

## ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 13 November 2015</b>	<b>High House Production Park, Vellacott Close, Purfleet, RM19 1RJ,</b>
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### Membership

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr John Kent  
Cllr Ron Woodley

Chairman  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex Council  
Thurrock Council  
Southend Borough Council

**For information about the meeting please ask for:**

**Ian Myers**  
**(Secretary to the Board)**  
**[ian.myers@essex.gov.uk](mailto:ian.myers@essex.gov.uk)**  
**Tel: 03330134575**

		Pages
1	<b>Welcome and Apologies for Absence</b>	
2	<b>Minutes</b> To approve as a correct record the minutes of the meeting held on 11 September 2015.	5 - 8
3	<b>Joint Committee Agreement</b> To receive a verbal update from Kim Mayo.	
4	<b>Business Case Sign-off, following Independent Technical Evaluation</b> To receive a report - attached.	9 - 22
5	<b>Growth Deal and Capital Monitoring</b>	
5.1	<b>Local Growth Fund Capital Monitoring</b> To receive a report - attached.	23 - 46
5.2	<b>Local Growth Fund Skills Capital</b> To receive a report - attached.	47 - 50
5.3	<b>Local Growth Fund - Growth Hub</b> To receive a report - attached.	51 - 64
5.4	<b>Capital Monitoring - Additional Information</b> To receive a report - attached.	65 - 72
6	<b>Local Enterprise Partnerships - Annual Conversation</b> To receive a verbal update.	
7	<b>National Audit Office Report</b> To receive a verbal update.	
8	<b>6 month Outturn Report</b> To receive a report - attached.	73 - 76
9	<b>Finance Update - Statement of Accounts</b> To receive an update - attached.	77 - 94
10	<b>Any Other Business</b>	

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**Date of Next Meeting/Future Meeting Dates**

To note that the next meeting is scheduled for Friday 22 January (additional meeting) - To be confirmed

The full meeting schedule for 2016:

22 January

12 February

10 June

16 September

18 November



**MINUTES OF A MEETING OF THE SOUTH EAST LOCAL ENTERPRISE  
PARTNERSHIP ACCOUNTABILITY BOARD HELD AT HIGH HOUSE  
PRODUCTION PARK, PURFLEET, AT 10.00AM ON 11 SEPTEMBER 2015**

Present:

Geoff Miles	Chairman
David Finch	Essex County Council
Matthew Balfour	Kent County Council
Rodney Chambers	Medway Council
Keith Glazier	East Sussex County Council
John Kent	Thurrock Council
Ron Woodley	Southend Borough Council
Steve Bishop	Steer Davies Gleave (Independent technical Advisers, "SDG")

Also in attendance:

Kim Mayo	Essex County Council
Stephanie Mitchener	Essex County Council
Angela O'Donoghue	Further Education and Skills
Lorna Norris	Essex County Council
Suzanne Bennett	Essex County Council
Janice Pittis	HEI's (University of Essex)
George Kieffer	SELEP Vice-Chairman
Andy Rayfield	
Richard Hicks	Medway Council
Nikola Floodgate	Medway Council
Ross Gill	Kent County Council
David Elka	East Sussex County Council
Tom Higbee	Steer Davies Gleave
Mike Rayner	SELEP
Steve Cox	Thurrock Council
Emma Cooney	Southend Borough Council
Richard Dawson	East Sussex County Council
Marion Kelly	East Sussex County Council
Dominic Collins	Essex County Council
Ian Myers	Essex County Council

## **1. Welcome and Apologies for Absence and Declarations of Interest**

Apologies were received from Kevin Bentley, substituted by David Finch, and Paul Carter, substituted by Matthew Balfour.

Members were informed that the Board was still in shadow form as not all agreements had been signed.

Angela O'Donoghue informed Members she would leave the meeting during item 5 – Skills Equipment Fund Approval.

## 2. Minutes and Actions from Previous Meeting

The minutes of the meeting held on 17 July 2015 were agreed as a correct record and signed by the Chairman.

David Godfrey advised Members that a 10% variation per project would be permissible with any amendments requiring approval of this Board.

## 3. Chairmanship

The purpose of the report was to set out the background and chronology to the recent decision not to extend the Chairman's contract. It also set out the interim arrangements put in place to ensure there is appropriate leadership and governance of the SELEP in the interim and provided a suggestion for how a new chairman might be recruited in the future, once the future shape and direction of the LEP going forward is known.

Kim Mayo advised Members the report outlined the role and recruitment process for the Chairman of the LEP and was for information only.

Members discussed at length the process noting it was duly constituted and appropriate and had been approved by the SELEP Board. The Chairman stated his confidence that all procedures had been carried out correctly.

It was confirmed that a panel would be re-convened to take decisions on the Chairmanship and the matter considered further by the SELEP Board at their meeting on 25 September 2015.

## 4. Strengthening SELEP's Federal Arrangements

The purpose of the report was to present for early discussion initial recommendations to strengthen SE LEP's federal model of operation prior to the development of a fuller options paper for the SE LEP Strategic Board on 25th September, 2015.

David Godfrey informed Members the report was for information as full proposals were to be taken to the SELEP Strategic Board on 25 September.

It was agreed requested that any letters from the Secretary of State (and others) concerning the future of the LEP be circulated to the membership.

Following recommendations were discussed:

- To consider potential changes to SE LEP's operation to "*strengthen the federal model...improving local influence, local accountability and local delivery*". Potential changes may include:
  - Revising the role of Chairman to reflect the strength of the federal areas
  - Reducing the size of the Strategic Board to ensure a single focus on strategic issues as defined in the revised terms of reference

- Increasing tolerance levels to provide even greater flexibility for local capital programme management
- Re-stating pro-rata arrangements for each of the 4 federal areas for any new funding bids with clear local prioritisation within LEP-wide submissions
- Providing greater financial support to the federal Boards
- It was **AGREED** that a fuller paper should be presented on these and any wider options by the SE LEP Secretariat to the SE LEP Strategic Board meeting on 25th September, 2015.

## 5. Skills Equipment Fund Approval

The purpose of the report was to present recommendations regarding the recent Skills Equipment bidding round to inform the Board's decisions about whether or not to accept the applications for funding.

Members were informed that successful bidders to date could re-apply for the remaining funding but may lose out as it will be more competitive.

Kim Mayo advised that as the Board was not formally constituted as not all partners had signed the Joint Committee Agreement, then the decision on allocation could not be taken by the Board, but would need to be referred to the Strategic board.

The following recommendations, and as detailed in appendix A of the report, were unanimously **AGREED, in principle**:

- Approve the recommendations from the Assessment Group to allocate a total of £194,105 to the following projects:
  - South Essex College – purchase of Engineering Equipment - £73,475
  - Writtle College – Science Lab Equipment - £73,910
  - South Downs College – Science Lab Equipment - £46,720
- Approve the recommendations from the Assessment Group to allocate £508,259 of funding, subject to confirmation from the Skills Funding Agency of a robust financial plan being in place, for the following projects:
  - Colchester Institute – purchase of advanced manufacturing and fabrication and welding equipment - £161,687
  - Harlow College – purchase of Engineering Equipment - £346,572
- Note the remaining funding of £3.3m is proposed to be allocated in a further funding round in line with previous Skills Funding Agency (SFA) guidance.

## 6. Capital Programme Monitoring

The purpose of the report was to update Board Members on the capital programme monitoring process and to present the latest monitoring information.

Members discussed and noted the forward plan (Appendix 1 of the report) and monitoring arrangements agreeing the importance of the programme keeping to agreed profiles.

A dashboard report will be presented to future meetings of the Accountability Board.

The following recommendations were **NOTED**:

- The latest monitoring information.
- The implementation of the capital monitoring cycle agreed in July and the need for active programme management to ensure future funding streams are assured.
- The local capital programme changes to be presented to future Accountability Board meetings as highlighted within the Essex County Council (as Accountable Body) Forward Plan
- The arrangements in place for future programme monitoring and independent technical evaluation of schemes commencing in 2016/17.

