given the timing of the funding award and the stated delivery programme, the Accountability Board agreed (as an exception) that the GBF funding could be retained against the project beyond 31 March 2022 for a maximum period of 9 months.
- 4.7. Since the award of GBF funding to the project, significant progress has been made with both planning and Scheduled Monument consents being secured in May 2022. In addition, a contractor was appointed to deliver the works in September 2022, and they have begun work



on site. GBF spend reported to date in Q3 2022/23 totals £332,406, with spend expected to increase rapidly as construction progresses. Whilst work has progressed, it has now been confirmed that the project will not complete in December 2022 as originally expected.

- 4.8. The delivery programme has been extended due to the need for more extensive roof and revetment wall work to ensure the quality of the project is maintained. In addition, the process to discharge the conditions attached to the planning and Scheduled Monument consents has taken longer than anticipated. As a result, a request for retention of the GBF funding against the project for a further period of 3 months, to 31 March 2023, was submitted.
- 4.9. It has now been confirmed that the conditions attached to the planning and Scheduled Monument consents have been discharged and therefore no longer present a risk to the delivery programme. In addition, the construction contractor has now provided an updated delivery programme which indicates that the project is expected to complete in early March 2023.
- 4.10. Given that all conditions have now been discharged and work has commenced onsite, no significant risks to project delivery have been identified.
- 4.11. More details on this project and the reasons for the delay to project delivery are outlined in Appendix B.

5. Decision 2: Agree the principle of the inclusion of the remaining balance of GBF funding sought by the three Success Essex projects listed at 5.1 in the GBF prioritised project pipeline

- 5.1. In October 2022, the Board agreed the new GBF prioritised project pipeline, with the exception of three Success Essex projects (Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Jaywick Market and Commercial Space, Tindal Square Chelmsford) which were agreed by Electronic Procedure in November 2022. The pipeline seeks to support existing GBF projects which have experienced cost increases due to the COVID-19 pandemic, Brexit and current high inflation levels or delivery of further phases of existing projects.
- 5.2. At the October 2022 Board meeting, there were extensive conversations regarding the proposed pipeline and the outcome of the project prioritisation undertaken by the Success Essex Board. As a result of these discussions, it was agreed that the Success Essex Board would reconvene to re-confirm their prioritisation but that, in the meantime, the remainder of the pipeline would be agreed.
- 5.3. The Success Essex Board met on 31 October 2022 and agreed that all three projects were important and should all be prioritised for receipt of additional GBF funding. In order to achieve this, each of the three projects agreed to accept a reduced additional GBF funding award as set out below:
 - 5.3.1. Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises - Additional GBF funding requested: £477,256. Reduced GBF funding allocation accepted: £359,074 (difference: £118,182).
 - 5.3.2. Jaywick Market and Commercial Space – Additional GBF funding requested: £419,060. Reduced GBF funding allocation accepted: £300,879 (difference: £118,181).
 - 5.3.3. Tindal Square Chelmsford – Additional GBF funding requested: £450,000. Reduced

GBF funding allocation accepted: £331,819 (difference: £118,181).

- 5.4. During the Success Essex Board meeting, a commitment was provided by each of the delivery partners to bridge the resultant funding gap ensuring that the projects could still be delivered in accordance with their agreed Business Cases. This approach was agreed by the Board via Electronic Procedure in November 2022.
- 5.5. During their meeting, the Success Essex Board requested that consideration be given to the inclusion of the remaining balance sought by each of the three projects in the final GBF prioritised project pipeline. This request was referenced in the Electronic Procedure considered by the Board in November 2022, but a decision was not sought as it was considered too complex to agree via the Electronic Procedure route.
- 5.6. As the Success Essex Board agreed that the three projects were of equal importance and should all be prioritised for receipt of additional funding, there is no prioritisation in place which would allow the Board to incorporate these projects into the pipeline at this meeting. A clear prioritisation is needed to inform the ordering of the projects on the final GBF prioritised project pipeline as multiple projects cannot be placed alongside each other.
- 5.7. Therefore, at this meeting, the Board are only asked to agree the principle of including the remaining balance (£354,544) of the GBF funding sought by each of the three projects in the final prioritised project pipeline. Inclusion of these projects in the pipeline will enable the projects to receive the full additional GBF funding allocation sought to support project delivery, should any further GBF funding be returned to SELEP for reallocation. If the Board do not support this principle, or should no GBF grant become available for reallocation, the funding gap in each case will be bridged by the relevant delivery organisation as agreed at the Success Essex Board meeting.
- 5.8. If the Board agree the principle of including the remaining balance of the GBF funding sought by each of the three projects in the final prioritised project pipeline, the Success Essex Board will need to confirm their prioritisation of the three projects to inform their positioning on the pipeline. If the Success Essex Board do not provide an updated prioritisation, the prioritisation provided in September 2022 will be used to inform the proposed updated project pipeline presented to the Board in February 2023.
- 5.9. It is intended that the three projects will be placed in Band 2a on the final prioritised project pipeline, alongside the Seven Sisters Country Park Visitor Infrastructure Uplift project (as set out in Appendix C). The ordering of the projects in Band 2a will be subject to Board decision in February 2023.

6. Additional information

Changes to the GBF programme

- 6.1. Following the removal of the Laindon Place and Riding Sunbeams Solar Railways projects from the GBF programme, the Accountability Board (in accordance with the agreed GBF project pipeline) approved the award of additional GBF funding to the following projects at their meeting in November 2022:
 - 6.1.1. Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises – £359,074 additional GBF funding awarded to support delivery of the approved Business Case.

- 6.1.2. Jaywick Market and Commercial Space - £300,879 additional GBF funding awarded to support delivery of the approved Business Case.
- 6.1.3. Innovation Park Medway – Sustainable City of Business - £400,000 additional GBF funding awarded to support delivery of the approved Business Case.
- 6.1.4. Thanet Parkway Railway Station - £875,000 additional GBF funding awarded to support delivery of the approved Business Case.
- 6.1.5. Javelin Way Development - £235,728 additional GBF funding awarded to support delivery of the approved Business Case.
- 6.1.6. Tindal Square, Chelmsford - £331,819 additional GBF funding awarded to support delivery of the approved Business Case.
- 6.1.7. The Observer Building, Hastings – £315,000 additional GBF funding awarded to support delivery of the approved Business Case.
- 6.1.8. ASELA LFFN Phase 3 - £500,000 GBF funding awarded to support delivery of a further phase of the existing LFFN project.
- 6.2. The award of funding to these projects will be formalised through the completion of Variation Agreements which update the Service Level Agreements in place between the relevant Upper Tier Local Authorities, SELEP Ltd and Essex County Council (as the Accountable Body for SELEP).

Financial position – LGF and GBF

- 6.3. As the Board will recall, SELEP was required to provide confirmation to Central Government that all the LGF funding would be contractually committed and spent by 31 March 2021 to secure receipt of the final tranche of the LGF funding. In reality, it was not possible to spend the full remaining balance of the LGF on the approved projects in 2020/21 and therefore the Accountability Board agreed that SELEP should use the ‘freedoms and flexibilities’ afforded by Central Government to transfer the unspent LGF to local partners’ own capital programmes prior to the end of 2020/21. This would then allow partners to fund LGF projects in later years.
- 6.4. In accordance with this decision all LGF funding received from Central Government has been distributed to local partners to support delivery of the LGF programme. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners will continue to be monitored until all projects have reached completion.
- 6.5. Central Government awarded SELEP a GBF allocation of £85m—£42.5m of this was transferred to Essex County Council (as Accountable Body for SELEP) in 2020/21 with the balance transferred in 2021/22. In accordance with Government requirements, the full £42.5m GBF allocation received in 2020/21 was transferred to local partners prior to the end of that financial year. Delivery of the GBF projects has progressed more slowly than originally anticipated, and GBF spend on project delivery during 2020/21 totalled only £13.550m. A further £50.237m of the GBF funding has been reported as spent during 2021/22, leaving an unspent balance of £21.213m as at 31 March 2022.
- 6.6. In accordance with Government requirements, and in line with the decisions taken by the Accountability board in February 2022, the remainder of the GBF allocation was transferred to local partners prior to 31 March 2022. However, following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects, £3.3175m of the GBF funding has been returned to Essex County Council (as Accountable Body for SELEP). This funding will be issued in accordance with the decisions taken by the Accountability Board as set out in Section 5 of this report.



