

ACCOUNTABILITY BOARD

10:00	Friday, 31 March 2017	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
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Quorum: 3 (to include 2 voting members)

Membership

Mr Geoff Miles
Cllr Kevin Bentley
Cllr Paul Carter
Cllr Rodney Chambers
Cllr Keith Glazier
Cllr Rob Gledhill
Cllr John Lamb
Angela O'Donoghue
Myroulla West

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

For information about the meeting please ask for:

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(Secretary to the Board)
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Meeting Information

All meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Most meetings are held at High House Production Park, Purfleet. A map and directions to can be found <http://hhpp.org.uk/contact/directions-to-high-house-production-park>

If you have a need for documents in the following formats, large print, Braille, on disk or in alternative languages and easy read please contact the Secretary to the Board before the meeting takes place. If you have specific access requirements such as access to induction loops, a signer, level access or information in Braille please inform the Secretary to the Board before the meeting takes place. For any further information contact the Secretary to the Board.

The agenda is also available on the Essex County Council website

Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

	Pages	
1	Welcome and Apologies for Absence	
2	Minutes	5 - 10
3	Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	A13 Widening LGF award	11 - 30
5	Devonshire Park LGF funding decision	31 - 36
6	Kent Sustainable Interventions Programme LGF funding decision	37 - 44
7	Capital Programme Management of the Local Growth Fund	45 - 74
8	Skills Capital Programme Update	75 - 86
9	Growing Places Fund update	87 - 102
10	Finance Update – SELEP Core Budget	103 - 106
11	Assurance Framework Implementation Update	107 - 112
12	Date of Next Meeting To note that the next meeting of the Board will be Friday 26 May 2017.	
13	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

14 Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 24 February 2017

Present:

Geoff Miles	Chairman
Cllr Kevin Bentley	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	FE & Skills (FEDEC)
Myroulla West	Higher Education representative

ALSO PRESENT**Having signed the attendance book**

Louise Aitken	SELEP
Amy Beckett	SELEP
Suzanne Bennett	ESSEX COUNTY COUNCIL
Steven Bishop	Steer Davies Gleave
Lee Burchill	Kent County Council
Adam Bryan	SELEP
Jake Cartmell	Steer Davies Gleave
Kim Cole	Essex County Council
Dominic Collins	Essex County Council
Emma Cooney	Southend Borough Council
Richard Dawson	East Sussex County Council
Helen Dyer	Medway Council
Steve Hewlett	Medway Council
Ben Hook	East Sussex County Council
David Hughes	Kent County Council
Tim Ingleton	Dover District Council
Stephanie Mitchener	Essex County Council
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Ann Osola	Thurrock Council
Shaun Pottage	Port of Dover
Lisa Siggins	Essex County Council
Paul Watkins	Dover District Council

1 Welcome and Apologies for Absence

Apologies were received from Councillor Rob Gledhill.

3 Minutes

The Minutes of the meeting held on 20 January were agreed as a correct record and signed by the Chairman.

2 Declarations of Interest

None were made.

4 A20 Junction Improvements, as part of Dover Western Docks Revival - LGF Funding Decision

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer Davies Gleave (SDG), the purpose of which was to make the Board aware of the value for money assessment for A20 Junction Improvements (the Project) Business Case which has been through the Independent Technical Evaluator (ITE) process to enable funding to be devolved for the Project.

The Board were made aware that the project Business Case had been assessed by SDG as presenting high value for money with a medium to high certainty of achieving this.

The Board discussed the additionality gained by the early delivery of the Marina Pier from Stage 2 of the Dover Western Docks Revival Programme. The Board were informed that there is no definition of 'additionality' from by Government. SDG noted that no quantitative assessment has been completed to assess the benefits of the Marina Pier works.

Rhiannon advised that since the papers were sent out a Memorandum of Understanding in the form of a letter has been drafted by the Port of Dover for consideration, within which confirms the intention for the marina pier to be delivered as part of Stage 1 which is anticipated to be complete by 30 June 2019. In the event that the Port of Dover does not deliver the marina pier within this period (or a mutually agreed extended timeframe), the Port of Dover undertakes to fully reimburse the funds granted to it from the Local Growth Fund.

Resolved:

1. The Board **Considered** the additionality gained by the early delivery of the Marina Pier from stage 2 of the Dover Western Docks Revival Programme; and
2. **To approve** the allocation of £5m Local Growth Fund (LGF) to A20 Junction Improvements to support the delivery of the project as identified in the Business Case and which has been assessed as achieving high value for money with medium to high certainty of achieving this.

5 LGF Funding Approval M20 Junction 10a

The Board received a report from Rhiannon Mort the purpose of which was to seek Board approval for the award of Local Growth Fund (LGF) to the M20 Junction 10a project (the Project) in Ashford, Kent.

Board members spoke in support of this project and Councillor Bentley stressed that this and all schemes should be considered by the Board in terms of how they in fact improve the lives of local residents.

Councillor Carter also spoke in support of the project.

Resolved

1. **To Approve** the award of £8.3m LGF funding to the Project to support the Development Phase, based on the Highways England assurances

2. **To Approve** the remaining £11.4m LGF allocation to the Project to support the Construction Phase of the Project subject to:

i. Highways England providing evidence, as set out in paragraph 12.4, that a robust Value for Money assurance process has been followed and a funding decision has been made by Highways England's Investment Decision Committee (IDC) to approve the project in full; and

ii. Sufficient funds being made available to the South East Local Enterprise Partnership (SELEP) by Government for the future year LGF allocation to the Project.

3. **To Note** that the signing of the fund agreement to transfer £11.4m LGF from SELEP to Highways England to support the Construction Phase of the Project is subject to evidence being provided to the Board that the condition 2.1.2 (i) has been satisfied.

Geoff Miles offered his thanks on behalf of the business community for the approval of this and other schemes, which might have otherwise stalled in their deliverability, and noted the considerable amount of time it has taken for Highways England to progress the delivery of the project.

6 Coastal Communities Housing Intervention Project - LGF Allocation

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave the purpose of which was to make the Accountability Board (the Board) aware of the value for money assessment for the Coastal Communities Housing Intervention Business Case which has been through the Independent Technical Evaluator (ITE) process to enable £2m Local Growth Fund (LGF) to be devolved for scheme delivery.

Resolved

To Approve the allocation of £2million LGF to the Coastal Communities Housing Intervention Project to support the delivery of the project identified in the Business Case and which has been assessed as achieving borderline high value

for money, but with a low to medium certainty of achieving this.

Councillor Bentley pointed out that the intervention in Essex was in fact in respect of the area of Jaywick which is in the District of Tendring.

7 Stanford le Hope LGF 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 of the Stanford le Hope Business Case which has been through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to Thurrock Council to enable project delivery.

Resolved

To Approve the allocation of £7.5m Local Growth Fund (LGF) to Stanford le Hope Transport Package to support the delivery of the project as identified in the Business Case and which has been assessed as presenting high value for money, with a medium certainty of achieving this.

8 A131 Chelmsford to Braintree Route Based Strategy - LGF 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 A131 Chelmsford to Braintree Route Based Strategy Business Case which has been through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to Essex County Council to enable project delivery.

Resolved

To Approve the allocation of £3.66m Local Growth Fund (LGF) to the A131 Chelmsford to Braintree Route Based Strategy to support the delivery of the project as identified in the Business Case and which has been assessed as achieving high value for money with high certainty of achieving this.

9 Kent Strategic Congestion Management Programme - LGF 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 Kent Strategic Congestion Management Programme Business Case which has been through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to Kent County Council for scheme delivery.

Resolved

To Approve the allocation of £800,000 Local Growth Fund (LGF) to the Kent Strategic Congestion Management Programme 2017/18 to support the delivery

of the project identified in the Business Case and which has been assessed as presenting achieving borderline high value for money, but with a low to medium certainty of achieving this.

10 Hailsham, Polegate & Eastbourne Movement and Access Transport Scheme - LGF 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 Hailsham, Polegate and Eastbourne Movements and Access Corridor Project (the Project) Business Case which has been through the Independent Technical Evaluator (ITE) process to enable £2.1m Local Growth Fund (LGF) to be devolved to East Sussex County Council for scheme delivery.

Resolved

To Approve the allocation of £2.1million LGF to the Hailsham, Polegate and Eastbourne Movement and Access Corridor Project to support the delivery of the project identified in the Business Case and which has been assessed as achieving borderline high value for money, but with a low to medium certainty of achieving this.

11 Capital Programme Management of the Local Growth Fund

The Board received a report and presentation 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.

Councillor Bentley raised the issue of the reprofiling assurance in respect of the A127, with Rhiannon Mort confirming that this will be sought from the Department of Transport.

The Board discussed the issue of funding and stressed that SELEP should continue to lobby the Government to receive a fair allocation.

Adam Bryan advised that SELEP are currently waiting to receive full LGF programme privileges from Government. The final sign off of these flexibilities will be required from a Government Minister. Now that the SELEP Assurance Framework has been finalised, it is expected that these flexibilities should be approved shortly.

Resolved

1. **To Note** the updated LGF spend forecast for 2016/17
2. **To Note** the project deliverability and risk assessment;
3. **To Note** the re-profiling of £14.801m LGF spend from 2016/17 to 2017/18 for those projects identified in Tables 3 to 7 of the report;
4. **To Note** the increased LGF allocation to Tonbridge Town Centre

Regeneration (£0.103m);

5. **To Approve** the accelerated LGF spend in 2016/17 for:
 - a. East Sussex Strategic Growth Project (£0.3m) ,
 - b. A226 London Road/ B255 St Clements Way (£0.934m),
 - c. Strood Town Centre Journey Time and Accessibility Enhancements (£0.081m),
 - d. Chatham Town Centre Place-making and Public Realm Package (£0.120m),
 - e. Medway Cycling Action Plan (£0.100m) and
 - f. Medway City Estate Connectivity Improvement Measures (£0.157m).

12 **Skills Capital Programme Update**

The Board received a report from Louise Aitken providing an update on the latest position of the Skills Capital Programme. She advised that there is now in fact £3.2m unclaimed grant as this has changed from the £3.6 m which was the case at time the report was written.

Members were advised that where there is slippage, there is close workings with the colleges in question, with the case in respect of Sussex Downs College project (Minute 6 of the Board's meeting of 20 January) particularly highlighted.

Resolved

1. **To Note** the updated spend forecast for 2016/17
2. **To Note** the project delivery and risk assessment
3. **To Note** potential slippage of funds to next financial year

13 **Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 31 March 2017.

There being no urgent business the meeting closed at 11am

Chairman

Report to Accountability Board	Forward Plan reference number: FP/AB/73
Date of Accountability Board Meeting:	31st March 2017
Date of report:	13th March 2017
Title of report:	A13 Widening LGF award
Report by:	Rhiannon Mort
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to seek Accountability Board (the Board) approval for the award of Local Growth Fund (LGF) to the A13 Widening project (the Project) in Thurrock, subject to Government Minister Approval.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the award of £66.1million LGF to the A13 Widening to support the delivery of the Project, as set out in the Business Case, subject to Central Government Minister Approval.

3. Background

- 3.1 This report brings forward the Project for the award of £66.1m LGF.
- 3.2 The South East Local Enterprise Partnership (SELEP) Growth Deal provisional allocated funding to the Project. This was made up of an allocation of £5.0m LGF capital to support the development costs of the Project and up to £75.0m LGF for the construction of the Project.
- 3.3 On the 8th April 2016, the Board approved the award of £5.0m development funding to the Project to the stage of Full Business Case completion. The Project has completed the development stage and approval is now sought from the Board for the funding required to complete the delivery phase of the Project.
- 3.4 The Project is being promoted and delivered by Thurrock Council, but has been classified by Central Government as a Department for Transport (DfT) 'retained' project.
- 3.5 As a retained project, the DfT are required to assess the Full Business Case and to make recommendations to Government for Ministerial sign-off of the Project and full approval of funding.

- 3.6 It is expected that a Ministerial decision will be taken shortly before the Board meeting. If this is not the case, the Ministerial decision will be taken following the four week Central Government Purdah period. Consequently, the Board is asked to approve the Project, subject to Ministerial approval of the Project being provided following the recommendations made by the DfT.
- 3.7 Subject to the Board and Ministerial approval of the Project, funding will be transferred from the DfT to SELEP Accountable Body and then on to Thurrock Council, as per the agreed profile (as set out in Section 5 below), to enable project delivery.

4. A13 Widening – The Project

- 4.1 The A13 corridor in Thurrock links the nationally significant port infrastructure of Tilbury and London Gateway with the M25 and London.
- 4.2 The A13 currently experiences congestion between the A128 and A1014 during peak hours which is constraining development in the area. Without the provision of additional capacity the situation will continue to worsen and suppress the economic growth in the area.
- 4.3 The London Gateway Logistic and Commercial Centre Outline Planning Application in 2002 concluded that the dual two lane section of the A13 between the A128 and A1014 would exceed theoretical operating capacity during weekday peak periods by 2011 with or without the proposed Port and Commercial development.
- 4.4 The objective of the Project is to increase highway capacity of the A13, in order to reduce congestion and remove constraints to development; unlocking the full potential of the corridor to deliver jobs and housing.
- 4.5 The existing A13 carriageway has 2 lanes in each direction. The Project will widen the A13 between the A13 interchange with the A128 (Orsett Cock Roundabout) and A1014 at Stanford-le-Hope. This will complete a 3-lane carriageway from the M25 to the A1014 interchange.
- 4.6 The A13 junction with the A128 will also be re-constructed in order to provide adequate width for the widened A13 carriageway beneath the interchange.
- 4.7 The expected impacts of the scheme include:

Positive Impacts

- Shorter journey times and reduced congestion
- Improved journey time reliability at peak periods
- Improved journey quality to car users, reducing traveller stress
- Improved access to services within the corridor, including jobs and housing
- Significant wider regeneration impacts, as the scheme runs through a Functional Urban Region

- Reduced traffic noise as a result of the use of a low noise surface on the proposed scheme.

Negative Impacts

- A net increase in greenhouse emissions over the 60 years
- A landscape and visual effect during construction. The landscape impact has been assessed as slight adverse in the short term and neutral with mitigation measures in place.
- A very slight increase (0.3%) in the predicted number of accidents on the overall transport network due to higher traffic levels as some road users travel longer distances to take advantage of time savings achieved through the delivery of the A13 improvements.

5. Project cost and funding contributions

- 5.1 Following detailed design and tender, the total Project cost is currently estimated at £78.9m.
- 5.2 In addition to the LGF allocation to the Project, there is also a £7.8m local third party funding contribution from London Gateway Ports Limited, as set out in Table 1 below.

Table 1 Project Funding Sources

Source	LGF Retained Funding	LGF Development Funding	London Gateway Ports Ltd	Total Scheme Cost
Allocation (£)	66,057,596	5,000,000	7,809,000	78,866,596

- 5.3 As a result of the reduced Project cost and the local funding contribution, Thurrock Council is seeking approval for the award of £66,057,600 (rounded to £66.1m throughout the report) from the DfT for the delivery phase of the Project. The £66.1m LGF contribution to the delivery phase of the Project is in addition to the £5.0m LGF contribution to the early development costs.

The amount of LGF retained funding sought for the Project is less than the 'up to £75m' identified in the Growth Deal. Should the cost of the Project escalate above £66.1m, the overspend risk sits with Thurrock Council to manage. This presents a risk to Thurrock Council, but also to SELEP in receiving its full £590m LGF allocation. As such, SELEP will work with Government to ensure the full £590m allocated in SELEP's Growth Deal, remains committed; ensuring that further investment is made where project cost efficiencies are achieved in delivering LGF projects.

6. SELEP ITE Gate 3 Review

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) Gate 3 review of the Business Cases for schemes where the Business Case is being developed or assessed by another Government Department or Statutory Body.
- 6.2 In these instances, the role of the Independent Technical Evaluator is to review the business case and provide professional advice to the Board of any key risks or issues arising from that assessment that need to be considered by the Board to support the funding decision.
- 6.3 The ITE review of the Project Business Case confirms that the assessment is thorough, complete and demonstrates at least a high value for money case for the Project.
- 6.4 The Business Case states that the proposed Lower Thames Crossing (LTC) could significantly affect A13 traffic. The A13 traffic modelling therefore relies on the LTC traffic model to estimate traffic growth and variable demand impacts which take account of changes in traffic congestion in the area, and the change in travel costs as a result of the A13 Widening and the proposed route for the LTC.
- 6.5 Whilst Thurrock Council are opposed to Highways England's two preferred route options, the impact of a LTC was considered as part of the Project's traffic modelling assessment, at the request of the DfT.
- 6.6 Without the delivery of a LTC, the Project has a Benefit Cost Ratio (BCR) of 2.9:1 which presents high value for money.
- 6.7 In considering the impact a LTC the BCR value increases to 4.4:1, presenting very high value for money.