## **7. Any Other Business**

- (i) Southend Central Area Action Plan (SCAAP). Cllr Woodley requested a re-profile of the £720,000 with a decision required prior to the November meeting of the Board. Agreed in principle, but as Board not formally constituted the decision would be referred to the Strategic Board for consideration and approval.
- (ii) Enterprise Zone Submission – agreement details to be circulated to all Members.
- (iii) Future meetings of the Board – details of proposed dates to be circulated, with a proposal that future dates to co-inside with the Strategic board.

## **8. Date of Next Meeting**

It was noted the next meeting of the Board would be held on Friday 13 November 2105.



**Agenda Item 4**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November, 2015 <b>Date of report:</b> 5 <sup>th</sup> November, 2015	
<b>Title of report:</b> Business Case Sign Off	
<b>Report by:</b> David Godfrey	
<b>Enquiries to:</b> david.godfrey@kent.gov.uk	

**1. Purpose of report**

1.1. The purpose of this paper is to:

- Agree the business cases for schemes brought forward through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to scheme sponsors (county and unitary councils) as part of our capital programme management.

**2. Recommendations**

2.1. The Board is asked to:

- Approve the following schemes for funding achieving high value for money and medium to high certainty of achieving this:
  - A28 Sturry Road Integrated Transport Package (£2.0m)
  - Maidstone Sustainable Access to Employment (£2.0m)
  - Eastbourne and South Wealden Walking and Cycling Package (specific components only – £2.0m)
  - Kent & Medway Growth Hub (£6.0m)
  - North Bexhill Access Road (£7.6m)
- Following approval at the last Accountability Board to fund the Sittingbourne Town Centre project (£2.5m) within contingent conditions to be met to the satisfaction of the Independent Technical Evaluator and Local Enterprise Partnership, acknowledge that these conditions have been met and funding has been approved subject to the Accountable Body's approval.
- Following approval in principle at the last Accountability Board to fund and bring forward delivery of a non-transport component of the Southend Central Area Action Plan, approve in full funding for this component (£0.72m) and for delivery in 2015/16 instead of 2016/17.



### **3. Supporting Papers**

3.1. In support of this paper, appendices contain:

- Report of the Independent Technical Evaluator

### **4. Background**

4.1. This report brings forward, for release of funding, projects that have successfully completed the Independent Technical Evaluation process, a condition of our Assurance Framework agreed with Government.

### **5. Financial Implications**

5.1. Approval can be provided to schemes in principle as they meet the requirements of the agreed SELEP Assurance Framework. However, funding is subject to confirmation from Government of future years' Local Growth Fund allocations.

5.2. It should be noted that some schemes are subject to re-profiling requested as part of the Capital Programme Monitoring report presented to the board alongside this paper.

5.3. It should be noted that the Capital Programme Monitoring report includes a recommendation to re-profile £0.49m of Local Growth Funding from Essex County Council to Southend-on-Sea Borough Council to meet their funding gap for this scheme in 2015/16.

### **6. Legal Implications**

6.1. None at present.

### **7. Staffing and other resource implications**

7.1. None

### **8. Equality and Diversity implications**

8.1. None

### **9. List of Appendices**

9.1. Appendix 1 Report of Independent Technical Evaluator

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

### **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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris	5 <sup>th</sup> November 2015
On behalf of Margaret Lee	





Independent Technical  
Evaluator – Growth Deal  
Business Case  
Assessment (Q3  
2015/16 Starting  
Projects)

Gate 2 Report  
November 2015

South East Local Enterprise  
Partnership

Our ref: 22790502

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# 1 Independent Technical Evaluation of Q3 2015/16 starting Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave and SQW were appointed by the South East Local Enterprise Partnership in February 2015 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decision on investment to independent scrutiny.
- 1.2 This report is for the second gateway review ('Gate 2') of Full Business Cases for schemes which were allocated funding through the Growth Deal process in July 2014 and are seeking funding in the second quarter (Q3) of 2015/16, and recommendations are made for funding approval by 13<sup>th</sup> November 2015 by the Accountability Board and the Section 151 Officer at Essex County Council as Accountable Body, in line with the South East Local Enterprise Partnership's own governance.

## Method

- 1.3 The Gate 2 review provide comment on the Full Business Cases submitted by scheme promoters, and to comment on the strength of business case and the value for money being provided by the scheme, as set out in the business case.
- 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*<sup>1</sup>, 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.

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<sup>1</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](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 planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails during the final three weeks of October.

## 2 Evaluation Results

### Gate 2 Results

- 2.1 Table 1.1 below provides the results of our independent and technical evaluation of each scheme seeking funding approval on 13<sup>th</sup> November 2015 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.

### Summary Findings and Considerations for the Board

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

#### Business Case Development

- 2.3 The **strategic case** continues to be well made, but we would ask scheme promoters to give greater consideration of alternative options and a stronger rationale for dismissing certain options related to the objectives of the scheme.
- 2.4 For the majority of schemes, some form of recognised and proportionate **economic appraisal** has taken place, typically supported by consultants. For non-transport schemes or schemes being brought forward by non-local government partners, scheme promoters have found this a greater challenge, and initial discussions with scheme promoters who are at the early stages of this process demonstrates significant knowledge gaps which could jeopardize successful scheme development and delivery.
- 2.5 The **management case** is often lacking a full benefits realisation plan and more consideration should be given to monitoring and evaluation plans.

#### Recommendations

- 2.6 **RECOMMENDATION 1:** Approve the following schemes for funding achieving high value for money and medium to high certainty of achieving this:
- A28 Sturry Road Integrated Transport Package (£2.0m)
  - Maidstone Sustainable Access to Employment (£2.0m)
  - Eastbourne and South Wealden Walking and Cycling Package (specific components only – £2.0m)
  - Kent & Medway Growth Hub (£6.0m)
  - North Bexhill Access Road (£7.6m)
- 2.7 **RECOMMENDATION 2:** Following approval at the last Accountability Board to fund the Sittingbourne Town Centre project (£2.5m) within contingent conditions to be met to the satisfaction of the Independent Technical Evaluator and Local Enterprise Partnership, acknowledge that these conditions have been met and funding has been approved subject to the Accountable Body's approval.
- 2.8 **RECOMMENDATION 3:** Following approval in principal at the last Accountability Board to fund and bring forward delivery of a non-transport component of the Southend Central Area Action Plan, approve in full funding for this component (£0.72m) and for delivery in 2015/16 instead of 2016/17.

Table 2.1: Gate 1 Assessment of Growth Deal Schemes seeking Approval for Funding for Q2/Q3 2015/16

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
A28 Sturry Road Integrated Transport Package	2.0	GATE 1: 2.04	Green/ Amber	Amber	Amber	Amber	Amber	A reasonable business case, but lacking transparency of appraisal modelling.	Stakeholder engagement strategy is required.	Confirmation of funding is required.
		GATE 2: 2.04	Green	Green	Amber	Green	Green/ Amber	Reasonable and proportionate method followed.	Robust analysis performed.	The analysis gives a good degree of certainty, but some minor residual issues within the Management Case.
Maidstone Sustainable Access to Employment	2.0	GATE 1: 2.12	Green/ Amber	Amber	Green/ Amber	Green/ Amber	Green/ Amber	Reasonable methodology with a need for a more extensive strategic case.	Robust analysis with a few improvements required in the management case	A few inaccuracies within the economic case.
		GATE 2: 2.12	Green/ Amber	Green	Green/ Amber	Green	Green/ Amber	Reasonable and proportionate methodology has been carried out.	Robust analysis with a few improvements required in the management case	The analysis gives a good degree of certainty.
Eastbourne and South Wealden Walking and Cycling Package	2.0 (specific component only)	GATE 1: 2.68	Amber	Green / Amber	Green	Green / Amber	Amber	Reasonable and proportionate method followed though.	There is some confusion over the economic case	There is uncertainty over the derivation of the user benefits
		GATE 2: 2.65	Amber	Green / Amber	Green	Green / Amber	Amber	A reasonable business case, with a transparent appraisal modelling.	Accurate methodology carried out.	Clarification of the economic case was provided. The analysis is reliable.
Kent & Medway Growth Hub	5.0	GATE 1: N/A	Green / Amber	Green	Green	Green	Green	Reasonable and proportionate method followed though.	Robust analysis performed.	The analysis gives a good degree of certainty.