- 6.7. To date, the Accountability Board and the Board have agreed that 20 of the GBF projects can retain their GBF funding allocations beyond March 2022. As at the end of Q2 2022/23, 3 of these projects have fully spent their GBF funding allocation. The remaining projects, with the exception of Techfort which is being considered at this meeting, have received approval for retention of their GBF funding allocation to 31 March 2023.
- 6.8. To date 23 of the 40 projects which remain in the GBF programme have fully spent their GBF funding allocation. The number of projects which are reporting full spend of their GBF funding allocation has reduced since the last meeting due to the award of additional GBF funding to projects which had previously reported full spend of the funding allocation.
- 6.9. 16 projects within the GBF programme have been reported as complete. A number of projects which have spent their full GBF allocation are ongoing due to spend of match funding contributions.
- 6.10. Delivery of the ongoing GBF projects and spend of the funding transferred to local partners will continue to be monitored until all projects have reached completion.

High risk projects – LGF and GBF

- 6.11. There are 9 projects within the LGF programme which have been identified as High Risk, with a risk score of 5 out of 5. This risk score has been based on an assessment of deliverability, financial position and reputational risk, in line with guidance from Central Government.
- 6.12. Projects with a risk score of 5 are listed in Table 2 below and an individual update is set out in Appendix A.

Table 2: High Risk LGF projects

Project Name	Scheme Promoter	Total LGF allocation (£m)	LGF spend to end 2020/21 (£m)	LGF spend in 2021/22 (£m)	LGF spend forecast - 2022/23 and beyond (£m)	Main project delivery constraint
Queensway Gateway Road	East Sussex	10.000	10.000	-	-	Land acquisition required for several parcels of land to enable completion of the project as originally planned. Delivery of alternative signalised connection is dependent upon receipt of National Highways design approval and completion of a S278 agreement
A127 Fairglens Junction Improvements, Essex	Essex	15.000	1.500	-	13.500	Awaiting DfT approval of the Business Case
Beaulieu Park Railway Station	Essex	12.000	-	-	12.000	Funding risk and risk to delivery programme which need to be addressed
A28 Chart Road, Kent	Kent	2.760	2.760	-	-	Awaiting release of S106 funding to enable the delivery of the project
A28 Sturry Link Road	Kent	5.900	1.109	0.119	4.672	Required land acquisition is ongoing
A289 Four Elms roundabout to Medway Tunnel	Medway	1.820	1.820	-	-	HIF funding is being used to deliver project and the HIF works are currently still at consultation stage
London Gateway/Stanford-le-Hope, Thurrock	Thurrock	7.500	7.500	-	-	Planning permission is outstanding for Phase 2. Revised Business Case required due to increased costs and uncertainty regarding benefit realisation
A13 Widening, Thurrock	Thurrock	81.500	81.500	-	-	Project programme and costs have differed significantly from the position set out in the Business Case
Grays South	Thurrock	10.840	4.490	0.651	5.699	Project costs have increased significantly, land acquisition is ongoing, planning consent has not yet been granted and the project is subject to GRIP process

6.13. The Accountability Board continue to receive regular updates on all projects identified above.

6.14. There are 3 projects within the GBF programme which have been identified as High Risk, with a risk score of 5 out of 5. The same criteria have been used to calculate these risk scores as was applied to the LGF projects.

6.15. Projects with a risk score of 5 are listed in Table 3 below and an individual update is set out in Appendix B.

Table 3: High Risk GBF projects

Project Name	Scheme Promoter	Total GBF allocation (£m)	GBF spend to end 2020/21 (£m)	GBF spend reported - 2021/22 (£m)	GBF spend forecast - 2022/23 (£m)	Main project delivery constraint
Swan Modular Housing Factory	Essex	4.530	1.044	1.421	2.064	Project is being delivered by Swan Housing. A merger is expected between Swan Housing and Sanctuary Housing Association, which will secure the future of Swan Housing but the status of the factory remains unclear
Techfort, Dover	Kent	1.009	-	-	1.009	Project is unable to spend full GBF allocation by 31 December 2022 as previously agreed by the Accountability Board
Better Queensway	Southend	4.200	-	1.858	2.342	Project is being delivered through a joint venture between Southend-on-Sea City Council and Swan Housing. A merger is expected between Swan Housing and Sanctuary Housing Association, which will secure the future of Swan Housing.

- 6.16. The Techfort project has been flagged as High Risk due to the submission of a request for retention of its' GBF funding allocation beyond December 2022. The reasons for this request are outlined earlier in the report. If the Board agree that GBF funding can be retained against the project until March 2023, the project will no longer be flagged as High Risk.
- 6.17. The Better Queensway and Swan Modular Housing Factory projects have both been identified as High Risk due to the involvement of Swan Housing. As has been reported previously, the Regulator of Social Housing took the decision to downgrade Swan Housing's viability and governance grades in late 2021. As a result of the decision by the Regulator of Social Housing, Swan Housing do not meet the Regulator's governance and viability standards and steps need to be taken to improve work in these areas.
- 6.18. In addition, it was noted that Swan Housing had announced a planned partnership with Orbit, which if agreed was expected to complete in late 2022.
- 6.19. At the September 2022 Accountability Board meeting, it was indicated that the proposed partnership between Swan Housing and Orbit was scheduled to formally complete on 1 October 2022. However, the partnership did not complete and Orbit issued a statement indicating that discussions between the two organisations had ceased. Subsequently, Swan Housing announced that it was in discussions with Sanctuary Housing Association regarding a potential merger.
- 6.20. It was reported to the Accountability Board in November 2022 that the merger between Swan Housing and Sanctuary Housing Association was expected to complete on 30 November 2022. If the merger completes as expected, Swan Housing will become a subsidiary of Sanctuary Housing Association.
- 6.21. The status of Swan Housing presents concerns in relation to the delivery of both the Better Queensway and Swan Modular Housing Factory projects. The Better Queensway project is being delivered as a joint venture between Southend-on-Sea City Council and Swan Housing. Southend-on-Sea City Council have indicated that, should Swan Housing be unable to fulfil their obligations under the joint venture agreement, they have alternative options for delivering the project. These options include buying out the Swan Housing interest and the work in progress, allowing the

Council to appoint a new joint venture partner or continue alone to directly deliver the project.

- 6.22. The information provided by Southend-on-Sea City Council provides some confidence that the Better Queensway project will be delivered, regardless of the status of Swan Housing. However, should an alternative delivery approach be adopted, the impact on the delivery programme and the timeline for realisation of forecast project benefits is unclear. A further update on the project which provides an update on the status of the merger, progress towards delivery of the project and assurances regarding ongoing delivery of the wider project, including consideration of the route to delivery which is being pursued, will be provided to the Accountability Board in March 2023.
- 6.23. The Swan Modular Housing Factory project is being delivered directly by Swan Housing, and it was originally understood that this factory would play a key role in their recovery. Essex County Council (as responsible Upper Tier Local Authority) provided an update on the project to the Accountability Board in November 2022. This update indicated that delivery of the project had effectively been paused whilst awaiting the outcome of the discussions with Sanctuary Housing Association.
- 6.24. The status of the Swan Modular Housing Factory project is currently unclear, regardless of whether the merger with Sanctuary Housing Association completes, as Essex County Council have been unable to obtain any information which provides any clarity as to the status of the factory being delivered through the project. Essex County Council have identified a number of scenarios that may arise following the conclusion of discussions between Swan Housing and Sanctuary Housing Association and there are a number of risks associated with these scenarios.
- 6.25. Whilst the potential scenarios have been identified by Essex County Council, no action can be taken until the outcome of the discussions with Sanctuary Housing Association have concluded. The remaining GBF funded works have been planned and should approval be given in early December 2022, it is expected that the works will be completed by 31 March 2023. However, there is a risk that approval will not be forthcoming immediately following the conclusion of the merger discussions which is likely to result in the works extending beyond 31 March 2023.
- 6.26. There is likely to be a need for detailed discussions regarding the future status of the factory, regardless of the outcome of the merger discussions, and therefore it may not be possible for Essex County Council to confirm whether the project will continue in the short term. A further update which confirms the status of the merger between Swan Housing and Sanctuary Housing Association, provides an update on project delivery and provides assurance regarding the ongoing realisation of the forecast project benefits will be provided to the Accountability Board in March 2023. Should it be confirmed that the project will not be delivered in accordance with the Business Case or that the factory will not be used to realise the forecast project benefits, the Accountability Board will be asked to consider whether the funding should remain allocated to the project.
- 6.27. The Accountability Board will continue to receive regular updates on all GBF projects identified as High Risk.