7. Compliance with SELEP Assurance Framework

- 7.1 Table 3 overleaf considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the Business Case sets out the Project's strategic objectives to reduce journey times and journey time variability as well as promoting growth.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The Business Case defines the expected outputs/outcomes of the project in i) reducing journey time, ii) reducing journey time variability and iii) creating additional houses and jobs in the area. The DfT assessment of the Business Case following their departmental WebTAG (Transport Appraisal Guidance) gives confidence that an appropriate approach has been taken to consider factors such as deadweight and displacement.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review identifies the management case as Green (in a Red-Amber-Green rating). The review confirms that a project delivery programme and risk register are included in the Business Case. A risk contingency has been included in the total project cost.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The BCR for the overall project for the core scenario is 2.9:1 (high value for money) and 4.4:1 in the scenario that includes the delivery of the Lower Thames Crossing (very high value for money)

8. Financial Implications (Accountable Body Comments)

8.1 The approval sought is for a programme of works that still requires approval from Government and confirmation of funding in the profile set out above. It

should therefore be noted that there is a risk to delivery where funding is not yet confirmed.

9. Legal Implications (Accountable Body Comments)

9.1 The Project, at the time of the Board meeting, is yet to gain formal approval from Central Government. Therefore the approval of the Board, based on the SELEPs own Assurance Framework process is subject to Central Government's Approval being provided. It is anticipated that this approval will be forthcoming prior to the meeting, and if that is the case the Board will be provided with an update at the meeting accordingly. However in light of the forthcoming elections, this approval may be delayed.

9.2 As this Project has been defined as a retained scheme, the funding will be transferred to the Accountable Body directly from the DfT. In order for the Project to be delivered this funding will be then transferred to Thurrock Council. Accordingly suitable Agreements will be in place to provide the necessary safeguards around that funding, and set in place the appropriate level of assurances, reporting and monitoring requirements.

10. Staffing and other resource implications (Accountable Body Comments)

10.1 None at present.

11. Equality and Diversity implications (Accountable Body Comments)

11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

12.1 Appendix A - Report of the Independent Technical Evaluator (see Agenda Item 4).

13. List of Background Papers

16.1 Business Case for A13 Widening Project

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

Role	Date
Accountable Body sign off Suzanne Bennett (On behalf of Margaret Lee)	 22/03/17



Independent Technical
Evaluator – Growth Deal
Business Case Assessment
(Late Q4 2016/17)

Accountability Board Report
March 2017

South East Local
Enterprise Partnership

Our ref: 22790505

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1 Independent Technical Evaluation of Q4 2016/17 starting Growth Deal Schemes

Overview

- 1.1 Steer Davies Gleave and SQW were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 31st March 2017 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

- 1.3 The review provides comment on the Business Cases submitted by scheme promoters, and comment on the strength of business case, the value for money being provided by the scheme, as set out in the business case and the certainty of that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide information to the South East Local Enterprise Partnership Board to make such decisions, based on independent, technical expert, clear, and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Appraisal and Evaluation in Central Government*¹, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the Homes and Communities Agency's *The Additionality Guide*. Both The Green Book, WebTAG and The Additionality Guide provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

¹ Source: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

1.8 The five cases of a government business case are, typically:

- **Strategic Case:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
- **Economic Case:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
- **Commercial Case:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Case:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
- **Management Case:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies.

1.9 In addition to a rating for each of the five cases, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails in January, February and March 2017.

2 Evaluation Results

Gate 2 and 3 Results

- 2.1 Table 2.1 below provides the results of our independent and technical evaluation of each scheme seeking funding approval on 31st March 2017 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of the Full Business Case ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.
- 2.2 For the A13 Widening scheme, funding and the Business Case approval responsibility has been retained by the Department for Transport. In these instances our role is to review the business case which has been considered by the Department for Transport and provide professional advice to the South East Local Enterprise Partnership Accountability Board of any key risks or issues arising from that assessment that need to be considered by the board to support the associated decision for funding ('Gate 3 Assessment').

Summary Findings and Considerations for the Board

- 2.3 The following list contains recommendations to the Accountability Board, including key findings from the evaluation process and any issues arising.

Business Case Development

- 2.4 Steer Davies Gleave's commission as independent technical evaluator includes a role to conduct 'Gate 0' discussions with scheme promoters prior to submission of the business case to offer advice on business case approach and compliance. These meetings allow early identification of any material issues within draft or preliminary business cases and have been observed to improve the quality of submissions to the formal gate review process. Scheme promoters should contact Rhiannon Mort (Capital Programme Manager) if they would like to have a 'Gate 0' discussion.
- 2.5 The following recommendations have been made and reiterated several times, but still need attention by scheme promoters and their advisors:
- Scheme promoters are often carrying out well considered **economic appraisals** to assess the value for money of the scheme. However, in order to show the resilience of the value for money, sensitivity testing is a requirement that is often overlooked, as well as inclusion of optimism bias and contingency (informed by experience and/or a quantified risk assessment).
 - In addition, as part of **economic cases**, scheme promoters are reporting the headline figures from the appraisal modelling that has been carried out, but often the appraisal spreadsheets are not being submitted. We recommend that scheme promoters provide **appraisal spreadsheets** alongside their Gate 1 submission. Providing this information any later in the process reduces the time available to resolve any issues identified.
 - The **management case** is often lacking a full benefits realisation plan and more consideration should be given to monitoring and evaluation plans. As far as possible scheme promoters should align monitoring and evaluation frameworks to the metrics which SELEP is required to report back to central government at a programme level.
 - Finally, if scheme promoters submit appendices or business cases that contain **commercially sensitive material**, we request this is made clear to Steer Davies Gleave (Independent Technical Evaluator) and Rhiannon Mort (SELEP Capital Programme Manager) to ensure that these sections are redacted before the business case is published.

Recommendations

2.6 The following scheme achieves high value for money with high certainty of achieving this:

A13 Widening (£66.1m)

2.7 SELEP identified the A13 corridor as the largest single growth opportunity in the SELEP area in their Growth Deal and Strategic Economic Plan 2014. However, the Plan also identified that development is constrained by the limited capacity of the strategic road network, particularly the dual carriageway section of the A13. The business case that has been provided to support investment in A13 widening is thorough and based upon detailed and transparent evidence that would be expected for a scheme of this magnitude (£80m).

2.8 The following scheme achieves high value for money with medium to high certainty of achieving this:

Kent Sustainable Interventions Programme (£0.5m)

2.9 Due to small-scale nature of proposed interventions, a quantified assessment methodology has not been used. A qualitative approach in-line with the DfT Appraisal Summary Table has been followed and, based on other schemes and experience, it is estimated that the combination of schemes would be medium to high VfM.

2.10 The South East Local Enterprise Partnership Assurance Framework states that schemes may be eligible for exemption from the quantified benefit cost analysis when the cost of the project is below £2.0m and there is an overwhelming strategic case (with minimal risk in the other cases). We are satisfied an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases.

Devonshire Park Redevelopment Project (£5.0m)

2.11 Devonshire Park Redevelopment Project has a compelling strategic case with the business case demonstrating a clear need for intervention. The benefits of the scheme are expressed in employment GVA terms rather than in the new standard welfare terms required by HM Treasury's The 'Green Book'. Adjusting for this would reduce the BCR of the scheme, but it would remain high value for money.

Table 2.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2016/17

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Kent Sustainable Interventions Programme	0.5	Gate 1: Not derived	Green	Green	Green	Green/Amber	Green	Analysis carried out is reasonable and proportionate.	Robust methodology has been employed in the business case.	The business case is clear and well considered. It provides a high level of certainty. Some clarification is required around the availability of financial assurance of the scheme from the local authority. Financial assurance of the scheme has been provided by means of a letter from the Section 151 officer in the SELEP template.
		Gate 2: Not derived	Green	Green	Green	Green	Green	No change required.	No change required	
Devonshire Park Redevelopment Project	5.0	Gate 1: Not derived	Green/Amber	Red/Amber	Green	Green/Amber	Green/Amber	Reasonable methodology has been employed though more details on the qualitative benefits of the scheme are required.	Full appraisal of the scheme with generation of a benefit cost ratio has not been undertaken so we cannot be certain of the robustness of the analysis.	Full economic appraisal has not been carried out which reduces the certainty we can have in the value for money of the scheme. Some clarification has been provided around the qualitative benefits. The lack of a BCR developed through recognised appraisal modelling creates uncertainty in the value for money of the scheme.
		Gate 2: Not derived	Green	Amber	Green	Green/Amber	Green	Further information regarding the qualitative benefits has been provided.	A VfM assessment has been carried out but there is still no BCR for the scheme.	

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
		Gate 2 Update: 6.9	Green	Green	Green	Green/Amber	Green	No change required	Significant further analysis has been carried out to ensure that a more robust quantification of the benefits can be demonstrated.	New analysis and explanation and justification for the assumptions that frame that analysis has been provided. This provides greater certainty of the value for money of the scheme.
A13 Widening	66.1	Gate 3: 2.9	Green	Green	Green	Green	Green	The appraisal and modelling approach is thorough and complete with no major issues identified	The work carried out is comprehensive and has been carried out in a robust and auditable manner.	The analysis has provided a clear and tightly bound estimate regarding the costs and benefits the scheme

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Report to Accountability Board	Forward Plan reference number: FP/AB/76
Date of Accountability Board Meeting:	31st March 2017
Date of report:	7th March 2017
Title of report:	Devonshire Park LGF funding decision
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Devonshire Park Business Case which has been through the Independent Technical Evaluator (ITE) process to enable £5m funding to be devolved to East Sussex County Council for scheme delivery.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the allocation of £5m LGF to Devonshire Park Quarter Re-development Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with a medium to high certainty of achieving this.

3. Background

- 3.1 This report brings forward the Devonshire Park Quarter Re-development Project (the Project) for the allocation of £5m LGF to this LGF Round 3 project.
- 3.2 The Project has successfully completed the ITE process, as a condition of the SELEP Assurance Framework agreed with Government.
- 3.3 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix A, of Agenda Item 4.

4. Devonshire Park Quarter Re – development, Eastbourne

- 4.1 The Project will deliver a series of major investments to transform Devonshire Park into a cultural destination. The total programme of works, valued at £44m, will deliver:

- Improved conference facilities – to compete more effectively,

- Improved arts venues – attracting more visitors,
 - New tennis facilities – for the prestigious Aegon Tournament ; and
 - Distinct gateway and public realm.
- 4.2 The £5m LGF contribution to the Project will support the delivery of the £16m development of the “Welcome Building”.
- 4.3 The Welcome Building will deliver 2,500 m² of new floor-space, creates capacity for over 34,000 conference visitors per year, as well as being the catalyst to realise the wider economic impact of Devonshire Park Quarter.
- 4.4 The delivery of the Welcome Centre at Devonshire Park is expected to strengthen Eastbourne’s conferencing offer and enable the town to attract new visitors to East Sussex and the wider South East LEP area.
- 4.5 The Devonshire Quarter is already one of the main conference venues along the South Coast, capable to hosting a range of conferences for up to 1,700 delegates.
- 4.6 The primary quantified economic benefit of the project lies in the ability of the Welcome Building to attract new delegates to the area and it is anticipated that the Project will enable Devonshire Park to attract a further 26,650 visitors per year, bringing overall delegate visitor numbers to around 34,150 annually once the Welcome Building is fully operational.
- 4.7 The spending of these additional visitors is expected to support new long-term jobs, both at Devonshire Park and in the wider SELEP visitor economy.
- 4.8 It is expected that the intervention will create 254 new direct jobs and a further 84 indirect jobs by 2021.
- 4.9 The main benefits and dis-benefits of the project are summarised in Table 1 below.

Table 1 Summary of the Projects benefits/ dis-benefits

Project Benefits	Project Dis-benefits
Enhanced quality and prestige of Devonshire Park as a national/international destination	Increased usage will increase car journeys – increased carbon emissions
Preserved and enhanced heritage significance of the site	The potential to displace visitors away from other existing local attractions – anticipated to be small
Improved park and public realm	
Improved experience for visitors, delegates and audiences	
Increased attractiveness for hires, performers and touring companies	
Improved tennis facilities and park accessibility	

Improved business and environmental sustainability	
Increased income generation and reduced operational costs	

5. Outcome of ITE Review

- 5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has concluded that the Project is expected to achieve high value for money with a medium to high level of certainty of achieving this.
- 5.2 Whilst the Project has a high Benefit Cost Ratio (BRC) of 6.9:1, the benefits of the Project are expressed in Gross Value Added (GVA) terms rather than the standard welfare benefits required by HMT Green Book. Adjusting for this would reduce the BCR of the Project, however, the ITE have confirmed that it would remain high value for money.

6. Compliance with SELEP Assurance Framework

- 6.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the applicant details how the project is aligned to SELEP and National Growth Fund Criteria, the Eastbourne Borough Council, the East Sussex Cultural Strategy, and the National Five Point Plan.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The Business Case sets out the expected outputs and outcomes, including the delivery of 254 new direct jobs and a further 84 indirect jobs by 2021. The ITE review confirms that 'Green Book' principles have been adhered to, with the Business Case report considering additionality concepts

		such as multipliers, deadweight, displacement and leakage.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The ITE review confirms that the Business Case sets out the wider governance structure, how elements specific to the Welcome Building will be managed and who is responsible for making decisions relating to the Project.</p> <p>The review also confirms that Section 7 of the Business Case provides a comprehensive risk analysis, spanning financial, market and organisational risk. Mitigation measures are outlined for each identified risk.</p> <p>A detailed work programme was provided to SDG as part of the Gate 1 review.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR has been calculated as 6.9:1, which indicated very high value for money.

7. Financial Implications (Accountable Body Comments)

7.1 The approval sought is for a programme of works that will take place in 2017/18. At time of writing, confirmation has not yet been received from Government on levels of LGF transferring to the Accountable Body in 2017/18. An indicative profile has been provided and whilst it is unlikely that the grant determination will differ, it should be noted that there is a risk where funding is not yet confirmed.

8. Legal Implications (Accountable Body Comments)

8.1 There are no legal implications as a result of this decision.

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

9.1 None at present.

10. Equality and Diversity implication (Accountable Body Comments)

10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

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

Role	Date
<p>Accountable Body sign off</p> <p>Suzanne Bennett</p> <p>(On behalf of Margaret Lee)</p>	<p>22/03/17</p>

11. List of Appendices

- 11.1 Appendix A - Report of the Independent Technical Evaluator (As attached to Agenda Item 4).

12. List of Background Papers

- Business Case for Devonshire Park Quarter Re-development

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

Report to Accountability Board	Forward Plan reference number: FP/AB/88
Date of Accountability Board Meeting:	31st March 2017
Date of report:	7th March 2017
Title of report:	Kent Sustainable Interventions Programme LGF funding decision
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Kent Sustainable Interventions Project which has been through the Independent Technical Evaluator (ITE) process to enable £500,000 Local Growth Fund (LGF) to be devolved to Kent County Council for scheme delivery.

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Approve** the allocation of £500,000 LGF to Kent Sustainable Interventions Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with low to medium.

3. Background

- 3.1 This report brings forward Kent Sustainable Interventions Programme 2017/18 (the Project) for the allocation of £500,000 LGF to this LGF Round 1 project.
- 3.2 The Project has successfully completed the ITE process, as a condition of the SELEP Assurance Framework agreed with Government.
- 3.3 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix A, of Agenda Item 4.

4. Kent Sustainable Interventions Programme

- 4.1 The Project is a continuation of the improvements being made by Kent County Council to deliver highway and sustainable transport improvements in the local area.

- 4.2 The Project involves the delivery of smaller schemes which are designed to complement larger scale LGF interventions and to maximise the benefits delivered through LGF investment.
- 4.3 The Programme is to be delivered between the financial years 2015/16 and 2020/21, with a total LGF allocation of £2.856 million over the 6 years.
- 4.4 To date the LGF funding allocation to this Project has been approved on an annual basis, supported by a separate Business Case for the award of LGF each financial year.
- 4.5 Originally the Project was allocated £3m LGF, with an allocation of £500,000 during each financial year from 2015/16 to 2020/21. To manage overspends on other LGF projects in Kent, the total LGF allocation to the Project has been reduced by £0.144m to £2.856m.
- 4.6 The 2017/18 Project Business Case brings forwards the delivery of new interventions for funding through the 2017/18 £500,000 LGF allocation.
- 4.7 In addition, the Business Case provides further detail on the 2016/17 interventions, where the delivery has slipped into 2017/18, as further works has been completed to develop the projects in advance of delivery.