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: 12.5 (central) 1.67 (pessimistic)	Green	Green	Green	Green	Green	Reasonable and proportionate method followed though.	Robust analysis performed.	The analysis gives a good degree of certainty.
North Bexhill Access Road	7.6	GATE 1: 1.84	Amber	Amber / Red	Amber	Red	Amber	Generally reasonable but more clarity is required in the economic case.	There are inaccuracies in the economic and financial cases.	Good analysis, but BCR is too low for funding to be recommended.
		GATE 2: 2.34	Green	Green / Amber	Green / Amber	Green	Green / Amber	Reasonable and proportionate analysis has been carried out.	Robust analysis, although improvements required in the economic case.	Reliable analysis has been carried out and new BCR reflects high category value for money.
Sittingbourne Town Centre	2.5	GATE 1: 5.04	Amber	Amber	Amber	Amber	Amber	Generally reasonable but more clarity is required in the strategic case.	Significant improvements required in commercial and management cases.	Uncertainty about project governance.
		GATE 2: 5.16	Green / Amber	Amber	Amber	Amber	Green	A sensible and proportionate methodology has been applied.	Robust analysis although improvements required in the strategic and management case.	Reliable analysis has been carried out.
Southend Central Area Action Plan – Non-Transport Package	0.7 (2015/16 only)	GATE 1: N/A	Green / Amber	Red	Red	Red	Green / Amber	There is no methodology for assessing benefits.	Quantitative analysis is required to make a robust case.	There is a lack of clarity about benefits of the scheme.
		GATE 2: 10.8 (No Multiplier) 14.9 (Multiplier)	Green	Green	Green	Green	Green / Amber	Reasonable and proportionate analysis has been carried out.	Robust analysis has been carried out to support the case.	There is adequate certainty about the value for money and strategic need for this scheme.

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## Agenda Item 5.1

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b>
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November 2015 <b>Date of report:</b> 5 <sup>th</sup> November 2015	
<b>Title of report:</b> Local Growth Fund Capital Monitoring	
<b>Report by:</b> David Godfrey	
<b>Enquiries to:</b> david.godfrey@kent.gov.uk	

### 1. Purpose of report

1.1. The purpose of this paper is to:

- **Advise the Accountability Board on the conditions of the Local Growth Fund (LGF)** capital grant - the main Government funding source for the South East Local Growth Plan
- **Approve recommendations for effective management** of the SE LEP Growth Deal Capital Programme

1.2. It should be noted that the conditions of the grant funding from the Department of Communities and Local Government (DCLG) and the requirements of our Assurance Framework have shaped the options that are available for managing the capital programme and all decisions regarding the LGF funding must be made within the scope of the conditions and flexibilities laid out in this paper

### 2. Recommendations

2.1. The Board is asked to:

- **Note the funding conditions** that apply to the LGF as set out in paragraph 3.2
- **Agree the options** for managing the forecast Capital Programme variances as set out in Table 1, paragraph 3.14

2.2. If the recommendation above is agreed, the Board is further recommended to:

- **Consider and approve changes to the SE LEP Capital Programme** to ensure greatest impact of Local Growth Fund investment approving the identified spend mitigations, which fully mitigate the forecast under-spend of £17.6m.
- **Consider and approve the** transfer of £0.49m of 2015/16 LGF allocation from Essex County Council to Southend-on-Sea Borough Council, to enable Southend to bring forward LGF spend on the Southend Central Area Action Plan (SCAAP), where the

delivery of the project is time critical. The equivalent LGF allocation would be transferred back in later years, such that the overall allocation across years remains the same.

- **Note and acknowledge that there remains a risk of further underspend** versus the 2015/16 allocations.
  - To reduce risk of underspend in the remainder of the year, promoters are encouraged to actively consider further mitigations that could be deployed should the Q3 position reveal additional underspend risk.
- **Agree reporting of all Local Growth Fund schemes to Government** under the current conditions of our Assurance Framework
- **Note the implementation of the Capital Programme process** and the wider context of these changes

### 3. Background and Proposal

#### Grant funding conditions

- 3.1. The grant funding conditions for the Local Growth Fund (LGF) were confirmed by the DCLG in early February of this year (see appendix 1 for detail).
- 3.2. The following conditions must be satisfied to ensure compliance with the grant funding agreement:
  - The funding for the Growth Deal is provided as a capital grant under Section 31 of the Local Government Act 2003 and can be used for **capital expenditure** purposes only
  - The funding must be applied in respect of **capital expenditure incurred** during the financial year in which it is awarded (i.e. the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016)
  - All funding (whether awarded by DCLG or Department for Transport (DfT)) will be used to support the **Growth Deal** agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal
  - The funding must be deployed solely in accordance with decisions made through a local Assurance Framework agreed between the LEP and the Council as Accountable Body. This framework must be consistent with the standards set out in the national assurance framework. In the case of specific schemes which are still subject to business case sign off by DfT, the DfT business case sign-off process may mean that the local assurance framework process is not required in full. This must be agreed on a scheme by scheme basis with the DfT.
  - That the LEP will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
- 3.3. DCLG advised in February that payment of the grant would be on a quarterly basis. However, the successful adoption of our Assurance Framework provided the



Government with sufficient confidence to release the remaining three quarters of funding in May of this year.

#### **SE LEP capital programme**

- 3.4. For SE LEP the Government requires notification, and potentially approval, of all proposed changes to Local Growth Fund projects. This includes, but is not restricted to, changes to allocations of funding, total project costs, outputs and outcomes.
- 3.5. Currently funds are transferred to the relevant Highways Authority, in the case of transport schemes, or the appropriate county/unitary council in the case of non-transport schemes. The only exception to this approach is with regard to the funding of Skills projects, where the grant is allocated direct to the relevant college. The grant transfers are made through a signed Service Level Agreement (SLA) between the Section 151 Officer of the Accountable Body and that of the receiving authority. The SLA requires the receiving authority to meet all the conditions laid out in paragraph 3.2 above.
- 3.6. The SLA allows for a tolerance of 10% per project. This means that the receiving authority is able to vire LGF monies between LGF projects that have been approved by the Accountability Board to the value of 10% of the total LGF allocation without seeking Accountability Board approval for the transfer. However, the Accountability Board will be informed of the change and, as per paragraph 3.4, the Accountable Body will inform the Government of the change.
- 3.7. Currently monies are held at the county/unitary level and are not managed formally at a Federal level although there is reporting on the relevant schemes to the Federal Boards by those authorities.

#### **Spending in 2015/16**

- 3.8. At an update with Department of Business, Innovation and Skills (BIS) and DCLG colleagues on 16<sup>th</sup> September 2015, it was made very clear that all LGF funds received by SE LEP in 2015/16 are expected to be defrayed by 31<sup>st</sup> March 2016. Minimal amounts of slippage at the end of the year will be considered in very exceptional circumstances as part of the 'Annual Conversation' between SE LEP and Government and whilst there is no intention to claw back funds there potentially would be an adverse effect on future year allocations.
- 3.9. Whilst Government officials recognise that there will be some degree of slippage in LEP programmes they are encouraging LEPs and their Accountable Bodies to proactively manage the use of LGF funding.
- 3.10. At the meeting on 16<sup>th</sup> September 2015, it was highlighted that it would be permissible for LGF under spends to be applied to non LGF capital projects within wider capital programmes. This would be on the basis that the unrestricted capital

funding replaced by LGF in 2015/16 would be used to swap back into LGF schemes in 2016/17, effectively swapping the funding sources between years.