LGF and GBF project pipelines

- 6.28. The Board agreed a pipeline of LGF projects on 11 December 2020. This pipeline consists of existing LGF projects which have reported a funding gap, either due to cost increases or loss of local funding sources due to the impacts of the COVID-19 pandemic. Funding has been awarded to the first 12 projects on the pipeline and the remaining projects continue to be presented to the



Accountability Board for consideration should any further funding be returned to SELEP for reallocation.

- 6.29. The Board agreed a prioritised pipeline of GBF projects in October 2022, with the exception of the Success Essex projects which were agreed via Electronic Procedure in November 2022. The pipeline focusses on supporting existing GBF projects which have experienced cost increases due to the COVID-19 pandemic, Brexit and current high inflation levels or on supporting delivery of further phases of existing projects.
- 6.30. The new pipeline has been used to inform the reallocation of the £3.3175m GBF funding released following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects from the GBF programme and will be used to facilitate the reallocation of any further GBF funding which is returned to SELEP prior to the conclusion of the GBF programme. The GBF prioritised project pipeline is set out in Appendix C.

Growing Places Fund (GPF)

Centre for Advanced Engineering

- 6.31. The Centre for Advanced Engineering project was awarded £2m GPF in December 2017. The funding has been used to support delivery of approximately 8,300sqm (Gross Internal Area) of space, with cutting edge facilities and workshops to support courses in engineering, motor vehicle maintenance and construction at South Essex College.
- 6.32. A revised repayment schedule for the project was agreed by the Board in November 2021. This repayment schedule indicated that £1m would be repaid in 2025/26, with the remaining £1m due to be repaid in 2026/27. On the recommendation of Essex County Council (as responsible Upper Tier Local Authority for the project), the Board were advised that a formal Continued Confirmation Statement and Reprofiting of the forecast expenditure would be provided by South Essex College on an annual basis so as to provide the Board with ongoing assurance regarding the agreed repayment schedule.
- 6.33. In accordance with this agreement, South Essex College provided their first update on the repayment schedule to the Accountability Board in November 2022. This update indicated that, whilst the college remain committed to repaying the GPF loan, they are facing a number of significant challenges which also need to be managed. Full details of the challenges faced are set out in the Growing Places Fund Update Report which was provided to the Accountability Board in November 2022 (page 240).
- 6.34. The challenges identified do have the potential to impact on the agreed GPF repayment schedule but the first repayment on the loan is not due until March 2026, and therefore there is time for these pressures to be managed before the first repayment is due. However, the situation at South Essex College will continue to be closely monitored by the Accountability Board.

Eastbourne Fisherman's Quayside and Infrastructure Development project

- 6.35. The Eastbourne Fisherman's Quayside 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.
- 6.36. As reported previously, a repayment of £250,000 was due to be made against the project prior to the end of 2021/22. However, in March 2022, SELEP were advised that it would only be possible for a repayment of £100,000 to be made against the project prior to the end of the financial year.



This repayment was received in March 2022, leaving a balance of £825,000 owing on the loan.

- 6.37. The GPF loan agreement in place between Essex County Council (as the Accountable Body for SELEP) and East Sussex County Council states that interest is chargeable on the loan at a rate of 2% below the Public Works Loan Board (PWLB) fixed standard new loan interest rate. At the time of preparing the loan agreement, the PWLB interest rate was 1.99% and therefore no interest was chargeable on the loan. However, the loan agreement indicates that the 2% discount on the PWLB interest rate ceases to apply when the Borrower (East Sussex County Council) does not make a repayment on the date specified in the repayment schedule. As a reduced repayment was made in March 2022, interest is now chargeable on the balance of the loan until the repayments are brought back into alignment with the agreed repayment schedule. It was expected that a revised repayment schedule would be brought forward for consideration by the Accountability Board in November 2022.
- 6.38. In July 2022, the Eastbourne Fisherman's Under 10m Community Interest Company (CIC) (delivery organisation) directors and their consultants worked to address and re-organise the current business plan model to ensure the future financial and operational success of the CIC. East Sussex County Council also undertook an initial review of the revised business plan and carried out an options appraisal, providing this information to the CIC in early September 2022 for consideration.
- 6.39. At the end of September 2022, East Sussex County Council officers met with the directors of the CIC to discuss their plans for the GPF loan repayment. Discussion primarily focused on identifying options which are available to raise external finances to support loan repayment, including reviewing and seeking amendments to the current lease terms and restrictions of use on the building. The CIC directors agreed to open negotiations with the freeholder to discuss the viability of the options proposed.
- 6.40. A formal response from the CIC directors in relation to their discussions with the freeholder is still awaited and therefore a proposed revised repayment schedule has not yet been brought forward for consideration by the Accountability Board. East Sussex County Council will continue to work with the CIC, with a view to providing a more detailed update on the project, the revised repayment mechanism and repayment schedule to the Accountability Board in March 2023.
- 6.41. Interest will continue to be chargeable on the loan until either the Accountability Board agree the proposed revised repayment schedule, or an additional repayment is made to bring the project back into alignment with the agreed repayment schedule.
- 6.42. A number of changes to the repayment schedule for the project have previously been agreed and, as a result, the Board will also be asked to consider the proposed revised repayment schedule.

7. Next Steps

- 7.1. Delivery of the ongoing LGF projects, including those set out within this report, and spend of the funding transferred to local partners at the end of 2020/21, will continue to be monitored until all projects have reached completion with regular updates provided to the Accountability Board.
- 7.2. For those GBF projects which have received approval for retention of funding beyond 31 March 2022, project updates will be provided at each Accountability Board meeting to ensure that the projects remain on track to complete GBF spend within the extensions granted and by 31 March 2023 at the latest.
- 7.3. Following a full review of the deliverability of all projects which have received approval for

retention of GBF funding beyond March 2022, progress against the requirements agreed by the Accountability Board in May 2022 (as set out in the Capital Programme Update Report provided at the June 2022 Board meeting) will be closely monitored to ensure timely completion of the GBF programme.

- 7.4. At each Accountability Board meeting, an update is provided on the high-risk projects listed in Appendices A and B, with the Board often receiving individual update reports to note progress or to agree next steps.
- 7.5. If the Board agree the principle of including the remaining balance of the additional GBF funding sought by the three Success Essex projects (as listed at Section 5.1 of this report) in the GBF prioritised project pipeline, the Success Essex Board will be asked to consider the prioritisation of the projects to inform their order on the pipeline. This prioritisation will be considered by the Board in February 2023.
- 7.6. For those GBF projects which were awarded additional GBF funding at the Accountability Board meeting in November 2022, work will continue to finalise the required Variation Agreements. These agreements must be in place before any funding can be released by Essex County Council (as Accountable Body for SELEP) to support project delivery.

8. Comments from the Accountable Body

- 8.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. LGF, GBF and GPF are all capital grants awarded by Government and are subject to the following condition:

The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.

In accordance with expectations from Government when the funding was awarded, LGF and GBF are operated as grant schemes, whereas GPF is operated as a recyclable loan scheme.

LGF

- 8.2. To secure the remaining third of the 2020/21 allocation of LGF, the Accountable Body and SELEP confirmed to Government in June 2020, that plans were in place to spend the LGF grant in full by 31 March 2021. This commitment was planned to be met through the transfer of the remaining funding to the respective lead local authority responsible for delivering the Projects under the terms of the SLA or grant agreements in place.
- 8.3. Where LGF is required to be spent beyond 31 March 2021, the agreement enables the Local authorities to either hold the LGF as a ringfenced grant or spend the LGF across their wider capital programme as a capital swap. Where LGF has been applied as a capital swap, during the subsequent financial years, local authorities will use their own capital programme to fund spend on the LGF project.
- 8.4. As all remaining LGF has been transferred in advance to the Local Authorities to support Project delivery, there is a requirement to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery in line with the agreed business cases.
- 8.5. Updates to the Board should include ongoing monitoring of possible risks which may impact delivery of LGF projects along with proposed mitigations is essential, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following

Covid-19 pandemic and Brexit.