5. Kent Sustainable Interventions Programme 2017/18 (the Project)

- 5.1 The 2017/18 Project comprises of five interventions:
- Cinque Ports Cycle Route Improvements, Phase 2 (Shepway District)
 - Morehall Schools Cluster to Seafront Cycle Route, Phase 2 (Shepway District)
 - Morants Court Roundabout (Sevenoaks District)
 - Kent Spa & Castle Ride (Sevenoaks, Tonbridge & Malling and Tunbridge Wells)
 - Highfield Lane, Mersham (Ashford Borough)
- 5.2 The Cinque Ports Cycle Route Improvements, Phase 2 will provide new cycle path and upgrade existing paths to link Hythe and Dymchurch in Shepway, Kent. These works form the main part of the Project, with an estimated cost of £290,000.
- 5.3 The specific benefit associated with the Cinque Ports Cycle Route Improvements include:
- Reduced congestion
 - Better connectivity for Coastal developments
 - Attract visitors
 - Physical activity
 - Improved quality of life
 - Safer routes to school

- 5.4 The Morehall Schools Cluster to Seafront Cycle Route, Phase 2 scheme will improve cycling infrastructure between a cluster of primary and secondary schools and a large residential area, two main railway stations (including the high speed link), the civic area (including Shepway District Council offices), the court and main police station, the cliff top pedestrian route, the Leas leisure area and Lower Leas Coastal Park.
- 5.5 The Morants Court Roundabout scheme in Pohill, Sevenoaks will deliver safety improvements to this junction, to increase the safety of vulnerable road users.
- 5.6 The Kent Spa and Castle Ride intervention will deliver improvements to the 20 mile circular route outlines in the Tunbridge Wells Cycling Strategy. The preferred option is for the Public Right of Way upgrades to be delivered. If the delivery of the preferred option is not feasible, the scheme will involve traffic calming measures or a new cycle bridge. It is expected that the delivery of the alternative intervention will be delivered within the £20,000 budget allocated to the Kent Spa and Castle Ride intervention and that this minor change to project scope will be managed by Kent County Council.
- 5.7 The Highfield Lane/ Kingsford St, Mersham, Ashford improvements will complement the M20 Junction 10a LGF scheme by prohibiting vehicle traffic along Highfield Lane in Ashford, but allowing access for pedestrians, cyclists and equestrian use.
- 5.8 A summary of the primary and secondary objectives which the Project seeks to achieve through the five interventions is set out in Table 1 below.

Table 1 Project Objectives

<p>1. Improve cycling infrastructure/ facilities</p> <ul style="list-style-type: none"> – Reduce congestion – Improve connectivity to services, including train stations, town centres and tourist attractions – Provide signing and improve quality of paths where required.
<p>2. Improve the health and wellbeing of residents</p> <ul style="list-style-type: none"> – Promote active transport (walking and cycling) – Provide opportunities to link with long distance cycle routes for leisure users.
<p>3. Improve road safety</p> <ul style="list-style-type: none"> – Reduce conflicts and potential for accidents.
<p>4. Improve access to education and other facilities</p> <ul style="list-style-type: none"> – Provide direct and desirable links between facilities.
<p>5. Enhance the local environment</p> <ul style="list-style-type: none"> – Improve air quality by encouraging residents out of their cars

– Complement and enhance the wider scheme.
6. To deliver wider social and economic benefits (e.g. accessibility and social inclusion) for the community
7. To improve the general transport infrastructure, including arrangements for parking and signing for other road users to be aware

6. Outcome of ITE Review

- 6.1 The SELEP ITE has reviewed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money, with low to medium certainty.
- 6.2 The review confirms that a proportionate methodology has been applied given the magnitude of the funding being sought. The component schemes all have a very low cost (<£300k). It would be disproportionate to undertake a detailed quantitative appraisal for each and as such, a largely qualitative methodology has been applied.
- 6.3 A qualitative assessment based on a seven-point scale (slightly/moderately/largely beneficial, neutral, slightly/moderately/ largely adverse) using the headings of the standard Department for Transport's Appraisal Summary Table (covering economic, environmental and social factors) has been undertaken.
- 6.4 The review confirms that the methodology has been applied correctly and is deemed appropriate. However, the application of a qualitative assessment has led to the ITE review identifying the project as being of low to medium certainty of high value for money being delivered by the proposed interventions.
- 6.5 As the LGF contribution to the project is below £2m, the Project falls within the value for money Exemption 1 of the SELEP Assurance Framework.
- 6.6 This value for money Exemption 1 can be applied where:
- (a) a project does not present high value for money (a Benefit Cost Ratio (BCR) of over 2:1); but
 - (b) has a BCR value of greater than 1.5:1; or
 - (c) where the project benefits are notoriously difficult to appraise in monetary terms; and
 - (d) only if the following conditions are satisfied:
 - (1) the project must be less than £2.0m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
 - (2) where there is an overwhelming strategic case (with minimal risk in the other cases); and

- (3) there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.

6.7 The ITE assessment review of the Business Case confirms that the strength of the strategic case and demonstrates that the scheme fulfils the requirements for exemption from quantitative economic appraisal.

7. Compliance with SELEP Assurance Framework

7.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.

7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the objectives the schemes are aiming to meet are in line with national, regional and local policies; and that an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The Business Case sets out the expected outputs and outcomes of the project of the Programme and the 2017/18 Project.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review confirms that a project plan with key milestones is included within the business case. The Business Case also sets out a clear process for management of project risk.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A qualitative benefit cost ratio assessment and BCR value has not been calculated for the Project due to the small scale of interventions being delivered, but a qualitative assessment has been completed and the project has been

		<p>benchmarked against similar LGF project.</p> <p>The Project falls within Value for Money Exemption 1.</p>
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8. Financial Implications (Accountable Body Comments)

8.1 The approval sought is for a programme of works that will take place in 2017/18. At time of writing, confirmation has not yet been received from Government on levels of LGF transferring to the Accountable Body in 2017/18. An indicative profile has been provided and whilst it is unlikely that the grant determination will differ, it should be noted that there is a risk where funding is not yet confirmed.

9. Legal Implications (Accountable Body Comments)

9.1 There are no legal implications arising out of this decision. All funding will be transferred to the delivering authority under the provisions of the SLA's currently in place.

10. Staffing and other resource implications (Accountable Body Comments)

10.1 None at present.

11. Equality and Diversity implication (Accountable Body Comments)

11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

12.1 Appendix A - Report of the Independent Technical Evaluator (As attached to Agenda Item 4).

13. List of Background Papers

13.1 Business Case for Kent Sustainable Interventions Project

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

Role	Date
Accountable Body sign off	
Suzanne Bennett (On behalf of Margaret Lee)	22/03/17

Report to Accountability Board	Forward Plan reference number: FP/AB/81 FP/AB/82
Date of Accountability Board Meeting:	31 st March 2017
Date of report:	15 th March 2017
Title of report:	Capital Programme Management of the Local Growth Fund
Report by	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 To update the SELEP Accountability Board (the Board) on the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.
- 1.2 The report considers the LGF spend forecast to the end of 2016/17 and presents the budget for 2017/18.
- 1.3 The report refers to the slippage of LGF spend for individual LGF projects and considered the 'net slippage',
- 1.4 The 'net slippage' considers the amount of re-profiling of LGF spend required once the acceleration of LGF spend on approved LGF projects, through Option 1 and 2 mitigation, has been taken into account.

2. Recommendations

2.1. The Board is asked to:

2.1.1 **Agree** the total LGF slippage from 2016/17 to 2017/18 of £19.078m (excluding Department for Transport retained schemes), as follows (see Appendix 1 for project breakdown):

- 2.1.1.1 £7.736m net slippage for projects in East Sussex
- 2.1.1.2 £2.356m net slippage for projects in Essex
- 2.1.1.3 £4.843m net slippage for projects in Kent
- 2.1.1.4 £1.133m net slippage for projects in Medway
- 2.1.1.5 £0.200m net slippage for projects in Southend
- 2.1.1.6 £5.215m net slippage for projects in Thurrock
- 2.1.1.7 £0.065m net slippage for Capital Skills projects

- 2.1.2 **Agree** the total LGF slippage from 2016/17 to 2017/18 of £0.973m net slippage for Department for Transport retained schemes (see Appendix 1 for project breakdown)
- 2.1.3 **Approve** the acceleration of LGF spend in 2016/17 for:
 - 2.1.3.1 Strood Town Centre Journey Time Improvements by £0.520m; and
 - 2.1.3.2 Medway Cycle Action Plan by £0.150m.
- 2.1.4 **Agree** the proposed measures to mitigate LGF slippage, as set out in Table 3
- 2.1.5 **Agree** the use of Option 4 and 5 mitigation for any further slippages of LGF spend which occur to the end of 2016/17.
- 2.1.6 **Agree** the planned LGF spend in 2017/18 of £115.179m excluding DfT retained schemes and £145.943m, including retained scheme, subject to SELEP receiving sufficient funding from Government in 2017/18 as per the amount indicated in the provisional funding profile, set out in Table 4.
- 2.1.7 **Note** the planned LGF spend for future years of the LGF programme, as set out in Appendix 2.
- 2.1.8 **Approve** the combining of the Hastings and Bexhill Junction Capacity Improvement Package and Hastings and Bexhill Walking and Cycling Package, to become the Hastings and Bexhill Movement and Access Package.

3. 2016/17 Financial update

- 3.1 On the 24th February 2017, the Board was provided with a detailed update on the delivery of the Growth Deal.
- 3.2 Subsequent to this meeting, further updates have been reported which provided an updated spend forecast to the end of the financial year.
- 3.3 In addition, Government has provided an early indication to SELEP of the LGF allocation to be received in 2017/18 and the profile of the provisional LGF Round 3 allocation over the remaining duration of the Growth Deal period.
- 3.4 This report provides a LGF financial update to year end, asking the Board to agree the final forecast LGF spend position for 2016/17, the slippage of LGF spend between 2016/17 and 2017/18, the proposed mitigation and the spend profile for 2017/18.
- 3.5 Each federated area has provided an updated on the planned spend for 2016/17 as shown in Appendix 1 and as summarised in Table 1 below.

Table 1 LGF Forecast Spend 2016/17

	Total Planned Spend in 2016/17 (as at Q1 2016/17)*	Total Planned Spend in 2016/17 (as reported in March 2017)	Variance **
East Sussex	17.547	9.811	-7.736
Essex	10.366	8.010	-2.356
Kent	34.670	29.827	-4.843
Medway	5.768	4.635	-1.133
Southend	5.102	4.902	-0.200
Thurrock	12.950	7.735	-5.215
<i>Skills</i>	12.077	12.011	-0.065
LGF Sub-Total	98.480	76.932	-21.548
Retained	7.500	6.527	-0.973
Total Spend Forecast	105.980	83.459	-22.521

*The additional £2.3m Department for Transport Retained Funding has been added to the Planned Spend

**Variance is the difference between forecast LGF spend in 2016/17 as at Q1 2016/17 and planned LGF spend in 2016/17 as reported in March 2017.

- 3.6 At the outset of 2016/17 financial year there was an LGF spend forecast of £98.480m for 2016/17 (excluding retained schemes). This included an over-programming of the LGF spend forecast relative to the amount of LGF available by £2.47m.
- 3.7 The latest update shows an LGF spend forecast of £76.932m LGF spend in 2016/17, excluding retained schemes. This presents a variance of £21.548m (excluding retained schemes) from the position at the start of the financial year.
- 3.8 From the £21.264m variance, £2.47m is offset through the over-programming. The remaining £19.078m is LGF underspend against the funding available in this financial year, as shown in Table 2 below.

Table 2 Forecast LGF spend relative to LGF allocation in 2016/17 (excludes retained schemes)

	(£m)
LGF allocation in 2016/17	82.270

Funding swaps to local partner programmes - Option 4 mitigation	12.660
Skills carry-forward from 2015/16	1.080
Total LGF available to spend in 2016/17	96.009
Total LGF forecast spend in 2016/17	76.932
Variance*	-19.078

*Difference between the total LGF available to spend in 2016/17 and the total planned spend in 2016/17.

4. Re-profiling of LGF spend by County Council/ Unitary Authority

- 4.1 Appendix 2 shows the financial monitoring for all LGF projects, including LGF Round 1, 2 and 3.
- 4.2 Whilst opportunities have been sought to reduce the level of LGF slippage during 2016/17, mitigation has been put in place through applying the four mitigation measures approved by the Board previously. These include:
- 4.2.1 **Option 1** -Bringing forward of planned future year LGF spend on schemes in the 2016/17 LGF programme;
- 4.2.2 **Option 2** – Bringing forward of 2017/18 LGF schemes to spend in 2016/17;
- 4.2.3 **Option 3** - Transfer of LGF spend on schemes between Partner authorities (this will be completed as a direct payment from SELEP Accountable Body to the Partner Authority, subject to SELEP Accountability Board agreement, under the grant payment process introduced in 2016/17); and
- 4.2.4 **Option 4** – Re-profiling of spend between LGF projects and Capital Programme projects.
- 4.3 The use of Option 4 has only been applied where there is no opportunity to apply Options 1, 2 or 3. The use of Option 4 remains unfavourable with Government and Federated Areas are encouraged to only apply Option 4 mitigation as a last resort.
- 4.4 Should none of the options 1 – 4 above be implemented, the alternative route will be for any LGF held by SELEP at the end of financial year to be carried forward from 2016/17 to 2017/18, within SELEP's accounts (Option 5).

- 4.5 Under the new Grant Payment Process, LGF is transferred to authorities each quarter, based on the LGF spend forecast. As a result of slippage to certain LGF projects, a proportion of the LGF allocation is currently held by SELEP.
- 4.6 Local Authorities are strongly encouraged to draw down from this LGF funding where they can demonstrate an ability to accelerate LGF spend on a project currently included in SELEPs Growth Deal programme. However, if there is LGF held by SELEP at the end of the financial year, Option 5 will be implemented.
- 4.7 The details of the LGF re-profiling and options to mitigate this underspend are set out below. The Board is asked to approve the reported slippage of LGF spend reported by local partners.

5. East Sussex re-profiling of LGF spend

- 5.1 The March 2017 LGF financial monitoring return shows a total planned spend of £9.811m LGF by the end of the financial year for projects in East Sussex, relative to a planned spend of £17.547m LGF in 2016/17 (as agreed in Q1 2016/17).
- 5.2 Since the last Capital Programme Report was received by the Board in February 2017, substantial LGF slippage has been reported for the Queensway Gateway Project and North Bexhill Access Road.
- 5.3 The delivery of the Queensway Gateway Project has not advanced as expected due to delays experienced during the planning process and in the discharge of planning conditions. As such, £3.460m LGF has been slipped from 2016/17 into 2017/18.
- 5.4 Similarly, North Bexhill Access Road has experienced project delays due to a change of design from a bridge to a culvert. The project is now due to complete in early summer 2017 and £1.590m LGF has been re-profiled from 2016/17 to 2017/18 to support the delivery of the project during next financial year.
- 5.5 The Board is asked to **approve** the net re-profiling of LGF spend for projects in East Sussex now amounts to £7.736m, as detailed in Appendix 1.
- 5.6 To help mitigate this underspend, at the last Board meeting in February 2017 the Board approved the acceleration of £300,000 LGF spend in 2016/17 for the East Sussex Strategic Growth Project.
- 5.7 The acceleration of LGF spend on East Sussex Growth Project will be used as Option 2 mitigation. The remaining LGF net slippage and any further re-profiling identified to the end of the financial year will be mitigated through applying Option 4 and Option 5.
- 5.8 No LGF spend will be drawn down from SELEP for the Coastal Communities Housing Intervention in Hastings during this financial year. The £25,000 LGF spend on the Coastal Communities Housing Intervention project in 2016/17 will

be mitigated using Option 2 and the LGF for this project will be held by SELEP between 2016/17 and 2017/18 as Option 5 mitigation.