- 3.11. To swap out LGF to the wider capital programme the following conditions would have to be met by the relevant local authority:
- approvals for any virement between LGF and non LGF projects must be secured from the Accountability Board regardless of value
  - demonstrates to the LEP and Accountable Body that LGF has been applied to capital expenditure within 2015/16
  - identifies the equivalent unrestricted local capital financing sources that have been displaced by the LGF in 2015/16, and demonstrates to the LEP and Accountable Body that these funding sources are subsequently applied in 2016/17 against the LEP Growth Deal projects.
  - demonstrates to the LEP and Accountable Body that the full amount of allocated LGF for the approved Local Growth Deal project(s) has been properly applied to the approved project(s) over its agreed project delivery profile.
- 3.12. DCLG is clear that should LEPs and Accountable Bodies chose to use the mechanism outlined above, they are reminded of the key requirement of robust and sustainable project development and delivery within the funding conditions. Any change to funding must not adversely affect the outputs and outcomes of projects.

### **Management options**

- 3.13. Given the guidance from Government, the funding conditions and the Assurance Framework requirements, the options for managing slippage in the SE LEP Capital Programme have been identified in the table below:

**Table 1 2015/16 LGF Underspend Mitigation Options**

Option	Description	Implications for SELEP
Option 1 - Bringing forward LGF spend on schemes in the 15/16 capital programme	<ul style="list-style-type: none"> <li>• Bring forward spend where delivery can be advanced and additional spend incurred in 15/16</li> <li>• Re-profiling of spend between funding sources and years for LGF projects in 15/16 programme. Total project cost and LGF cost unchanged and</li> <li>• LGF funding brought forward to spend in 15/16</li> </ul>	<ul style="list-style-type: none"> <li>• Bringing forward spend is appropriate programme management measure at LA / FA level.</li> <li>• For re-profiling there would need to be a process / assurance in place to ensure that equivalent non-LGF money deferred is recycled into LGF programme.</li> <li>• Low risk option as ITE approval exists, and schemes generally are in delivery phase.</li> </ul>

Option	Description	Implications for SELEP
Option 2 – Bringing forward of 16/17 LGF schemes to spend in 15/16	<ul style="list-style-type: none"> <li>Advancing delivery of projects due to start in 16/17 to 15/16.</li> </ul>	<ul style="list-style-type: none"> <li>Fits with principle of devolution to Federal Areas</li> <li>New schemes would be subject to ITE / approvals (as exception). No release of LGF funding prior to ITE assessment.</li> <li>Limited scope for Promoters to do this at this point in the programme.</li> <li>Medium risk, as required to go through ITE approval and spend in remainder of 15/16.</li> </ul>
Option 3 - Transfer of LGF spend on schemes between Partner authorities.	<ul style="list-style-type: none"> <li>LGF spend directed to Local Authorities with schemes that could spend over and above the 15/16 allocation.</li> <li>Could either be within FAs or across FAs.</li> </ul>	<ul style="list-style-type: none"> <li>Option would demonstrate collaborative working across LEP.</li> <li>Option would include a mechanism for 'payback' in future years so the pot for each FA / LA unchanged.</li> <li>Low risk option as ITE approval exists, and schemes generally are in delivery phase.</li> </ul>
Option 4 – Re-profiling of spend between LGF projects and Capital Programme projects	<ul style="list-style-type: none"> <li>LGF funding would be spent on non-LGF capital programme projects.</li> <li>The Promoter would recycle its deferred funding back to the LGF pot, such that total LGF allocation unchanged (over the programme)</li> </ul>	<ul style="list-style-type: none"> <li>Need process / assurance in place to ensure that equivalent non-LGF money deferred is recycled into LGF programme.</li> <li>Low risk, as Capital Programme not subject to ITE process, and schemes generally in delivery phase.</li> </ul>

3.14. All other options, including the carry forward of slippage, are high risk and potentially would undermine the effectiveness of the Local Growth Programme as it stands and future funding streams that may be allocated to the programme.

3.15. It is recommended that the Accountability Board adopt the options outlined in Table 1 to manage the programme.

#### **The Capital Management Process for LGF**

3.16. The following sections of the report are the culmination of the capital management process agreed by the Accountability Board in July and endorsed in September to

achieve the best-possible economic impact of our £480m Growth Deal Capital Programme.

- 3.17. Currently around £60m (excluding skills capital) is being managed through this process and recommendations are brought to Board members for consideration and approval.
- 3.18. The agreed quarterly capital programme monitoring cycle includes:
- **Scheme monitoring by scheme sponsors** (primarily the county and unitary authorities)
  - **Programme monitoring** by federal areas
  - **LEP-wide programme consideration** by a small officer preparation group from each county/unitary
  - **Exception reporting** (proposed by the above) reflecting agreed tolerance levels
  - **Consideration of exception reporting and proposed changes by all Board members** and federal areas
  - **Accountability Board endorsement (or rejection)** of any changes to local programmes within tolerances
- 3.19. Proposed changes are reported to Government under the terms of our Assurance Framework

## Implementation

- 3.20. SE LEP wide capital programme management and monitoring has been undertaken by the SE LEP Secretariat with the support of Steer Davies Gleave and Essex County Council as SE LEP's Accountable Body.
- 3.21. Through Steer Davis Gleave, scheme promoter meetings have been held in Kent, Essex, East Sussex and Medway with close contact with Southend and Thurrock (recognising limited 2015/16 scheme spend). At each meeting, scheme by scheme consideration was undertaken with the risk of under spend identified and possible mitigations discussed. Other sundry issues were also identified.
- 3.22. The Programme Consideration Session then took place on 14 October to:
- Highlight schemes where there is a potential underspend of 2015/16 LGF money
  - Answer questions on particular schemes and the level of certainty in the short-term programme and hence ability to spend in 2015/16
  - Highlight schemes that will require 'exception reporting' at the November Accountability Board
  - Discuss and, where possible, agree proposed mitigations to ensure that the current year LGF allocation can be spent
  - Consider any implications of 2015/16 re-profiling on the 2016/17 programme, recognising need to report both on the 2015/16 spend and

provide confidence in the level of funding allocated and ability to deliver in 2016/17)

- Develop recommendations for the Accountability Board based on the above.

### **“Use it or lose it”**

- 3.23 As reported to the SE LEP Strategic Board, and as outlined in 4.8 above, there is an increasing acceptance that capital programme funding may be on a “use it or lose it” basis, with Government focussed strongly on growth delivery. It is understood that under spend could result in loss of future Local Growth Fund and would undoubtedly weaken our position to win more funding, some of which may be released through the Spending Review in November.
- 3.24 As such, pro-active capital programme management taking full advantage of the scale of the SE LEP programme – including temporary “swaps” of funding between local authority areas - is both necessary to deliver our growth investment and essential in terms of future funding success. It is critical we demonstrate this pro-active management.

### **Forecast Local Growth Fund Programme for 2015/16**

The 2015/16 capital programme allocation was based on spend of £60m across LGF schemes. Based on spend to date on these 2015/16 schemes, and re-forecast spend to year end, there is a forecast underspend at the programme level of £17.6m.

- 3.25 The forecast underspend is based on reduced expenditure compared to the LGF allocation for projects in Essex, Kent and East Sussex. For all projects the issues relate to the timing of expenditure and the consequent underspend in 2015/16, rather than the ability to deliver the project within the overall LGF programme timescale.
- 3.26 Individual Promoting Authorities have set out proposed mitigations for underspends within their area. As such, Essex, Kent and East Sussex have each developed proposals to address underspend which, in combination, would mitigate the forecast 2015/16 underspend.
- 3.27 As part the proposed mitigation Essex CC has agreed, in principle, to transfer £0.49m of 2015/16 LGF allocation to Southend, to enable Southend to bring forward LGF spend on the Southend Central Area Action Plan (SCAAP), where the delivery of the project is time critical. The equivalent LGF allocation would be transferred back in later years, such that the overall allocation across years remains the same.
- 3.28 However, there remains risk that underspend is likely to materialise in Q3 and Q4 related to potential further risk of underspend on schemes within the existing LGF programme, and because there are also risks associated with some of the proposed spend mitigations. For example, £12.5m of proposed spend mitigation (across 10

schemes) is based on Option 2; for each scheme this will require the submission of a business case, ITE review, SE LEP Accountability Board approval and must spend in the remainder of the financial year.

