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**Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 22 September 2017**

**Present:**

Geoff Miles	Chairman
Cllr Gagan Mohindra	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Alan Jarrett	Medway Council
Cllr Keith Glazier	East Sussex County Council (item 11 onwards)
Cllr Rob Gledhill	Thurrock
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	FE & Skills
Lucy Druesne	Higher Education representative

**ALSO PRESENT      Having signed the attendance book**

Louise Aitken	SELEP
Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Chris Burr	Southend Borough Council
Georgina Button	SELEP
Jake Cartmell	Steer Davies Gleave
Kim Cole	Essex County Council
Dominic Collins	Essex County Council
Anthony Finbow	Member of the Public
Will Goodchild	Essex County Council
A Griffin	Southend Borough Council
Stephanie Holt	Kent County Council
Thomas Kozlowski.	Medway Council
Richard Longman	Thames Gateway Kent Partnership
Paul Martin	SELEP
William McLennan	Member of the Public
Stephanie Mitchener	Essex County Council
Fred Montague	Member of the Public

Wendy Montague	Member of the Public
Rhiannon Mort	SELEP
Derek Munton	Member of the Public
Lorna Norris	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Tim Rignall	Thurrock Council
Lisa Siggins	Essex County Council

## 1 **Welcome and Apologies for Absence**

The following apologies were received:

- Councillor Kevin Bentley (substituted by Councillor Gagan Mohindra as a non-voting observer.)
- Councillor Rodney Chambers (substituted by Councillor Alan Jarrett)

The Chairman welcomed Lucy Druesne, as the new Higher Education representative.

## 2 **Minutes**

The Minutes of the meeting held on 26th May 2017 were agreed as a correct record and signed by the Chairman.

## 3 **Declarations of Interest**

None were made.

## 4 **Public Questions** **Question 1**

The Chairman welcomed Mr McLennan, a local resident, who had previously registered his question.

"In the SELEP reply dated 23 May 2017 to my seven serious allegations of dishonest and misleading conduct by Medway Council in its LGF application for phase 1 of the Rochester Airport Technology Park, the letter stated:

"it is SELEP's view that;

i) To the best of SELEP and Medway Council's knowledge, no fraudulent, misleading or incorrect information has been provided as part of the Business Case or decision making by the Board;

and

ii) No clarification or new information has been provided which would materially impact on the decision which was previously taken by the Board to approve the £4.4m Local Growth Fund allocation to the Project."

For SELEP to absolve Medway Council of any wrongdoing the Accountability Board must have convened, discussed and agreed each of my evidenced allegations in respect of Medway Council's defence which I note contains no dates, or supportive documentation to support SELEP's findings.

Can you please provide the date of the SELEP discussion, participants and record of the meeting where it was agreed to absolve Medway Council of any wrongdoing stated in my letter dated 10th April 2017 and whether an independent person was engaged to investigate my claims."

### **Response**

On the 26th April 2017 the South East Local Enterprise Partnership (SELEP) Secretariat formally wrote to Medway Council regarding the 7 claims set out in your letter dated 10th April 2017. A copy of the letter from SELEP Secretariat to Medway Council will be provided to you. On the 10th May 2017 the SELEP Secretariat received a response from Medway. This letter will also be provided to you. It is the SELEP Secretariat's view that Medway Council's letter provided a satisfactory response to the claims raised, and enabled the SELEP Secretariat to respond to the you in full on 23rd May 2017 confirming that no clarification or new information has been provided which would materially impact the decision taken by the SELEP Accountability Board on 10th June 2016 to approve the £4.4m Local Growth Fund allocation to the Project.

No independent person was engaged to investigate the claims.

Mr McLennan further addressed the Chairman to state that the response had not addressed his question and that he hadn't been informed of the date in which the Board had meet to discuss his allegations. The Chairman stated that it was not possible to raise further questions at this time and that this was the response of SELEP.