6. Essex

- 6.1 The March 2017 LGF financial monitoring return shows a total planned spend of £8.010m LGF by the end of the financial year for projects in Essex (excluding retained schemes), relative to a planned spend of £10.366m LGF in 2016/17 (as agreed in Q1 2016/17).
- 6.2 Since the last LGF Capital Programme report was received by the Board in February 2017, an increase of LGF slippage has been reported for the Colchester Town Centre Project.
- 6.3 The total amount of LGF slippage between 2016/17 and 2017/18 for the Colchester Town Centre project now totals £0.796m. This slippage has occurred as a result of delays experienced to the delivery of the Lexden Road bus lane improvements. These works are now due to complete in 2017/18.
- 6.4 The Board is asked to **approve** the net re-profiling of LGF spend from 2016/17 to 2017/18 for projects in Essex amounts to £2.356m (excluding retained schemes), as detailed in Appendix 1.
- 6.5 At the last Board meeting it was reported that spend on the Basildon Integrated Transport Package would be accelerated to mitigate the LGF spend slippage in 2016/17. However the Business Case is currently being developed for this scheme and has not yet been approved by the Board. As such, an acceleration of LGF spend for this project is not feasible.
- 6.6 The forecast LGF slippage of £2.356m from 2016/17 to 2017/18 and any further re-profiling identified to the end of the financial year will be mitigated through an Option 4 Capital Swap.

7. Kent

- 7.1 The March 2017 LGF financial monitoring return shows a total planned spend of £29.827m LGF by the end of the financial year for projects in Kent, relative to a planned spend in 2016/17 for £34.670m LGF (as agreed in Q1 2016/17).
- 7.2 No additional slippages of LGF spend has been reported since the last Board meeting in February 2017.
- 7.3 The Board is asked to **approve** the net re-profiling of LGF spend to next financial year for projects in Kent amounts to £4.843m, as detailed in Appendix 1.
- 7.4 Of the £4.843m overall profiling of LGF spend between 2016/17 and 2017/18, £1.307m of this will be carried forward as Option 5, as the allocations to A26

Sturry Link Road or Ashford Spurs in 2016/17 were not drawn down in full and no LGF allocation was drawn down for the Coastal Communities Housing Intervention Project – Thanet.

- 7.5 It is expected that the remaining reported LGF slippage and any further re-profiling identified to the end of the financial year, will be carried forward as an Option 4 Capital Swap.

8. Medway

- 8.1 The March 2017 LGF financial monitoring return shows a total planned spend of £4.635m LGF by the end of the financial year for projects in Medway, relative to the total planned LGF spend in 2016/17 of £5.768m (as agreed at Q1 2016/17).
- 8.2 Since the last LGF Capital Programme report was received by the Board in February 2017, an increase of LGF slippage has been reported for the A289 Four Elms Roundabout to Medway Tunnel Journey Time Improvements Project and Medway City Estates Connectivity Improvements Measures.
- 8.3 The scale of the A289 Four Elms Project has been scaled back, as detailed in the report to the Board in November 2016. A revised spend profile has been developed to more closely align with the delivery timescale for the amended scope of the project, this includes the slippage of £0.680m from 2016/17 to 2017/18 and the extension of project delivery to 2019/20.
- 8.4 The Phase 1 of the Medway City Estate Connectivity Improvements measures are near completion and work is now underway to consider the interventions to be delivered as part of Phase 2.
- 8.5 Phase 2 of the project will focus on improving connectivity for all modes of transport and detailed design is due to progress during 2017/18. However, the specific interventions to be delivered as part of this package will depend to some extent on the outcomes of the detail design work which is currently being completed for A289 Four Elms Roundabout to Medway Tunnel Journey Time Improvements Project.
- 8.6 The delays experienced to the A289 Fours Elms project has therefore had a knock-on effect on the delivery of the Medway City Estate Connectivity Improvements Phase 2 Project and as such, £0.120m LGF has been re-profiled from 2016/17 to 2017/18.
- 8.7 The Board is asked to **approve** the net re-profiling of LGF spend to next financial year for projects in Medway amounts to £1.133m, as detailed in Appendix 1.
- 8.8 To mitigate this slippage, LGF spend has been accelerated on Strood Town Centre Journey Time and Accessibility Improvements, Medway Cycle Action Plan and Chatham Town Centre, as Option 1 mitigation. The accelerated LGF spend for Strood Town Centre and Medway Cycle Action Plan has increased

since previously reported to the Board, to offset the reduced LGF spend on A289 Four Elms in 2017/18.

8.9 The Board is asked to **approve** the acceleration of LGF spend in 2016/17 for:

8.9.1 Strood Town Centre Journey Time Improvements by £0.520m; and

8.9.2 Medway Cycle Action Plan by £0.150m.

8.10 SELEP is currently holding £1.133m LGF under Option 5 due to the previous spend forecast for Rochester Airport. The remaining underspend is balanced through the application of Option 1 mitigation, for the acceleration of existing LGF projects.

9. Southend

9.1 The March 2017 LGF financial monitoring return shows a total planned spend of £4.902m LGF by the end of the financial year for projects in Southend.

9.2 No additional slippages of LGF spend has been reported since the last Board meeting in February 2017.

9.3 The Board's is asked to **approve** the net re-profiling of £0.200m LGF spend from 2016/17 to 2017/18 for the Southend Central Area Action Plan (SCAAP) Transport Project.

9.4 The £0.200m LGF slippage on the Southend Central Area Action Plan (SCAAP) Transport Project will be mitigated through Option 4 mitigation.

10. Thurrock

10.1 The March 2017 LGF financial monitoring report shows a total planning spend of £7.735m LGF by the end of the financial year for projects in Thurrock.

10.2 The Board is asked to **approve** the net re-profiling of LGF spend to next financial year for projects in Thurrock amounts to £5.315m, as detailed in Appendix 1.

10.3 SELEP is currently holding £2.5m LGF under Option 5 for the Purfleet Centre due to the previous spend forecast.

10.4 It is expected that the remaining reported LGF slippage and any further slippages identified to the end of the financial year, for projects in Thurrock, will be carried forward as an Option 4 Capital Swap.

11. Skills Capital Projects

11.1 The LGF programme includes the allocation of £22m to Capital Skills projects.

- 11.2 In total, 29 projects have been approved by the Board, which fully allocates the £22m LGF, with an over-profiling of £14,661.
- 11.3 In 2015/16, a total of £9.923m was spent, with a further £12.011m forecast to be spent during 2016/17. A minor slippage of £0.080 LGF Capital Skills Project spend has occurred in relation to the South Downs College. Details of this slippage and an update on the LGF Capital Skills Programme are provided under Agenda Item 8.
- 11.4 The slippage of LGF spend for the South Downs College will be offset in part by the £14,661 over-profiling. Further details of the Skills Capital Programme Management are set out in the report considered under Agenda Item 8.

12. Department for Transport (DfT) Retained Projects

- 12.1 There are currently six projects identified as retained schemes for which LGF is received by the SELEP Accountable Body directly from the DfT. Reporting on project progress and the spend of the LGF allocation is provided directly to the DfT for these projects, rather than through the Cities and Local Growth Unit Team, as is the case for all other LGF projects.
- 12.2 In total, £101.657m LGF is allocated to the six DfT retained schemes over the life of the programme. This total value takes into account the reduced allocation in relation to A13 widening project, as detailed under Agenda Item 4. The Q1 2016/17 baseline position reported a planned LGF spend of £5.200m on DfT retained schemes in this financial year. The latest forecast spend position is of £6.527m for the year.
- 12.3 The Board is asked to **approve** the re-profiling of £5.215m LGF from 2016/17 to 2017/18 for projects in Thurrock, as detailed in Appendix 1.
- 12.4 The DfT has increased the amount of LGF receive by SELEP to support the accelerated spend on A127 Capacity Enhancements Road Safety and Network Resilience project by £2.387m LGF in 2016/17, as approved by the Board in January 2017.
- 12.5 It is expected that the re-profiling of £1.000m LGF for the A127 Kent Elms Corner and £0.060m LGF for the A127 Essential Bridge and Highways Maintenance will be carried forward by Southend - on – Sea Borough Council to next financial year.

13. Summary of Mitigation

- 13.1 Tables 3 below sets out the proposed mitigation to be implemented to offset the forecast slippage of LGF funding between 2016/17 to 2017/18.
- 13.2 The Board is asked to **approve** the proposed mitigation as set out in Table 3 below.

13.3 The proposed mitigation is in line with the five mitigation options set out in Section 6 above.

Table 3 LGF Slippage Proposed Mitigation

	Unmitigated Variance	Option 1	Option 2	Option 3	Mitigated Variance	Option 4	Option 5
East Sussex	-8.061	0.000	0.325		-7.736	7.069	0.667
Essex	-3.737	1.072	0.309		-2.356	1.689	0.667
Kent	-5.888	0.111	0.934		-4.843	3.536	1.307
Medway	-1.933	0.800			-1.133	0.000	1.133
Southend	-0.200				-0.200	0.200	
Thurrock	-5.215				-5.215	2.415	2.800
Skills	-0.065				-0.065		0.065
LGF Sub-Total	-25.099	1.983	1.568	0.000	-21.548	14.909	6.639
Retained	-0.973				-0.973	-0.973	0.000
Total LGF	-26.072	1.983	1.568	0.000	-22.521	13.936	6.639
Adjustments to bring to cash position							
Amounts to be funded through inter-authority swaps							0.490
2015/16 Option 4 deferred to later years							-0.374
Over-programme as agreed at June 2016							-2.471
Estimated cash held by AB at 31st March 2017							4.284

14. 2017/18 and future year LGF spend profile

- 14.1 SELEP has yet to receive confirmation of its LGF allocation for 2017/18 or future years of the Growth Deal programme.
- 14.2 The LGF Grant Offer Letter for 2017/18, which will confirm SELEP's LGF allocation in 2017/18 and the LGF provisional allocation for future years of the programme, is expected to be issued by Central Government's Cities and Local Growth Unit just before or after the meeting of the Board.
- 14.3 An early indication of SELEP's expected LGF allocation through the remaining duration of the Growth Deal (to 2020/21), has been provided informally by Government. This includes the provisional funding allocation for Growth Deal LGF Round 1, 2 and 3 projects.
- 14.4 The profile of this provisional LGF allocation is subject to change and exact amount of LGF to be transferred to SELEP from the Department for Community and Local Government in 2017/18 cannot be confirmed until the Grant Offer Letter is issued.
- 14.5 The 2017/18 spend forecast is brought to this Board meeting in advance of the 2017/18 LGF allocation having been confirmed to ensure that Quarter 1 LGF payments can quickly be transferred to local partners when received by SELEP in April 2017/18.

Table 4 SELEP Provisional Indicative Growth Deal LGF Allocation to 2020/21 (LGF 1, 2 and 3)

Provisional Growth Deal LGF 1, 2 & 3 Profile			
2017/2018	2018/2019	2019/2020	2020/2021
£92,718,917	£92,512,154	£55,069,699	£76,314,372

- 14.6 The provisional LGF allocation profile indicates that a relatively high proportion of the LGF Round 3 allocation will be received in 2020/21. SELEP has therefore requested to Government that a proportion of the LGF due to be received in 2020/21 is brought forward to 2019/20, to provide a more consistent annual LGF allocation and more closely aligning with the spend forecast for LGF projects.
- 14.7 Based on the indicative LGF allocation in 2017/18 of £92,718,917 and the £19.078m LGF expected to be brought forward from 2016/17 to 2017/18, it is expected that a total £111.179m will be available in 2017/18, as shown in Table 5 below.

Table 5 Expected funding available in 2017/18, relative to 2017/18 LGF spend forecast

	(£m)
LGF provisional allocation in 2017/18	92.719
LGF carried forward from previous years*	19.452
Total LGF available to spend in 2017/18	112.171
Total forecast spend in 2017/18	115.179
Variance**	-3.008

*Includes £0.374m 2015/16 Option 4 deferred to later years and £19.078m Option 4 and 5 mitigation from 2016/17

**Difference between the total LGF available to spend in 2016/17 and the total planned spend in 2016/17.

- 14.8 Based on the £92.719m LGF expected to be made available in 2017/18 and through discussions with local partners, an indicative LGF spend forecast has been developed. SELEP's planned LGF spend in 2017/18 and future years of the programme is summarised in Table 6 below and shown in detail in Appendix 1 and 2.

Table 6 Forecast LGF spend in 2017/18

	Forecast LGF	Forecast LGF
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	Spend in 2017/18 (£m)	spend 2018/19 - 2020/21 (£m)
East Sussex	25.694	28.498
Essex	18.472	56.965
Kent	29.050	57.342
Medway	12.294	21.372
Southend	12.640	19.450
Thurrock	8.650	17.155
<i>Skills</i>	0.080	0.000
<i>M20 Junction 10a</i>	8.300	11.400
LGF Sub-Total	115.179	212.182
Retained	30.764	62.953
Total Spend Forecast	145.943	275.135

14.9 The Board is asked to **agree** a planned LGF spend in 2017/18 of £115.179m, excluding DfT retained schemes and £145.943m, including DfT retained scheme, subject to SELEP receiving sufficient funding from Government in 2017/18, as per the amount indicated in the provisional funding profile set out in Table 6.

14.10 If the LGF received by SELEP in 2017/18 differs materially from the expected amount, shown in Table 4, a further decision will be sought from the Board at the next meeting on the 26th May before LGF is transferred to partner authorities.

14.11 Through discussions with local partners, requests have come forward for the re-profiling of LGF spend for certain projects. The re-profiling requests have been taken into account in the 2017/18 spend forecast set out in Table 6 and Appendix 2.

14.12 The current LGF spend forecast for 2017/18 shows a £3.008m over-profiling of the spend forecast relative to the LGF available.

14.13 In 2017/18 and 2018/19, the level of over-profiling increases to £13.008m in 2017/18 and £12.014m respectively, whilst in 2020/21 the available spend exceeds the spend profile by £36.751m.

14.14 It is recommended that the Board agree the LGF 2017/18 forecast despite this level of over-profiling. Based on the slippage of LGF spend which has been experienced through the delivery of LGF projects to date, it is likely that slippage of LGF spend in 2017/18 will occur to offset this over-profiling in 2017/18.

14.15 The over- profiling in 2017/18 will be managed through the quarterly transfer of LGF to local partners, based on project spend forecast and the quarterly financial reporting to the Board.

14.16 The Board will be kept informed of the risk presented by the over-profiling of LGF spend identified for 2017/18 to 2019/20, through updates to the LGF programme risks presented each quarter as part of the Capital Programme Update. The risk will be mitigated through the ongoing management of project spend profiles across the SELEP LGF programme.

15. LGF Project Change Update – A127 Fairglen Interchange

15.1 In January 2017, the Board were made aware of the proposed amended spend profile for the £15m LGF allocation to the DfT retained A127 Fairglen Interchange Project, to deliver improvements to the congested A127/A130 junction in South Essex.

15.2 The detail of the intervention is currently being developed and the project will be considered by the Board once a Business Case has been produced for the project. In considering the preferred option for the delivery of this project a risk has been identified for the project delivery timescale to extend beyond the Growth Deal period (to 2020/21).

15.3 The LGF Round 3 funding announcement has also confirmed the allocation of £6.235m to deliver a complimentary intervention to the north of the A127 Fairglen Interchange, known as the A127/A130 Fairglen Interchange link road.

15.4 On the 9th March 2017, a meeting was held between officers from the DfT, SELEP and Essex County Council to consider the delivery of these two projects and the impact of the LGF spend extending beyond the duration of the Growth Deal (2015/16 – 2020/21).

15.5 Following this meeting, a letter has been sent to the DfT to seek assurances that the LGF allocation to the project will not be lost due to the LGF spend extending beyond 2020/21 and to summarise the points agreed in the meeting. A copy of the letter is available in Appendix 3.

15.6 No decision is sought from the Board in relation to the project at this stage, but the Board will be kept informed on the projects process and the risk will be managed and reported to through the LGF Capital Programme Management Delivery and Risk updates received by the Board each quarter.