- 8.6. A number of LGF projects remain as high risk in respect to the delivery of the Project, which whilst is not a risk with respect to the grant conditions, remains a reputational risk for SELEP due to the delay in realisation of the anticipated economic benefits associated with the respective business cases.

GBF

- 8.7. Should the Board choose not to approve the extension of spend of GBF to 31 March 2023 for the Techfort Project, a decision will need to be made by Accountability Board on the future position of the project, which may include cancellation; any such decisions will be managed through the GBF SLA in place with Kent County Council and may include recovery of some or all of the GBF allocated to the Project.
- 8.8. If the Board agree to the extension of the Techfort Project to the 31st March 2023, a variation to the GBF SLA will be put in place between Kent County Council, Essex County Council as the Accountable Body for SELEP and South East LEP Ltd, to reflect this change.
- 8.9. Government expected that all GBF funding would be defrayed by 31 March 2022; therefore, there is reputational risk to SELEP where defrayal of funding and delivery cannot be demonstrated – Government indicated a concern in this respect as part of the Annual Performance Review of LEPs in 2021/22 and are now seeking assurance of Delivery by March 2023 through their on-going monitoring of GBF spend.
- 8.10. As with LGF, and in accordance with the decisions of the Board, all the remaining GBF funding has been transferred in advance to the Local Authorities to support Project delivery, which highlights the requirement to continue to effectively monitor the progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases.

GPF

- 8.11. A total of £13.039m GPF was held by the Accountable Body at the end of 2021/22. Of this balance, £8.89m is uncommitted increasing to £14.51m uncommitted balance for 2022/23, should all loan repayments be received in line with current Board decisions and credit agreements in place. There is a risk this balance will drop pending a request to come forward to the Accountability Board for a change to repayment relating to Eastbourne Fisherman's Quayside and Infrastructure Development project, which could drop the available uncommitted balance of GPF to £13.685m for 2022/23.
- 8.12. The existing GPF project pipeline has now been expended, with no further projects due to come forward for consideration of GPF award at this time and no plans yet for a new round of GPF funding to be launched. Due to ongoing uncertainty from Government regarding the future role of LEP's, it is advised that options for the use of the available balance of GPF will be brought forward for consideration as soon as practically possible by the SELEP Secretariat, supported by the Accountable Body, and decisions made on the future management of GPF as a recyclable capital loan scheme.
- 8.13. The default in the loan repayment in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project means that, in accordance with the credit agreement in place, interest will be applicable on the loan up to when either the default element is repaid or a new repayment schedule is agreed by the Accountability Board.
- 8.14. East Sussex County Council have advised that any interest payable will be passed through to the



Eastbourne Fisherman's Under 10m CIC under the terms of the loan agreement between both parties.

- 8.15. The current economic climate means that there is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced as a result of Brexit, COVID-19, and economic uncertainty due to the high levels of inflation. It is a requirement of the GPF credit agreements that the respective Local Authority that is the recipient of the loan, monitors the repayment position and advises SELEP and the Accountable Body of any potential risks in this respect to enable mitigations to be agreed by the Accountability Board in advance of any default in repayment.

9. Appendices, Supporting Documents and Previous Decisions

- 9.1. Appendix A: Summary of high risk LGF projects
- 9.2. Appendix B: GBF Projects spending beyond 31 December 2022 and a summary of high risk GBF projects
- 9.3. Appendix C: GBF prioritised project pipeline
- 9.4. Background documents
 - 9.4.1. SELEP Accountability Board Agenda Pack – 25 November 2022
 - 9.4.2. Item 11 – Stanford-le-Hope/London Gateway LGF Project Update – 25 November 2022
 - 9.4.3. Addendum to Item 5 – GBF Update Report – 25 November 2022
- 9.5. For further details contact: SELEP Capital Programme Manager, Helen Dyer (helen.dyer@southeastlep.com)

Item 7: Sector Support Fund Project Update

Executive Summary

1. Overview

- 1.1. At the March 2022 meeting the Strategic Board (the Board) agreed to not make any further Sector Support Funding (SSF) awards, therefore there are no awards to consider at this meeting.
- 1.2. A project change request has been received in relation to the SECEN Creative Open Workspace Masterplan and Prospectus project and the Board are asked to endorse a three-month extension to the project delivery programme, reduced outputs/benefits and a reduced SSF funding allocation.
- 1.3. This report includes an update on current Sector Support funded project delivery.

2. Decisions: Board is recommended to:

- 2.1. Endorse the change request for the SECEN Creative Open Workspace Masterplan and Prospectus project in Appendix A, which includes an extension to the project delivery programme, from 30 September 2022 to 31 December 2022, a reduction to the planned benefits and a reduction in the SSF allocation.

3. Rationale for Decision 1

- 3.1. The Board were advised at the March 2022 Board that the SECEN Creative Open Workspace Masterplan and Prospectus project had experienced a series of difficulties since it was endorsed by the Board in March 2019. The Board were made aware that elements of the project had proved more difficult than originally expected. Early brief writing and consultant procurement were complex, Covid-19 had caused additional unexpected issues.
- 3.2. More recently technological issues have tested the delivery of the project further. The difficulties have meant that certain elements of the project deliverables have been removed, due to insufficient time available to complete. The extension of time will allow the project to deliver some of those deliverables originally proposed, but others will be delivered as future funding opportunities become available.
- 3.3. The Board will be aware that the first part of the project, the Prospectus (renamed Statement of Intent) has been delivered and was presented to the Board in December 2021.
- 3.4. It is also intended to bring forward a report on Creative Opportunity Zones, which will be of benefit to SELEP Local Authorities when identifying the types of cultural zones most appropriate for their area. Endorsing an extension to 31 December 2022 will enable this to be completed. The report will be published alongside the Prospectus on the SELEP website once completed.
- 3.5. The scheme promoter is not able to ensure that delivery of the entire project can be completed by March 2023. As such, a decision to deliver those elements it can by December 2022 and look to deliver the other elements at a future date, via alternative funding, is requested to be endorsed by the Board.
- 3.6. Although the change request has de-scoped a number of deliverables and associated benefits, overall, the project has been assessed as still meeting the value for money requirements (albeit

much reduced over the original proposal) of the Assurance Framework due to the reduction in total project costs.

Further Information

4. Decision 1: Project extension request

- 4.1. The SECEN Creative Open Workspace Master Plan and Prospectus project aims to address the gap in suitable workspace for the Creative Cultural and Digital Sector across the SELEP area.
- 4.2. The original outputs of the project were:
 - 4.2.1. a refreshed South East Creative Economy Prospectus to describe exemplary pipeline projects alongside complementary work packages addressing skills and business support needs (delivered as State of Intent);
 - 4.2.2. the production of a Creative Open Workspace report and toolkit to accelerate the pipeline of open workspace projects;
 - 4.2.3. delivery of a Cultural planning policy guidance note that can be adopted by local authorities to support the inclusion of creative workspace in new developments and the re-purposing of under-used buildings as creative workspace;
 - 4.2.4. helping enable three Creative Enterprise Zones, leading to increased Business Rates yields;
 - 4.2.5. encouragement of a SELEP-wide pipeline of investment-ready open workspace projects; and
 - 4.2.6. helping the development of governance and the operating structure for a new creative workspace finance vehicle.
- 4.3. The Board endorsed the allocation of £49,000 of SSF in March 2019, contributing to a total project cost of £70,000; at this time, it was expected that the project would complete in March 2020.
- 4.4. A request to extend the timeline of the project was received by the SELEP Chief Executive Officer (CEO) in December 2020, to extend the project completion date until July 2021. The initial stages of the project suffered from enforced delays due to the clarification of the consultants brief and ensuring initial outputs were achieved, leading to a delay in the consultancy team being procured to August 2020. This request was approved by the Chief Executive Officer of SELEP Ltd, in December 2020.
- 4.5. A further request to extend the delivery timeline was endorsed by the Board in October 2021 due to delays brought about by the Covid-19 pandemic when the project was paused in order to take stock and sense check the project plans.
- 4.6. At this point it had been hoped that the project would be delivered by March 2022 however, delivery of phase 2 of the project had suffered from further delays. Phase 2 includes the production of a Creative Open Workspace report and toolkit to accelerate the pipeline of open workspace projects and delivery of a Cultural planning policy guidance note and the re-purposing of under-used buildings as creative workspace.
- 4.7. At the Board meeting in March 2022 a further request was presented to the Board which asked to extend the project timeline to September 2022. At this time, it was expected that all project outputs would be delivered in line with the original application.



