



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

# STRATEGIC BOARD AGENDA PACK

**Friday 10<sup>th</sup> February 2023**  
Zoom Video Conference



## Agenda

<b>Item 1</b>	10:00	<b>Welcome</b>	Sarah Dance	
<b>Item 2</b>	10:05	<b>Minutes from December 2022 meeting</b>	Sarah Dance	Pg. 3
		<b>Declarations of Interest</b>		
		<b>Matters Arising – Delivery Plan &amp; APR</b>	Adam Bryan	
<b>Item 3</b>	10:15	• Growing Places Fund Programme Update	Helen Dyer	Pg. 6
<b>Item 4</b>	10:30	• Getting Building Fund Programme Update	Helen Dyer	Pg. 17
<b>Item 5</b>	10:45	• Deputy Chair Recruitment	Adam Bryan	Pg. 26
<b>Item 6</b>	10:55	• Confirmation Statement and Power of Attorney	Amy Ferraro	Pg. 29
<b>Item 7</b>	11:00	• Public Questions Policy	Amy Ferraro	Pg. 31
<b>Item 8</b>	11:10	• Sub-national transport bodies: Transport for the South East and Transport East	Adam Bryan, Rupert Clubb (Transport for the South East) & Andrew Summers (Transport East)	Pg. 34
<b>Item 9</b>	11:40	• SSF Delivery Update	Adam Bryan	Pg. 36
<b>Item 10</b>	11:50	• Growth Hub Update	Jo Simmons	Pg. 40
		<b>AOB &amp; Close</b>		

### Future Strategic Board meeting dates:

14<sup>th</sup> July, 13<sup>th</sup> October, 8<sup>th</sup> December, 22<sup>nd</sup> March 2024

# Minutes of Strategic Board: 9<sup>th</sup> December 2022

## Attendees

Chris Brodie	Chair
Sarah Dance	Deputy Chair/Chair
Adam Bryan	CEO
Ana Christie	Team East Sussex
Clive Soper	Team East Sussex
Cllr Christine Bayliss	District/Borough/City Councils representative
Cllr Keith Glazier	East Sussex County Council
Cllr Lesley Wagland	Essex County Council
Cllr Mark Coxshall	Thurrock Council
Cllr Roger Gough	Kent County Council <i>virtual</i>
Cllr Stephen George	Southend City Council <i>virtual</i>
David Rayner	Success Essex <i>virtual</i>
Graham Peters	Team East Sussex
Jo James	Kent and Medway Economic Partnership
Lara Fox	Success Essex
Liz Gibney	Kent and Medway Economic Partnership
Mark Curle	Opportunity South Essex (non-voting) <i>virtual</i>
Matthew Arnold	Kent and Medway Economic Partnership
Perry Glading	Opportunity South Essex <i>virtual</i>
Vince Lucas	Kent and Medway Economic Partnership

Apologies: Cllr Rodney Chambers, Carol Ford, Matthew Arnold, Jeremy Kerswell, Prof Karen Cox, Penny Shimmin, Cllr Graham Butland

## Other attendees:

Alex Colbran	East Sussex County Council <i>virtual</i>	Ian Lewis	OSE <i>virtual</i>
Alex Riley	SELEP Secretariat <i>virtual</i>	Jo Simmons	SELEP Secretariat
Amy Ferraro	SELEP Secretariat	Lorna Norris	Essex County Council
Anna McCrickard	Jasmin Vardimon Company	Louise Aitken	SELEP Secretariat <i>virtual</i>
Bernard Brown	Private Individual <i>virtual</i>	Meg Saunders	Jasmin Vardimon Company
Dave Evans	East Sussex County Council <i>virtual</i>	Michael Neumann	Essex County Council <i>virtual</i>
Ellie Clow	SELEP Secretariat <i>virtual</i>	Nick Brown	Southend City Council <i>virtual</i>
Geoff Miles	Private individual	Paul Chapman	Essex County Council <i>virtual</i>
Gerard McCleave	Thurrock Council <i>virtual</i>	Richard Dawson	East Sussex County Council
Helen Dyer	SELEP Secretariat	Sarah Nurden	KMEP
Helen Russell	SELEP Secretariat <i>virtual</i>	Sharon Spicer	SELEP Secretariat <i>virtual</i>
Howard Davies	SELEP Secretariat <i>virtual</i>	Stephanie Mitchener	Essex County Council S151 <i>virtual</i>

*This meeting was held as a hybrid meeting 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. Chris Brodie welcomed the Board to their first in-person meeting since 2019.

**Item 2: Minutes of last meeting, declarations of interest, matters arising (5'05" timestamp on video)**

2.1. The Board agreed the minutes of the previous meeting as an accurate record.

2.2. The following interests were declared:

- i) Sarah Dance declared an interest as the Co-Chair of the South East Creative Economy Network which is mentioned during item 7.
- ii) Cllr Wagland declared an interest as a Director of Freeport East Ltd.
- iii) Jo James declared an interest as CEO of Kent Invicta who deliver the Growth Hub service in Kent.

2.3. Adam read out a public question received from a member of the public. One question was answered during the meeting, with the remainder to be answered in writing following the meeting. Please see [the webpage for this meeting](#) for the full question and responses following the meeting.

**Item 3: Welcome to JVC home and discussion on creative and cultural sector (14'03")**

3.1. Meg Saunders, Head of Creative Learning at the Jasmin Vardimon Company, presented to the Board.

**Item 4: Update following Mid-Year Review (29'16")**

4.1. Adam Bryan presented to the Board.



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**Item 5: Appointment of Directors (45'05")**

5.1. Amy Ferraro presented to the Board.

5.2. The Board resolved to appoint Cllr Graham Butland as a Co-Opted Director for the remainder of 2022/23.

5.3. The Board agreed that the District/City/Borough Local Authority representatives for 2023/24 will be from East Sussex and Kent.

**Item 6: Capital Programme Update (46'33")**

6.1. Helen Dyer provided an update to the Board.

6.2. The Board requested that the Accountability Board holds an extra meeting in January for funding decisions.

6.3. The Board approved GBF spend to 31 March 2023 for the Techfort, Dover project.

6.4. The Board agreed 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.

**Item 7: SSF Project Update (1h01'08)**

- 7.1. Adam Bryan presented to the Board.
- 7.2. The Board endorsed 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.

**Item 8: Freeport East Membership (1h04'34")**

- 8.1. Adam Bryan presented to the Board.
- 8.2. The Board agreed to not register SELEP Ltd. as a member of Freeport East Limited.
- 8.3. The Board noted ongoing engagement with Freeport East and partners.

**Item 9: Growth Hub Update (1h12'34")**

- 9.1. Jo Simmons presented to the Board.
- 9.2. The Board noted the provision of a consistent Growth Hub service across the SELEP area from 1<sup>st</sup> April 2022, through modifications to the delivery model to accommodate a 50% funding cut.
- 9.3. The Board noted 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.
- 9.4. The Board noted the changing shape of business support provision in 2023/24 and the likely need for Growth Hubs to continue to adapt accordingly.

**Item 10: Chair Recruitment Decision (1h27'00")**

*Sarah Dance left the meeting.*

- 10.1. Adam Bryan introduced the item and thanked the Selection Panel for their time and contributions during this process.
- 10.2. Liz Gibney announced that the Selection Panel nominated Sarah Dance as the new Chair of the SELEP Ltd.
- 10.3. Chris Brodie confirmed his intention to end his term upon Sarah Dance's appointment at this meeting.
- 10.4. The Board resolved to appoint Sarah Dance as the Chair of the SELEP Ltd.

*Sarah Dance rejoined the meeting*

- 10.5. Sarah Dance gave her thanks to the Board for appointing her and to Chris for his support and contributions during her time as Deputy Chair. She added that she looks forward to working with the Directors over the next couple of years.
- 10.6. Graham Peters thanked Chris Brodie on behalf of the Board for his 7 years of considerable and valuable service.

**Item 11: AOB & Close**

- 11.1. Sarah Dance closed the meeting.

## Item 3: Growing Places Fund Programme Update

### Executive Summary

#### 1. Overview

- 1.1. This report provides the Strategic Board (the Board) with an update on the Growing Places Fund (GPF) programme, with a specific focus on repayments which are scheduled for receipt in 2022/23.
- 1.2. Where a project has reported more than one change to their repayment schedule, there is a requirement for both the Board and the Accountability Board to agree any further changes to the repayment schedules. To that end, the Board is asked to approve revised repayment schedules for the Sovereign Harbour and Eastbourne Fisherman's Quayside and Infrastructure Development projects at this meeting.
- 1.3. Essex County Council, as Accountable Body for SELEP, is currently holding GPF funding totalling in excess of £8m and therefore it is important that a new round of GPF funding is progressed during 2023/24 to allow this funding to be invested in new projects. This report sets out initial high level principles which it is proposed should form the basis of the approach to allocating the available funding.

#### 2. Decisions: Board is recommended to:

- 2.1. **Agree** the proposed revised repayment schedule for the Sovereign Harbour project (as set out in Section 4.12 of this report) and agree that interest will not be charged on the remaining balance of the loan at this time subject to compliance with the proposed revised repayment schedule.
- 2.2. **Agree** the proposed revised repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project, subject to provision of annual updates on the ongoing viability of the repayment schedule, and agree that despite defaulting on the agreed repayment schedule, the application of interest on the outstanding balance can be waived subject to compliance with the proposed revised repayment schedule.
- 2.3. **Agree** the adoption of the underlying principles for the new round of GPF funding, as set out in Section 6.4 of this report.

#### 3. Rationale for Decisions

- 3.1. In March 2018, the Board agreed that where delays are identified to a project's GPF repayment schedule on more than one occasion, this should be brought to the attention of the Board prior to a recommendation being made to the Accountability Board for approval of any further slippage.
- 3.2. Both the Sovereign Harbour and Eastbourne Fisherman's Quayside and Infrastructure Development projects have requested previous changes to their GPF repayment schedules and therefore, in line with the decision taken in March 2018, there is a requirement for further changes to be presented to the Board for consideration.
- 3.3. Under the currently agreed repayment schedule, repayment of the remaining balance owed on the Sovereign Harbour project is due on or before 31 March 2023. Steps have been taken to enable this repayment to be made, however, the ability to repay is dependent upon the



completion of the sale of the building which was delivered using the GPF funding. There is a risk that the sale of the building will not complete prior to 31 March 2023 and therefore a revised repayment schedule has been proposed to mitigate the risk of default on the existing repayment schedule and the subsequent charging of interest on the outstanding balance of the loan.