16. LGF Project Change – Hastings to Bexhill Movement and Access Package

- 16.1 A Change Request has been submitted by East Sussex County Council to combine the Hastings and Bexhill junction capacity improvements package and Hastings and Bexhill Local Sustainable Transport Fund (LSFT) walking and cycling package into a single package of transport infrastructure measures.
- 16.2 The two existing LGF projects are both currently allocated £6m LGF.
- 16.3 The Hastings to Bexhill Movement and Access Package will include extending and improving the local walking and cycling network, improving traffic management, public transport infrastructure and information, and enhancing the public realm. The total LGF allocation to the Hastings to Bexhill Movement and Access Package will total £12m.
- 16.4 The benefits to be achieved through the delivery of the Hastings and Bexhill Movement and Access package remain consistent with those expected to be achieved from the two separate interventions. The combining of the interventions into one LGF project will support the more efficient delivery of the project and will therefore support benefit realisation at a faster pace.
- 16.5 The delivery of these interventions and the benefits to be achieved from this transport infrastructure investment through the various elements of the package are independent on one another. It is therefore proposed that a single Business Case is developed for the project, with the project spend, delivery milestones and benefit realisation, being monitored for the overall Hastings and Bexhill Movement and Access Package, as one LGF project, rather than two separate LGF schemes.
- 16.6 It is therefore recommended that the Board **approve** the combining of the Hastings and Bexhill Junction Capacity Improvement Package and Hastings and Bexhill Walking and Cycling Package, to become the Hastings and Bexhill Movement and Access Package.
- 16.7 Should the Board approve the recommendations above, a Business Case will be brought forward through the Independent Technical Evaluation (ITE) process in 2017/18 for the Board to consider the approval of the Hastings to Bexhill Movement and Access Package.

17. Financial Implications (Accountable Body Comments)

- 17.1 Slippage on projects has increased since the last report and is predicted to increase again when all the final year-end adjustments have been processed, however it seems unlikely that large swings should occur in that period.
- 17.2 Given the levels of slippage in this and last financial years it is considered prudent that a level of over-programming is included in future year profiles.
- 17.3 As detailed above, final confirmation of grant allocation has not been received at time of publication. There is a risk that the current planned spend for next year may have to be reprofiled which could have significant impacts on projects. However, the likelihood of this occurring is considered slight.
- 17.4 It should be noted that if the two Hasting and Bexhill projects are combined, the increased value of the allocation to the combined project will exceed the £8m threshold for greater scrutiny and a more detailed and robust business case will need to be produced to ensure that Value for Money is presented.

18. Legal Implications (Accountable Body Comments)

- 18.1 There are no legal implications arising out of the recommendations set out in this report.

19. Staffing and other resource implications (Accountable Body Comments)

- 19.1 None

20. Equality and Diversity implications (Accountable Body Comments)

- 20.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 20.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

20.3 In the course of the development of the project business cases, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

21. List of Appendices

- 21.1 Appendix 1 - Financial monitoring
- 21.2 Appendix 2 - Summary LGF spend profile
- 21.3 Appendix 3 – A127 Fairglen Interchange Letter to DfT

22. List of Background Papers

- 22.1 None

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

Role	Date
Accountable Body sign off Lorna Norris On behalf of Margaret Lee	 23.03.17

Appendix 1 - LGF Financial Monitoring - East Sussex Scheme Summary

March 2017 update

LOGAS Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Forecast LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned LGF spend in 2017/18 (£m)	Notes
LGFSE2	Newhaven Flood Defences	East Sussex	9.000	1.500	0.300	0.800	0.800	0.000	0.400	
LGFSE23	Hailsham/Polegate/Eastbourne Sustainable Tr	East Sussex	3.530	2.100	0.000	0.000	0.000	0.000	1.500	
LGFSE24	Eastbourne and South Wealden Walking and C	East Sussex	10.560	8.600	0.600	0.750	0.400	-0.350	0.850	
LGFSE35	Queensway Gateway Road	East Sussex	6.000	6.000	1.419	4.581	1.121	-3.460	3.460	
LGFSE49	Swallow Business Park, Hailsham (A22/A27 Gr	East Sussex		1.400	0.505	0.895	0.895	0.000		
LGFSE50	Sovereign Harbour (aka Site Infrastructure Inv	East Sussex		1.700	0.530	1.170	1.170	0.000		
LGFSE51	North Bexhill Access Road and Bexhill Enterpri	East Sussex		16.600	6.410	6.190	4.600	-1.590	5.590	
	Hastings and Bexhill junction capacity improve	East Sussex		6.000	0.000	0.000	0.000	0.000	1.352	
	Hastings and Bexhill LSTF walking and cycling g	East Sussex		6.000	0.000	0.000	0.000	0.000		
	Eastbourne town centre LSTF access & improv	East Sussex		6.000	0.000	2.495	0.500	-1.995	2.500	
	A22/A27 junction improvement package	East Sussex		4.000	0.000	0.000	0.000	0.000		
	Coastal Communities Housing Intervention	East Sussex		0.667	0.000	0.667	0.025	-0.642	0.642	£666,667m held as Option 5
	East Sussex Strategic Growth Project	East Sussex		8.200	0.000	0.000	0.300	0.300	6.000	
	Devonshire Park	East Sussex		5.000	0.000	0.000	0.000	0.000	3.400	
Total			29.090	73.767	9.764	17.547	9.811	-7.736	25.694	

LOGAS Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes
LGFSE4	Colchester Broadband Infrastructure	Essex	0.529	0.200	0.200	0.000	0.000	0.000	0.000	
LGFSE25	Colchester LSTF	Essex	2.720	2.400	0.911	1.089	1.489	0.400	0.000	
LGFSE26	Colchester Integrated Transport Package	Essex	12.000	5.000	1.527	0.000	0.673	0.673	1.400	
LGFSE27	Colchester Town Centre	Essex	5.510	4.600	0.955	4.045	2.849	-1.196	0.796	
LGFSE28	TGSE LSTF - Essex	TGSE	3.044	3.000	2.131	0.869	0.869	0.000	0.000	
LGFSE31	A414 Pinch Point Package: A414 First Avenue	Essex	21.835	10.000	5.870	2.130	1.230	-0.900	2.900	
LGFSE32	A414 Maldon to Chelmsford RBS	Essex	3.500	2.000	1.000	1.000	1.000	0.000	0.000	
LGFSE33	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	3.000	0.409	1.566	0.591	-0.975	2.000	
LGFSE34	Basildon Integrated Transport Package	TGSE	13.810	9.000	1.546	0.000	0.000	0.000	1.868	
LGFSE36	Colchester Park and Ride and Bus Priority mea	Essex	7.500	5.800	5.800	0.000	0.000	0.000	0.000	
	A131 Chelmsford to Braintree	Essex	7.320	3.660	0.000	0.000	0.000	0.000	0.750	
	A414 Harlow to Chelmsford	Essex	7.320	3.660	0.000	0.000	0.000	0.000	0.000	
	A133 Colchester to Clacton	Essex	5.480	2.740	0.000	0.000	0.000	0.000	0.000	
	A131 Braintree to Sudbury	Essex	3.600	1.800	0.000	0.000	0.000	0.000	0.000	
	Chelmsford City Growth Area Scheme	Essex	15.000	10.000	0.000	0.000	0.000	0.000	0.500	
	Chelmsford Flood Alleviation Scheme	Essex	12.300	0.800	0.000	0.000	0.000	0.000	0.000	
	Beaulieu Park Railway Station	Essex	34.000	12.000	0.000	0.000	0.000	0.000	1.250	
	Coastal Communities Housing Intervention (Ja	Essex		0.667	0.000	0.667	0.309	-0.358	0.358	£666,667m held as Option 5
	Gilden Way Upgrading, Harlow	Essex		5.000	0.000	0.000	0.000	0.000	0.000	
	Technical and Professional Skills Centre at Star	Essex		3.500	0.000	0.000	0.000	0.000	1.000	
	Innovation Centre - University of Essex Knowle	Essex		2.000	0.000	0.000	0.000	0.000	1.000	
	STEM Innovation Centre - Colchester Institute	Essex		5.000	0.000	0.000	0.000	0.000	4.650	
	A127/A130 Fairglan Interchange new link road	Essex		6.235	0.000	0.000	0.000	0.000	0.000	
	M11 Junction 8 Improvements	Essex		2.734	0.000	0.000	0.000	0.000	0.000	

Total

158.468

104.796

20.349

11.366

9.010

-2.356

18.472

Appendix 1 - LGF Financial Monitoring - Kent Scheme Summary

March 2017 update

LOGAS Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes
LGFSE3	Kent and Medway Growth Hub	Kent & Medway	15.000	6.000	0.000	2.000	2.000	0.000	1.000	
LGFSE6	Tonbridge Town Centre Regeneration	Kent & Medway	2.700	2.503	1.833	0.567	0.670	0.103	0.000	Increase LGF allocation to the project by £103,000
LGFSE7	Sittingbourne Town Centre Regeneration	Kent & Medway	4.500	2.500	0.345	2.155	2.155	0.000	0.000	
LGFSE8	M20 Junction 4 Eastern Overbridge	Kent & Medway	5.690	2.200	0.488	1.712	1.712	0.000	0.000	
LGFSE9	Tunbridge Wells Jct Improvement Package (for	Kent & Medway	2.050	1.800	0.603	0.197	0.165	-0.032	0.632	
LGFSE10	Kent Thameside LSTF	Kent & Medway	8.214	4.500	2.051	0.849	0.448	-0.401	0.500	
LGFSE11	Maidstone Gyratory Bypass	Kent & Medway	5.740	4.600	0.704	3.896	3.896	0.000	0.000	
LGFSE12	Kent Strategic Congestion Management progr	Kent & Medway	4.800	4.800	0.863	0.737	0.610	-0.127	0.805	
LGFSE13	Middle Deal transport improvements	Kent & Medway	1.550	0.800	0.000	0.800	0.800	0.000	0.000	
LGFSE14	Kent Rights of Way improvement plan	Kent & Medway	1.300	1.000	0.193	0.207	0.138	-0.069	0.219	
LGFSE15	Kent Sustainable Interventions Programme	Kent & Medway	2.959	2.856	0.143	0.538	0.528	-0.010	0.500	Reduce LGF allocation to the project by £103,000
LGFSE16	West Kent LSTF	Kent & Medway	9.060	4.900	0.800	1.400	1.400	0.000	0.700	
LGFSE17	Folkestone Seafront : onsite infrastructure and	Kent & Medway	0.691	0.541	0.533	0.000	0.008	0.008	0.000	
LGFSE42	A28 Chart Road	Kent & Medway	32.800	10.200	0.885	1.115	0.801	-0.314	1.314	
LGFSE43	Maidstone Integrated Transport	Kent & Medway	11.850	8.900	0.000	1.300	0.715	-0.585	1.685	
LGFSE44	A28 Sturry Link Road	Kent & Medway	29.600	5.900	0.000	1.000	0.459	-0.541	0.315	£525,000 held by SELEP as Option 5
LGFSE45	Rathmore Road	Kent & Medway	9.500	4.200	1.562	2.638	2.638	0.000	0.000	
LGFSE46	A28 Sturry Rd Integrated Transport Package	Kent & Medway	0.550	0.300	0.022	0.024	0.024	0.000	0.254	
LGFSE47	Maidstone Sustainable Access to Employment	Kent & Medway	2.610	2.000	0.131	1.869	1.869	0.000	0.000	
LGFSE48	Ashford Spurs	Kent & Medway	10.500	9.800	0.000	2.000	0.924	-1.076	8.617	£116,000 held by SELEP as Option 5
tbc1	Thanet Parkway	Kent & Medway	16.500	10.000	0.000	0.000	0.000	0.000	4.000	
LGFSE59	Dover Western Dock Revival	Kent & Medway	5.000	5.000	0.000	5.000	5.000	0.000	0.000	
tbc16	Westenhanger Lorry Park (removed from Prog	Kent & Medway	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
LGFSE61	Folkestone Seafront (non-transport)	Kent & Medway	22.110	5.000	0.000	4.000	1.933	-2.067	3.067	
tbc24	A226 London Road/B255 St Clements Way	Kent & Medway	6.903	4.200	0.000	0.000	0.934	0.934	1.093	To be used as Option 2 mitigation
	Coastal Communities Housing Intervention (Th	Kent & Medway		0.667	0.000	0.667	0.000	-0.667	0.667	£666,666 held as Option 5.
	Dartford Town Centre Transformation	Kent & Medway		4.300	0.000	0.000	0.000	0.000	0.200	
	Fort Halsted	Kent & Medway		1.530	0.000	0.000	0.000	0.000	1.530	
	A2500 Lower Road	Kent & Medway		1.265	0.000	0.000	0.000	0.000	0.387	
	Kent and Medway Engineering and Design Gro	Kent & Medway		6.120	0.000	0.000	0.000	0.000	1.120	
	A2 off-slip at Wincheap, Canterbury	Kent & Medway		4.400	0.000	0.000	0.000	0.000	0.354	
	Leigh Flood Storage Area and East Peckham - u	Kent & Medway		4.636	0.000	0.000	0.000	0.000	0.091	
Total			212.177	127.417	11.156	34.670	29.827	-4.843	29.050	

Appendix 1 - LGF Financial Monitoring - Medway Scheme Summary

March 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Forecast LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes (2016/17)
LGF00018	A289 Four Elms Roundabout to Medway Tunn	KMEP	11.564	11.100	0.500	1.100	0.420	-0.680	2.335	Slippage of spend to be mititgated using Option 1
LGF00019	Strood Town Centre Journey Time and Accessi	KMEP	10.270	9.000	0.200	1.250	1.770	0.520	2.420	Option 1 acceleration of LGF
LGF00020	Chatham Town Centre Place-making and Publi	KMEP	7.699	4.000	0.871	0.818	0.938	0.120	2.191	Option 1 acceleration of LGF
LGF00021	Medway Cycling Action Plan	KMEP	2.900	2.500	0.229	1.000	1.150	0.150	1.121	Option 1 acceleration of LGF
LGF00022	Medway City Estate Connectivity Improvemen	KMEP	2.094	2.000	0.100	0.300	0.181	-0.120	0.100	Slippage of spend to be mititgated using Option 1
LGF00061	Rochester Airport - phase 1	KMEP	4.400	4.400	0.000	1.300	0.177	-1.123	2.827	£1.133m LGF underspend held as Option 5 by SELEP. £10,000 will be spent on the Project as Option 1 mitigation.
	Rochester Airport - phase 2	KMEP	3.700	3.700	0.000	0.000	0.000	0.000	0.300	
	Strood Civic Centre - flood mitigation	KMEP	3.500	3.500	0.000	0.000	0.000	0.000	1.000	

Total

46.127

40.200

1.900

5.768

4.635

-1.133

12.294

Appendix 1 - LGF Financial Monitoring - Southend Scheme Summary

March 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Forecast LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes
LGF00005	Southend Growth Hub	TGSE	7.092	6.720	0.018	0.702	0.702	0.000	0.000	
LGF00029	TGSE LSTF - Southend	TGSE	1.000	1.000	0.800	0.200	0.200	0.000	0.000	
LGF00045	Southend Central Area Action Plan (SCAAP) - T	TGSE	7.000	7.000	0.000	1.000	0.800	-0.200	2.200	
LGF00057	Southend and Rochford Joint Area Action Plan	TGSE	8.800	3.200	0.000	3.200	3.200	0.000	0.000	
	London Southend Airport Business Park	TGSE		19.89	0	0	0	0.000	10.440	
Total			23.892	37.810	0.818	5.102	4.902	-0.200	12.640	

Appendix 1 - LGF Financial Monitoring - Thurrock Scheme Summary

March 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes
LGF00030	TGSE LSTF - Thurrock	TGSE	1.000	1.000	0.800	0.200	0.200	0.000	0.000	
LGF00046	Thurrock Cycle Network	TGSE	6.000	5.000	0.000	1.750	0.935	-0.815	1.750	
LGF00047	London Gateway/Stanford le Hope	TGSE	12.050	7.500	0.000	1.000	0.700	-0.300	2.800	£0.3m held by SELEP as Option 5
LGF00052	A13 Widening - development	TGSE	5.000	5.000	0.000	5.000	5.000	0.000	0.000	
LGF00056	Purfleet Centre	TGSE	122.000	5.000	0.000	5.000	0.900	-4.100	4.100	£2.5m held by SELEP as Option 5 and remaining to be mitigated through Option 4
	Grays South	TGSE		10.840	0.000	0.000	0.000	0.000	0.000	
Total			146.050	34.340	0.800	12.950	7.735	-5.215	8.650	

Appendix 1 - LGF Financial Monitoring - DfT retained schemes

March 2017 update

LOGAS Code	Scheme Name	Promoter	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes
LGFSE37	A127 Fairglen Junction Improvements	Essex CC	19.348	15.000	0.000	0.000	0.000	0.000	0.000	
LGFSE38	A127 Capacity Enhancements Road Safety and	Essex CC	8.960	4.000	0.513	1.100	3.487	2.387	0.000	
LGF00081	A127 Kent Elms Corner	Southend	5.020	4.300	0.500	3.800	2.800	-1.000	1.000	
LGF00082	A127 The Bell	Southend	5.020	4.300	0.000	0.000	0.000	0.000	0.860	
LGF00083	A127 Essential Bridge and Highway Maintenan	Southend	8.000	8.000	0.400	0.300	0.240	-0.060	0.360	
LGF00084	A13 Widening	Thurrock (retained)		75.000	0.000	0.000	0.000	0.000	28.544	The reported total LGF allocation has been reduced.
Total			46.348	110.600	1.413	5.200	6.527	1.327	30.764	