- 3.29 To reduce risk of underspend in the remainder of the year, promoters are encouraged to actively consider further mitigations that could be deployed should the Q3 position reveal additional underspend risk.
- 3.30 Further potential mitigation options exist whereby LGF spend from Authorities not currently forecasting an underspend (Medway, Thurrock, Southend) could be brought forward. For example, Medway has projects that are in the delivery phase, and where additional LGF spend could be brought forward to 2015/16 – these offer a low risk way of mitigating potential further underspend risk. Such a transfer (shown as Option 3 in Table 1), would require the agreement between Partner Authorities to transfer 2015/16 spend between Partner Authorities, with the undertaking that LGF spend would be recycled in later years (i.e. on a similar basis to the proposed transfer between Essex and Southend).
- 3.31 Should there be a further forecast underspend (i.e. underspend compared to the mitigated programme) there is likely to be the option that LGF underspend could be transferred to Local Authority capital programme budgets as outlined above. However, dialogue with Government suggests that this would be viewed as a failure to deliver on the LGF programme, and would be likely to result in lower future year LGF allocations, with greater funding directed to those LEPs that demonstrate a strong track record of delivery and collaborative working.

## **4 Financial Implications**

- 4.1 The Government have indicated that future grant allocations to the SELEP may be impacted should the Local Growth Fund not be defrayed in the year it has been allocated. The late confirmation of allocations from the Government has presented challenges for delivery within the year and as such mitigations have been developed by each area to maximise the spend of the Local Growth Fund in 2015/16.
- 4.2 The mitigation proposals for managing the Local Growth Fund spend within the current financial year aim to maximise defrayal of the Local Growth Fund allocated in 2015/16. The following should be noted with regard to these proposals:
  - 4.2.1 The mitigations do not reflect a change in the total funding allocated to each project, they simply re-profile the spend of the grant across the years.
  - 4.2.2 The mitigations may mean that delivery of some of the Local Growth Fund outputs are delayed for those projects re-profiling spend into future years.
  - 4.2.3 Where funding swaps are requested to prioritise LGF spend in 2015/16, certification will be required to

confirm that equivalent substitute funding will be made available in 2016/17.

- 4.2.4 There is a risk that optimism bias has not been sufficiently considered in the forecast spend profiles for the projects. This will continue to be reviewed as part of the on-going programme monitoring; if necessary, further options will be presented at future meetings of the Accountability Board.

- 4.3 Confirmation is required from the Government with regard to the total amount of Local Growth funding to be received in 2016/17.

## **5 Legal Implications**

- 5.1 None at present.

## **6 Staffing and other resource implications**

- 6.1 None

## **7 Equality and Diversity implications**

- 7.1 None

## **8 List of Appendices**

- 8.1 Appendix 1: Grant funding conditions for the Local Growth Fund
- 8.2 Appendix 2: Programme summary dashboard, including headline summary of 2015/16 forecast underspend and risk.
- 8.3 Appendix 3: Detail of all Local Growth Fund schemes indicating spend against profile with Red/Amber/Green (RAG) rating against tolerances and proposed mitigations.

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## **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
<p><b>Accountable Body sign off</b></p> <p>Lorna Norris</p> <p>On behalf of Margaret Lee</p>	<p>5<sup>th</sup> November 2015</p>





## Department for Communities and Local Government

Cities and Local Growth Unit  
1<sup>st</sup> Floor, Fry Building, 2 Marsham Street,  
London SW1P 4DP

Ms Margaret Lee  
Executive Director for Corporate Services  
Essex County Council  
County Hall  
Market Road  
Chelmsford  
CM1 1QH

Email: [margaret.lee@essex.gov.uk](mailto:margaret.lee@essex.gov.uk)

6 February 2015

Dear Ms Lee,

### Local Growth Fund

Following the agreement of the Growth Deal between South East LEP ("the LEP") and Government I am writing to confirm the arrangements for Local Growth Fund grant payments to be made in 2015-16 by the Department for Communities and Local Government ("DCLG") to Essex County Council ("the Council") as the accountable body for the LEP.

DCLG will release a Local Growth Fund capital grant payment of **£69.45m in four equal quarterly instalments on the: 1<sup>st</sup> April 2015; 1<sup>st</sup> July 2015; 1<sup>st</sup> October 2015; and 4<sup>th</sup> January 2016**. This covers funding for projects that start in 2015-16 as set out in the Growth Deal. This figure also includes £15.8m of pre-allocated Local Growth Fund (known as the Local Transport Body allocation). Payments will be made under section 31 of the Local Government Act 2003.

### Project 'Tail' Funding for 2015-16 project starts

As set out in the Growth Deal, 2015-16 project starts also come with a tail of future years' funding where investment is needed over more than one year. For 2015-16 project starts the total associated tail funding to be paid to the Council in future years is £96.1m (this figure is rounded to one decimal place).

This means that Government is committed to continuing to fund these projects in future years. If projects are not taken forward, for whatever reason, the LEP will not be entitled to receive the associated tail funding.

## Future Years Budget Profiles

The announcement of expanded Growth Deals on 29 January means that further conversations will be needed to finalise the overall annual Growth Deal budget profiles for 2016-17 onwards. These conversations will build on the recent discussions Government has been having with LEPs on annual profiles for the original Growth Deal.

Once these budgets have been finalised, in future years the annual grant letter and grant determination will reflect any changes to that year's overall budget as a result of spending performance in the previous year, and the discussions with Government on that performance.

## Local Growth Funding paid by DfT

You should also note that DfT will continue to hold and manage two elements of the Local Growth Fund. Separate arrangements will apply to that funding, as follows:

1. Funding for specific schemes which are still subject to business case sign off by DfT: DfT will pay the grant directly to the accountable body under arrangements to be advised by them.
2. The approved tail of existing major schemes included in the pre-committed element of the Local Growth Fund: DfT will continue to pay this funding directly to the scheme promoter.

## Funding Requirements

We expect that all funding paid pursuant to the Growth Deal, irrespective of whether paid by DCLG or DfT will fulfil the following requirements:

- 1) It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal.
- 2) It will be deployed solely in accordance with decisions made through a local assurance framework agreed between the LEP and the Council as the accountable body. This framework must be consistent with the standards set out in the national assurance framework. In the case of specific schemes which are still subject to business case sign off by DfT, the DfT business case sign-off process may mean that the local assurance framework process is not required in full. This will be agreed on a scheme by scheme basis.
- 3) That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.

The Council as the accountable body and the LEP will be expected to manage the implementation of the Growth Deal in order to deliver the outcomes agreed. If the LEP wishes to make changes to projects that have been agreed as part of the Growth Deal, they must agree these changes with Government in advance of the next quarterly payment. The first point of contact, if the LEP wishes to make changes to projects, should be the LEP's Cities and Local Growth Unit relationship manager who will be able to advise on next steps.

The Council is reminded that as the accountable body for the LEP it is responsible for ensuring that expenditure is spent in accordance with all applicable legal requirements. This includes, for example, state aid and public procurement law. The Council is reminded that any development decisions for specific proposals must go through the normal planning process and be guided by local plans, taking into account all material considerations. The Council will, of course, be subject to their normal internal and external audit controls.

The LEP and the Council are also reminded of their responsibilities under the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010 and should have regard to these requirements when apportioning Local Growth funding.