- 3.4. The Board have previously been updated on the risks associated with the repayment of the Eastbourne Fisherman's Quayside and Infrastructure Development GPF loan. The delivery partner defaulted on the repayment due in 2021/22 and has since been working with East Sussex County Council to devise a realistic alternative repayment schedule. East Sussex County Council have now provided a revised repayment schedule for consideration by both this Board and the Accountability Board.
- 3.5. In June 2020, the Board agreed a new GPF prioritised project pipeline which was to be used to support the timely and effective reinvestment of available GPF funding. This pipeline has now been exhausted.
- 3.6. Essex County Council, as the Accountable Body for SELEP, are currently holding in excess of £8m GPF funding which has been repaid by completed projects. Whilst there remains uncertainty about the future role of SELEP as local devolution plans progress, it is considered important that steps are taken to enable the award of the available GPF funding to new projects as soon as possible. However, it is considered that, due to the changing financial position of SELEP, the GPF prioritisation approach adopted previously is no longer fit for purpose and therefore an alternative approach needs to be developed.
- 3.7. Further work needs to be undertaken to develop the process through which the GPF funding will be awarded, however, a number of high level underlying principles have been established and are set out in this report for Board consideration.

## Further Information

### **4. Decision 1: Agree the proposed revised repayment schedule for the Sovereign Harbour project**

- 4.1. The Sovereign Harbour project was awarded £4.6m GPF in March 2014. The funding was awarded to support the delivery of high-quality office space (Pacific House) in Eastbourne, which was expected to facilitate up to 299 jobs.
- 4.2. Delivery of the project completed in June 2015 and, as at November 2022, Pacific House was reporting a 97% occupancy rate.
- 4.3. At the time of funding award, it was indicated that the loan would be repaid between 2016/17 and 2021/22. Subsequently, in September 2019, the Accountability Board were informed that as a result of ongoing difficult trading conditions, a number of companies occupying office space at Pacific House had gone into administration. This update was accompanied by a request for a slight revision to the repayment schedule, although full repayment was still expected by 31 March 2022.
- 4.4. A further change to the repayment schedule was requested in November 2020. This change was required as a result of the impacts of the COVID-19 pandemic and the measures that were being taken to support tenants during that period. This change to the repayment schedule required full repayment of the GPF loan by 31 March 2023.

- 4.5. To date, £1.025m of the £4.6m GPF loan has been repaid, with a final repayment of £3.575m due by 31 March 2023. The mechanism through which the final repayment will be made requires either refinancing of or the sale of Pacific House.
- 4.6. Sea Change Sussex (as delivery partner) has informed East Sussex County Council that it has instructed its London based investment agents Bray Fox Smith to pursue either a refinancing of the loan or an outright sale of the building to be legally completed before 31 March 2023 to enable repayment of the GPF loan, with investigations for both options to be run in parallel.
- 4.7. However, Bray Fox Smith subsequently advised Sea Change Sussex that it would not be financially viable for them to refinance the existing loan with a private sector funder due to the loan to value ratios and interest rates required by such funders, as lenders are being very cautious due to falling property values.
- 4.8. East Sussex County Council have been informed by Sea Change Sussex that Bray Fox Smith are marketing Pacific House with a view to completing a sale before 31 March 2023, but Sea Change Sussex have stated that due to current market conditions affecting the UK property investment market it is unlikely that they will be able to conclude an open market sale of Pacific House before 31 March 2023 at a price which would be sufficient to pay off all outstanding debt. Sea Change Sussex have highlighted the relevance of a recent press release (26 January 2023) titled 'Investors lose interest in UK commercial property as occupier demand falls' which was issued by the Royal Institution of Chartered Surveyors.
- 4.9. The terms of the loan agreement (completed in 2014) between East Sussex County Council and Sea Change Sussex state that if full repayment is not made by the longstop date (31 March 2023) then Sea Change Sussex will, after receiving written notice from East Sussex County Council, transfer the property to East Sussex County Council at market value minus the outstanding debt in accordance with the conditions of sale. As such, East Sussex County Council have instructed a property valuation to be undertaken by specialist consultants to inform their decision making and this report will be received in early February 2023. Due to the limited time remaining and the number of approvals required (both between parties and internally at East Sussex County Council), it is likely that these decisions will not conclude by 31 March 2023.
- 4.10. In light of the above, a proposed revised repayment schedule for the remaining balance of the loan has been brought forward for Board consideration.
- 4.11. East Sussex County Council have reviewed all information provided by Sea Change Sussex including the proposed repayment schedule and recognise that if Pacific House cannot be sold by 31 March 2023, the following proposed repayment schedule will allow additional time for the building to be sold whilst ensuring that the remaining balance owed on the loan is repaid in full by 31 March 2024.
- 4.12. The proposed revised repayment schedule is set out in Table 1 below.



*Table 1: Proposed revised repayment schedule for the Sovereign Harbour project*

	Repaid to date (£m)	2022/23 (£m)	2023/24 (£m)	Total (£m)
Existing repayment schedule	1.025	3.575	0	<b>4.6</b>
Proposed revised repayment schedule	1.025	0	3.575	<b>4.6</b>

- 4.13. Under the terms of the loan agreement in place between Essex County Council (as Accountable Body for SELEP) and East Sussex County Council, extending the repayment schedule triggers the charging of interest on the remaining balance of the loan. However, in accordance with other decisions taken by the Board, it is recommended that interest is not charged on the loan at this time subject to compliance with the revised repayment schedule set out in Table 1.
- 4.14. East Sussex County Council will continue to monitor the progress and delivery of the remaining repayment with Sea Change Sussex.
- 4.15. Whilst it is noted that there remains a possibility that full repayment of the GPF loan may be achieved by 31 March 2023, the Board are asked to agree the revised repayment schedule as set out in Table 1 above. This change to the repayment schedule has been brought forward to mitigate the risk of incurring interest charges should full repayment by 31 March 2023 not be achievable.
- 4.16. Confirmation as to whether the final repayment was achieved by 31 March 2023 will be provided at the next Board meeting.

**5. Decision 2: Agree the proposed revised repayment schedule for the Eastbourne Fisherman’s Quayside and Infrastructure Development project, subject to provision of annual updates on the ongoing viability of the repayment schedule, and agree that despite defaulting on the agreed repayment schedule, the application of interest on the outstanding balance can be waived subject to compliance with the proposed revised repayment schedule.**

- 5.1. 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.
- 5.2. Delivery of the project was complicated by a number of factors including a change in land ownership following the compulsory liquidation of Carillion and the collapse of the appointed building contractor but delivery was completed in May 2021.
- 5.3. At the time of funding award, it was indicated that the loan would be repaid between 2019/20 and 2020/21. Subsequently, in February 2020, the Accountability Board were informed that as a result of delays encountered in finalising the lease agreement for the site and commencing work onsite that the agreed repayment schedule was no longer realistic. This update was accompanied by a request for a revision to the repayment schedule which required full repayment of the GPF loan in 2020/21.

- 5.4. A further change to the repayment schedule was requested in September 2020. It was noted that a grant from the European Maritime and Fisheries Fund had been secured to support delivery of the project but that this grant had to be claimed in arrears and therefore the majority of the GPF funding was being used as a bridging loan to enable project delivery. Due to delays experienced by the project, the timescales for drawdown of the grant were affected meaning that full repayment in 2020/21 was no longer achievable. A revised repayment schedule was agreed which required repayment between 2020/21 and 2022/23. It was intended that £0.9m of the GPF loan would be repaid using the European Maritime and Fisheries Fund grant, with the remaining balance due to be paid using increased revenues generated as a result of project delivery.
- 5.5. 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.
- 5.6. 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 or a new repayment schedule is agreed.
- 5.7. Following completion of the project, the Eastbourne Fisherman's Under 10m Community Interest Company (CIC) (delivery organisation) commenced operation of the building in accordance with the plans set out in the approved Business Case. The main income stream identified was the processing and selling of fish – both wholesale and retail. The majority of the wholesale plans focused on selling fish for export purposes but this proved challenging in light of new Brexit regulations. In addition, other challenges were faced onsite which limited the income realised as a result of project delivery.
- 5.8. As a result of these challenges, it was no longer possible for the majority of the GPF loan to be repaid using the grant from the European Maritime and Fisheries Fund as intended. Instead, repayment of the GPF loan will need to be funded through income generated as a result of activity at the site.
- 5.9. In July 2022, the CIC 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.
- 5.10. Within their options appraisal, East Sussex County Council requested that the CIC directors met with the freeholder (Premier Marinas) to discuss the terms of the lease and to establish whether any of the restrictions within the lease (i.e., that subleases could only be entered into with fisherman and that the onsite shop had to sell fish) could be relaxed, allowing the introduction of alternative income streams. Both the CIC and Eastbourne Borough Council approached Premier Marinas with this request but Premier Marinas were not prepared to discuss any changes to the

terms of the lease. This is perhaps unsurprising given that Premier Marinas are the current beneficiaries of the site and the buildings if the project fails. To mitigate the risk of the buildings reverting to Premier Marinas, the CIC have agreed that East Sussex County Council can put a charge on the lease and it is expected that this will complete in the coming weeks.

- 5.11. Following the conversations with Premier Marinas, further work has been undertaken to identify any potential cost savings and alternative income streams which would allow the CIC to repay the GPF loan. As it stands, the primary income stream stems from rental income as a result of the units on site being occupied. A new model has been established which should ensure that sufficient income is realised to allow repayment of the GPF loan over a period of 11 years from 2024/25, subject to interest incurred to date being waived. If interest is charged on the outstanding balance of the loan from 1 April 2022 to 10 March 2023 (when the revised repayment schedule will be considered by the Accountability Board) as allowed under the lease, the repayment period will extend further.
- 5.12. The proposed revised repayment schedule is set out in Table 2 below.

*Table 2: Proposed revised repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project*

	Existing repayment schedule	Proposed revised repayment schedule
	£	£
Repaid to date	325,000	325,000
2022/23	825,000	0
2023/24	0	0
2024/25	0	36,400
2025/26	0	65,200
2026/27	0	70,000
2027/28	0	74,800
2028/29	0	82,400
2029/30	0	86,400
2030/31	0	86,400
2031/32	0	86,400
2032/33	0	86,400
2033/34	0	86,400
2034/35	0	64,200
<b>Total</b>	<b>1,150,000</b>	<b>1,150,000</b>

- 5.13. It should be noted that the CIC operates on a September to August financial year, rather than the April to March financial year used by SELEP. Therefore, the repayment schedule provided by the CIC, which was based on their own financial year, has been converted into a repayment schedule based on the SELEP financial year. This conversion has assumed that the CIC will make the required repayments at the end of their financial year. If an alternative approach is adopted by the CIC, the repayment schedule will need to be realigned accordingly.
- 5.14. It is acknowledged that repaying the GPF loan over an 11 year period is not ideal, however, options to reduce the length of the repayment schedule have been explored and have proved to be unviable. As a result, the Board are asked to agree the proposed revised repayment schedule



for the project as set out in Table 2. It is important to note that the proposed repayment schedule is based on a scenario under which interest is not charged on the outstanding balance of the loan despite the CIC and East Sussex County Council defaulting on the repayment due in 2021/22.