Appendix 1 - LGF Financial Monitoring - Centrally Managed

March 2017 update

LOGAS Code	Scheme Name	Federated Area	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in March 2017) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and current forecast LGF spend) (£m)	Planned spend in 2017/18 (£m)	Notes
LGFSE1	Skills	SELEP wide	22.015	9.923	12.091	12.026	-0.065	0.080	£0.065 held as Option 5
	M20 Junction 10a	KMEP	19.700	0.000		0.000	0.000	8.300	

Total 41.715 9.923 12.091 12.026 -0.065

Appendix 2 - Summary LGF Spend Profile										Mar-17
Project Number	SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	All Years
		A2 off-slip at Wincheap, Cant	Kent	0.000	0.000	0.354	1.388	2.658		4.400
		Leigh Flood Storage Area and	Kent	0.000	0.000	0.091	1.500	1.500	1.545	4.636
Medway										
LGFSE18	LGF00018	A289 Four Elms Roundabout	Medway	0.500	0.420	2.335	4.100	3.745		11.100
LGFSE19	LGF00019	Strood Town Centre Journey	Medway	0.200	1.770	2.420	4.611			9.000
LGFSE20	LGF00020	Chatham Town Centre Place-	Medway	0.871	0.938	2.191				4.000
LGFSE21	LGF00021	Medway Cycling Action Plan	Medway	0.229	1.150	1.121				2.500
LGFSE22	LGF00022	Medway City Estate Connecti	Medway	0.100	0.181	0.100	1.620			2.000
LGFSE60	LGF00061	Rochester Airport - phase 1	Medway	0.000	0.177	2.827	1.396			4.400
		Rochester Airport - phase 2	Medway	0.000	0.000	0.300	0.370	1.780	1.250	3.700
		Strood Civic Centre - flood mi	Medway	0.000	0.000	1.000	2.200	0.300		3.500
Southend										
LGFSE5	LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.500	1.000	4.500	6.720
LGFSE29	LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000				1.000
LGFSE53	LGF00045	Southend Central Area Actior	Southend	0.000	0.800	2.200	2.000	2.000		7.000
LGFSE58	LGF00057	Southend and Rochford Joint	Southend	0.000	3.200	0.000				3.200
		London Southend Airport Bus	Southend	0.000	0.000	10.440	9.450			9.450
Thurrock										
LGFSE30	LGF00030	TGSE LSTF - Thurrock	Thurrock	0.800	0.200	0.000				1.000
LGFSE54	LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.935	1.750	1.500	0.815		5.000
LGFSE55	LGF00047	London Gateway/Stanford le	Thurrock	0.000	0.700	2.800	4.000			7.500
LGFSE56	LGF00052	A13 Widening - development	Thurrock (retained)	0.000	5.000	0.000				5.000
LGFSE57	LGF00056	Purfleet Centre	Thurrock	0.000	0.900	4.100				5.000
		Grays South	Thurrock	0.000	0.000	0.000		3.000	7.840	10.840
Centrally Managed										
LGFSE1		Skills		9.923	12.011	0.080				22.015
		M20 Junction 10a		0.000	0.000	8.300	11.400			19.700
Sub Total (Excluding Retained Schemes)				55.712	76.932	115.179	105.535	67.084	39.563	442.556
Provisional LGF Funding allocation (excluding retained sc				69.45	82.27023	92.71892	92.51215	55.0697	76.31437	468.3354
Funding swaps to local partner programmes - Option 4 and 5 mitigation				-12.660	12.660	19.078				
Skills carry-forward				-1.080	1.080					
Difference				-0.001	19.078	-3.382	-13.023	-12.014	36.751	25.779
Retained Scheme										
LGFSE37	LGF00079	A127 Fairglen Junction Impro	Essex	0.000	0.000	0.000		4.750	10.250	15.000
LGFSE38	LGF00080	A127 Capacity Enhancements	Essex	0.513	3.487	0.000	0.000	0.000		4.000
LGFSE39	LGF00081	A127 Kent Elms Corner	Southend	0.500	2.800	1.000				4.300
LGFSE40	LGF00082	A127 The Bell	Southend	0.000	0.000	0.860	3.440			4.300
LGFSE41	LGF00083	A127 Essential Bridge and Hig	Southend	0.400	0.240	0.360	1.000	3.000	3.000	8.000
	LGF00084	A13 Widening	Thurrock (retained)	0.000	0.000	28.544	20.236	17.277		66.057

Department for Transport,
Great Minster House,
33 Horse Ferry Road,
Westminster,
London, SW1P 4DR

13th March 2017

Dear Mr Robert Fox

Re: SELEP A127 Fairglen Interchange Local Growth Fund Project

Thank you for your time in meeting with officers from the South East Local Enterprise Partnership (SELEP) and Essex County Council (ECC) on the 9th March 2017, in relation to the A127 Fairglen Interchange Growth Deal Project. The meeting was very helpful in establishing principles for the development of the Business Case and delivery of the project, to ensure that the various funding streams do not affect the effective delivery of the project.

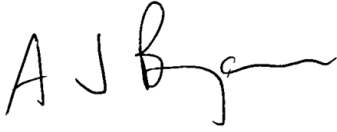
The short term LGF Round 1 scheme option at A127 Fairglen Interchange has been allocated £15.000m LGF and has been classified by the Department for Transport (DfT) as a retained project. The LGF Round 1 investment will provide capacity enhancements to the Fairglen Roundabout and the Rayleigh Spur. In addition, a £6.235m LGF Round 3 allocation has been made to the delivery of a new link road from the A130 to A127 (via the A1245); delivering additional, complimentary, benefits. It is intended that the LGF Round 1 project and Round 3 project will be delivered concurrently.

During the meeting it was agreed, in principle, that one Business Case will be developed for the project, incorporating the LGF Round 1 retained scheme project improvements and the new link road (LGF Round 3) project. This Business Case will consider and assess the costs and benefits of both interventions, through considering different project options and scenarios. The Business Case for the full project will be reviewed and considered for approval through DfT's processes. Once the project reached a delivery phase, opportunities will be sought to streamline the reporting, monitoring and post scheme evaluation for the project. The detail of these arrangements will be considered further as the project is brought forward for approval.

It has been noted that the timescale for the delivery of the project are likely to extend beyond the current Growth Deal and spending round (2020/21), based on the current delivery programme. This includes the current forecast for £9.4m LGF to be spent beyond the Growth Deal period, with the construction contract expected to be awarded in 2020/21 Q4 and project completion in Q1 2022/23. To enable the South East Local

Enterprise Partnership to agree the re-profiling of the LGF spend beyond the Growth Deal period, it would be of huge benefit to us if you could set out the process for this funding decision for this funding decision to be made by the DfT and provide assurances that the LGF will remain allocated to the project despite the extension of the projects delivery phase beyond the Growth Deal period.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'A J Bryan', with a long horizontal flourish extending to the right.

Adam Bryan

Managing Director
South East Local Enterprise Partnership

Report to Accountability Board	Forward Plan reference number: FP/AB/83
Date of Accountability Board Meeting:	31st March 2017
Date of report:	21st March 2017
Title of report: Skills Capital Programme Update	
Report by Louise Aitken, LEP Skills Lead	
Enquiries to Louise.Aitken@essex.gov.uk	

1. Purpose of report

- 1.1. To update the SELEP Accountability Board (the Board) on the latest position of the Skills Capital Programme, further to the update provided in February and to seek approval for slippage to the next financial year.

2. Recommendations

2.1. The Board is asked to:

- 2.1.1. **Note** the updated spend forecast for 2016/17;
- 2.1.2. **Note** the project delivery and risk assessment, as set out in paragraph 5;
- 2.1.3. **Note** the progress of Employability and Skills business cases within Local Growth Deal Round 3, as set out in paragraph 3.6.
- 2.1.4. **Approve** the slippage of funds as set out in paragraph 5, to the next financial year in the event that any college is not able to fully spend their grant allocation but has clear commitments in place to do so
- 2.1.5. **Approve** slippage of the remaining uncommitted skills funding at 31st March 2017, up to a maximum of £79,900, to the next financial year for South Downs College, Refurbishment of Laboratory space project, (subject to the approval of the Board of a full Business Case in May 2017).

3. Skills Capital Delivery summary

- 3.1 This financial year (2016/17) has seen substantial progress being made on the delivery of the Skills Capital; building from the success of the 2015/16 delivery.
- 3.2 As per the report to the Board in February 2017, the majority of remaining funding is on track to be spent in 2016/17. However, as of 17th March 2017, there is likely slippage of a net £65,239, and further explanation is provided

below. The risk of slippage was highlighted in the February report.

- 3.3 The net slippage is attributable to the planned allocation of £79,900 to Sussex Downs College, subject to a business case being approved by the Board in May 2017, less the £14,661 over-commitment to the skills capital fund which will need to be funded from the 2017/18 Local Growth Fund programme.
- 3.3 The original Skills Capital Programme allocation was £22m (with a current over-allocation of £14,661 agreed at the Board in September 2016). In 2015/17, a total of £9,923,350 was spent.
- 3.4 To date 29 projects have been approved by the Board across four funding rounds and work is well underway to deliver these projects.
- 3.5 An updated project expenditure and RAG status is included in appendix 1.
- 3.6 Beyond 2017, the SELEP Growth Deal Round Three includes three Employability and Skills projects; The Kent and Medway Engineering, Design, Growth and Enterprise Hub, the Technical and Professional Skills Centre at Stansted Airport and an Innovation Campus at Colchester Institute. Business cases are underway for the first two projects, with further information provided in appendix 2. Pending the assessment process, these will be presented to the May or September Accountability Boards for funding approval.

4. Background

- 4.1. Collectively the projects will deliver a significant number of qualifications, apprenticeships and provide industry relevant, leading edge facilities, aligned to LEP growth sectors.
- 4.2. As was reported in February, indicative figures illustrate that until 2021 across the projects there will be delivery of an additional 15,000 full time qualifications and 7,300 additional apprenticeships. Approximately 21,527m² of new and improved learning and training floor space and facilities will be in place by April 2017. Additional figures are being gathered for adult learners and employers supported through these facilities, which will be available for the May Board. A launch and showcase of all projects will be included at the LEP AGM / Skills and Social Inclusion event on 7th July.

5. Deliverability and Risk Approach

- 5.1. As of 17th March 2017, with the exception of the £79,900 slippage in the Sussex Downs College project, all projects are on track to spend in this financial year, with further information for projects over £500,000 still due to

claim before 31st March provided below. The status of all projects is provided in Appendix 1.

5.2. STEM Training at Braintree College, Colchester Institute (Round 1)

5.2.1. The total allocation for this project was £3,640,000 and £1,986,591 was claimed by 31 December 2016. A further £752,158.92 was claimed on 8th February 2017, leaving a balance of £901,250 outstanding. As of 17th March, Colchester Institute has advised that this will all be claimed within this financial year, with invoices due imminently.

5.2.2. The project overall (a new STEM Innovation Centre) is on track to be delivered with the building due to open by April 2017, with learners accessing the facilities in the same month. This project will deliver an additional 466 new learners per annum by 2018/19. 132 of these will be apprenticeships.

5.3. Extension to construction facilities in Folkestone, East Kent College (Round 3)

5.3.1. The total allocation for this project was £1,360,000 with £220,120 of this having been claimed so far. As of 16th March, East Kent College have confirmed that they are on track to have all claims made by 31st March 2017, with final invoices due imminently.

5.3.2. As per the February report, the project is on track to be delivered, with 42 additional apprenticeships to be delivered annually and 68 qualifications at levels 1-4.

5.4. Sussex Downs College: Refurbished Science Facilities (Round 1)

5.4.1. Sussex Downs College were awarded £159,400 towards total project costs of £478,320 (33%) in round 1 for refurbishing the reception / hub on the ground floor of the new STEM Centre and an alteration to the existing Science Laboratory at their Lewes Campus. As per the reports to the Board in January and February 2017, due to negotiations with builders and subcontractors, overall costs have reduced from £478,320 to £240,000. Accordingly, the SELEP's Skills contribution 33% contribution also reduced to £80,000, resulting in £79,440 surplus of the original £159,440 committed.

5.4.2. With regard to the £79,440 underspend, the Board agreed on 20th January 2017 that Sussex Downs could utilise this for their broader project, enhancing their first floor laboratory. This was subject to a full application and approval by the Board. As of 17th March, a full application has not yet been submitted. With requirement for independent evaluation and Board approval,

it is anticipated that this will be considered at the May Board at the earliest, if the application passes independent evaluation.

5.5. Mid-Kent College (three projects)

5.5.1. Mid Kent College have been awarded funding across three projects;

- Health Science Laboratory (Medway), £235,063
- Engineering Skills Growth Hub (Swale Skills Equipment), £198,500
- Transport and Logistics Skills Hub, £82,000

5.5.2 As was outlined in the February report, none of this has yet been claimed. As of 17th March, Mid Kent College have confirmed that they are on track to have all claims made by 31st March 2017.

5.5.3. Mid-Kent College have advised that there is a slight delay with the delivery of goods for the Engineering Skills Growth Hub. This is due to the size of equipment, requiring the machinery to be taken apart and doors to be widened in order to confirm. In order to cause minimum disruption to teaching, whilst spend will occur within this financial year, the equipment will be installed in the Easter Holidays. This still enables delivery against the original project outputs.

6. Financial Implications

6.1. SELEP's Skills Lead has worked with Accountable Body colleagues to monitor spend and identify any potential slippage. Further to the February Board, an updated financial summary and forecast has been produced and through which it has been possible to identify any project risks, projects on track to complete within 2016/17 and projects which completed.

6.2. A summary financial position is provided as appendix 1.

6.3. The current spend forecast for the skills programme is for majority of the £22.014m to be spent by end of 2016/17, with £9.9m having been incurred in 2015/16. The slippage highlighted above to this forecast will occur early in 2017/18, so that projects will deliver as planned. As is shown in Appendix 1, however, there is a significant amount of funding to be claimed by the colleges in advance of the end March which presents a risk to this forecast.

6.4. The current £14,661 over-commitment of the LGF allocation will need to be met by the 2017/18 wider Local Growth Fund Programme, unless

opportunities arise to reduce this amount within the Skills Capital allocation.

- 6.5. With regard to the projects being funded by LGF3, the Government has yet to confirm the profile for receipt of this funding by SELEP, which presents a risk to progressing these projects; however, at the point that they are brought forward for approval, it is anticipated that Government will have confirmed the profile for 2017/18 and provided an indicative profile for future years.

7. Legal Implications

- 7.1 The Local Growth Funding for the skills programmes is transferred to colleges under a grant agreement with the Accountable Body; should any slippage be required and subsequently approved for individual projects, an amendment to their grant agreements may be necessary.