### **Question 2**

The Chairman welcomed Mr Montague, a local resident who had previously registered his question. This was read out by Mr McLennan.

"The terrible Grenfell House fire tragedy highlights how local authorities can become complacent with respect to public safety from which corporate manslaughter charges could ensue.

In Mr McLennan's letter to SELEP dated April 10, 2017 he highlights the dangers should a stricken aircraft crash land on the 8 lane M2 motorway or High Speed 1 rail link which is directly in front of and within 500 metres of the runway end. The aircraft used at Rochester airfield are unsophisticated

and almost entirely reliant on pilot expertise.

The reconfiguration of the airport supported by SELEP will heighten the potential for a level of fatality unprecedented in the Medway area.

In SELEP's reply letter dated May 23, 2017 the Partnership appears complacent about public safety in respect of a major fatality associated to the Rochester Airport reconfiguration. SELEP have been misled by Medway Council's response which does not mention the 8 fatalities already associated with Rochester airport.

As stated in allegation letter the CAA has confirmed that public safety beyond the airport boundary is a matter for the local authority and not the CAA which Medway Council would like you to believe.

It is difficult to understand why SELEP, who are in receipt of evidenced news articles on the dangers and concerns of local Rochester residents, prefers to align itself with Medway Council's perspective stated in their application. Specifically;

"The safety concerns of local residents are without credible evidence"  
Can you please tell us why a public Safety report has not been demanded by SELEP and why the partnership members should not be held equally liable for any fatalities which may result from the airport reconfiguration?"

### **Response**

It is beyond SELEP's remit to assess the safety of each project considered for funding. It is for the delivery partner to consider the safety of the project during construction and operation.

As stated in the SELEP Assurance Framework, the SELEP Accountability Board will take into account the following factors when determining funding allocations:

- (a) Strength of strategic fit with SELEP objectives;
- (b) Value for Money;
- (c) Scale of the intervention and the amount of investment being sought, relative to funding availability; and
- (d) Phasing of the investment being required.

This information is made available through the Project Business Case. Safety reports are not sought as part of the information required to support decision making by the SELEP Accountability Board, as this does not form one of the four factors for decision making. A Public Safety report has not been demanded by SELEP Secretariat because it is beyond SELEP's role and responsibility to investigate the safety of the Airports Operation. However, there is an expectation that each delivery partner will carry out the necessary checks to ensure that LGF projects do not adversely impact

on public safety, and that the outcome of those checks and reports are considered before the project is able to progress forward.

The letter of response from Medway Council stated that "Six incidents since 1975 which can be related directly to the airport site are included in investigation reports which are publicly available on the Air Accident Investigation Branch (AAIB) website. Seven people were injured in these incidents (1 seriously and six slightly), however, none of these incidents resulted in fatalities. The airport has to be licenced by the Civil Aviation Authority (CAA) in order to operate. The CAA clearly has no significant safety concerns regarding the site as the airport remains licenced. If the CAA did have any issues with the airport they would take action as appropriate".

The air industry is subject to stringent regulation, including The Standardised European Rules of the Air and the UK Rules of the Air Regulations 2015, which apply to all aircraft flying over the United Kingdom. In addition most aircraft require either a Certificate Of Airworthiness or a Permit To Fly. Both of these are reviewed periodically and take into account the maintenance records kept by the pilot for each aircraft. There is also a requirement for pilots to undergo appropriate training at a flying school before they are issued with a licence by the CAA.

The Council cannot reasonably be expected to ensure that the planes are all well maintained, or that the pilots are sufficiently well-trained. Rochester Airport Ltd. have a duty of care for people whilst they are onsite, however, once the plane is in the air it is solely the pilots' responsibility".

A full version of Medway Council's letter of response is available and will be provided to you.

### **Question 3**

The Chairman welcomed Mr Finbow, a local resident, who had previously registered his question.