- 4.8. Delays have continued to hamper the progress of the project, notably the loss of documentation due to a software issue which further impacted on the delivery of phase 2. The scheme promoter has approached SELEP with a change request that will reduce the outputs delivered by the project, alongside this the SSF funding request has been reduced.
- 4.9. Creative Opportunity Zone report which describes the benefits of planning for cultural zones to support a network of creative businesses. The report advises on how planning and investment decisions aligned with the development of clustered workspace can support the growth of the sector. Rather than identifying specific areas the report describes types of cultural zones that areas might adopt, such as rural or coastal for example, and the implications and opportunities for each typology. This SELEP area wide report will avoid the need for specific areas to undertake the work individually.
- 4.10. It is expected that this element of the project will be delivered by the end of December 2022. Work on the Masterplan/Report and toolkit remains incomplete and will be removed from the scope of the project. Other indirect benefits will be lost. However, SECEN plans to use the map specification in the future to develop a cultural infrastructure map. The masterplan will be completed outside of the scope of this project and will provide a rationale to inform planners, cultural development officers and economic development officers in the support of existing and planning for pipeline creative infrastructure.
- 4.11. In summation, alongside the Prospectus (Statement of Intent) the project will deliver the Creative Opportunities Report, as set out in the project change request. The amount of SSF funding will be reduced from £49,000 to £15,000. The estimated benefit cost ratio will be 3.3:1. The remaining £34,000 SSF funding will be reallocated to the SELEP Operational Reserve, subject to agreement by the Accountability Board at its meeting in March 2023.
- 4.12. The project changes have been endorsed by East Sussex County Council and are due to be discussed at the Team East Sussex meeting on the 5 December 2022.
- 4.13. The project change request can be viewed at Appendix A.

5. Next Steps

- 5.1. Following endorsement by the Board a decision report will be prepared for the SELEP Chief Executive Officer to agree, following this the Grant Agreement will be updated to reflect the changes agreed.

6. Current Sector Support Fund Position

- 6.1. At the Board meeting in March 2022, it was agreed that no further SSF awards would be made, and the fund was closed; the outstanding £126,736 of funding was approved to be transferred to the SELEP Operational Reserve.
- 6.2. Further, it was agreed that should funding previously allocated to projects be returned to SELEP, then this would be re-allocated to the SELEP Operational Reserve.
- 6.3. To date the Board has endorsed a total of 21 SSF projects, to a maximum value of £2,373,264. At the Board meeting in June 2022 the Board were advised that £22,673 had been returned to SELEP due to a number of projects identifying an underspend.
- 6.4. The return to the SELEP Operational Reserve of £22,673 of SSF project funding was approved by the Accountability Board at their meeting on 27 May 2022.

- 6.5. At the meeting in October 2022 the Board were advised that the Building Back Better project had been removed from the SSF programme, the £192,000 allocated to the project was re-allocated to the SELEP Operational Reserve, following approval by the Accountability Board at their meeting in November 2022.
- 6.6. Details of the allocations made throughout the SSF programme, and a record of the amounts transferred to the SELEP Operational Reserve can be found in Table 2.
- 6.7. The Accountable Body is holding a total of £71,500 of SSF funding; £49,000 against the SECEN Creative Open Workspace Master Plan and Prospectus project, this is expected to be reduced to £15,000 as part of this report. Payment of this funding is subject to the endorsement of this Board and completion of the Grant Agreement. A further £22,500 SSF funding against the Accelerating Nature-Based Climate Solutions project, expected to be paid out in Q3 2022/23.
- 6.8. If the Board endorse the project change request for the SECEN Creative Open Workspace Master Plan and Prospectus project the balance of £34,000 will be reallocated to the SELEP Operational Reserve, subject to agreement by the Accountability Board at its meeting in March 2023.

Table 2: Sector Support Fund Balance

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Total Contributions to SSF	500	500	500	1,000	0	0	2,500
Funds c/f from prior year	0	129	0	207	127	0	0
Total SSF Available for allocation in year	500	629	500	1,207	127	0	0
Total SSF Allocated to Projects	(371)	(629)	(294)	(1,080)	0	0	(2,373)
Return from SSF Projects	0	0	0	0	23	192	215
SSF Transferred to Operational Reserve	0	0	0	0	(149)	(192)	(341)
Available Fund Balance	129	0	207	127	0		0

7. Update on existing Projects

- 7.1. The projects currently in flight are required to provide updates at regular intervals. The latest updates on delivery of live, or recently completed projects are set out below.
- 7.2. The South East Export Development project completed in September 2022

SEED 2 project

- 7.2.1. A known barrier currently exists around exporting due to lack of international contacts and export knowledge and capacity.
- 7.2.2. Exporting helps businesses grow and innovate but export levels in the SELEP area are relatively low. Accessing export opportunities can help firms build resilience and spread risk across different markets but with current uncertainties caused by Covid-19 and the UK's EU withdrawal, extra help for firms is needed.

- 7.2.3. The SEED project will address this issue through an innovative support programme aimed at SELEP-based companies in three priority sectors: Health & Life Sciences, Food & Drink and Digital & Creative. Target countries were chosen in consultation with the Department for International Trade.
- 7.2.4. The Board have been updated on the project throughout its delivery period, commencing in March 2021 the project timeline was extended to October 2022, to allow for difficulties experienced during delivery. Business engagement was proving difficult with the aftermath of the Covid-19 pandemic and Brexit and more latterly by events in Ukraine and energy costs, which all diverted attention onto other matters.
- 7.2.5. The evaluation report is included at Appendix B.
- 7.2.6. World events, diminishing staff resources, costs and staff changes alongside ensuring evaluation forms are completed have all proved to be barriers to the project. However, the virtual approach has enabled a greater degree of exposure for those SME's taking part. In summation the report found that the partnership, through delivering several virtual market specific programmes of activity, was a highly effective model for supporting businesses (especially those newer to export) in going further afield earlier than normally anticipated, and being able to explore new international markets virtually, without business being faced with upfront costs when doing this via the physical/traditional approach.
- 7.2.7. Although there was much positive feedback from those businesses involved in the SEED project, the evaluation report sets out that the number of businesses expected to take part fell quite a way short of the numbers that were set out in the project submission.
- 7.2.8. As part of the final reporting pro-forma the scheme is asked about key enablers and barriers, this is set out in Table 1

Table 1 – Key enablers and barriers to delivery of the project:

Enablers	Barriers
Virtual approach to international market access– easy and quick to schedule and hold meetings with the right contacts (even with time zone differences) for participating businesses (pre121 consultations with in-market specialists to match with the right contacts).	Effects of global events (Brexit, pandemic, Ukraine, energy) meaning recruitment was a challenge as SMEs were dealing with more pressing issues and exporting was not seen as a priority.
More exposure for companies - physical trade shows only last for a few days, but virtual lasts a month or more online (to suit availability of both SEED and local business contacts, gain more meetings etc). Can also tailor approach of programme to suit needs of participants / international market.	Diminishing staff resources from project partners to support project planning implementation.
Better lead generation tracking -	Costs for some markets were prohibitive

companies provided with contact information rather than e.g., a business possibly relying on memory when someone has expressed an interest in their product/service at a physical trade show	(US) – potential in-market partners had significantly higher fees than the SEED project had available for market insight and lead generation work. Identifying the right in-market partners was challenging at times.
	Staff changes within in-market partners meaning a lack of continuity between commissioning market support and implementing trade mission programmes.
	SMEs completing evaluation forms and providing post-mission updates.

7.2.9. The publications produced as part of the project, and available as links in the report at Appendix B, will continue to be made available across the SELEP region.

7.2.10. It is possible that additional achievements may be achieved over the next six months, as it seems that some of the outcomes are lagging the end of the project. An update to Appendix B will be provided to the Board when it becomes available.

Accelerating Nature-Based Climate Solutions project

7.2.11. The project focusses on the sequestration (the removal of carbon dioxide from the atmosphere), where there is significant demand but fragmented supply.

7.2.12. The project seeks to provide an understanding of the demand for the nature-based projects from local authority climate emergency plans and local businesses seeking to invest in local carbon offsetting.

7.2.13. The project will assess the readiness of nature-based organisations to develop and deliver nature-based products for carbon sequestration and identify gaps in skills, knowledge and capacity that stands in their way.