- 5.15. As set out in Section 5.6 of this report, under the terms of the loan agreement, interest is chargeable on the outstanding balance of the loan as a result of the default reported in 2021/22. Interest is currently chargeable between 1 April 2022 and 10 March 2023, when the revised repayment schedule will be considered by the Accountability Board, totalling £15,428. The Board can choose to remove the requirement to pay the interest on the loan incurred to date, subject to compliance with the proposed revised repayment schedule. This decision would also need to be supported by the Accountability Board at their March 2023 meeting. This approach may help to safeguard repayment of the GPF loan within 11 years but would reduce the value of the GPF funding available for reallocation in 2023/24.
- 5.16. In light of the duration of the proposed repayment schedule and the ongoing work to develop new income streams by the CIC, it is recommended that East Sussex County Council are required to undertake regular reviews of the CIC's financial position to assess the ongoing viability of the repayment schedule and to identify any opportunities for accelerated repayment. East Sussex County Council will be required to provide 6 monthly updates on the CIC's financial position to the SELEP Capital Programme Manager and the Accountable Body, and to provide annual updates to the Accountability Board which consider whether changes need to be made to the repayment schedule.

## **6. Decision 3: Agree the adoption of the underlying principles for the new round of GPF funding**

- 6.1. The Board agreed a new GPF prioritised project pipeline in June 2020. This pipeline was used to enable the timely reallocation of funding which was repaid by completed projects but has now been exhausted. As Essex County Council, as Accountable Body for SELEP, is currently holding in excess of £8m of GPF funding it is essential that consideration is given to how this funding should be allocated to new projects.
- 6.2. Since the launch of the last round of GPF funding, the financial status and role of SELEP has changed which necessitates a change in the approach to issuing the GPF funding as the existing process is no longer fit for purpose.
- 6.3. Whilst there has been a desire to commence the new round of GPF funding for a number of months, this has not been possible due to resource constraints – particularly in light of the need to produce a GBF prioritised project pipeline in late 2022 to support reallocation of funding unexpectedly returned to SELEP. As a result of these constraints, it has not yet been possible to devise a complete process for allocation of the available GPF funding, however, a number of high level principles have been established which are expected to underpin the development of the new process.
- 6.4. The underlying principles for the new round of GPF funding are set out below:
- 6.4.1. The GPF should be retained as a recyclable loan scheme – in light of the decision by Government to no longer direct capital grant funding through LEPs, the GPF funding presents the only real opportunity for SELEP to support delivery of the vision set out in the Economic Recovery and Renewal Strategy and to provide the infrastructure needed to support local economic growth. It is therefore important that the recyclable



nature of the fund is retained, allowing ongoing investment in key projects in the region which will play a central role in supporting economic growth and recovery.

- 6.4.2. The fund should operate at no cost to SELEP – the GPF allocation process used historically is both resource intensive and incurs significant costs, including sizeable Independent Technical Evaluator charges, secretariat and accountable body support, which have previously been met by SELEP. Given the change in SELEP’s financial position, and the ongoing uncertainty as to whether any funding will be provided by Government to support SELEP’s activities in 2023/24, it is no longer viable for SELEP to cover costs incurred during the GPF allocation process. Therefore, changes will need to be made to the way the fund operates to ensure that these costs are covered by alternative means. Further work is required to establish how these costs will be met, but options under consideration include the application of a management fee and/or the charging of interest on all loans.
  - 6.4.3. Projects should commit to short repayment schedules – projects supported through the most recent round of GPF funding have, for the most part, committed to repaying the loans over a 5 year period. It is proposed that, under the new round of GPF funding, loans are provided for a maximum period of 3 years. This would allow for 1 year for delivery and 2 years for repayment. Shorter repayment schedules have been proposed due to the ongoing uncertainty around the long-term status of SELEP due to ongoing devolution conversations and the potential resource implications for the Accountable Body should SELEP cease to exist before repayment of the loans becomes due. This approach would require the GPF funding to be awarded to projects which are genuinely shovel ready and in a position to commence delivery immediately following award of funding.
  - 6.4.4. The fund should focus on specific sectors within the SELEP economy – the overall objectives of the GPF are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and to support the creation of new jobs. These objectives could be applied to virtually any sector within the SELEP region. The last round of GPF funding required that the projects aligned with SELEP’s Strategic Objectives as set out in the SELEP Economic Strategy Statement but no further specific guidance was issued. Given the limited resources available to SELEP, it is considered important that the funding is directed towards the sectors where there is a greater need and where the most benefit can be realised. These sectors will be identified through an evidence-based approach and a further update on the recommended sectors and therefore focus for this round of GPF will be provided at the next Board meeting.
  - 6.4.5. The fund should be positioned to be supplementary to third party and Government funding sources, including the remaining unallocated GBF funding – the current funding landscape is complicated with an ever-increasing number of different funds being offered – all with a slightly differing focus and with different funding requirements. It is proposed that the GPF funding could be positioned to be supplementary to these central funding sources, allowing externally funded projects to be enhanced by capital funding, resulting in greater benefit realisation.
- 6.5. It is important that the GPF funding continues to serve a clear purpose, addresses a gap in the funding landscape, and remains an attractive proposition. It is clear that there is a significant

amount of work which needs to be undertaken to shape the next round of GPF funding and it is intended that this work will be undertaken prior to the next Board meeting.

- 6.6. At this meeting, the Board are asked to agree the underlying principles outlined above which will form the basis of the GPF process moving forward. Any feedback provided by the Board at this meeting will be taken into consideration when developing the process. It is proposed that a Senior Officer Group (SOG) meeting is scheduled in Spring 2023 to discuss the options available and to work through the detail in advance of the Board meeting in July.

## 7. Additional information

### GPF repayments due in 2022/23

- 7.1. In addition to the projects already discussed in this report, a number of other projects are also due to make repayments in 2022/23, as set out in Table 3 below. Regular updates have been sought from the Upper Tier Local Authorities responsible for the projects and assurances have been provided that the remaining projects remain on track to make their repayments in accordance with the agreed schedules.

*Table 3: GPF repayments due to be made by 31 March 2023*

Project	Repayment due £m
Live Margate	1.000
Charleston Centenary	0.020
No Use Empty Commercial Phase 1	0.200
<b>Total</b>	<b>1.220</b>

- 7.2. Receipt of the forecast repayments set out in Table 3 will increase the amount of GPF available for reallocation in 2023/24 by £1.220m.

## 8. Next Steps

- 8.1. The proposed revised GPF repayment schedules for the Sovereign Harbour and Eastbourne Fisherman's Quayside and Infrastructure Development projects will be presented to the Accountability Board in March 2023. Subject to both this Board and the Accountability Board agreeing the changes to the repayment schedules, variations to the GPF Loan Agreements will be progressed to formalise the changes.
- 8.2. There will be a requirement for East Sussex County Council, following engagement with the Eastbourne Fisherman Under 10m Community Interest Company, to provide bi-annual updates on the ongoing viability of the agreed repayment schedule to the SELEP Secretariat and the Accountable Body. These updates should give consideration as to whether there is an opportunity to accelerate repayment of the loan. Updates to the Accountability Board will be provided on an annual basis and this Board will be advised if any further changes to the repayment schedule are requested.
- 8.3. Subject to the Board agreeing the high level principles set out within this report, further work will be undertaken to develop the process for reallocation of the available GPF funding. A Senior Officer Group (SOG) meeting will be scheduled in Spring 2023 to discuss proposed options for reallocating the funding and to fine tune the planned approach, ahead of a further discussion at the Board meeting in July 2023.



## 9. Comments from the Accountable Body

- 9.1. 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. GPF is a capital grant awarded by Government to be operated as a recyclable loan scheme.
- 9.2. A total of £13.04m GPF was held by the Accountable Body at the end of 2021/22. Of this balance, £8.89m is uncommitted increasing to £14.01m uncommitted balance for 2022/23, should all loan repayments be received in line with current Board decisions and credit agreements in place. This balance will drop pending approval by the Accountability Board for a change to the repayment profiles relating to Eastbourne Fisherman's Quayside and Infrastructure Development project and the Sovereign Harbour project, which collectively could reduce the balance of GPF available for reinvestment to £9.61m for 2022/23.
- 9.3. The existing GPF project pipeline has now been expended, however, this paper sets out to agree the principles for a new round of GPF funding. From a sustainability perspective, it is essential that the new scheme should look to be self-financing moving forward and can operate as cost effectively as possible; therefore, learning the lessons from existing investments is key to ensure that the risk to the fund is reduced as far as possible. Any new scheme must meet the requirements of the SELEP Assurance Framework, particularly with respect to agreeing an approach to prioritisation and assuring value for money.
- 9.4. 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 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.
- 9.5. Two projects are seeking endorsement of a revised repayment profile; these are considered below:
- 9.6. Sovereign Harbour Repayment Extension
  - 9.6.1. The credit agreement between East Sussex County Council and Essex County Council as the Accountable Body for the SELEP, requires for repayment of the outstanding loan value of £3.575m by 31<sup>st</sup> March 2023. The credit agreement confirms that no interest was applicable to the loan where it is repaid in accordance with the agreed repayment schedule. The repayment profile is requested to be amended to allow for a delay in repayment of the £3.575m outstanding loan, for up to 12 months. The loan is due to be repaid following the sale of the Pacific House office premises delivered through the investment.
  - 9.6.2. The credit agreement allows for interest to be charged during any extension of the due date for payment of any principal or unpaid sum, at the rate payable on the original due date, which would be the 31<sup>st</sup> March 2023.
  - 9.6.3. The credit agreement sets out that if the Borrower, in this case, East Sussex County Council, fails to pay any amount payable by it to the Accountable Body on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is 2 per cent higher than the rate which would have



been payable if the overdue amount had, during the period of non-payment, constituted a Loan.

9.6.4. If the Board agree not to apply interest under the provisions within the contract against the £3.575m due, this has the effect of reducing the monetary value of the investment over the 12 month extension period, by a minimum of £71,500 due to the interest foregone.

9.6.5. It is expected that this decision will be presented to the Accountability Board for approval in March 2023; the Board may wish to be presented with additional detail from East Sussex County Council that any proposed change in ownership is not expected to delay the repayment beyond March 2024; and what options have been explored to confirm why no contributions can be made towards loan repayments in the interim, for example, through leasing income.

9.7. Eastbourne Fisherman's Quayside and Infrastructure Development project Repayment Extension:

9.7.1. The default in the loan repayment in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project in March 2022 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. £15,428 of interest is applicable on the loan to the March Accountability Board; if that Board agrees not to apply the interest, then the value of the fund will be devalued by this amount.

9.7.2. The proposed repayment schedule extends repayment over a period significantly beyond what would normally be agreed for a GPF loan and should be agreed as an exception only, with the conditions applied as set out in the report for regular monitoring and reporting back to the Board; with an expectation that opportunities should be sought by East Sussex County Council to reduce this repayment timeline where sustainably possible.

9.8. It will be for East Sussex County Council to ensure that they can continue to meet the requirements of the credit agreements, including meeting any requirements of the Subsidy Control Act, in accepting the extension for the repayment of the two loans as set out in this report.

9.9. The impact of agreeing the delay in repayments on the overall GPF scheme is that it reduces the amount that can be made available to be reinvested through the next round of the recyclable loan scheme.