"In Medway Council's SELEP Rochester Airport Technology Park phase 1 application, at section 3.6 "Options Assessed" the Unitary Authority misleads by describing an airport closure scenario if funding was not forthcoming.

However, by July 2013, Medway Council had already detailed within their public documents that Cabinet and Full Council had fully approved the expenditure of £4.4 million project costs from council funds. There was no airport closure scenario as Council funds were already allocated well before the SELEP Local Growth Fund application was made. There was no reason to seek government funding for phase 1.

Whilst local residents may benefit from Medway council reserves not being spent directly on the airport development the influencing scenario supplied by Medway Council within the body of their application is misleading and

untrue.

Can you please explain why SELEP has not taken action against Medway Council for proffering an unrealistic and untrue scenario in their application to secure government funding.' "

### **Response**

The options assessment completed as part of the project Business Case sets out the impact of a 'Do nothing' scenario. The assessment of a 'Do nothing' scenario is required in developing a business case to understand what the impact of no intervention would be. This 'do-nothing' scenario forms a baseline scenario on which to help assess the benefits to be achieved through the delivery of the proposed intervention. There may already be consensus to progress with a particular delivery option, but the Business Case needs to detail all potential options. The completion of a 'Do nothing' scenario is a requirement of a SELEP Business Case and therefore the inclusion of this information in the Business Case was not misleading.

It is SELEP Secretariats understanding that whilst funding was allocated through Medway Council's own capital budget, there was no funding commitment through contractual obligations. Medway Council has provided assurance of this point through its statement included in letter of response dated 10<sup>th</sup> May 2017 and a copy of this will be provided to you. It states the following:

"The declaration made by the authorising officer stated that:

"I have not started the project which forms the basis of this application and no expenditure has been committed or defrayed on it."

"This statement was true at the time of submitting the Business Case for consideration and remained true until the Business Case was approved. It is only since the Business Case was approved by Accountability Board that expenditure has been committed in relation to this project".

### **Question 4**

The Chairman welcomed Mr Nixon, a local resident, who had previously registered his question.

"The Managing Director of the South East Local Enterprise Partnership, Adam Bryan, stated in his email to me dated August 8th 2017:

I can confirm that SELEP were not provided with any additional information by Medway Council that was not included in SELEP's response to Mr McLennan, in relation to the claim that "Medway Council has breached the phase 1 RATP Capital Project Business case declaration to obtain government money for the airport works to which it had already financially committed and not therefore entitled". I can also confirm that no additional evidence was sought from Medway Council with regards to this, over and

above confirmation of the following declaration already included within the SELEP Business Case for Rochester Airport Phase 1 project:

"I have not started the project which forms the basis of this application and no expenditure has been committed or defrayed on it."

While I appreciate Mr Bryan explaining that allocating no money is not a precondition of a successful application for LGF funding, can he please tell me why SELEP did not seek evidence from Medway Council to investigate the matter, given the allegations from Mr McLennan that there was evidence the council obtained money by deception?"

### **Response**

In Medway Council's letter to SELEP Secretariat on the 10<sup>th</sup> May, Medway Council confirmed that "This statement was true at the time of submitting the Business Case for consideration and remained true until the Business Case was approved. It is only since the Business Case was approved by Accountability Board that expenditure has been committed in relation to this project". A copy of the letter to SELEP Secretariat from Medway Council dated 10<sup>th</sup> May 2017 will be provided to you.

SELEP Secretariat were reassured by Medway Council's response and it is SELEP Secretariat's understanding that whilst funding was allocated through Medway Council's own capital budget, there was no funding commitment through contractual obligations at the time of the Business Case being submitted or the project being considered for funding.