7.2.14. A framework will be developed for a SELEP-wide 'brokerage-hub' that can bring together buyers and sellers to co-develop nature-based carbon sequestration projects.

7.2.15. At the meeting in October 2022 the Board endorsed an extension of 2 months for the project to 23 December 2022.

7.2.16. The most recent reporting shows progress on the project outputs:

- The demand and supply side analysis reports are being finalised – this is based on the case studies of 4 local authority areas, 8 businesses and 4 landowners.
- The supply side resources have been completed and a training session held in November.
- One of four demonstration projects has been completed and the other three are on track for delivery before the end of the project, in December.
- The review of the brokerage hubs has been completed.

7.2.17. Project benefits delivered so far show that 20 organisations have benefitted from the supply side resources, for example non-Governmental organisations at the training



sessions. It is proposed that the dissemination programme for the project research and results will be finalised by the project steering group in December 2022, to ensure that significantly more organisations can benefit from the research and the resources. The target in the application submission suggested that 50 organisations would benefit from this work.

7.2.18. Two of the demonstration projects are in the process of delivering new natural capital assets (e.g., through tree planting).

7.2.19. The only risk to project delivery by the end of December 2022 is some sickness amongst the staff, but this is described as small.

7.2.20. A breakdown of the success of the project will be provided at the March 2023 meeting

8. Comments from the Accountable Body

- 8.1. A balance of £303,500 of SSF was held at the beginning of 2022/23 by the Accountable Body; this total was fully allocated to Projects but had not yet transferred to Local Partners; £40,000 of this amount has since been transferred to East Sussex County Council to support the Coastal Communities project. Following the cancellation of the Building Back Better Project, this leaves a balance of £71,500 of approved funding still to be claimed before the end of March 2023, in respect of the Accelerating Nature Based Solutions project (£22,500) and the SECEN Creative Open Workspace project (£49,000). This report seeks endorsement of the reduction in scope and funding of the SECEN Creative Open Workspace project to £15,000; this will enable the balance of £34,000 to be transferred to the SELEP Operational Reserve to support future activities of the SELEP.
- 8.2. As the Accountable Body is still holding the funds for the SECEN Creative Open Workspace project, no monies are required to be returned from East Sussex County Council should the change request be approved.
- 8.3. The remaining SSF projects are due to have completed by the end of 2022/23; this highlights the importance that updates to the Board include ongoing monitoring of possible risks which may impact delivery of SSF projects along with proposed mitigations. The current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit will potentially risk the cost of delivery and value of benefits anticipated by projects. The risk of any cost overruns is passed to the respective lead local authority through the grant agreements in place.
- 8.4. A grant agreement will be required to be put in place following approval of the change request for the SECEN Creative Open Workspace project, to enable the transfer of the £15,000 SSF remaining allocated to this Project.

9. Appendices, Supporting Documents and previous Decisions

- 9.1. Appendix A – Project Change Request for Open Workspace Masterplan and Prospectus project
- 9.2. Appendix B – South East Export Development Project Final Evaluation

For further information contact Howard Davies, SELEP Capital Programme Officer
(howard.davies@southeastlep.com)



Item 8: Freeport East Membership

Executive Summary

1. Overview

- 1.1. This report provides the Strategic Board (the Board) with options on the role for the South East Local Enterprise Partnership (SELEP) in the governance arrangements for Freeport East, namely membership of the incorporated company Freeport East Limited.
- 1.2. As Freeport East is now moving to incorporation, it is proposed that SELEP Ltd. consider registration as a Member of Freeport East Limited with responsibilities and terms outlined in the company Articles of Association and Members Agreement – see Appendix A & B.
- 1.3. The report also outlines how SELEP will continue to engage with Freeport East moving forward. Noting the strategic importance of the project for economic growth and regeneration in Tendring and the wider North Essex.

2. Decisions: Board is recommended to:

- 2.1. Agree to not register SELEP Ltd. as a member of Freeport East Limited.
- 2.2. To note ongoing engagement with Freeport East and partners.

3. Rationale for Decisions

- 3.1. Freeport East is a designated freeport site across Essex and Suffolk which aims to offer wide-ranging economic development opportunities to support economic growth and shared prosperity. The objectives of Freeports are to be national hubs for global trade and investment, to create hotbeds for innovation and to promote regeneration.
- 3.2. While Freeport East is an important project, there are significant liabilities and risks from obligations associated with membership that means it would not be recommended for SELEP Ltd. to become a Member of Freeport East Limited. Though SELEP would still seek to be actively engaged on the project as a consultee and observer given its importance to the economic growth agenda in North Essex.



Further Information

4. Decision 1: A) Do not register SELEP Ltd. as a Member of Freeport East Limited. (Recommended) OR B) Agree to register SELEP Ltd. as a Member of Freeport East Limited. (Not Recommended)

- 4.1. As detailed in the Freeport East Articles of Association and Members Agreement (See Appendices A and B), it is currently proposed that the company, Freeport East Limited, will be comprised of
 - 4.1.1. Local Authorities and any Successor Body: East Suffolk Council; Suffolk County Council; Essex County Council; Tendring District Council; Mid Suffolk District Council;
 - 4.1.2. Private Sector Members: Harwich International Port Limited which owns and operated Harwich International Port; The Felixstowe Dock and Railway Company which operates the Port of Felixstowe; and Gateway 14 Limited;
 - 4.1.3. LEP Members and any Successor Body: New Anglia Local Enterprise Partnership; and South East Local Enterprise Partnership; and
 - 4.1.4. University Member: University of Essex.
- 4.2. Founding Members cannot withdraw from membership of the Company before the Governance Review Date (1st November 2027 or such other date as the Members may unanimously agree) without prior unanimous consent of all other Founding Members. After this they may withdraw giving no less than 12 months' written notice.
- 4.3. Following the Government's Levelling Up White Paper, which indicated a time-limited existence for LEPs linked to the establishment of new democratic structures, it would not be prudent for SELEP to undertake commitments to 2027; nor would SELEP's increasingly difficult financial situation allow for this. Informal discussions are underway in at least one area of SELEP around how the White Paper is implemented through devolved structures and around how existing LEP functions and responsibilities are absorbed within those new structures. It is therefore almost certain that the functions currently performed by SELEP will sit within different organisational structures at a point before 1st November 2027 and is therefore imprudent for SELEP to make any new formal commitments up to that point.
- 4.4. The stated objects of the company are:
 - 4.4.1. to facilitate skills, innovation, net zero, trade and investment and regeneration and levelling up within the Freeport Boundary through the development of plans aligning to partner strategies, project proposals and securing funding for such projects;
 - 4.4.2. to facilitate the delivery of Tax Sites and Customs Sites within the Freeport Boundary;
 - 4.4.3. to enable Freeport East's business occupiers to align with relevant policy objectives;
 - 4.4.4. to report, monitor and evaluate the performance of Freeport East;
 - 4.4.5. to recommend proposals for projects within the Freeport Boundary, including the spending of Retained Business Rates and recommending the suitability of end occupiers for rates relief;
 - 4.4.6. to oversee the governance aspects of Freeport East;
 - 4.4.7. to monitor site infrastructure progress and support Tax Site Owners in their



development of plans to enable them to secure relevant funding;

- 4.4.8. to manage finance, investment and assets on behalf of Freeport East as may be required to ensure delivery of Freeport East's policy objectives;
 - 4.4.9. to consider proposals in respect of revenue and capital funding for wider projects within the Freeport Boundary and advise the Lead Authority in connection with the allocation of such funding;
 - 4.4.10. to liaise with the occupiers, owners and operators of Customs Sites to form and agree data sharing agreements, reporting and monitoring processes;
 - 4.4.11. to liaise with Tax Site Owners and occupiers to form and agree data sharing agreements, reporting and monitoring processes and to report to government teams in relation to Tax Site performance;
 - 4.4.12. to procure delivery services aligned to the Objects;
 - 4.4.13. to support regional and economic growth in the Freeport East area through the creation of and involvement in partnership boards and the support of programmes for any of Freeport East's policy objectives;
 - 4.4.14. to assist with the marketing, communications and investment for Freeport East including promotion of Freeport East support and investment offers and supporting investor enquiries into Freeport East;
 - 4.4.15. to engage with local communities and stakeholders within the Freeport Boundary in relation to the objectives and activities of Freeport East;
 - 4.4.16. to identify and develop appropriate partnerships and collaborations as are pursuant to the objectives of Freeport East;
 - 4.4.17. to monitor the use of capacity funding provided by DLUHC to the Lead Authority;
 - 4.4.18. act as governing body for Freeport East and comply with the obligations of the governing body;
 - 4.4.19. support the Lead Authority in its role as accountable body for Freeport East and assist the Lead Authority, where possible, in complying with its obligations; and
 - 4.4.20. to carry out any actions which are required or deemed necessary by the Members to further the Company and its Objects from time to time.
- 4.5. The liability of each Member is limited to £1. Every Member must contribute £1 to the assets of the Company if it is wound up while they are a Member or within one year after they cease to be a Member, for:
- 4.5.1. Payment of the debts and liabilities of the Company contracted before they ceased to be a Member; and
 - 4.5.2. The costs, charges and expenses of winding up, and;
 - 4.5.3. For the adjustment of the rights of the contributories among themselves.
- 4.6. As the agreed structure of South East LEP Ltd is that no monies, other assets or liabilities are held by the company, with all funding being managed by the Accountable Body on behalf of SELEP, becoming a Member of Freeport East Limited would require a change to this operating position, to meet the obligations and limited liabilities of the company.