## **10. Appendices, Supporting Documents and Previous Decisions**

10.1. None

10.2. For further details contact: SELEP Capital Programme Manager, Helen Dyer  
([helen.dyer@southeastlep.com](mailto:helen.dyer@southeastlep.com))



## Item 4: Getting Building Fund Programme Update

### Executive Summary

#### 1. Overview

- 1.1. This report provides the Strategic Board (the Board) with an update on the status of the Getting Building Fund (GBF) project pipeline and seeks agreement from the Board as to whether the remaining two projects seeking additional GBF funding should be added to the pipeline.
- 1.2. In addition, following the removal of the Swan Modular Housing Factory project from the GBF programme, the Board are asked to agree the approach to reallocating the GBF funding which extends beyond the value of the existing GBF project pipeline.
- 1.3. This report also provides the Board with an update on the GBF spend position and the status of any spend which extends beyond 31 March 2023.

#### 2. Decisions: Board is recommended to:

- 2.1. **Agree** that the Restoring the Glory of the Winter Garden – Phase 2 project should not be added to the GBF project pipeline as it does not meet the criteria agreed by the Board in July 2022.
- 2.2. **Agree** that the Accessing Charleston: Removing the Barrier to Growth (project extension) project should not be added to the GBF project pipeline due to the reasons outlined in Section 5 of this report.
- 2.3. **Agree** the approach set out within Section 6 of this report for the award of the currently unallocated GBF funding.

#### 3. Rationale for Decisions

- 3.1. In October 2022, the Board agreed the new GBF prioritised project pipeline with the exception of the Success Essex projects which were subsequently agreed in November 2022 via Electronic Procedure. Applications for GBF funding from two projects – Restoring the Glory of the Winter Garden Phase 2 and Accessing Charleston: Removing the Barrier to Growth (project extension) – were received but were not included in the proposed pipeline presented to the Board in October 2022.
- 3.2. The projects were not included in the pipeline as they either did not meet the agreed criteria for award of additional GBF funding or it was not possible for compliance with the SELEP Assurance Framework to be confirmed at that time. It was noted that it would not be possible for these projects to be included in the pipeline until the identified issues had been satisfactorily addressed. However, there was a commitment to reconsider the inclusion of the projects in the pipeline should any further GBF funding be returned to SELEP for reallocation.
- 3.3. In January 2023, the Accountability Board took the decision to remove the Swan Modular Housing Factory project from the GBF programme. As a result of this decision, £4.53m GBF funding will be returned to SELEP for reallocation to alternative projects. Reallocation of £2.481m of the £4.53m was agreed by the Accountability Board in January 2023. The pipeline as agreed by the Board has now been exhausted and therefore consideration needs to be given as to whether the Winter Garden and Accessing Charleston projects should be added to the pipeline before an approach to



reallocating the remaining funding can be considered.

- 3.4. Following the reallocation decisions taken by the Accountability Board in January 2023, there remains an unallocated total of £2.049m GBF. The Winter Garden and Accessing Charleston projects are seeking a total additional GBF funding of £1.221m and therefore, regardless of whether funding is awarded to these two projects, an approach to reallocating the remaining balance of the GBF funding needs to be established.

## Further Information

### **4. Decision 1: Agree that the Restoring the Glory of the Winter Garden – Phase 2 project should not be added to the GBF project pipeline as it does not meet the criteria agreed by the Board in July 2022.**

- 4.1. The Restoring the Glory of the Winter Garden project was awarded £1.6m GBF in October 2020. The funding was awarded to restore and complete the regeneration and refurbishment of the Winter Garden site in Eastbourne. The initial GBF funding allocation has been spent in full but delivery of the project continues.
- 4.2. An application for a further £0.9m GBF was received in August 2022 as part of the pipeline development process. This application was seeking funding to deliver a further phase of the project which focused on the establishment of a new facility, Racquet Studios, in the Winter Garden. It was intended that Racquet Studios would be a world class facility for virtual film production, a centre of excellence for skills training in digital and creative arts and a leading virtual film production research and development facility.
- 4.3. As GBF investment was sought to support delivery of a further phase of the project, a new Business Case was submitted, and this identified that the project was at a relatively early stage of development. It was noted that Planning Consent and Listed Building Consent were both required for the project and that both had yet to be secured at the time of application.
- 4.4. The process for creating the new GBF prioritised project pipeline, as agreed by the Board in July 2022, indicated that the existence of any barriers to delivery which had the potential to significantly impact on the delivery programme would preclude the project from being prioritised for receipt of GBF funding. This condition was included in the agreed process so as to minimise the risk of Government expectations of full GBF spend being achieved by 31 March 2023 not being met.
- 4.5. As a consequence, the project was not included in the GBF project pipeline due to the outstanding Planning and Listed Building Consents which had the potential to significantly delay project delivery.
- 4.6. A recent update on project delivery has confirmed that both Planning and Listed Building Consents remain outstanding and as a result, the project still does not comply with the conditions set out within the agreed process for creating the pipeline.
- 4.7. Whilst it is acknowledged that, subject to receipt of the required Planning and Listed Building Consents, the project is deliverable with a forecast project completion date of March 2024, it is recommended that the project is not added to the GBF project pipeline. Other projects which did not meet the criteria agreed by the Strategic Board chose not to apply for additional GBF funding and therefore allowing the award of funding to the Winter Garden project would give the project an unfair advantage over other projects which adhered to the criteria set out. In



addition, it should be noted that an element of the additional funding sought by the Enterprise Centre for Horizon 120 Business and Innovation Park project did not meet the criteria agreed by the Board and therefore this element of the funding was removed from the GBF ask prior to a decision being taken by the Accountability Board.

## **5. Decision 2: Agree that the Accessing Charleston: Removing the Barrier to Growth (project extension) project should not be added to the GBF project pipeline due to the reasons outlined in Section 5 of this report.**

- 5.1. The Accessing Charleston: Removing the Barrier to Growth project was awarded £0.3298m GBF in November 2020 (£0.0893m) and July 2021 (£0.2405m). The funding was awarded to deliver improvements to the access road to Charleston. The existing access road was in a poor condition and was discouraging visitors from making repeat visits to the house. The initial GBF funding allocation has been spent in full and delivery of the project has been completed.
- 5.2. An application for a further £0.3214m GBF was received in August 2022 as part of the pipeline development process. This application was seeking funding to deliver a further phase of the project which focused on the provision of electric vehicle charging points at the site and the introduction of sustainable travel modes, including provision of an electric minibus to provide a connection between local public transport networks and Charleston.
- 5.3. As GBF investment was sought to support delivery of a further phase of the project, a new Business Case was submitted, and this was reviewed by the Independent Technical Evaluator in advance of the Board considering the proposed GBF project pipeline. The review by the Independent Technical Evaluator identified a number of concerns and as a consequence, the project was not included in the proposed project pipeline due to the following reasons:
  - 5.3.1. The Business Case indicated that Value for Money exemption 1 had been applied, however, there was insufficient information provided in the Economic Case to support this and therefore Value for Money could not be assured.
  - 5.3.2. It was unknown if there was sufficient electrical capacity at the site to power the Electric Vehicle charging points. This was potentially a barrier to delivery and was also a significant risk to the delivery programme should there be a requirement for input from utility companies.
  - 5.3.3. It was unclear if there were any planning requirements which needed to be met in relation to the project and;
  - 5.3.4. The Independent Technical Evaluator queried the realism of the stated benefits.
- 5.4. It was noted that further work was being undertaken on the Business Case with a view to addressing the concerns raised by both SELEP and the Independent Technical Evaluator and therefore a commitment was made to revisit the project should further GBF funding become available.
- 5.5. A recent update on the project has shown that, whilst there has been further engagement between East Sussex County Council, the scheme promoter and the Independent Technical Evaluator, it has not been possible for all the concerns raised to be fully addressed and there remains some uncertainty as to whether the project is deliverable and whether it offers High value for money. The remaining concerns are outlined below:



- 5.5.1. Robustness of forecast project benefits – the Business Case indicates that it is forecast that between 27% and 54% of total visitor car journeys could be replaced through use of the electric minibus. The Independent Technical Evaluator has queried the robustness of this forecast and has suggested that the new service might have a bigger role to play in attracting new visitors to Charleston, rather than encouraging a significant proportion of existing visitors to change their travel patterns. It was also noted by the Independent Technical Evaluator that there is currently no evidence to support this forecast, other than short term pilots undertaken during the festival season at Charleston.
  - 5.5.2. The value for money offered by the project has been based on the assumption that the forecast project benefits outlined above can be achieved. As there is uncertainty regarding the robustness of these forecasts, it cannot be confirmed with any certainty that the projects offers High value for money.
  - 5.5.3. Early stage of project development – the Business Case indicates that, whilst initial quotes for the proposed works have been secured, there is further work to be undertaken to establish if there is sufficient electrical capacity at the site to support the installation of electric vehicle charging points and to put all plans in place for the minibus service. As the project is at a relatively early stage of development, with formal procurement processes not yet having been completed, there is considerable cost uncertainty. This has the potential to impact on both the ability of the scheme promoter to deliver the project and the value for money offered by the project.
  - 5.5.4. Risk to project delivery programme – delivery of the project will require the involvement of at least one utility company to connect the electric vehicle charging points and will be dependent upon the lead in time for the chosen electric minibus. A recent update from the scheme promoter indicates that they believe the project can be delivered within 3 to 6 months should any GBF funding be awarded. However, there have been reports across the Local Growth Fund and GBF programmes of response times from utility companies being significantly longer than expected. In addition, following a recent increase in demand for electric vehicles, there have been widespread reports of longer lead in times for such vehicles. As a result, there is a risk that the project could be subject to an extended delivery programme.
  - 5.5.5. Interaction with original GBF funded project – as set out above the original GBF funding allocation was awarded to support delivery of improvements to the existing access road with a view to encouraging repeat visits to the site and to remove a barrier to visitor growth at the site. The Business Case indicates that the second phase of the project seeks to build upon the benefits achieved through the delivery of the improved access road, however, there is a risk that introducing alternative modes of travel will impact on the scale of benefits achieved as a direct result of the new access road.
- 5.6. For the reasons outlined above, particularly the uncertainty regarding the scale of forecast project benefits and the total project cost which both have the potential to impact on the value for money offered by the project, it is recommended that the project is not added to the GBF project pipeline as compliance with the SELEP Assurance Framework cannot be confirmed.