Finally, as set out in the Growth Deal, the expectation is that the Council and the LEP will comply with any current publicity requirements (including any branding guidelines) for Growth Deals.

Yours,

A handwritten signature in blue ink, appearing to read 'Tom Walker', is positioned above the printed name.

Tom Walker  
Director, Cities and Local Growth Unit

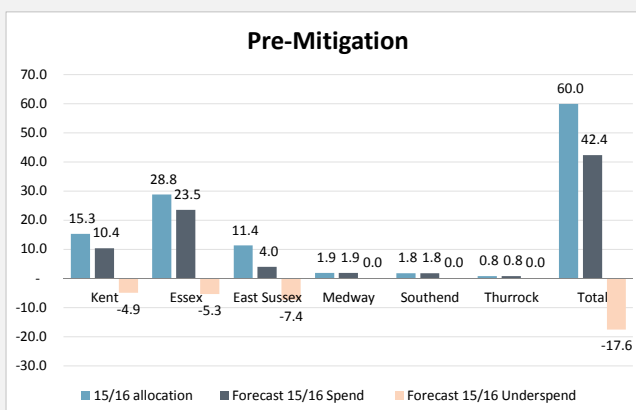


## Pre Mitigation 2015/ 16 Position

	15/16 allocation	Forecast 15/16 Spend	Forecast 15/16 Underspend	Percentage underspend
Kent	15.3	10.4	-4.9	-32.2%
Essex	28.8	23.5	-5.3	-18.4%
East Sussex	11.4	4.0	-7.4	-64.8%
Medway	1.9	1.9	0.0	0.0%
Southend	1.8	1.8	0.0	0.0%
Thurrock	0.8	0.8	0.0	0.0%
<b>Total</b>	<b>60.0</b>	<b>42.4</b>	<b>-17.6</b>	<b>-29.3%</b>

### Commentary and Risk

Underspend risk vs. 15/16 allocation (£m) 17.6  
 Percentage of spend as risk vs. allocation -29%  
 There remains some risk in the ability to deliver full 15/16 spend across the programme.  
 Further underspend risk likely to materialise in Q3 & Q4



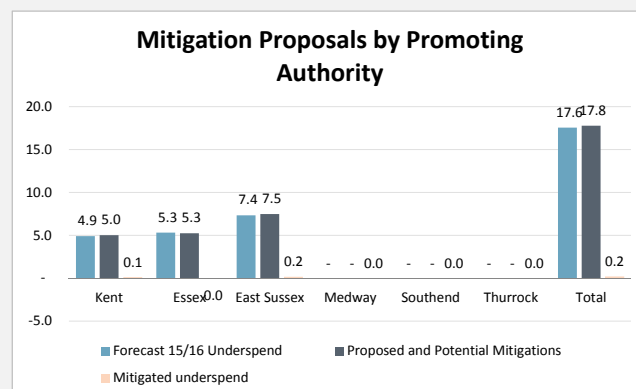
## Proposed and Potential Mitigations, by Promoting Authority

	Forecast 15/16 Underspend	Proposed and Potential Mitigations	Mitigated underspend	Mitigation vs Forecast underspend
Kent	4.9	5.0	0.1	102.3%
Essex	5.3	5.3	0.0	99.2%
East Sussex	7.4	7.5	0.2	102.0%
Medway	-	-	0.0	-
Southend	-	-	0.0	-
Thurrock	-	-	0.0	-
<b>Total</b>	<b>17.6</b>	<b>17.8</b>	<b>0.2</b>	<b>101.3%</b>

### Commentary and Risk

Promoting authorities have sought to mitigate underspend within LA area.  
 Forecast underspend fully mitigated based on Promoter proposals.

Transfer from Essex to Southend shown included within ECC mitigation.  
 However, there remain risks around the ability to deliver full scale of mitigations across the programme.

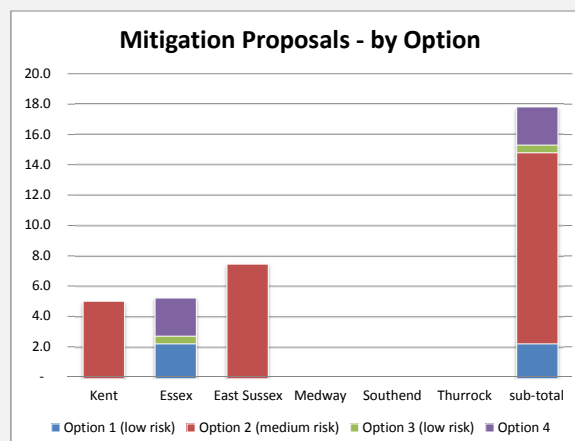


## Breakdown of Mitigation Proposals by Option

	Option 1 (low risk) Bringing forward LGF spend on schemes in the 15/16 capital programme	Option 2 (medium risk) Bringing forward of 16/17 LGF schemes to spend in 15/16	Option 3 (low risk) Transfer of LGF between Partner Authorities	Option 4 Re-profiling of spend between LGF projects and Capital Programme projects	Total
Kent	-	5.0	-	-	5.0
Essex	2.3	-	0.5	2.5	5.3
East Sussex	-	7.5	-	-	7.5
Medway	-	-	-	-	-
Southend	-	-	-	-	-
Thurrock	-	-	-	-	-
<b>sub-total</b>	<b>2.3</b>	<b>12.5</b>	<b>0.5</b>	<b>2.5</b>	<b>17.8</b>

### Commentary and Risk

£12.5m (66% of the total) of the proposed mitigations are based on Option 2, which has an inherent higher risk in ensuring spend within 15/16.





SCHEME\_SUMMARY

Centrally Held Schemes - Non Transport

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE1	Skills Capital Programme	Held centrally		22.0		11.0	tbc	tbc	Covered in separate paper.		

Retained Transport Schemes

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Allocated LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE37	A127 Fairglen Junction Improvements	DfT Retained Scheme	17.0	15.0	The Fairglen Interchange project is retained by the DfT and will require further approvals from the DfT before this funding can be released. The Government has currently only confirmed and allocated funding for 2015/16; future year's funding will be subject to separate notification from the Government. Only the 2015/16 funding will be allocated under this agreement until the confirmation from the Government with regards to the future years allocations has been received by the Accountable Body; this is in line with all schemes funded by the Local Growth Fund.	0.0	0.0		No spend in 16/17.	n/a	Low
LGFSE40	A127 The Bell	DfT Retained Scheme	5.0	4.3	The Junction Improvements at the Bell have yet to be reviewed by the ITE so approval is not yet in place for this scheme. The Government has currently only confirmed and allocated funding for 2015/16; future year's funding will be subject to separate notification from the Government. Only the 2015/16 funding will be allocated under this agreement until the confirmation from the Government with regards to the future years allocations has been received by the Accountable Body; this is in line with all schemes funded by the Local Growth Fund.	0.0	0.0		No spend in 16/17.	n/a	Low
SUMMARY			22.0	19.3		0.0	0.0	0.0			