8. Staffing and other resource implications

- 8.1 None

9. Equality and Diversity implications

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

10. List of Appendices

- 10.1. The following appendices are provided in support of this report:

Appendix 1 – Project Updates

Appendix 2 – Summary of SELEP Growth Deal Round Three Employability and Skills projects

11. List of Background Papers

1.1 None

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

Role	Date
Accountable Body sign off Lorna Norris On behalf of Margaret Lee	 23.03.17

Appendix 1

Project updates

Project	Award	Outstanding to claim (by 31 st March 2017)	RAG
Round one			
Harlow Advanced Manufacturing and Engineering Centre of Excellence (HAMEC),	£2,500,000	£0	Complete
Hadlow College Group (Ashford College),	£9,800,000	£0	Complete
STEM (Science, Technology, Engineering, Manufacturing) Training at Braintree College	£3,640,000	£901,250	Project on track
Refurbished Science facilities – Sussex Downs College	£159,440	£79,440*	Slippage approval sought re underspend of £79,440
Round one Total	£16,099,440	£980,690	
Round Two			
Science Hub, Writtle College	£38,806	£0	Complete
Harlow Advanced Manufacturing and Engineering Centre (HAMEC)	£346,572	£0	Complete
Centres of Excellence for Advanced Industrial Technologies and Engineering Manufacture – South Essex College	£73,475	£0	Complete
STEM Skills Training Equipment, Colchester Institute,	£161,687	£0	Complete
Round Two Total	£620,540	£0	
Extension to construction facilities in Folkestone, East Kent	£1,360,000	£1,047,038	Project on track

College			
Specialist Equipment for STEM Centre, Sussex Downs College	£74,914	£74,914	Complete
North Kent Dealership Centre, North Kent College	£141,850	£111,850	Project on track
Digital Labs for the Construction, Health and Social Care and Science Sectors, Harlow College	£350,000	£150,000	Project on track
Raising Essex STEM Skills to Higher Levels, Colchester Institute	£52,304	£0	Complete
Growing apprenticeship and skills training in engineering, Plumpton College	£88,474	£0	Complete
Advanced Construction, Infrastructure and telecoms, Procat College	£306,421	£0	Complete
Creating a Centre of Excellence for Logistics, South Essex College	£27,407	£0	Complete
Science to support the Health Professions, South Essex College	£148,972	£0	Complete
Specialist Equipment Ashford phase 1a, Hadlow Group	£427,500	£0	Complete
Health Science Laboratory, Medway, Mid Kent College	£235,063	£235,063	Project on track
Engineering Skills Growth Hub (Swale Skills Equipment), Mid Kent College	£198,500	£198,500	Project on track
Round Three Total	£3,411,405	£1,817,365	
Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction, Chelmsford College	£57,490	£0	Complete
Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further and Higher Education, Hadlow Group	£447,000	£0	Complete
Foundation Learning (Princess Christians Farm Campus) – Enhancing Specialist Facilities (Hadlow Group)	£385,000	£0	Complete
Transport and Logistics Skills Hub, Mid Kent College	£82,000	£82,000	Project on track
Thameside Jetty, North Kent College	£64,500	£0	Complete

Science and Engineering for Tree Management, Plumpton College	£140,000	£140,000	Project on track
Development of Construction Facilities in Basildon to support economic growth, South Essex College	£366,705	£0	Complete
The E-Hub, Harlow College	£116,783	£0	Complete
Swale Campus Construction Extension, Canterbury College	£223,798	£223,798	Project on track
Round Four Total	£1,883,276	£445,798	
TOTAL (All rounds)	£22,014,661	£3,243,853	

Appendix 2

Local Growth Round Three Employability and Skills Projects

Kent and Medway Engineering Design, Growth and Enterprise Hub (EDGE Hub)

- £6.1million for a new facility in Canterbury to support high value employment, growth and investment in Engineering and Technology.
- £14.8m investment by Canterbury Christ Church University.
- Working with Canterbury Christ Church University on a transformative 3,588m2 teaching and research centre with satellite facilities at the Discovery Park (Dover), Canterbury Christ Church's Medway Campus and other parts of Kent.
- Delivering technical and professional opportunities (from degree apprenticeships to doctoral programmes) in Engineering, Product Design and Technology.
- 67 direct and 56 indirect new jobs.
- 1250 additional student enrolments by 2024.
- Supporting 420 company research projects and 375 CPD learners.

March update: Kent County Council and SELEP are working with Canterbury Christ Church University to prepare a business case to progress to the next stage before the Gate review. A site visit is planned in April.

Technical and Professional Skills Centre at Stansted Airport

- £3.5m for a new Technical and Professional Skills Centre at Stansted Airport, led by Harlow College.
- £6.9m investment from Essex County Council and Stansted Airport (providing the site).
- The centre will provide training opportunities to meet skills gaps in aircraft engineering. It will offer programmes bridging acknowledged technical skills gaps from level 3 to 5 and match the growing skills needs of the Airport and wider area, set to increase with housing growth.
- Training to support future roles such as asset manager, logistical experts, engineers and technicians to support the development of the road, rail, air and digital infrastructure.
- 540 jobs created or safeguarded.
- 530 learners assisted.

March update: Essex County Council and SELEP are working with Harlow College to prepare a business case to progress to the next stage. If this successfully goes

through the assessment process, it will be presented for approval at the May Accountability Board.

STEM Innovation Campus, Colchester Institute

- £5m to enable the finalisation of the vision of a Centre of Advanced Technology for Braintree
- £4m match funding (including Essex County Council)
- Delivering skills aligned to employer need in sectors such as manufacturing, engineering, IT and digital
- 6,499 jobs created or safeguarded
- 5,520 learners assisted

March update: *In order to have the greatest possible impact, geographical reach and to respond to employer demand, Colchester Institute have been working with SELEP and Essex County Council on an updated business case reflective of both STEM and Health & Social Care to be situated in Braintree and Colchester campuses respectively. With a strong emphasis on STEM, it is proposed that this would offer specialism in the health and care sector which has current and growing skills shortages as well as complement the investments and STEM provision at Colchester Institute's Braintree campus. Colchester Institute will prepare a detailed business case outlining this proposal and following the assessment process, this is expected be presented to the September Accountability Board for approval.*

Report to Accountability Board	Forward Plan reference number: FP/AB/85
Date of Accountability Board Meeting:	31st March 2017
Date of report:	22 nd February 2017
Title of report:	Growing Places Fund update
Report by	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 To update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1 **Note** the updated position on the Growing Places Fund programme.

- 2.1.2 **Approve** the amended Growing Places Fund loan repayment schedule for the following projects in East Sussex, namely;

2.1.2.1 North Queensway; and

2.1.2.2 Priory Quarter

3. SELEP Growing Places Fund investments

- 3.1 GPF was established by the Department for Communities and Local Government and the Department for Transport in 2011, as a recycled loan scheme, with the aim of providing targeted investment in infrastructure to unlock development, particularly to 'kick-start' development at stalled sites.

- 3.2 In total, £49.210m GPF was made available to SELEP, of which £48.705m GPF has been allocated to date. These allocations include 13 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1,244m) and a small proportion was ring-fenced to support the activities of SELEP's Sector Groups; as agreed by the Strategic Board.

- 3.3 The schedule of repayments for GPF projects is agreed within each credit agreement between Essex County Council and the lead County/ Unitary Authority, as set out in Appendix 1.

- 3.4 Of the 13 capital infrastructure projects allocated GPF funding, GPF has now been drawn down and invested in 10 of these projects. The three projects which have been allocated GPF, but have not yet drawn down this investment are:
- 3.4.1 Harlow West Essex (£3.5m GPF)
 - 3.4.2 Discovery Park (£5.3m GPF)
 - 3.4.3 Live Margate (£5m GPF)
- 3.5 Legal agreements are currently being developed for these three projects and it is expected that the funding will be drawn down in 2017/18.
- 3.6 As agreed at Strategic Board on the 3rd March, where existing LGF allocations are not draw down and invested within reasonable timescales, then a further funding decision will be sought from the Board. As such, the progress on these existing GPF projects will be monitored and reported to the Board on a quarterly basis.

4. Growing Places Fund Project Delivery

- 4.1 The detail of GPF project delivery to date is shown in Appendix 2.
- 4.2 Eight GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. To date, it is reported that 849 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix 3.
- 4.3 It is expected that the project benefits extend beyond the direct job creation and housing benefits captured through the current reporting.
- 4.4 Repayments are now being made from this initial GPF investment. There are five projects which have made repayments to date, including Chelmsford Urban Expansion that has now repaid the £1m GPF loan in full.
- 4.5 The re-payments made to date total £2.765m, with a further £2.505m expected to be repaid by the end of 2016/17. A majority of these repayments are due to be received by the end of 2016/17. However, a delay to the loan repayments for North Queensway and Priory Quarter in East Sussex has been reported.
- 4.6 The Board is asked to **approve** the amended re-payment schedule, as shown in Table 1 for:
- 4.6.1 North Queensway; and

4.6.2 Priory Quarter

Table 1 Amended GPF loan re-payment schedule (£000)

	Paid to	Due Q4					Total
	Date	2016/17	2017/18	2018/19	2019/20	2020/21	
Priory Quarter - Original	0	400	400	400	400	5,400	7,000
Priory Quarter - Revised	0	65	65	735	735	5,400	7,000
Movement	0	-335	-335	335	335	0	0
North Queensway - Original	1,000	500					1,500
North Queensway - Revised	1,000	0	500				1,500
Movement	0	-500	500	0	0	0	0
Total Movement	0	-835	165	335	335	0	0

- 4.7 Table 1 above shows the delayed repayment of GPF by £335,000 in 2016/17 and a further delay by an equal amount in 2017/18, with these repayment being delayed to 2018/19 and 2019/20.
- 4.8 The expected final £500,000 repayment for North Queensway in 2016/17 has also been reported as being delayed from 2016/17 to 2017/18.
- 4.9 The GPF investment in these two projects in Hastings was made to support the delivery of new commercial office and industrial space.
- 4.10 The £7m GPF loan for Prior Quarter has been invested directly in delivering new office space. Whilst this commercial space has been delivered, there was initially a slow take-up for tenancies at the site. The developers, Sea Change Sussex are now in contract negotiations with a large organisation to take sole occupation of the building.
- 4.11 There is likely to be an initial rent free period at the Prior Quarter site, as part of the contract, which will result in delays to the repayment of the loan. It is envisaged by East Sussex County Council that the full repayment will be made by 2019/20, as per the profile shown in Table 1.
- 4.12 Similarly, the junction improvement infrastructure and preliminary site infrastructure funded, in part, through the £1.5m GPF loan to the North Queensway site has now been delivered. However, the commercial development at the site has not yet materialised.
- 4.13 Heads of Terms have been agreed with two potential tenants of the North Queensway site and a planning application has been submitted for the delivery of commercial development. Once planning approval has been granted then the delivery and let of the commercial space will provide the source of the loan repayment.

4.14 There is a risk that further slippage may occur, as the commercial office/industrial space at the North Queensway Business Park has not yet been delivered. This may further delay the expected £500,000 loan re-payments for the project.

5. Reinvestment of GPF

5.1 At the last Strategic Board, it was agreed that the GPF loan re-payments would be re-invested as a continued recycle loan scheme.

5.2 A phased approach to the re-investment of GPF will take place following the development of SELEP's new Strategic Economic Plan to ensure that the reinvestment of the limited GPF is targeted at projects which closely align with SELEP's strategic objectives.

5.3 Previously GPF has been awarded at zero percent interest. At the Strategic Board meeting it was agreed that options to charge interest would be considered. However, the project will continue to support those projects which have typically struggled to secure private sector loan investment. As such, the types of projects which have been delivered using GPF are inherently more commercially risky and loan repayment mechanisms less secure.

5.4 However, to ensure that GPF is available for reinvestment, existing GPF projects must make repayments as per the schedule agreed within the credit agreement, or this will inhibit further investments being made.

5.5 The delay to the repayments on the two East Sussex projects will therefore impact on the amount of GPF available for re-investment over the next three years.

6. Financial Implications (Accountable Body Comments)

- 6.1 The proposals in place to recycle the GPF repayments that have been made are positive and the Accountable Body support the implementation of a transparent and proportionate approach in line with the requirements of the Assurance Framework. The planned delay in repayment of the two projects listed above will clearly reduce the amount available for reinvestment in 2017/18.
- 6.2 It should also be noted that delayed repayments on investments made on an interest-free basis will further erode the true value of the fund over time; this presents a risk to the on-going sustainability of the fund as a recyclable loan scheme.
- 6.3 The Accountable Body will continue working with the SELEP secretariat to provide support and advice with regard to monitoring repayments on-going and the plans for reinvesting the funds.

7. Legal Implications (Accountable Body Comments)

- 7.1 Each project awarded GPF has entered into a credit agreement with the Accountable Body. This sets out the terms and conditions of the GPF and the schedule upon which repayments against that loan must be paid. Projects awarded GPF going forward will also be expected to enter into similar credit agreements.
- 7.2 Where there are changes to the agreed repayment schedules set out in the respective Credit Agreements with the Upper Tier Authority, these will need to be reflected in a corresponding Deed of Variation.

8. Staffing and other resource implications (Accountable Body Comments)

- 8.1 None

9. Equality and Diversity implications (Accountable Body Comments)

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

- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 9.3 In the course of the development of the Project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

Role	Date
Accountable Body sign off	
Lorna Norris	23.03.17
On behalf of Margaret Lee	

10. List of Appendices

- 10.1 Appendix 1 – Growing Places Fund repayment schedule
- 10.2 Appendix 2 – Growing Places Fund Project Summary
- 10.3 Appendix 3 – Benefit Realisation

11. List of Background Papers

- 11.1 None

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

**South East LEP
Growing Places Fund Repayment Schedule**

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid to Date
Revenue admin cost drawn down	n/a	2	2	
Harlow EZ Revenue Grant	n/a	1,244	717	
Priory Quarter Phase 3	East Sussex	7,000	7,000	-
North Queensway	East Sussex	1,500	1,500	1,000
Rochester Riverside	Medway	4,410	4,410	-
Chatham Waterfront	Medway	2,999	2,999	-
Bexhill Business Mall	East Sussex	6,000	6,000	25
Parkside Office Village	Essex	3,250	3,250	540
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000
Grays Magistrates Court	Thurrock	1,400	1,400	200
Sovereign Harbour	East Sussex	4,600	4,600	-
Workspace Kent	Kent	1,500	1,437	-
Harlow West Essex	Essex/Harlow	3,500	-	-
Discovery Park	Kent	5,300	-	-
Live Margate	Kent	5,000	-	-
Totals		48,705	34,315	2,765

To end of 2016/17	2017/18 total	2018/19 total	2019/20 total	2020/21 total	2021/22 total	Total
Q4						
					-	-
	-	-	-	-	-	-
400	400	400	400	5,400	-	7,000
500	-	-	-	-	-	1,500
-	110	130	1,650	2,520	-	4,410
-	-	-	2,999	-	-	2,999
200	300	500	4,975	-	-	6,000
1,080	1,630	-	-	-	-	3,250
-	-	-	-	-	-	1,000
300	300	300	300	-	-	1,400
25	200	300	475	400	3,200	4,600
221	148	448	508	112	-	1,437
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,726	3,088	2,078	11,307	8,432	3,200	33,596

Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Priory Quarter Phase 3	East Sussex	Provision of 2,323 sqm of high quality office premises at Priory Quarter in Hastings town centre to meet the needs of expressed private sector employer interest wishing to expand their operation in the town.	Round 1	GPF invested and project complete. Repayments are scheduled to start, but are expected to be delayed, as detailed in the report.	7,000					
North Queensway	East Sussex	Construction of a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000 sqm (gross) of high quality industrial and office premises	Round 1	GPF invested and project complete. £1m GPF has been repaid, but the repayment of the remaining £0.5m is expected to be delayed as detailed in the report.	1,500					
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principle access road, public space and site gateways.	Round 1	GPF invested and project is currently being delivered. Developers for the site have been identified and outline masterplan is being prepared and detailed planning application for Phase 1.	4,410					
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for Chatham Waterfront Development.	Round 2	GPF invested and project being delivered. Outline planning application has been submitted for the development. Still awaiting decision but looking to market the site in 2017.	2,999					
Bexhill Business Mall	East Sussex	The delivery of 2,490 sqm managed workspace facility.	Round 3	GPF invested, project complete and repayments are being made	6,000					
Parkside Office Village	Essex	Initial phase of business space targeting SMEs as part of a 42 acre business and R&D park on the University of Essex campus in Colchester	Round 1	GPF invested, project complete and repayments are being made	3,250					

Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	Round 1	GPF invested, project complete and GPF has been repaid in full.	1,000					
Grays Magistrates Court	Thurrock	Conversion of the Magistrates Court into office accommodation	Round 3	GPF invested, project complete and repayments are being made	1,400					
Sovereign Harbour	East Sussex			GPF invested, project complete and repayments expected to start.	4,600					
Workspace Kent	Kent	Contribution to a challenge fund co-financed by Kent County Council and GPF, to which private developers and organisations in the public and third sectors can apply for loan funding matched with other sources of investment to bring forward business premises that would otherwise not be developed in the current economic circumstances.	Round 2	GPF invested, project complete and repayments expected to start.	1,500					
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Round 1	Working to completion of agreements	3,500					
Discovery Park	Kent			Working to completion of agreements	5,300					
Live Margate	Kent	A self sustaining cycle of investment and re-investment that will regenerate the housing market in Margate through the development of existing homes dominated by poor quality, multi occupied, poorly managed private homes and replacing it with a quality balanced mixed tenure offer	Round 1	Working to completion of agreements	5,000					
Revenue admin cost drawn down	n/a			n/a	2					

Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Harlow EZ Revenue Grant	n/a			n/a	1,244					
Totals					48,705	10	10	8	5	1

Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Upper Tier	Description	Current Status	Outputs defined in Business Case		Outputs delivered to date		
				Jobs	Houses	Jobs	Houses	Other
Priory Quarter Phase 3	East Sussex	Provision of 2,323 sqm of high quality office premises at Priory Quarter in Hastings town centre to meet the needs of expressed private sector employer interest wishing to expand their operation in the town.	GPF invested, project complete and repayments expected to start.	440	0	67		The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries recieved since opening. Once fully let the building is still forecast to create the 440 jobs in the business case.
North Queensway	East Sussex	Construction of a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000 sqm (gross) of high quality industrial and office premises	GPF invested, project complete and repayments are being made	6	0	0	0	
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principle access road, public space and site gateways.	GPF invested and project is currently being delivered. Developers for the site have been identified and outline masterplan is being prepared and detailed planning application for Phase 1.	402	450	0	0	
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for Chatham Waterfront Development.	GPF invested and project being delivered. Outline planning application has been submitted for the development. Still awaiting decision but looking to market the site in 2017.	211	159	0	0	River Walk - Improvements to approximately 600m of pedestrian footpath have been made. Chatham Big Screen - Installation of a large digital screen for local and national news, events, entertainment and culture, adjacent to Chatham Waterfront Development Site. Sun Pier pontoon, phase 1 - Improvement works to Sun Pier Pontoon.

Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Upper Tier	Description	Current Status	Outputs defined in Business Case		Outputs delivered to date		
				Jobs	Houses	Jobs	Houses	Other
Bexhill Business Mall	East Sussex	The delivery of 2,490 sqm managed workspace facility.	GPF invested, project complete and repayments are being made	299	0	125	0	The Bexhill Business Mall (Glover's House) project is now complete and has delivered 2345sqm of high quality office space. The building is 100% let to a single occupier and has currently provided space for 125 jobs.
Parkside Office Village	Essex	Initial phase of business space targeting SMEs as part of a 42 acre business and R&D park on the University of Essex campus in Colchester	GPF invested, project complete and repayments are being made	169		120		Parkside Office Village Phase 1 1100 sq ft of lettable space (completed June 2014). University are 100% let or under offer. Parkside Office Village Phase 1a 3,743 sq ft of lettable space (completed September 2016). 100% let.
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	GPF invested, project complete and GPF has been repaid in full.	2,105		365		
Grays Magistrates Court	Thurrock	Conversion of the Magistrates Court into office accommodation	GPF invested, project complete and repayments are being made	200		69		1879 sq. m. of refurbished office accommodation and business space has been delivered. Refurbishment work was completed in December 2015. Since that date take up of office units has been in line with the targets that were set at the outset and in September 2016 the number of people employed on site was 38 with 5 virtual tenants.

Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Upper Tier	Description	Current Status	Outputs defined in Business Case		Outputs delivered to date		
				Jobs	Houses	Jobs	Houses	Other
Sovereign Harbour	East Sussex		GPF invested, project complete and repayments expected to start.	299		55		The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2345sqm of high quality office space. This is currently 37% let with over 126 enquiries recieved since opening.
Workspace Kent	Kent	Contribution to a challenge fund co-financed by Kent County Council and GPF, to which private developers and organisations in the public and third sectors can apply for loan funding matched with other sources of investment to bring forward business premises that would otherwise not be developed in the current economic circumstances.	GPF invested, project complete and repayments expected to start.	183		48	0	Maidstone Studios Hub and The Folkestone Business Hub CIC have been delivered. The Capital Enterprise Centres hub has secured planning permission and GFP due to be defrayed.
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Working to completion of agreements	4,000	1,200	0	0	
Discovery Park	Kent		Working to completion of agreements	130	0	0	0	
Live Margate	Kent	A self sustaining cycle of investment and re-investment that will regenerate the housing market in Margate through the development of existing homes dominated by poor quality, multi occupied, poorly managed private homes and replacing it with a quality balanced mixed tenure offer	Working to completion of agreements	0	66	0	0	
Totals				8,444	1,875	849	0	

Report to Accountability Board	Forward Plan reference number: FP/AB/89
Date of Accountability Board Meeting: 31 st March 2017 Date of report: 15 th March 2017	
Title of report: Finance Update – SELEP Core Budget	
Report by: Suzanne Bennett	
Enquiries to: Suzanne.bennett@essex.gov.uk	

1. Purpose of report

- 1.1. The purpose of this paper is to present the Secretariat budget for 2017/18 to Accountability Board (the Board) for approval

2. Recommendations

- 2.1. Accountability Board is asked to approve the SELEP Secretariat revenue budget as at Table 1.

3. Background

- 3.1. At the meeting of Accountability Board held on 20 January 2017, the Local Authority members confirmed that their contributions of a total £200,000 would be available in financial year 2017/18.
- 3.2. Following that confirmation, SELEP Secretariat and the Accountable Body were able to submit an application for a further year of Central Government support of £500,000 having been able to demonstrate match of £250,000 as required by BEIS.
- 3.3. Whilst final confirmation of the Central Government Core Grant has not yet been issued, we are confident that the requirements have been met and therefore we are submitting the SELEP Core Budget for approval.
- 3.4. The budget has been set using a zero based budgeting approach. Further specific revenue grants are likely to be available in next financial year and a report on specific grants will be tabled for the Board's consideration at their May meeting.
- 3.5. The specific grants include support for Growth Hubs which is currently forecast to be £656,000 as in 2016/17 and some small amounts to support the Skills agenda from the Careers Enterprise Company and the Skills Funding Agency.

Table 1

	17/18 Budget	16/17 Budget	Movement	Movement
	£000	£000	£000	%
Staff salaries and associated costs	562	464	98	21.13%
Staff non salaries	32	18	14	77.78%
Recharges (incl. Accountable Body)	64	106	(42)	-39.66%
Total staffing	658	588	70	11.90%
Meetings and admin	45	40	5	12.50%
Chairman's allowance	20	20	-	0.00%
Consultancy and sector support	253	258	(5)	-1.94%
Total other expenditure	318	318	-	0.00%
Total expenditure	976	906	70	7.73%
Grant income	(500)	(500)	-	0.00%
Contributions from partners	(200)	(200)	-	0.00%
External interest received	(155)	(206)	51	0.00%
Total income	(855)	(906)	51	-5.63%
Net expenditure	121	-	121	0.00%
Contributions to/from reserves	(121)	-	(121)	0.00%
Final net position	-	-	-	0.00%

- 3.6. The proposed expenditure budget has increased by £70,000 or 7.7% from 2016/17. The additional costs are mostly within the Staffing budget.
- 3.7. The recharges from the Accountable Body have reduced over last year's base budget as those costs will be partially offset through a recharge of £50,000 to the GPF revenue grant. At time of setting the 2016/17 budget it was assumed that the GPF revenue grant would be entirely subsumed within the SEFUND vehicle.
- 3.8. The Secretariat staffing budget has increased over last year. The Secretariat continues to be one of the smallest Secretariats of all the LEPs despite supporting the largest LEP, for example New Anglia has support of 18 staff. The role for LEPs for the forthcoming year is influenced by the changing national policy picture such as the Industrial Strategy which is creating increased resource requirement.
- 3.9. In addition to the national picture, the Chairman of the LEP has been clear on the need for SELEP to work with a wider group of partners where there are shared agendas, such as universities engagement, the Lower Thames Crossing and Innovation. Partners and SELEP Strategic Board members have indicated that they want a strengthened role for the working groups. In

order to resource this additional work an additional post of Strategy Manager is necessary. This will also ensure that the Secretariat can be on the front foot and proactively work with Government.

- 3.10. The new Assurance Framework also has created resource demand on the Secretariat. There are a number of activities that must take place within stated deadlines to ensure that SELEP meets its governance requirements.
- 3.11. The staff non-salaries budget has increased to reflect the overspend in the current year on mileages and travel. Whilst the Managing Director and the team as a whole do endeavour to make the most efficient journeys, the size of the LEP is reflected in these costs. The Secretariat is recommended to continue to car-share, use the most economic routes/fares and utilise teleconferencing facilities where ever possible.
- 3.12. As agreed with Strategic Board, sectoral support will now be funded through the application of the GPF revenue grant on a bid basis and there is no allocation for sectoral support within the core budget.
- 3.13. The budget for interest receipts is reduced in 2017/18 as the LGF grant due from Government is planned to reduce from £82m in 2016/17 to £68m in 2017/18. However, this does not include any inclusion of funding for LGF Round 3 approved projects. Conversations are currently underway with Government to agree the profiling of this funding which may favourably impact the external interest receipt over the course of the year.
- 3.14. It is currently forecast that the opening balance of the General Reserve will be £221,000 at 1st April 2017. As previously agreed with Board, £100,000 of that reserve is held to cover any close-down costs that might arise should the LEP cease to function. The remaining £121,000 is budgeted to be fully utilised in the year.

4. Financial Implications (Accountable Body Comments)

- 4.1. The budget has been built in conjunction with the Accountable Body and is deemed sufficient to cover the work planned for the forthcoming year.
- 4.2. Given local funding pressures and Government's desire for LEPs to become as sustainable as possible, work should commence looking at the cost base and other potential revenue streams, including discussions with Government on the revenue support and funding they make available. It is advised that options are discussed with partners at the Accountability Board meeting to be held around the middle of the financial year (either September or October).

5. Legal Implications (Accountable Body Comments)

- 5.1. None at present.

6. Staffing and other resource implications (Accountable Body Comments)

6.1. None

7. Equality and Diversity implications (Accountable Body Comments)

7.1. None

8. List of Appendices

8.1. None

9. List of Background Papers

9.1. None

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

Role	Date
Accountable Body sign off	
Lorna Norris	23.03.2017
On behalf of Margaret Lee	

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	31st March 2017
Date of report:	14th March 2017
Title of report: Assurance Framework Implementation Update	
Report by:	Adam Bryan
Enquiries to:	adam.bryan@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this paper is to make the Accountability Board (the Board) aware of progress made by the SELEP executive team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This is to follow on from the presentation provided to the SELEP Strategic Board on 3rd March 2017.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **note** both progress to date and that progress reports will be prepared for the following Board meetings until such point as the changes are fully implemented. *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;*
- 2.1.2 **approve** that the Board papers, minutes and Forward Plan, as defined in paragraph 3.2.1 is made available on partner websites; and
- 2.1.3 **recommend for ratification at the next Strategic Board** that any paid Strategic Board member expenses are made publically available, via the website.

3. Background

- 3.1 A verbal update provided on 31st March 2017 will reflect further progress. It is currently planned that the SELEP team will report to all 2017 Board meetings (inclusive of this one) with the intention that all required changes will be fully implemented as soon as possible.
- 3.1 There are two points of best practice which are also seeking approval to progress:

3.1.1 That links to the SELEP Forward Plan, agenda and minutes of Board and meetings are made available on all upper tier authority committee webpages; and

3.1.2 That Strategic Board member expenses are published on the SELEP website.

3.3 The table below provides a summary version of work required to implement the new Assurance Framework for SELEP

Requirement	Responsibility	Priority	Status
SELEP secretariat to work with Federal Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	High	Ongoing
Refresh of Assurance Framework to be a standing item to the last Strategic Board meeting of each calendar year.	SELEP	Low	Planned
Each group to ensure that their terms of reference has been updated to reflect the requirements of the Assurance Framework.	Federated Board / Working Groups	Medium	Ongoing
A best practice review undertaken annually as part of the review of the Assurance Framework.	SELEP	Low	Planned
Appoint an additional strategic board member from the Social Enterprise group that is to be established.	SELEP	Medium	Ongoing
Federated Boards to determine and evidence own recruitment process for membership.	Federated Board	Medium	Part completed
Federated Boards will publish their meeting details and minutes on either their own or SELEP's website	Federated Board / SELEP	Medium	Ongoing
Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	Medium	Ongoing
The standard business case template includes space for promoters to explain how work is within Equality Act 2010.	SELEP	Medium	Ongoing
A section to be added to the website to address issues of governance, for example: the policy for public questions; conflicts of interest; communications and complaints to the LEP	SELEP	High	Ongoing

A link to Accountability Board papers to be available for all upper tier authorities	SELEP	High	Completed
All key decisions are published on the Forward Plan and available on the SELEP and upper tier authorities websites	SELEP	High	Ongoing
Draft minutes of all Accountability Board and Strategic Board meetings are publicly available on SELEP website no more than 10 days after the meeting	SELEP	Medium	Ongoing
Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	Medium	Not started
All members of Strategic or Accountability Board are required to complete a Declaration of Interest form	SELEP / Board Members	High	Almost completed
Declaration of Interest forms to be published on website	SELEP	High	Planned
All declarations of interest reviewed annually	SELEP	High	Planned
Declaration of interest to be noted from outset of each meeting	Board Members	High	Complete
A section is to be included in the standard business case template for promoters to set out how they will maximise social value.	SELEP	Medium	Being developed with support from ITE
Accountability Board reports where funding is sought or changes are to be agreed will include a reporting table to confirm requirements are met.	SELEP	Medium	Being implemented
The phasing of investments will be reflected in report templates for funding requests to Accountability Board.	SELEP	Medium	Included in existing Business Case template and to be included in the revised template.
A process for implementing the prioritisation methodology will be agreed by the Strategic Board	SELEP	Very High	Not started
Any pan-LEP priority projects will be reviewed by the Strategic Board	SELEP	Medium	Planned
Each Federal Board shall ensure that they apply the prioritisation process as approved	SELEP / Federated	High	Will be implemented through next

by Strategic Board	Areas		prioritisation exercise.
A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	Very High	Ongoing
All Strategic Outline Business Cases will use the Business Case Template	Federated Area	High	Will be put in place through the next funding opportunity.
The business case template to include confirmation of approval by the Federal Board.	SELEP	High	Included in existing Business Case template and to be included in the revised template.
The Gate 2 Outline Business Case for the project will be published on the SELEP website when it is submitted to the Secretariat	SELEP / Federated Areas	High	Ongoing
Projects completing a Gate 4 and 5 review, the full business case will be published at least one month in advance of the Accountability Board meeting	SELEP / Federated Areas	High	Ongoing
Value for money section to be reflected in the standard reporting template for Accountability Report funding approvals and changes.	SELEP	High	Being implemented
SELEP will identify a named individual with overall responsibility for ensuring value for money for all projects and programmes.	SELEP	Medium	Complete – Accountability Board Chairman
SELEP will identify a named individual (which may be a different person) responsible for scrutiny of and recommendations relating to each business case	SELEP	Medium	Complete – Accountability Board Chairman role
The business case template to be amended to include confirmation of assurances from the Section 151 officer of the promoting authority that Value for Money is true and accurate.	SELEP	High	To be included in the revised Business Case template.
A copy of the Change Request Template is available on the SELEP website	SELEP	Medium	Complete

- 3.4 Work has already begun to address these outstanding points. In order to ensure accountability, regular updates against each of these actions will be provided to the Board going forward, in order to ensure that the commitments given in the Assurance Framework are fully supported by actions of SELEP.

4. Accountable Body Comments

- 4.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 4.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively. The expectation is that the practices and standards which are necessary to provide Government and local partners with assurance that decisions over funding are proper, transparent, and deliver value for money are fully implemented.
- 4.3 The action plan set out above is to ensure that all the requirements of the Assurance Framework are implemented.
- 4.4 The recommendations regarding publishing all Strategic Board Members expenses and making Board papers available on partner authority websites will support SELEPs ongoing commitment to operating in an open and transparent way.

5. Financial Implications

- 5.1 Government advised that the requirements of the National Assurance Framework will be incorporated as a condition of funding in future Growth Deal grant offer letters. These letters are the formal means by which the Department for Communities and Local Government (DCLG) awards each annual Growth Deal allocation to each Local Enterprise Partnership and specifies the terms of the grant. One of the terms of these letters from 2017 onwards will be that Local Enterprise Partnerships must submit a letter from their Section 151 Officer to DCLG's Accounting Officer by 28 February each year certifying that the Local Enterprise Partnership's local assurance framework has been agreed, is being implemented and meets the revised standards set out in the Local Enterprise Partnership Assurance Framework.
- 5.2 The implementation plan set out above is to demonstrate that the requirements of the SELEP Assurance Framework are being fully implemented to support the certification provided by the Accountable Body to the DCLG to enable the release of the LGF funding for 2017/18.

6. Legal Implications

6.1 None

7. Staffing and other resource implications

7.1 None at present.

8 Equality and Diversity implications

8.1 None at present.

9 List of Appendices

9.1 None

10 List of Background Papers

10.1 None

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

Role	Date
Accountable Body sign off	
Lorna Norris	23.03.17
(On behalf of Margaret Lee)	