## **6. Decision 3: Agree the approach set out below for the award of the**

## **currently unallocated GBF funding.**

- 6.1. Following the removal of the Swan Modular Housing Factory project from the GBF programme, there is an unallocated GBF balance of £2.049m (assuming the Board agree the recommendations set out in this report). The GBF project pipeline, as agreed by the Board in October 2022, has been exhausted and therefore an alternative approach to reallocating this funding needs to be established.
- 6.2. As the Board will recall the purpose of the recently exhausted GBF project pipeline was to support projects which had experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit or high inflation levels. A good response to the call for projects was received and all projects which met the requirements of the process have now been awarded additional GBF funding.
- 6.3. Given that the GBF programme officially ended on 31 March 2022 and that an increasing number of projects within the GBF programme have now completed, it is considered that adopting the same approach to creating a new pipeline would not be appropriate. Use of the same criteria and approach would effectively result in those projects which have completed being penalised and not offered the same opportunity as those projects which are still ongoing. This is an important consideration given that Government were clear at the outset of the programme that the funding should be used to support shovel ready projects which could be delivered by 31 March 2022.
- 6.4. In addition, there are significant resource implications for all involved parties, including SELEP, Essex County Council (as the Accountable Body for SELEP), responsible Upper Tier Local Authorities and delivery partners, should a similar prioritisation process be run again. The impact on available resources will be further intensified as a result of the need to progress a further round of the Growing Places Fund in 2023/24. There is insufficient capacity within the SELEP team to manage two separate funding processes running in parallel. As a result, advice was sought from Government as to whether the remaining unallocated GBF funding could be combined with the available Growing Places Fund funding, therefore allowing the award of all available funding to be managed through one process.
- 6.5. The advice received from Government indicated that as the GBF funding is un-ringfenced, technically the funding can be used by LEPs in any way they choose, as long as the conditions of the Grant Determination Letter are met, which, in effect, requires that the funding is used for Capital Investment. Government officials indicated that it would appear sensible, given that a new round of Growing Places Fund is planned anyway, to combine the available GBF and Growing Places Fund funding to increase the level of funding available through the funding round. There would be a requirement for the GBF element of the funding to be ringfenced for capital projects which are GBF compatible (shovel ready projects with short delivery programmes) and for Government to be fully informed as to the decisions being taken. Ultimately Government placed the responsibility for determining how the available GBF funding is used on the Section 151 Officer of the Accountable Body, however, the Board will be asked to agree the process for allocating the funding and the final funding decisions will continue to sit within the remit of the Accountability Board.
- 6.6. The Section 151 Officer of the Accountable Body has highlighted the following key requirements which must be central to any plans for allocating the available GBF funding:
  - 6.6.1. Compliance with the requirements of the Grant Determination Letter
  - 6.6.2. Adherence to the SELEP Assurance Framework

6.6.3. Ensuring proposed projects are affordable and can be adequately resourced for the life of the GBF investment.

- 6.7. Based on Government advice, resource limitations and initial engagement with the Section 151 Officer of the Accountable Body it is recommended that the award of the available GBF funding is managed alongside the award of the available GPF funding, allowing one combined process to be undertaken. As set out under Agenda Item 3, work will be undertaken over the coming months to develop a process for allocating the available GPF and GBF funding and a proposed approach will be brought forward for Board consideration in July 2023.

## **7. Additional information**

### Changes to the GBF programme

- 7.1. The Board were informed in December 2022 that Swan had advised Essex County Council (as responsible Upper Tier Local Authority) that their Board had taken the decision to close the modular housing factory arm of their operations. As a result, delivery of the Swan Modular Housing Factory project was halted and a commitment was provided by Swan to repay the GBF funding spent to date supporting delivery of the project.
- 7.2. In January 2023, the Accountability Board took the decision to remove the Swan Modular Housing Factory project from the GBF programme and approved the award of additional GBF funding to the following projects in accordance with the agreed GBF project pipeline:
- 7.2.1. Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises – £118,182 additional GBF funding awarded to support delivery of the approved Business Case.
  - 7.2.2. Tindal Square, Chelmsford - £118,181 additional GBF funding awarded to support delivery of the approved Business Case
  - 7.2.3. Jaywick Market and Commercial Space - £118,181 additional GBF funding awarded to support delivery of the approved Business Case.
  - 7.2.4. Tendring Bikes and Cycle Infrastructure – £300,200 additional GBF funding to support delivery of the approved Business Case and provision of additional infrastructure.
  - 7.2.5. Seven Sisters Country Park Visitor Infrastructure Uplift – £84,100 additional GBF funding awarded to support delivery of the approved Business Case.
  - 7.2.6. Discovery Park Incubator - £250,000 additional GBF funding awarded to support delivery of the approved Business Case.
  - 7.2.7. Techfort Phase 2 - £850,000 GBF funding awarded to support delivery of a further phase of the existing Techfort project.
  - 7.2.8. Enterprise Centre for Horizon 120 Business and Innovation Park – £641,924 additional GBF funding awarded to support delivery of the approved Business Case.
- 7.3. 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).
- 7.4. The award of funding to these projects leaves an unallocated GBF balance of £2,049,232, which will be managed in accordance with the approach set out in Section 6 of this report.



### Financial position – GBF

- 7.5. 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.
- 7.6. Since the official end of the GBF programme in March 2022, there has been a clear expectation from Government that the GBF funding should be spent in full by 31 March 2023 at the latest. This expectation was a key consideration when developing the new GBF project pipeline and projects which were unable to meet this requirement were not eligible for receipt of additional GBF funding.
- 7.7. As at the November 2022 Accountability Board meeting, all projects within the GBF programme were on track to complete their GBF spend by 31 March 2023. However, following the subsequent removal of the Swan Modular Housing Factory project from the GBF programme, the value of funding returned to SELEP exceeds that sought by the projects remaining on the GBF project pipeline. In addition, not all projects on the pipeline are now able to complete their GBF spend by 31 March 2023 due to the delay in awarding the funding.
- 7.8. In light of recent developments, advice was sought from Government in relation to their position on any GBF spend which extended beyond 31 March 2023. The advice received was as follows: *'LEPs do have the ability to move GBF funding into 23/24. Ultimately the decision lies with the Accountable Body's Section 151 Officer. If they are content to move funding into 23/24, then we would go with that decision.'*
- 7.9. In advance of the Accountability Board meeting in January 2023, the view of the Section 151 Officer for the Accountable Body was sought and it was agreed that, for the purposes of allowing decisions to be taken by the Accountability Board, GBF spend could extend into Q1 2023/24 but that spend should be complete by 30 June 2023 at the latest.
- 7.10. The decision to require GBF spend to be complete by 30 June 2023 was made as spend of GBF funding beyond this point would have resource implications for both the SELEP Secretariat and the Accountable Body – particularly in light of plans to run a new round of Growing Places Fund funding from Summer 2023. This decision has contributed to the plans for use of the remaining GBF funding as set out in Section 6 of this report.
- 7.11. Whilst it is no longer possible for the expectations of Government to be met, there remains an expectation for projects awarded GBF funding prior to the Accountability Board meeting on 27 January 2023 to complete their GBF spend by 31 March 2023 so as to maximise GBF spend prior to the end of 2022/23 and this will be closely monitored by the Accountability Board. Should any of the projects be unable to complete their spend by 31 March 2023, Accountability Board approval for GBF spend in Q1 2023/24 will be required.

### Appointment of Independent Technical Evaluator

- 7.12. In September 2020, the Accountability Board agreed that the contract for SELEP's Independent Technical Evaluator work should be awarded to Steer under the Bloom consultancy framework agreement for two years on a one plus one basis, with the contract initially running from April 2021 to March 2022. Subsequently, in November 2021, the Accountability Board took the decision to extend the contract into the second year, meaning that the contract will now end of 31 March 2023.
- 7.13. It continues to be a requirement of the National Assurance Framework that all LEPS engage an



Independent Technical Evaluator to evaluate business cases submitted for investment and make recommendations to the Accountability Board. In addition to assessing new business cases, the Independent Technical Evaluator must also assess project changes where there are changes to parameters such as project cost, scope, timescales and/or benefits.

- 7.14. Whilst we are currently not expecting any further capital funding to be awarded to LEP's for the forthcoming financial year, there will be a further round of Growing Places Fund funding and there could be further business cases to assess should current LGF projects not be able to proceed meaning there is a need for funding to be reallocated in accordance with the agreed LGF pipeline. Additionally, there may be project changes that require assessment ahead of decisions by the Accountability Board.
- 7.15. Given that the current contract with Steer is due to end on 31 March 2023, there is a need to review the contractual arrangements for the Independent Technical Evaluator role. Procurement of an Independent Technical Evaluator will be undertaken in accordance with Essex County Council's (as Accountable Body for SELEP) procurement processes following a scoping exercise to determine the services expected to be required over the coming year. Partners will be engaged throughout the procurement process.

## **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. GBF is a capital grant awarded by Government and is 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.*
- 8.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the GBF projects and that it would be defrayed in full by the end of March 2022.
- 8.3. The cancellation of some projects during the 2022/23 financial year has required the return of GBF funding to the Accountable Body to be reallocated to other Projects on the pipeline in accordance with the decisions of the Accountability Board.
- 8.4. The representative of the Section 151 officer of the Accountable Body gave support to the decision made at the January 2023 Accountability Board, to allow spend on GBF projects into quarter one of 2023/24, where this is approved by the Accountability Board. Spend beyond this period by GBF Projects would not be supported at this point without further consideration of the resource implications to continue to monitor delayed schemes for an additional period; this is of particular note given the well reported financial uncertainties for the SELEP beyond 2023/24.
- 8.5. The proposal to combine the GBF and GPF funds into one scheme is supported to reduce the overhead of managing two schemes; as both these funds are required to be used to support Capital Investment, there is no restriction in this respect, to manage as a single scheme. GPF was allocated to SELEP in order that it can be operated as a recyclable loan scheme to support capital investment; in reviewing options for use of GBF, this could be applied as a loan or as a grant, providing that the condition for use for capital purposes is met, alongside the other requirements of the SELEP Assurance Framework, including assuring value for money. In reviewing options available, the Accountable Body will continue to support the SELEP Secretariat to ensure that those requirements are adhered to, as well as consideration given to the affordability of



operating any options proposed.

- 8.6. With respect to the recommendations for the two schemes that are proposed not to be added to the GBF pipeline, any considerations must take into account the requirements of the Assurance Framework, particularly with respect to affordability and value for money.

## **9. Appendices, Supporting Documents and Previous Decisions**

- 9.1. Background documents

- 9.1.1. [SELEP Accountability Board Agenda Pack – 27 January 2023](#)

- 9.2. For further details contact: SELEP Capital Programme Manager, Helen Dyer ([helen.dyer@southeastlep.com](mailto:helen.dyer@southeastlep.com))

## Item 5: Deputy Chair Recruitment

### Executive Summary

#### 1. Overview

- 1.1. The purpose of this report is to present to the Board options to approach the Deputy Chair recruitment process.
- 1.2. As agreed by the Board, the Deputy Chair will not receive an allowance but will be eligible to receive expenses per SELEP Policies.

#### 2. Decisions: Board is recommended to:

- 2.1. Option 1: Agree to run a short internal Expressions of Interest process, as an exception to our Recruitment Policy. If this is unsuccessful, then run an open recruitment process, advertising publicly according to the SELEP Recruitment Policy, delegating the selection process to a Selection Panel. **(Recommended)**
- 2.2. **OR:** Option 2: Agree to offer the Deputy Chair position to all Federated Board Chairs as a shared role.
- 2.3. Agree the Deputy Chair Job Description and Specification at Appendix A.