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE2	Newhaven Flood Defences	East Sussex CC	9.0	1.5	Current total cost is £13.25m (£10m from Environment Agency, £1.5m Coast 2 Capital, £1.5m SELEP, £0.25m Network Rail). EA is the delivery agency. There have been various technical issues that have impacted on programme and budget. Overall project cost has increased from initial total of around £9m and additional costs borne by EA, whose EA contribution has increased from £6m to £10m. The scheme was originally planned to spend £750k SELEP LGF in 15/16 and £750k in 16/17. This has been re-profiled to £400k in 15/16, £700k in 16/17 and £400k in 18/19. The scheme has been through ESCC Local Accountable Board and Local Federal Area Board (both September).	0.8	0.4	-0.35	Project cost has changed so <b>Exception Reporting Required</b> (+c £4m, funded by EA). Confirm re-profiled spend of £400k deliverable in 15/16	n/a	Low (beyond identified underspend)
LGFSE23	Hailsham/Polegate/Eastbourne Sustainable Transport Corridor	East Sussex CC	3.5	2.1	SWAPPED OUT OF PROGRAMME	0.3	0.0	-0.30	None - project no longer in programme. Spend reallocated to Eastbourne & South Wealden.	n/a	
LGFSE24	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex CC	10.6	8.6	On track to spend £600k in 15/16. An additional related funding bid is pending (but for spend later in the programme).	0.3	0.6	0.30	None. Project on-track to spend £600k, comprising £300k initial allocations and the £300k reallocated from Hailsham.	n/a	Low
LGFSE35	Queensway Gateway Road	East Sussex CC	15.0	15.0	Planning permission was granted in Feb 15, but delay incurred due to Judicial Review of Hasting Borough Council's decision to approve the planning application (Air Quality related). Planning application to be reconsidered in December, and Promoter (Sea Change Sussex - a not for profit regen co. 51% private and 49% publicly owned) hopes to start work in January. The project is fully LGF funded, and the original allocation was £15m (£10m in 15/16 and £5m in 16/17). Sea Change now think the project will be delivered for £6m - with £2.5 to £3m to be spent in 15/16 and the remainder in 16/17. ESCC/ Sea Change looking to re-allocate the £9m 'saving' to North Bexhill Access Rd.	10.0	3.0	-7.00	Project cost has changed so <b>Exception Reporting Required</b> (was £15m, now £6m). Need to understand whether change in cost has affected project scope, benefits and outputs delivered. £7m to £7.5m at risk of underspend in 15/16. Confirm spend deliverable in 15/16 (current assumption between £2.5 & 3m).	n/a	Low (beyond identified underspend)
16/17 Scheme brought forward	North Bexhill Access Road		16.7	9.0	Of £16.7m total cost, £7.6m is allocated from Growth Deal. Sea Change looking for LGF to fund remaining £9m through reallocation of Queensway Gateway, with potential for £5.4m to be spent in 15/16 (mainly on land acquisition, construction and supervision costs). Planning application submitted in September, with decision expected in Late Nov / Dec. Start in early 2016.			5.40	As a scheme brought forward <b>Exception Reporting Required</b> . OBC received 6 October.	Option 2	Medium. Risk of challenge to planning decision - assuming early Dec Decision than appeal could take place up to mid-Jan. Requires ITE approval.
16/17 Scheme brought forward	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)		1.4	1.4	Junction improvement that would support development of new business units. Allocated £1.4m of LGF, subject to BC. Planning permission granted. The £1.4m to be accelerated will then replace the current LGF allocation committed for 2016/17. Further consideration will be required on which scheme(s) this funding will be allocated to in 2016/17. Total Spend in 2015/16 covers the site entrance and infrastructure works.			1.40	As a scheme brought forward <b>Exception Reporting Required</b> . OBC required.	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward	Sovereign Harbour		1.7	1.4	Sea Change Sussex scheme. Site allocated for employment and infrastructure would unlock part of the site. Total cost of £1.7m with scope to spend £0.7m in 15/16. The £0.7m to be accelerated will then replace part of the current LGF allocation committed to for 2016/17. Further consideration will be required on which scheme(s) the remainder of this funding will be allocated to in 2016/17. Spend in 2015/16 includes site infrastructure works.			0.70	As a scheme brought forward <b>Exception Reporting Required</b> . OBC required.	Option 2	Medium - Requires ITE approval.
SUMMARY						11.4	4.0	-7.35	Potential underspend - unmitigated		
								0.15	Potential underspend - mitigated		



Essex Projects

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE4	Colchester Broadband Infrastructure	Essex CC	-	0.2	On track	0.2	0.2	0.0	On track.	n/a	Low
LGFSE25	Colchester LSTF	Essex CC	2.0	2.0	On track. Delivery programme being established. It has not been possible to identify the landowner of a site near Cowdray Avenue, so statutory notices are being placed to inform the owner of the Highway Authority's intention to undertake works.	2.0	2.0	0.00	None. Project on track based on info provided. Potential to bring forward capital scheme design costs of £0.133m	Option 1	Low
LGFSE26	Colchester Integrated Transport Package	Essex CC	13.0	5.0	£2.2m LGF profiled spend in 2015/16. Colne Bank Ave widening. Environmental assessment has identified bats on site. Delay from bat issues, plus further as construction programme re-designed (and lengthened) to leave bats in-situ. <i>Update 13/10/15 Construction method allows work to take place without affecting bats, so now forecast to spend planned allocation with potential additional LGF spend through capital design costs.</i>	2.2	2.6	0.40	Confirm spend on planned allocation of £2.2m. Scheme design costs of £0.2m incurred. Also plan to accelerate Phase 2 of ITP scheme at Ipswich Rd / Harwich Rd which is part of approved scheme (i.e. has ITE approval), but would bring forward elements currently planned for 16/17. Potentially an additional £0.2m.	Option 1	Low
LGFSE27	Colchester Town Centre	Essex CC	5.0	5.0	There are two elements to the scheme - a package of TC improvements and bus lane within town centre. Progress has been delayed due to issues raised during consultation for the Lexden Road Bus Lane (cycle groups, school drop off issues) which have required a significant amount of redesign. There are also issues with utilities that need to be addressed. While both issues are being progressed, it is likely that construction will extend beyond the current financial year. However, advanced ordering of utilities diversions will be explored to maintain current spend profile. The project is funded by an LGF allocation of £5m. There is a max £3m of LGF funding at risk on this project. More likely that c. £2m at risk.	5.0	3.20	-1.80	£3m max of the £5m 15/16 spend at risk. £2m more likely - latest forecast is £1.75m.	n/a	Low (beyond identified underspend)
LGFSE28	TGSE LSTF - Essex	Essex CC	5.0	3.0	On track. The total scheme is £5m - which is split £3m ECC, £1m Southend, £1m Thurrock. £4m due for spend in 15/16 on pro-rata basis. ECC hold the money and will lead on reporting across the 3 LAs.	2.4	3.0	0.60	Potential to bring forward spend around 0.6mm	Option 1	Low
LGFSE31	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex CC	15.1	10.0	Scheme linked new access to the Harlow Enterprise Zone. There are 3 elements to the LGF funded scheme and two related elements being funded through the Growing Places Fund [i.e. 5 components being delivered through two funding streams]. Delivery programme for these schemes is being reviewed to ensure co-ordination between the sites and the construction of the new access to the Harlow Enterprise Zone site. Scheme financial profile is being reviewed to maximise LGF spend in the current year. There is £2.25m to £3m of LGF funding at risk on this project.	7.1	4.1	-3.00	LGF underspend of £3m. This could be mitigated if Growing Places Funding could be deferred and LGF funding advanced in 15/16. Later profiling would be adjusted such that total LFG and GPF unchanged (i.e. as planned) over course of scheme delivery.	Option 7 - linked to Harlow Enterprise Zone proposal below.	tbv
LGFSE32	A414 Maldon to Chelmsford RBS	Essex CC	4.0	2.0	On site.	1.0	1.0	0.00	On track. Supports housing delivery as per Malden Local Plan.	n/a	Low
LGFSE33	Chelmsford Station / Station Square / Mill Yard	Essex CC	7.9	3.0	Scheme is for public realm linked to Station Redevelopment programme. Station entrances programme should have been completed in summer 2015, but are now a year behind with completion anticipated in summer 2016. LGF funding was designed to follow on from station works. Station redevelopment works being delivered by Abellio Greater Anglia have been significantly delayed, which has had a knock on effect to the completion of this project. The Station Square element has been completed, but the station works have delayed the start of the works to Mill Yard. The situation is complicated further by the Greater Anglia re-franchising, which will see a new operator in place in mid-2016. It is therefore difficult for Abellio Greater Anglia to procure a new contractor to complete the station when the works are likely to extend beyond the current franchise period. Alternative options are being investigated. There is £1m of LGF funding at risk on this project.	1.5	1.0	-0.50	Underspend of £0.5m. Underspend could be higher as subject the 3rd party delivery (Network Rail).	Some further risk of underspend	Medium
LGFSE34	Basildon Integrated Transport Package	Essex CC	13.0	9.0	Scheme to improve access to hospital. On site. Potential for additional LGF spend in 2015/16.	1.0	2.3	1.25	Potential to bring forward spend around 1.2m.	Option 1	Low / Medium
LGFSE36	Colchester Park and Ride and Bus Priority measures	Essex CC	7.5	5.8	Colchester Park and Ride and bus priority measures. Now operational. Potential for additional LGF spend on additional bus priority measures currently being funded from ECC resources (additional BP to that in LGF bid).	5.8	6.8	1.00	Potential to bring forward funding for BP (i.e. transfer from ECC to LGF in 15/16, with re-profiling back to LGF in 16/17).	Option 4	Low
LGFSE38	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex CC	8.5	4.0	A127 Road safety and network resilience package. Preparatory work underway	0.6	0.6	0.00	On track	n/a	Low
Re-profile of spend between LGF and GPF	Harlow Enterprise Zone	Essex CC			Seeking permission to fund 15/16 works on the Harlow Enterprise Zone scheme from LGF with a matching transfer of GPF and ECC funds to the Harlow Pinch Point scheme in 2016/17. Scheme is not an LGF scheme, so no OBC or ITE required. Delivery of the Harlow Pinch Point and Enterprise Zone schemes has been procured as a single package to increase efficiency	0	1.52	1.52	No OBC or ITE required, a not an LGF scheme. LGF spend on this scheme in 15/16 would be recycled back into LGF funds in later years.	Option 4	Low
Transfer between ECC & Southend						0	0.49	0.49	Scheme is currently part of capital programme. Seeking permission to part fund the Wivenhoe cycle link from LGF with a matching transfer of ECC funds to another LGF project in a future year. Spend could be up to £1m.	Option 3	
SUMMARY			81.0	49.0		28.8	26.8	-2.1	Potential underspend - unmitigated		
								-0.0	Potential underspend - mitigated		