- 4.7. In addition to this, per 6.5.2 of the Members Agreement (Appendix B), any such liability that arises as a result of a negligent act of one of more Members or any of their employees, officer or elected members, in the course of their employment or their role as elected member who were aware or ought reasonably to have been aware that such action was likely to result in a Memorandum of Understanding (MoU) Sanction or loss in which case that Member or Members, shall reimburse the loss or cost to the Lead Authority or Billing Authority as the case may be.
- 4.8. The liability outlined in 4.6 is an open and relatively undefined risk which may have to be covered by the insurance taken out for SELEP Directors should the Board decide to become a Member of Freeport East Limited.
- 4.9. The Members Agreement (Appendix B) outlines further unspecified obligations on Members. Such as 9.2 of the Members Agreement which states that 'Members agree that they will work in Good Faith to agree, as soon as is reasonably practicable, such ancillary agreements and documentation which are necessary to meet the obligations placed on the Parties to the MoU'.
- 4.10. The Company will be initially funded through capacity funding equalling £1m provided by DLUHC to the Lead Authority and made available to the Company. Forward funding of £80,000 will also be provided by each Local Authority participating in the Company and will be required in each of the financial years 2022/23, 2023/24 and 2024/25. This Forward Funding will be repaid by the Company to each of the Local Authorities from Pot C of the Retained Business Rates. Once initial funding is exhausted it is the intention that the Company shall be self-funding through Retained Business Rates.
- 4.11. If insufficient funding is available to meet the Company's objectives, the Management Committee may present proposals to the Board to reduce expenditure and/or seek additional funding from Members. However, the Members are under no obligation to provide the additional funds and the provision of any such funding would need the prior unanimous agreement of the Members.
- 4.12. Full membership details and obligations are set out in the Freeport East Articles of Association & Members Agreement – Appendix A & B.

5. Decision 2: To note ongoing engagement with Freeport East and partners

- 5.1. Freeport East was selected as one of eight freeport locations in England and announced during the Chancellor's Budget 2021.
- 5.2. Freeports are required to agree and establish a formal Board following incorporation. This Freeport Board will include 12 Directors, comprising of the Chief Executive Officer, the Chair and a balance of
 - 5.2.1. up to 3 Private Sector Directors, and
 - 5.2.2. up to 7 Public Sector Directors.
- 5.3. The Accountable Body for the Freeport Board is East Suffolk District Council.
- 5.4. The Freeport Board will be tasked with setting the strategic direction of Freeport East, monitor and hold to account the Freeport East Management Board for the effective delivery of the identified interventions and strategy, and for receiving assurance regarding the effective management of the physical and fiscal security aspects of Freeport East. As well as ensuring that appropriate mechanisms are in place for the application and management of public money through an accountable body which will hold all public money.



- 5.5. The Freeport Board is expected to meet on a monthly basis during the set-up phase and quarterly thereafter, or as otherwise required.
- 5.6. Should the Board decide, as recommended, that SELEP Ltd. will not become a Member of Freeport East Limited, the role of SELEP in engaging with the Freeport Board would be in the capacity of consultee and observer to the work of Freeport East.
- 5.7. SELEP Secretariat members will continue to engage with the work of the Freeport East Steering Group and wider priorities of the Freeport, such as the skills and innovation agenda, in line with the priorities set out in the SELEP Delivery Plan.
- 5.8. SELEP will also continue to engage with New Anglia LEP (NALEP) on Freeport East, noting that NALEP will be a Member of Freeport East Limited and hold a Directors seat on the Freeport East Board.

6. Next Steps

- 6.1. SELEP Secretariat members, primarily Adam Bryan in his role as Chief Executive Officer of SELEP and Alexander Riley as Sector Engagement Lead, will continue to engage with the project as deemed appropriate in line with SELEP Delivery Plan priorities.
- 6.2. Should the Board decide to register SELEP Ltd. as a Member of Freeport East Limited, a Corporate Entity Appointment Form will be completed to formalise this. Arrangements regarding joint representation on the Freeport East Board, including completion of a Service Level Agreement with NALEP, would also need to be formalised and taken to a future Board meeting for decision.
- 6.3. Freeport East is expected to receive the outcome of its Full Business Case submission to the Department for Levelling Up, Communities and Housing by the end of the calendar year.

7. Comments from the Accountable Body

- 7.1. Should the Board agree to become a Members of Freeport East Board then there will need to be a review of the governance and financial arrangements of the SELEP to reflect the new liabilities for South East LEP Ltd. In addition, resources would need to be committed to ensure appropriate oversight and support for the decision making of Freeport East Ltd.
- 7.2. Given the on-going uncertainties with respect to the future position and funding of the SELEP, the Board may want to consider whether it is prudent to expose South East LEP Ltd to the known and potential liabilities associated with being a Founding Member of Freeport East Ltd at this time.

8. Appendices, Supporting Documents and Previous Decisions

- 8.1. Appendix A: Freeport East Articles of Association
- 8.2. Appendix B: Freeport East Members Agreement
- 8.3. For more information please contact:

Alex Riley, Sector Engagement Lead, alexander.riley@southeastlep.com

Item 9: SELEP Growth Hub Update

Executive Summary

1. Overview

- 1.1. This report is to provide an update to Strategic Board (the Board) on the delivery of the SELEP Growth Hub service in 2022/23.
- 1.2. On 30th March 2022, SELEP received confirmation from the Department for Business, Energy and Industrial Strategy (BEIS) that Growth Hub core funding would be forthcoming for 2022/23, with a 50% reduction on the core funding allocated for last year. This has resulted in all LEP allocations for Growth Hubs being halved and for SELEP, this equates to £445,000 in this financial year.
- 1.3. Since April 2022, SELEP has worked at pace with Growth Hub Lead Authorities to define and agree realistic and pragmatic modifications to the Growth Hub delivery model, in order to continue providing a core service across the whole area within a substantially reduced funding envelope.

2. Summary of update:

- 2.1. **Note** the provision of a consistent Growth Hub service across the SELEP area from 1st April 2022, through modifications to the delivery model to accommodate a 50% funding cut.
- 2.2. **Note** the repurposing of £82,000 Growth Hub core funding originally allocated to optimising the Growth Hub websites and digital offer, to better meet the immediate needs of businesses.
- 2.3. **Note** the changing shape of business support provision in 2023/24 and the likely need for Growth Hubs to continue to adapt accordingly.

3. Rationale for update

- 3.1. Since the announcement in March 2022 of reduced Growth Hub funding for this financial year, practical changes to the delivery model have been implemented, to enable the continuation of a core service within the new funding envelope. The principal changes include a reduction in the number of business navigators and advisors, and reduced marketing and engagement activities.
- 3.2. To offset these changes, a portion of core funding was allocated to optimising the Growth Hub suite of websites, to improve the business digital journey and provide a high quality, transferable digital platform to serve the Growth Hub in 2023/24 and beyond.
- 3.3. Since these decisions were taken, several economic factors have emerged or escalated, causing greater uncertainty in the market and a need for the Growth Hub to adapt further.
- 3.4. Due to costs of living and doing business, and the expectation that Government departmental spending will tighten, it is now prudent to (i) anticipate funding reductions in next financial year, and (ii) target as much direct Growth Hub support as possible to businesses with immediate need.
- 3.5. Planned improvements to the Growth Hub websites will now be significantly downscaled and core funding allocated to that will instead be invested in area-specific needs. These include specialist advisor support, additional support activities and targeted marketing in Quarters 3 and 4. In parallel, BEIS is being asked to provide clarity as soon as possible on the direction of travel for Growth Hubs and wider business support provision.