### **Question 5**

The Chairman welcomed Mr Munton, a local resident, who had previously registered his question

"The SELEP award of funding for Rochester Airport phase 1, does not feature in the 2014 LGF Round 1 successful projects. In the LGF Round 2 launch on 29<sup>th</sup> January 2015 the government directed LEP's to submit projects for possible funding during the summer with the awards to be announced September. An article in the Kent Messenger newspaper on the same day as the government LGF Round 2 announcement <http://www.kentonline.co.uk/medway/news/rochesterairport-redevelopment-set-to-30960/> publicises Medway Council had secured £4 million to upgrade Rochester Airport from the government yet makes no mention of SELEP involvement. The records of the Medway Council meeting Feb 26<sup>th</sup> 2015 one month after the news article reveals that the Medway South Development Fund allocation of £4.4 million by Council for Rochester Airport was no longer required and that the money was reallocated. Again there is no mention of SELEP. Can you please provide the precise date of the SELEP Medway Council RATP phase 1 award and explain how SELEP secured government money on behalf of Medway Council for their project in advance of other LEP LGF Round 2 submissions."

## Response

The Rochester Airport Technology Park Phase 1 project was allocated funding through Local Growth Fund (LGF) Round 2. The project was included in SELEP's LGF Round 2 bid to Government, which was submitted in 2014. On the 29<sup>th</sup> January 2015 the Government announced the allocation of £46.1m LGF Round 2 funding to SELEP. This LGF Round 2 allocation is termed the Growth Deal expansion. This Growth Deal expansion included a provisional allocation of funding to the provision of new employment and innovation space at Rochester Airport. A copy of the Growth Deal expansion LGF Round 2 funding allocation will be made available to you.

Following the provisional allocation of £4.4m to the Rochester Airport Technology Park Phase 1 project through LGF Round 2, Medway Council were required to develop a full business case for the Phase 1 Project to be reviewed through SELEP Independent Technical Evaluation process in advance of the final funding award by SELEP Accountability Board. It is only then that the funding is formally awarded to the Project and made available to Medway Council to utilise in line with the project spend. On the 10<sup>th</sup> June 2016 the SELEP Accountability Board approved the award of £4.4m to the Rochester Airport Technology Park Phase 1 project.

The SELEP is not responsible for any press release that Medway Council or any other organisation releases ahead of a formal decision.

Cllr Jarrett stated that "Medway Council remain committed to the project and that they will ensure that SELEP are kept updated of progress".

## 5 LGF Governance Arrangements

The Accountability Board (the Board) received a report from Rhiannon Mort, the purpose of which was to make the Board aware of the process for utilising Local Growth Fund (LGF) underspends and to agree the approach to introduce new LGF projects into the Growth Deal Programme.

The Board raised some queries around the process in question, which were clarified by Rhiannon, who further explained that there were certain restraints due to Government requirements. However, the Board raised concerns around the timescale required to complete the Independent Technical Evaluation review process and, questioned whether there should be greater local flexibility at a local level above the current 10% flexibility. Rhiannon confirmed that the Assurance Framework is reviewed annually and that this matter could be included at next review.

### Resolved:

1. **To Note** the process set out in to the SELEP Assurance Framework for the use of LGF underspends; and
2. **To Agree** the process for the inclusion of new LGF projects in the SELEP LGF Capital Programme.

**6 Tunbridge Wells A26 Cycle Improvements Funding Decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the A26 Cycle Improvements (Project) in Tunbridge Wells, Kent which has been through the Independent Technical Evaluator (ITE) process to enable £1m funding to be devolved to Kent County Council for scheme delivery.

**Resolved:**

1. **To Approve** the change of scope to Tunbridge Wells A26 Cycle and Junction Improvements Package
2. **To Approve** the £1m LGF allocation to A26 Cycle Improvements Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of this being achieved.

**7 Innovation Centre - University of Essex Funding Decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the Innovation Centre at the University of Essex Knowledge Gateway (Project) which has been through the Independent Technical Evaluator (ITE) process to enable £2m Local Growth Fund (LGF) to be devolved to Essex County Council for scheme delivery.