#### 3. Rationale for Decisions

- 3.1. Following the Chair recruitment process, our previous Deputy Chair has been appointed as the new Chair of the South East LEP Ltd, therefore the Deputy Chair seat is currently vacant. The Board must appoint a Deputy Chair as a requirement of the National Assurance Framework.

### Further Information

#### 4. Option 1: Agree to run a short internal Expressions of Interests process. If this is unsuccessful, then run an open recruitment process, advertising publicly according to the SELEP Recruitment Policy, delegating the selection process to a Selection Panel

- 4.1. The SELEP Recruitment Policy states that the Deputy Chair recruitment should follow the same process that was taken for the recent Chair Recruitment. It states:

*“A Deputy Chair role profile and specification will be developed, based on the priorities and vision for SELEP at the time of the vacancy occurring. This will incorporate the requirements of the Deputy Chair, as set out within the Assurance Framework that is the most recent at the time of the role profile and specification being developed.*

*“The Strategic Board will be asked to agree a Selection Panel consisting of Strategic Board members to lead on the recruitment of the Deputy Chair.”*

- 4.2. However, due to the current financial situation of the LEP, it would be ideal if we were able to recruit without the expenses of external advertisement. The National Assurance Framework requires that the Chair and Board members are recruited externally, but it doesn't preclude an



existing Board member being appointed as Deputy Chair. However, this would be an exception to our own Recruitment Policy and therefore requires careful consideration.

- 4.3. The only eligible Board members would be the Directors appointed as Federated Board representatives as they have undergone a full recruitment process and the Deputy Chair should be from the private sector, as indicated by the National Assurance Framework. Co-opted Directors would not be eligible.
- 4.4. If this option is chosen, private sector Directors representing a Federated Board that would like to express an interest in becoming the Deputy Chair will be asked to send a short statement explaining why they are interested in the role (max 250 words) by email to [hello@southeastlep.com](mailto:hello@southeastlep.com) by the 6<sup>th</sup> of February.
- 4.5. The Board would then be asked to vote for their preferred candidate, or none of the above, to become the new Deputy Chair.
- 4.6. If this process was not successful, the Board would then begin an external recruitment exercise, delegating the selection process to a Selection Panel, as was done for the recent Chair recruitment process.
- 4.7. The Selection Panel would shortlist applicants, conduct an interview process and propose a candidate to the Strategic Board to be appointed as Deputy Chair.
- 4.8. The Selection Panel would need to have a business majority, a maximum of 7 members and the members of the Selection Panel would not be eligible to apply for the role.

## **5. Option 2: Agree to offer the Deputy Chair position to all Federated Board Chairs as a shared role**

- 5.1. The Board could also decide to appoint multiple Deputy Chairs to share the position. It is proposed that if this option was preferred, that these would be the Chairs of the Federated Boards, who would carry out this role alongside their current seat.
- 5.2. As the Deputy Chair role entails the chairing of the Accountability Board, multiple Deputy Chairs may cause an issue with consistency and continuity for the Accountability Board. If this were the preferred option, it would be recommended that one of the Deputy Chairs solely undertakes the chairing of the Accountability Board with the others acting as deputies.
- 5.3. The Chairs of the Federated Boards could not be obligated to undertake this role. If any of the Federated Board Chairs did not want to be a Deputy Chair, then another Federated Board representative may undertake the role, however there is no guarantee that any of the representatives would wish to be appointed. This may result in uneven representation across the SELEP geography and a potential bias within the Deputy Chair role.
- 5.4. If this option were chosen, this would create an available seat on the Board as there would be no standalone Deputy Chair position. The Board could decide to use this seat to improve diversity; for example it could be a seat for a young person's business representative.

## **6. Next Steps**

- 6.1. The Secretariat will begin the recruitment process according to the decision taken at this meeting.
- 6.2. If Option 1 is chosen, Board members that would like to express an interest in becoming the Deputy Chair should send a short statement explaining why they are interested in the role (max 250 words) by email to [hello@southeastlep.com](mailto:hello@southeastlep.com) by the 22<sup>nd</sup> of February.

- 6.3. If the internal exercise is not successful, then volunteer Board members will be requested to form a Selection Panel for the external exercise.
- 6.4. The decision to appoint the new Deputy Chair will be taken either by electronic procedure or at the July Board meeting.

## **7. Comments from the Accountable Body**

- 7.1. It is a requirement of the National Assurance Framework that the SELEP must have a Deputy Chair. The recruitment process for this role is set out in the SELEP Recruitment Policy and includes a requirement for an open process that is widely advertised. Should the Board choose not to progress with an approach that is in line with the agreed process and the requirements of the National Assurance Framework, it should agree the exceptional circumstance that requires the alternative approach.

## **8. Appendices, Supporting Documents and Previous Decisions**

- 8.1. Appendix A – Deputy Chair Job Description and Specification

## Item 6: Confirmation Statement and Power of Attorney

### Executive Summary

#### 1. Overview

- 1.1. The existing Power of Attorney was agreed for a period of 12 months and is therefore due to be updated.
- 1.2. It is necessary for each limited company to file a Confirmation Statement to Companies House each year. This year's statement is presented to the South East LEP Ltd Board of Directors for approval.

#### 2. Decisions: Board is recommended to:

- 2.1. **Resolve** to enter into the Power of Attorney (Appendix A) for a period of 12 months.
- 2.2. The Board is asked to **approve** the filing of the Confirmation Statement in Appendix B to the Registrar of Companies.
- 2.3. **Note** the latest log of decisions made under the SELEP Ltd Power of Attorney (Appendix D).

#### 3. Rationale for Decisions

- 3.1. The Power of Attorney will expire on the 20<sup>th</sup> of March 2023 and the Board is therefore asked to agree a new Power of Attorney for 12 months.

### Further Information

#### 4. Decision1: Resolve to enter new Power of Attorney

- 4.1. Entering a new Power of Attorney (PoA) will ensure that timely completion of legal agreements can be made. There are no proposals to change the contents of the existing Power of Attorney.
- 4.2. It is proposed that the PoA once again be put into place for a period of 12 months from the date of execution of the PoA, to automatically expire should either Attorney leave their respective posts. Should no PoA be in place, legal documents will require the signatures of one Director where the agreement is a simple contract and two Directors of the company where the agreement is a deed.
- 4.3. There are currently no plans to change the financial arrangements of the company and the approval of financial transactions will remain as per the Accountable Body's scheme of delegation.

#### 5. Decision 2: Approve the filing of the confirmation statement

- 5.1. The South East LEP Ltd is required to deliver a statement to Companies House to confirm that the company information is up to date in relation to the confirmation period ending on 1 March 2023, this is known as a Confirmation Statement and is required to be delivered at least once a year.
- 5.2. Appendix B sets out the relevant details of the Company from 2 March 2022 to 1 March 2023, which the Confirmation Statement is based on. Since the Company was incorporated on 2 March

2020, there have been no changes to the principal business activities of the Company, which remains as 'other business support service activities not elsewhere classified'. The registered address remains the same. While there have been changes to the directors of the Company over the confirmation period, the Companies House file is up to date.

- 5.3. If the recommendation is approved, the Confirmation Statement (Appendix C) for the period ending on 1 March 2023 will be filed at Companies House to confirm that the information that Companies House holds is up to date.

## **6. Next Steps**

- 6.1. If agreed, the PoA will be signed by Sarah Dance and one other Director.
- 6.2. The SELEP Ltd Company records with Companies House will be updated as appropriate to remove Directors that are no longer active and to add new appointments.
- 6.3. The Confirmation Statement will be filed with Companies House along with the required payment of £13 filing fee.

## **7. Comments from the Accountable Body**

### Legal Implications

- 7.1. The filings for any change in directors and the Confirmation Statement will be made on Companies House.
- 7.2. In order to give effect to the decision proposed under this report in respect of the Power of Attorney, the PoA will be executed on behalf of SELEP Ltd by the Chair and Deputy Chair and, also, by each Attorney.

## **8. Appendices, Supporting Documents and Previous Decisions**

- 8.1. Appendix A- Power of Attorney 2023
- 8.2. Appendix B- Confirmation Statement
- 8.3. Appendix C- Confirmation Statement Information
- 8.4. Appendix D- POA Log

For more information please contact amy.ferraro@southeastlep.com

## Item 7: Public Questions Policy

### Executive Summary

#### 1. Overview

- 1.1. This report seeks to update the Public Questions Policy for both the Strategic and Accountability Boards as a result of concerns raised by Accountability Board members.
- 1.2. This is not intended to reduce transparency and openness, but to streamline the process and make this mechanism more practical for both the Boards and the Secretariat.

#### 2. Decisions: Board is recommended to:

- 2.1. Agree the updated Public Questions Policy at Appendix A.

#### 3. Rationale for Decisions

- 3.1. There is a requirement in the National Assurance Framework for public questions at our annual AGM, which we enable through a publicly-accessible Q&A session, but there is no requirement regarding public questions at regular Strategic and Accountability Board meetings. However, we are keen to maintain openness and transparency as much as possible, so believe this is an important mechanism to maintain.
- 3.2. As the Accountability Board is a Joint Committee, public question submissions have been allowed in a similar way as Council meetings. We recently increased this scope in 2020 to include the Strategic Board for wider transparency.
- 3.3. Updates are required to the policy to ensure that the purpose intended is maintained and that the process of asking questions to the Board is clarified and protected.
- 3.4. By requiring submission via a Google Form, the format and length of the submissions can be managed. Details that often have to be followed up separately (e.g. whether the member of the public intends to attend and ask the question themselves) would also be included as part of the submission. This would be more efficient and save time for the Secretariat. This form type is recommended as it is accessible to anyone with an internet connection and does not require a Google account.
- 3.5. It is important to note that members of the public may submit enquiries, FOI requests or complaints outside of this policy at any time. All of our policies, including complaints and whistleblowing, can be found on our website (<https://www.southeastlep.com/good-governance/our-policies/>).