Further Information

4. Update 1: A Consistent Core Service

- 4.1. SELEP has an obligation to ensure that a consistent core Growth Hub service is provided across the SELEP area, whilst responding to area-specific characteristics and needs. The core service has been pared back this year to consist of navigators and advisors, website maintenance and social media communications, and promotion of national, regional, and local business support schemes.
- 4.2. There have been several practical challenges to address, to accommodate the 50% reduction in funding. Retention and recruitment of staff have been primary issues. Experienced business navigators have been lost because of funding uncertainties earlier in the year, Growth Hub data and intelligence resource has not been replaced, and the SELEP Growth Hub Lead post remains vacant due to the funding being short-term. Local expectations around proactive marketing and face-to-face engagement have also had to be managed.
- 4.3. Some additional funding has been leveraged by Area Growth Hubs to enhance their local service, notably European Regional Development Funding (ERDF) Legacy money in Kent and Medway, and contributions within Essex from the North Essex Economic Board. This has bolstered location-specific support to businesses.
- 4.4. Flexible and collaborative working within SELEP and the Growth Hub Lead Authorities has enabled the service to continue unbroken this year, and remain fully compliant with the grant funding conditions, albeit downscaled across a large proportion of the geography. The service is currently funded until 31st March 2023.
- 4.5. SELEP is asking BEIS for clarity to be given as soon as possible on Growth Hub funding for 2023/24, via the LEP Network, Growth Hub Network and Cluster Leads network, as well as directly to the Growth Hub Team and DLUHC. If clarity is not received early in Quarter 4, there is a very high risk that service delivery will again be disrupted, and human resource affected.

5. Update 2: Repurposing of Core Growth Hub Budget

- 5.1. As the financial year has progressed, it has become apparent that due to wider economic factors, the planned investment this financial year to improve the websites and digital offer no longer represents value for money. This is because of the uncertainty of funding for 2023/24, when the benefits of such work would be fully realised. There is instead a more immediate need for businesses to receive support against the backdrop of current market conditions.
- 5.2. Business confidence has plummeted due to high inflation and the cost of living and doing business crisis. Additionally, businesses and banks are reticent to agree loans due to high interest rates. Consequently, the provision of non-financial support is now just as important as financial support. Whilst uncertainty is causing general investment to slow, start-ups are still seeking support and established businesses are needing targeted advice. A Growth Hub marketing push would also be beneficial in some locations to expedite this provision.
- 5.3. Following discussions with Growth Hub Lead Authorities in Quarter 3, it has been agreed with BEIS that £82,000 of core budget allocated to website improvements shall be repurposed and defrayed in Quarters 3 and 4, for area-specific business needs. These are: increased navigator and specialist advisor support, peer networking, and local marketing and engagement activities.
- 5.4. In-house maintenance and updates to the websites will continue, using the singular SELEP wide



Communications and Engagement resource, and the Website Optimisation project will be put on hold until further notice.

6. Update 3: The changing shape of business support

- 6.1. The way in which business support is publicly funded is changing. Some changes are known, and others are just emerging.
- 6.2. ERDF support programmes will end in December 2022, when the funding cycle comes to a complete end. In parallel, District Councils are seeking, and in some instances collaborating around, UK Shared Prosperity Funding to provide replacement business support activities. However, the scale of the latter is far smaller than that which European funding provided.
- 6.3. Other funding opportunities also appear to be coming online in the shape of national Open Calls, outside of any prescribed funding timetable. For example, the Create Growth Programme funding from DCMS (for which a bid has successfully been won for the South East led by Kent County Council) , and Innovate UK Launchpads via UKRI. Another example is the Help to Grow: Management and Digital programmes, backed by Government and administered through Universities and with a charge to business beneficiaries.
- 6.4. Accessing these new opportunities as they come along will require strong collaborative working, at pace, to identify lead applicant organisations, consortium partners, and supporting data and evidence. It will also be important to share information on such opportunities across the network as and when they arise, so that the business support ecosystem can be sustained.
- 6.5. The rate and volume of new funding to come is currently unclear. SELEP will continue to seek clarity from BEIS on the general direction of travel for business support. The Growth Hub will in parallel continue to triage, diagnose, and signpost, as well as remain the single point of reference and consolidation for all support that is live in the landscape.

7. Next Steps

- 7.1. SELEP will work with the Accountable Body and Growth Hub Lead Authorities to ensure that Growth Hub core funding is fully and correctly defrayed this financial year, to maintain service delivery up until 31st March 2023.
- 7.2. SELEP and Lead Authorities will undertake constructive discussions throughout Quarter 4, to facilitate planning and delivery in 2023/24 (subject to funding). An update on the position of the Growth Hub will be provided to the Board at the next meeting.

8. Comments from the Accountable Body

- 8.1. In July, the Core Growth Hub Grant Funding offer of £445,000 was received and accepted by the s151 Officer of the Accountable Body; the terms of the grant require that the funding is claimed from BEIS in quarterly instalments in advance. To date, the quarter 1 claim has been made and received. In advance of making the quarter 2 and 3 claims, it has been necessary for SELEP to confirm with BEIS the proposed change to the use of the funding set out in this report; this confirmation has been received and the respective claims have been submitted.
- 8.2. The Growth Hub grant has very stringent conditions for use that are required to be mirrored in Grant Agreements with the respective Local Authority partners to enable the funding to be transferred to support local delivery.
- 8.3. It is a requirement of the grant that use of the funding is subject to Audit at the end of the



financial year; any funding that is not used or not used in accordance with the grant conditions, will be clawed back by BEIS.

- 8.4. The uncertainty of the future funding position for Growth Hubs beyond the current financial year means that it is prudent to ensure that activities of the Growth Hub do not place any on-going financial obligations on SELEP or the Accountable Body until the funding position is confirmed.

9. Appendices, Supporting Documents and Previous Decisions

- 9.1. Strategic Board Agenda Pack (Item 7) Growth Hub Update:
https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board_Agenda-Pack_March-2022.pdf
- 9.2. Strategic Board Agenda Pack (Item 7) Growth Hub Update:
https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board_June-2022_Agenda-Pack-1.pdf
- 9.3. For further information please contact Jo Simmons, Business Development Manager
(jo.simmons@southeastlep.com)



Item 10: Chair Recruitment Update

Executive Summary

1. Overview

- 1.1. The purpose of this report is to provide supporting information for a verbal recommendation to the Board from the Chair Selection Panel.

2. Decision

- 2.1. The Board are asked to resolve to appoint the Selection Panel's nomination as the Chair of the SELEP Ltd. from March 2023.

3. Rationale for Decision

- 3.1. It was agreed in June 2022 that the Board would delegate the responsibilities of the recruitment process to a Selection Panel, comprised of Directors who volunteered to participate. This included agreeing the job profile/specification, shortlisting, interviewing and recommending their nominated candidate to the Strategic Board.
- 3.2. The first meeting of the panel was held virtually on the 5th of October 2022. At this meeting, the job description and person specification was agreed. It was also agreed that it was important to advertise across the SELEP geography and as widely as possible through SELEP communication channels.
- 3.3. The advert was extended to the 13th of November 2022 as it had taken longer than expected to place adverts on Local Authority job boards other than Essex County Council, and so the extension was needed for those adverts to run for a reasonable time.
- 3.4. The Panel met on the 17th of November to shortlist the candidates. Of the applications received, the Panel agreed that one of them stood out above the others and would be the clear first choice of candidate to recommend to the Strategic Board as the Chair of the SELEP Ltd from March 2023.
- 3.5. The Panel interviewed the candidate on the 23rd of November and would now like to recommend to the Board that they appoint this person as the new Chair of the SELEP Ltd.

4. Comments from the Accountable Body

- 4.1 The SELEP Assurance Framework requires that recruitment is conducted in line with the Board Recruitment Policy and is an open, transparent, competitive, and non-discriminatory process, with extensive private sector engagement.

5. Appendices, Supporting Documents and Previous Decisions

- 5.1. None

Contact amy.ferraro@southeastlep.com for further information