**Resolved:**

**To Approve** the £2m LGF allocation to the Innovation Centre, University of Essex Knowledge Gateway to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money but with low certainty of this being achieved.

**8 A2500 Lower Road Funding Decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for A2500 Lower Road/ Barton Hill Drive Project (Project) in Swale, Kent which has been through the Independent Technical Evaluator (ITE) process to enable £1.265m funding to be devolved to Kent County Council for scheme delivery.

Rhiannon Mort confirmed the latest position with the expected £540,000 of developer contributions detailed in the report. Section 106 agreements are due to be signed over the next few weeks to commit these contributions.

Councillor Carter clarified, for the benefit of the members of the public who were present, that all the projects being considered at these meetings go through a lengthy process/assessment before being considered by the Board, and therefore the Board are able to be confident in their decision

making without the need for detailed discussion.

**Resolved:**

**To Approve** the £1.265m LGF allocation to A2500 Lower Road/ Barton Hill Drive Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

**9 London Southend Airport Business Park Funding Decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the London Southend Airport Business Park Phase 2 Project (Phase 2 Project) in Southend which has been through the Independent Technical Evaluator (ITE) process to enable £815,000 Local Growth Fund (LGF) to be devolved to Southend Borough Council to support the further development of the Project.

In addition, to help mitigate expected LGF slippage for the Phase 2 Project from 2017/18 the report set out the proposal to accelerate £4.5m LGF spend on Phase 1 of the Project in place of Southend Borough Council spend. This will be offset through a £4.5m reduced LGF contribution and £4.5m increase in Southend Borough Council contribution to Phase 2.

The Chairman reiterated Councillor Carter's comments in minute 8 above, and further confirmed that the agenda (including all reports) are published 5 days in advance of the meeting.

Councillor Lamb confirmed that Southend Borough Council is committed to making its £4.5m contribution in Phase 2.

**Resolved:**

1. **To Approve** an initial £815,000 LGF allocation to London Southend Airport Business Park Phase 2 Project to support the development of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with medium certainty of achieving this.
2. **To Approve** the re-allocation of £4.5m of LGF from Phase 2 to Phase 1
3. **To Approve** the additional spend of £4.5m LGF on Phase 1
4. **To Note** the intention to develop a Full Project Business Case to be considered by the Board for the remaining allocation to the Project.
5. **To Note** the amended LGF spend profile for the Project

**10 Southend Central Area Transport Package Funding Decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for Southend Central Area Transport Scheme (S-CATS) Phase 2 (Project) which has been through the

Independent Technical Evaluator (ITE) process to enable £2m of Local Growth Fund (LGF) to be devolved to Southend Borough Council for scheme delivery.

**Resolved:**

**To Approve** the £2m LGF allocation to the Southend Central Area Transport Scheme Phase 2 to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving very high value for money with medium to high certainty of achieving this.

**11 Kent and Medway Engineering, Design, Growth and Enterprise Hub Funding Decision**

The Board received a report and presentation from Louise Aitken, followed by a presentation from Steer Davies Gleave, the purpose of which was to seek the Board's approval for the award of £6.12m of Local Growth Fund (LGF) to be devolved to Kent County Council (KCC) for delivery of the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub (the Project).

**Resolved**

**To Approve** the award of £6.12m LGF to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub as set out in the Business Case which has been assessed as presenting high value for money with medium certainty of achieving this. This award is subject to receipt from Kent County Council confirming that all additional funding required for this project has been secured.

**12 LGF Capital Programme Update report**

The Board received a report from Rhiannon Mort updating the Board on the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

In response to a question from Councillor Carter, Rhiannon clarified the position regarding the future year indicative funding allocation from Central Government. A discussion followed regarding indicative allocations and forward planning.