## Further Information

### 4. Decision 1: Agree the updated Public Questions Policy at Appendix A

4.1. These are the issues that the updated Public Questions Policy is seeking to remedy and how the updated policy addresses them:

<p><b>A)</b></p>	<p><b>Current Policy Issue:</b> There is currently no word limit on the length of a submission; there is a time limit of 3 minutes. However, we have received lengthy submissions in the region of 1000 words which do not follow the intent of the policy and contain independent statements not directly related to the question, often expressing opinions on certain projects. The extraneous content affects the impact and clarity of the questions being asked, and when many questions are received this has a significant impact on the meeting agenda as it is difficult to enforce the 15-minute limit for public questions during the meeting.</p> <p><b>Updated Policy Extract:</b> Any submission must be less than 1800 characters (with spaces) in total, comprising of a maximum of 1500 characters (approx. 230-300 words) for contextual information and 300 characters (approx. 45-60 words) for the question itself. This is to ensure clarity and conciseness, and to enable the main meeting agenda items sufficient time.</p>
<p><b>B)</b></p>	<p><b>Current Policy Issue:</b> There is a limit of the number of questions to be addressed at a meeting but not how many can be submitted. We have received submissions containing up to 18 questions. The policy currently states that any questions unable to be answered during a meeting will be answered in writing following the meeting. This language within the policy is not sufficiently clear to ensure a clear and consistent approach to treatment of such requests. As a result, the approach taken has been to accept the submission as a whole and to only answer one question during the meeting, with the rest being responded to in writing. This requires a considerable resource and does not follow the spirit intended of the policy.</p> <p><b>Updated Policy Extract:</b> Any Public Question submissions may only contain one question, or one simple “yes/no” question followed by a closely-related follow-up question (for example, “Can the Board do XYZ? If not, why not?”).</p>
<p><b>C)</b></p>	<p><b>Current Policy Issue:</b> Accountability Board members have commented during meetings that the submissions are too long and not appropriate for their intended purpose, reading more as statements than questions.</p> <p><b>Updated Policy Extract:</b> The contextual information must be necessary for the understanding of the question. If the contextual information includes extraneous information this will not be read out or included as part of the submission. Please assume that the Board is aware of previous SELEP decisions.</p>
<p><b>D)</b></p>	<p><b>Current Policy Issue:</b> The policy states that questions should be submitted to the main SELEP enquiries inbox, however they are also being sent directly to many Accountability Board members. This is not appropriate as it is important to ensure clear and organised communications with the public, and Board members are not expected to respond personally to public questions submitted to either Board. This also makes it more difficult for the Secretariat to monitor incoming submissions.</p> <p><b>Updated Policy Extract:</b> A question may be asked under this procedure only if it has been submitted via the Public Questions Submission Form which can be accessed at <a href="https://forms.gle/wWGSAVgtHBZCnYVM8">https://forms.gle/wWGSAVgtHBZCnYVM8</a>. If you are unable to access this form, please email</p>



	<a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> for assistance.
<b>E)</b>	<p><b>Current Policy Issue:</b> It is not clear whether the names of the members of the public submitting questions should be public or whether questions can be submitted anonymously. We have also previously had concerns raised by a member of the public regarding being potentially “targeted” as a result of submitting a question around a controversial topic.</p> <p><b>Updated Policy Extract:</b> The name of the member of the public provided when submitting their question will be included, read out and published publicly alongside the question and response. If you would like to request to submit your question anonymously, please email <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> for assistance, and this will be decided at the Chair’s discretion.</p>

## 5. Next Steps

- 5.1. If the Board approves the updated Public Questions Policy, it will be uploaded on the website and highlighted on upcoming meeting pages.
- 5.2. If appropriate, members of the public who submit questions regularly may be contacted separately to ensure they are aware of the updated policy.

## 6. Comments from the Accountable Body

- 6.1. The Public Questions Policy is required to set out the process under which questions can be made by a member of the public to either the Accountability or the Strategic Board.
- 6.2. Any questions posed by the public must not request information of the Board that is personal in nature; further any information determined to be confidential or commercially sensitive, will be excluded from the response.

## 7. Appendices, Supporting Documents and Previous Decisions

- 7.1. Appendix A – Public Questions Policy 2023 (with tracked changes)
- 7.2. Appendix B – Public Questions Submissions form with sample content  
Please contact [amy.ferraro@southeastlep.com](mailto:amy.ferraro@southeastlep.com) for more information.

## Item 8: Sub-national transport bodies: Transport for the South East and Transport East

### Executive Summary

#### 1. Overview

- 1.1. The South East Local Enterprise Partnership (SELEP) has worked with Government's sub-national transport bodies since their inception through policy in 2016.
- 1.2. Through strong officer and board Director links, SELEP has worked with Transport for the South East and Transport East in the development and deployment of their strategies over the last few years.
- 1.3. Cllr Keith Glazier is the chair of Transport for the South East. Vince Lucas is one of two wider Catalyst South representatives on the Transport for the South East (TfSE) board. Strong engagement at the officer level remains on Transport East (TE), with Cllr Kevin Bentley as the chair.
- 1.4. This meeting will receive updates from the lead officers for both sub-national transport bodies covering our area – Rupert Clubb for TfSE (Lead Officer) and Andrew Summers for TE (CEO).

#### 2. Summary of update:

- 2.1. *Transport East*
- 2.2. TE's Regional Strategy has been endorsed by all five Local Transport Authorities and will be submitted to DfT early in 2023.
- 2.3. Proposed work priorities for 2023/24, as set out in the Business Plan and include:
  - 2.3.1. Key regional corridors in the region
  - 2.3.2. Regional Rail for the East and the involvement of TE
  - 2.3.3. Rural Centre of Excellence – e.g., visitor economy, active rural travel, shared transport services, rural transport toolkits.
- 2.4. Work has commenced on submitting advice to Government regarding the next phase of Road Investment Schemes (RIS3) early in 2023.
- 2.5. Another area of work has commenced around alternative fuels and how TE is best placed to lobby thought the region and beyond including a group set up consisting of Midland Connect, England's Economic Heartland, Western Gateway, Peninsula Transport, Transport for the South East and TE.
- 2.6. *Transport for the South East*
- 2.7. TfSE's recently consulted-upon Strategic Investment Plan is planned to be adopted by the TfSE Board in March. The document indicates an ambition for the TfSE area which amounts to some £40bn over the next 28 years to 2050.
- 2.8. The document provides policy ideas which align with the broader ambitions of Government and will provide a compelling framework for a strategic discussion across our Board Directors.

### **3. Rationale for update**

- 3.1. Board Directors have requested the update provided today. It provides a good opportunity to review the strategic ambition for future transport interventions and consider how SELEP can work to support this in the course of its work over the next 12 months at least.

### **4. Next Steps**

- 4.1. Whilst there are no planned set-piece next steps, our ongoing engagement with the two STBs at an officer level will continue. Should the board determine further work is required, then this will be considered alongside other priorities by the CEO in finalising the delivery plan for 2023/24.

### **5. Comments from the Accountable Body**

- 5.1. Any additional work to be undertaken by the SELEP team in respect of this activity needs to be delivered within the agreed available resources.

### **6. Appendices, Supporting Documents and Previous Decisions**

For further information contact Adam Bryan, Chief Executive ([adam.bryan@southeastlep.com](mailto:adam.bryan@southeastlep.com), 07884 475191)

## Item 9: 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 Fund funding (SSF) awards, therefore there are no awards to consider at this meeting.
- 1.2. All funded projects have now completed, and this report will update the Board on the two final projects that completed in December 2022.
- 1.3. It is intended that an evaluation of the SSF programme will be conducted over the coming months, with a view to presenting the findings to the Board in October 2023.

### Further Information

#### 2. Projects Update

- 2.1. At the December 2022 Board meeting, an extension to the SECEN Creative Open Workspace Masterplan and Prospectus project was endorsed and this has now received approval from the SELEP Chief Executive Officer. The Grant Agreement is expected to be finalised shortly, which will allow the £15,000 SSF funding to be transferred to East Sussex County Council.
- 2.2. At the October 2022 Board meeting, an extension to the Accelerating Nature-Based Climate Solutions project was endorsed and was subsequently approved by the SELEP Chief Executive Officer. A variation to the Grant Agreement has been agreed with East Sussex County Council.
- 2.3. Both projects which completed in December 2022 have now submitted final reports to the SELEP Secretariat and these reports can be viewed at Appendices A and B.
- 2.4. It is intended that an evaluation of the full SSF programme will be conducted over the coming months. This evaluation will seek to demonstrate what has been achieved through the programme, the benefits that have been realised, lessons that have been learnt and detail as to how the funding has been spent. The aim is to present the findings of the evaluation to the Board in October 2023.
- 2.5. The final evaluation report will be made available to all local partners and will be published on the SELEP website ensuring that the lessons learnt through delivery of the programme are readily available to help inform the operation of similar funding programmes elsewhere in the South East.

#### 3. Current Sector Support Fund Financial Position

- 3.1. At the Board meeting in March 2022, it was agreed that no further SSF awards would be made, and that the fund was closed; the outstanding £126,736 of funding was approved to be transferred to the SELEP Operational Reserve.
- 3.2. Further, it was agreed that should funding previously allocated to projects be returned to SELEP, then this would also be re-allocated to the SELEP Operational Reserve.
- 3.3. To date the Board has endorsed a total of 21 SSF projects, to a maximum value of £2,373,271. At the Board meeting in June 2022 the Board were advised that £22,672.63 had been returned to

SELEP due to a number of projects identifying an underspend.

- 3.4. The return to the SELEP Operational Reserve of £22,672 of SSF project funding was approved by the Accountability Board at their meeting on 27 May 2022.
- 3.5. 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.
- 3.6. In December 2022, the Board endorsed a change to the SECEN Creative Open Workspace Master Plan and Prospectus project which involved a reduction in the outputs, forecast benefits and SSF funding allocation. The SSF funding allocation will reduce from £49,000 to £15,000. A decision regarding the transfer of the £34,000, which became available as a result of this decision, to the Operational Reserve will be considered by the Accountability Board in March 2023. However, this has been shown in Table 1.
- 3.7. 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 1.
- 3.8. 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, which has been reduced to £15,000 as set out above. Payment of this £15,000 funding is subject to the completion of a Grant Agreement.
- 3.9. The remaining £22,500 SSF funding has been awarded to the Accelerating Nature-Based Climate Solutions project and this funding will be released to East Sussex County Council during Q4 2022/23.

**Table 1: 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
<i>Funds c/f from prior year</i>	0	129	0	207	127	0	
<i>Total SSF Available for allocation in year</i>	500	629	500	1,207	127	0	
Total SSF Allocated to Projects	(371)	(629)	(294)	(1,080)	0	0	(2,373)
Return from SSF Projects	0	0	0	0	30	226	256
SSF Transferred to Operational Reserve	0	0	0	0	(157)	(226)	(383)
<b>Available Fund Balance</b>	<b>129</b>	<b>0</b>	<b>207</b>	<b>127</b>	<b>0</b>	<b>0</b>	

Note: £34k of the figure shown as part of the £226k, transferred to the SELEP Operational Reserve, is subject to approval by the Accountability Board in March 2023

## 4. Brief overview of recently completed projects

- 4.1. All projects have now completed and an evaluation of the SSF programme will be undertaken as

referenced earlier in this report.

- 4.2. Two projects completed in December 2022 and a brief overview is included below.

**SECEN Creative Open Workspace Master Plan and Prospectus project**

- 4.2.1. At the meeting in December 2022, the Board were updated on the difficulties that had been experienced by the project and were advised that the scheme promoter had reluctantly taken the decision to reduce the outputs to be delivered through the project, resulting in an associated reduction in the forecast project benefits. In light of the reduced project scope, the scheme promoter also requested a reduction in the level of SSF funding awarded to support delivery of the project. These changes were endorsed by the Board.
- 4.2.2. The updated Prospectus, renamed Statement of Intent, was endorsed by the Board in December 2021. The last remaining element of the project was to deliver a Creative Opportunity Zones report and the final report has been received which describes the benefits of planning for cultural zones to support a network of creative businesses. This will be a useful tool for Local Authorities who are identifying the types of cultural zones pertinent to their areas.
- 4.2.3. The project is now complete.
- 4.2.4. A final evaluation report of the project has been received as set out in Appendix A.