**Resolved:**

1. **To Approve** the final 2016/17 LGF spend position
2. **To Approve** the updated 2017/18 planned LGF budget for the spend of £122.816m for non-retained LGF projects and £31.126m for retained projects
3. **To Note** the updated LGF spend forecast for 2017/18
4. **To Note** the project delivery and risk assessment
5. **To Agree** the slippage of LGF spend from 2017/18 to 2018/19 for

the following projects:

- a. Tunbridge Wells A26 Cycle Improvements (£0.448m);
  - b. A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements (£1.855m);
  - c. Strood Town Centre Journey Time and Accessibility Enhancements (£0.020m);
  - d. Chatham Town Centre Place- Making and Public Realm Package (£0.800m);
  - e. Medway City Estate Connectivity Improvement Measures (£0.039m)
  - f. Rochester Airport Phase 1 (£1.464m);
  - g. Rochester Airport Phase 2 (£0.150m); and
  - h. London Southend Airport Business Park Phase 1 and Phase 2 (£6.081m)
6. **To Agree** the acceleration of LGF spend in 2017/18 for Thurrock Cycle Network Project (£0.531m)
  7. **To Agree** the change to the Coastal Communities Housing Intervention Project in Hastings
  8. **To Note** the reallocation of £0.231m from Kent Sustainable Interventions Programme to Tonbridge Town Centre Regeneration

### 13 The Open Golf 2020

The Board received a report from Stephanie Holt, Head of Countryside, Leisure and Sport, Kent County Council, which provided an update to the Board on the development of the Open Golf 2020 infrastructure project.

The Board discussed the timings involved and raised concerns regarding potential lack of funding contributions from the rail operators.

Councillor Carter raised that there are ongoing benefits to the provision of a permanent solution for transport improvements at Sandwich Railway Station, in addition to the benefits of support The Open Golf event, as the improvements will enable longer trains to serve Sandwich Railway Station.

#### **Resolved:**

1. **To Note** the intention for Kent County Council (KCC) to bring forward a Business Case through the SELEP Independent Technical Evaluator (ITE) review process for the potential allocation of £1,025,745 LGF to the Open Golf Rail Infrastructure Project, subject to the Business Case completing the ITE review process and the identification of an appropriate funding stream.
2. **To Note** the change to the Project's total cost estimate since January 2017; and
3. **To Note** the intention for the Permanent Solution to be taken forward as the preferred option of the Board on the 17<sup>th</sup> November 2017 for a funding decision, subject to the Project Business Case completing the ITE review process and identification of an appropriate funding source.

**14 SELEP Revenue Funding Budget Update**

The Board received a report from Suzanne Bennett, the purpose of which was to inform the Board of the current year revenue budget forecast outturn position as at the end of the first quarter. In addition, following the Board's approval of an increased contribution to reserves at its meeting held on 26 May 2017, approval is now sought to drawdown those funds to support activity that was previously budgeted to take place in financial year 2016/17.

The Board discussed the lack of fairness in the allocation of core funding from Government to SELEP and stressed that SELEP must continue to lobby the Government to ensure that a fair allocation is received.

Adam Bryan advised that this issue will be fed into the forthcoming LEP review and raised again at the SELEP Annual Conversation with Government in December.

**Resolved:**

1. **Approve** the withdrawal of **£132,000** from reserves and the subsequent equivalent increase in revenue expenditure budgets; and
2. **Note** the current forecast outturn position.

**15 SELEP Assurance Framework Implementation Plan Delivery**

The Board received a report from Adam Bryan, the purpose of which was to inform the Board of the progress which has been made by the SELEP team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This is to follow on from the update to the Board on 26th May 2017. The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented.

**Resolved:**

**To Note** the progress to date in implementing the SELEP Assurance Framework.

**16 Growing Places Fund update**

The Board received a report from Rhiannon Mort updating the Board on the latest position of the Growing Places Fund (GPF) Capital Programme.

**Resolved:**

**To Note** the updated position on the GPF programme.

**17 Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 17th

November 2017.

There being no urgent business the meeting closed at 11.37 am.

**Chairman**