**Accelerating Nature-Based Climate Solutions project**

- 4.2.5. The project focussed on the sequestration (the removal of carbon dioxide from the atmosphere), where there is significant demand but fragmented supply.
- 4.2.6. The project sought 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.
- 4.2.7. The project sought to 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.
- 4.2.8. It was intended a framework would be developed for a SELEP-wide 'brokerage-hub' that could bring together buyers and sellers to co-develop nature-based carbon sequestration projects.
- 4.2.9. At the meeting in October 2022 the Board endorsed an extension of 2 months for the project to 23 December 2022. The project is now complete.
- 4.2.10. A final evaluation report has been received and will be assessed prior to forming part of the overview of the SSF programme to the Board.
- 4.2.11. Conclusions and key learning is set out in the evaluation report; it is clear this sector is in its infancy, but there is rapid growth in parts of the market. The Woodland Carbon Code and Peatland Code are currently leading the progression and there are some significant barriers to the market scaling up, most of which are being addressed, or can be addressed.
- 4.2.12. The final evaluation report can be found at Appendix B.

## **5. Comments from the Accountable Body**

- 5.1. A balance of £71,500 of SSF is currently held by the Accountable Body; of this amount, £22,500 is due to be transferred to East Sussex County Council, in respect of the Accelerating Nature Based Climate Solutions project; and £15,000 in respect of the SECEN Creative Open Workspace project. The balance of £34,000 will be requested to be transferred to the SELEP Operational Reserve to support future activities of the SELEP at the March 2023 Accountability Board.
- 5.2. A grant agreement is required to be put in place following the 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.
- 5.3. It is anticipated that there will be no funding remaining in the Sector Support Fund by the end of 2022/23.

## **6. Appendices, Supporting Documents and previous Decisions**

- 6.1. Appendix A – SECEN Creative Open Workspace Masterplan and Prospectus project Final Evaluation
- 6.2. Appendix B – Accelerating Nature-Based Climate Solutions project Final Evaluation

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



## Item 10: Growth Hub Update

### Executive Summary

#### 1. Overview

- 1.1. This report is to provide an update to Strategic Board (the Board) on the status of the SELEP Growth Hub service and delivery scenarios for 2023/24.
- 1.2. Growth Hub core funding for 2022/23 saw a 50% reduction from previous years and since April 2022, SELEP has worked closely with Growth Hub Lead Authorities to modify the delivery model in order to deliver a consistent core service across the SELEP area within the new funding envelope of £445,000.
- 1.3. Quarter 4 is a time for business planning for Growth Hub delivery in 2023/24, typically based on funding levels and ongoing activities from the previous year.
- 1.4. No information has been received from government to date, on Growth Hub core funding for 2023/24 and associated expectations for the service going forward. Scenario planning is now underway to help manage financial liabilities, and scope the ongoing need for the service to adapt further to reflect the changing business support ecosystem.

#### 2. Summary of update:

- 2.1. **Note** the risks and issues to service delivery in 2023/24 associated with Governmental delays in notification of Growth Hub core funding.
- 2.2. **Note** Quarter 4 scenario planning for Growth Hub delivery in 2023/24, which recognises uncertainties around core funding and the changing shape of the business support landscape.

#### 3. Rationale for update

- 3.1. Since April 2022 the Growth Hub service has been adapted and streamlined to operate within a reduced funding envelope, to maintain a consistent and relevant core service. As the financial year has unfolded, delivery has required a significant amount of collaboration, reactive planning, reduced outreach to businesses, and a decision to defer digital service improvements.
- 3.2. Business planning for 2022/23 was compromised by the very late confirmation of Growth Hub core funding, the allocated amount, and the conditions associated with its spend. As SELEP enters the business planning quarter for 2023/24 with no indication to date of funding for the forthcoming year, there is again a risk to staff retention and service continuity.
- 3.3. Service design is also compromised because, whilst the Growth Hub is ready and willing to adapt to the changing business support landscape, ongoing delays to confirmation of funding will result in delays to the design and implementation process.
- 3.4. It is important to recognise the risks at this stage and manage them as far as is possible through high level scenario planning. Likely outcomes for the service are that it will either cease in its current form on 31<sup>st</sup> March 2023, or the shape and priorities of the service will necessarily evolve during the new financial year.

## Further Information

### 4. Update 1: Risks to service delivery in 2023/24

- 4.1. The Growth Hub service is funded annually by the Department for Business, Energy, and Industrial Strategy (BEIS). Current funding of £445,000 (50% less than previous years) ends on 31<sup>st</sup> March 2023 and, to date, no information has been received from BEIS on a 2023/24 funding settlement.
- 4.2. SELEP and Growth Hub Lead Authorities have, in previous years, underwritten the costs of Growth Hub provision until such time as confirmation of an annual funding agreement has been received in writing from BEIS.
- 4.3. This approach changed in Quarter 4 of 2021/22, when confidence in repeat core Growth Hub funding from BEIS plummeted due to the emerging economic crisis at that time. SELEP and Lead Authorities were, and remain, reticent to operate the service at risk, on the basis that annual funding can no longer be assumed. In addition, it is very difficult to plan for a 2023/24 service delivery with no known funding envelope.
- 4.4. To manage financial liabilities, some Growth Hub core staff are now on notice of redundancy, and others face this possibility. As a result, there is a significant risk of losing experienced individuals, an impact on staff morale, and a significant risk to service continuity. Continuity is further compromised by the challenge of re-recruiting into fixed-term contracts early in 2023/24 if necessary, and if and when 2023/24 funding is confirmed.
- 4.5. The impact of these risks would be a possible break in service and/or reactively modifying the service in-year because the Growth Hub is unable to develop detailed delivery plans for 2023/24 whilst the funding envelope and human resource is unknown. Service delivery in Quarter 1 of 2023/24 may well need to mirror the 2022/23 delivery model (which is designed around the current funding envelope) whilst new funding arrangements are being worked through. In-year changes pose a risk of causing confusion to businesses and stakeholders, and notably increase the resource required to administer the funding and manage expectations.
- 4.6. SELEP continues to seek clarity on Growth Hub funding for 2023/24, via the LEP Network, Growth Hub Network and Cluster Leads Network, supported by lobbying from key stakeholders. SELEP has also written directly to the Chancellor and the Secretary of State for BEIS on the matter.

### 5. Update 2: Scenario planning for 2023/24

- 5.1. Three simple funding scenarios for the Growth Hub are that the service receives no further funding, it receives less funding than the current year, or it receives funding equivalent to that for 2022/23. An increase to current funding is considered highly unlikely.
  - 5.1.1. With no funding, the service in its current form will cease on 31<sup>st</sup> March 2023 and SELEP will no longer be required to deliver or be accountable for a Growth Hub. Similar activities, such as the provision of business navigators to provide signposting, triage, diagnostics and/or advice will instead be provided at County or District level using UK Shared Prosperity Funding, but this provision will be at the discretion and design of individual Districts (some of which are collaborating where it makes sense to do so) and will in no way universally replace the current Growth Hub service.
  - 5.1.2. If SELEP receives less funding than the current year, the service will have to agree and invest in priority activities only, to deliver consistently and compliantly across the



area. The current service is already lean in terms of navigators and advisors, and very limited in the amount of outreach/ awareness raising it can do.

5.1.3. As the business support landscape changes, with region-wide long-term support being replaced by short-term localised activities, a crucial activity will be to maintain an overview of this ever-more complex landscape and avoid duplication with locally funded schemes. For example, in some areas UKSPF will be combined to provide for a Growth Hub type service across multiple Districts. Priority activities for the core Growth Hub might then include strengthened collaboration with all District and Borough Authorities to ensure a smooth customer journey, greater outreach and engagement with the business base to increase the number of businesses accessing support, and structured provision of intelligence to support local stakeholder activities and service design.

5.1.4. If SELEP receives an equivalent funding settlement for 2023/24, the delivery model will still need to be modified to complement new local UKSPF provision, increase capacity for outreach (possibly targeted towards high growth potential businesses) and intelligence gathering, and provide navigator/ advisor resource that is relative to the decreasing range of publicly funded support available. To help inform this, a mapping exercise is underway to identify the type and scale of support that will be available moving into 2023/24.

5.2. The impact of current and ongoing delays to a funding announcement is that, under scenarios 5.1.2 and 5.1.3, requisite changes to the service to ensure it is fit for purpose and compliant with funding conditions cannot be achieved by April 2023. Change will need to accommodate the risks outlined in Section 4, the emerging detailed design of local SPF schemes (which have also been delayed due to late funding confirmation), any match funding that might be secured locally, and the priority needs of business in the current cost of living and doing business crisis.

5.3. Operationally therefore, the Growth Hub will need to become even more fluid and reactive, to evolve organically with the changing shape of the business support ecosystem, and with limited scope for large-scale change or investment that would be at risk of becoming redundant in the short to medium term.

5.4. Maintaining the Growth Hub as an established first-port-of-call service for businesses is unanimously supported by stakeholders and remains an essential component for business recovery and growth, yet to deliver a service that complements new, local provision will take time and will draw on limited resource for ongoing planning and management. Fluidity in the service may be achieved through innovation, centralisation or outsourcing of some of the Growth Hub's key functions, whilst retaining local activity through the existing hub and spoke model.

5.5. The ongoing evolution of a Growth Hub service must consider how to reduce the impact of similar funding uncertainties in future years, which needs to be driven largely by BEIS and with conversations through the LEP Network.

## **6. Next Steps**

6.1. SELEP will fully and correctly defray 2022/23 Growth Hub funding for current service delivery up until 31<sup>st</sup> March 2023.

6.2. SELEP will work closely with Growth Hub Lead Authorities to develop options for Growth Hub service provision in 2023/24 to inform decision making if and when core funding is confirmed. An

update on the position of the Growth Hub will be provided to the Board at the next meeting.

## **7. Comments from the Accountable Body**

- 7.1. In July 2022, 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. 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.
- 7.2. 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 future funding position is confirmed.

## **8. Appendices, Supporting Documents and Previous Decisions**

- 8.1. 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](https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board_Agenda-Pack_March-2022.pdf)
- 8.2. 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](https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board_June-2022_Agenda-Pack-1.pdf)
- 8.3. Strategic Board Agenda Pack (Item 9) Growth Hub Update:  
[https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board-Agenda-Pack\\_Dec-22-1.pdf](https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board-Agenda-Pack_Dec-22-1.pdf)
- 8.4. For further information please contact Jo Simmons, Business Development Manager  
([jo.simmons@southeastlep.com](mailto:jo.simmons@southeastlep.com))