Kent Projects

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE3	Kent and Medway Growth Hub	Kent CC	-	6.0	OK - on track. Detail pending	1.00	1.00	0.00	Confirm on track	n/a	Low
LGFSE6	Tonbridge Town Centre Regeneration	Kent CC	6.7	2.4	On site. Forecast to spend £1.7m in 15/16	2.00	1.80	-0.20	£0.2m underspend in 15/16 - re-phased to 16/17. Mitigated by 16/17 schemes brought forward.	n/a	Low (beyond identified underspend)
LGFSE7	Sittingbourne Town Centre Regeneration	Kent CC	4.5	2.5	Developer-led. KCC have the money. Needs Service Level Agreement (SLA), whereby KCC will pay develop quarterly in arrears. Likely to spend £800k this yr., with remainder next year.	2.50	0.80	-1.70	Underspend of £1.7m likely - rephased to 2016/17. Mitigated by 16/17 schemes brought forward	n/a	Medium - Developer led scheme so SLA states KCC spend in arrears.
LGFSE8	M20 Junction 4 Eastern Overbridge	Kent CC	4.8	2.2	Procurement delayed. Project now out to tender, returns due 28th October with contract award anticipated around Xmas. Spend to be re-profiled - c £0.93m spend this year, remainder next.	2.20	0.93	-1.27	Underspend of £1.27m likely - re-phased 16/17. Mitigated by 16/17 schemes brought forward. Will complete in 16/17.	n/a	Low (beyond identified underspend)
LGFSE9	A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells	Kent CC	2.1	1.8	2 elements to project. Junction element of £0.18m will be spent this year. Route (A26) element (c. £0.82m) delayed and will be re-profiled to 16/17	1.00	0.30	-0.70	Underspend of £0.7m likely - re-phased to 16/17. Mitigated by 16/17 schemes brought forward	n/a	Low (beyond identified underspend)
LGFSE10	Kent Thameside LSTF	Kent CC	7.7	4.5	Will spend £2.1m this year. £0.3m reprofiled.	2.40	2.10	-0.30	Underspend of £0.31m likely - re-phased to 17/17. Mitigated by 16/17 schemes brought forward.	n/a	Low (beyond identified underspend)
LGFSE11	Maidstone Gyratory Bypass	Kent CC	5.7	4.6	To be reprofiled. Contract will be signed in early new year. Expectation of c. £0.68m spend this year.	1.00	0.80	-0.20	Underspend of £0.2m likely - re-phased to 16/17. Mitigated by 16/17 schemes brought forward.	n/a	Low (beyond identified underspend)
LGFSE12	Kent Strategic Congestion Management programme	Kent CC	4.8	4.8	OK - on track. Detail pending	0.80	0.80	0.00	On track	n/a	Low
LGFSE13	North Deal transport improvements	Kent CC	1.6	0.8	Developer-led. Full Business Case will go to Accountability Board in November, but will not spend in this year so reprofiled to 16/17.	0.40	0.05	-0.35	Underspend of £0.35m -re-phased to 16/17. Mitigated by 16/17 schemes brought forward.	n/a	Medium - Requires ITE sign-off and re-submitted OBC.
LGFSE14	Kent Rights of Way improvement plan	Kent CC	1.3	1.0	OK - on track. Detail pending	0.20	0.20	0.00	On track	n/a	Low
LGFSE15	Kent Sustainable Interventions programme	Kent CC	3.0	3.0	OK - on track. Detail pending	0.50	0.30	-0.20	Underspend of £0.2m likely - re-phased to 16/17. Mitigated by 16/17 schemes brought forward.	n/a	Low
LGFSE16	West Kent LSTF	Kent CC	9.1	4.9	OK - on track. Detail pending	0.80	0.80	0.00	On track	n/a	Low
LGFSE17	Folkestone Seafront : onsite infrastructure and engineering works	Kent CC	0.5	0.5	Fully spent.	0.50	0.50	0.00	On track	n/a	Low
16/17 Scheme brought forward	Maidstone Sustainable Access						0.25	0.25	As a scheme broght forward <b>Exception Reporting Required</b> - OBC received & assessed.	<b>Option 2</b>	Medium - Requires ITE approval.
16/17 Scheme brought forward	A28 Sturry Rd Integrated Transport Package						0.05	0.05	As a scheme broght forward <b>Exception Reporting Required</b> - OBC required.	<b>Option 2</b>	Medium - Requires ITE approval.
16/17 Scheme brought forward	A28 Chart Road						1.62	1.62	As a scheme broght forward <b>Exception Reporting Required</b> - OBC required.	<b>Option 2</b>	Medium - Requires ITE approval.
16/17 Scheme brought forward	A28 Sturry Link Road						0.33	0.33	As a scheme broght forward <b>Exception Reporting Required</b> - OBC received & assessed.	<b>Option 2</b>	Medium - Requires ITE approval.
16/17 Scheme brought forward	Rathmore Road		9.5				2.46	2.46	As a scheme broght forward <b>Exception Reporting Required</b> - OBC required.	<b>Option 2</b>	Medium - Requires ITE approval.
16/17 Scheme brought forward	Maidstone Integrated Transport						0.07	0.07	As a scheme broght forward <b>Exception Reporting Required</b> - OBC required.	<b>Option 2</b>	High - due to combined impact of change in scope and requirement for revised OBC (not expected until December)
16/17 Scheme brought forward	Ashford Spurs						0.25	0.25	As a scheme broght forward <b>Exception Reporting Required</b> - OBC required.	<b>Option 2</b>	Medium - Requires ITE approval.
SUMMARY			51.6	39.0		15.30	10.38	-4.92	Potential underspend - unmitigated		
								0.11	Potential underspend - mitigated		

Medway Projects

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE18	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	18.6	11.1	£0.5m planned 16/17 spent. £400k spend and £100k allocated	0.5	0.5	0.0	On track	Option 3 - Could increase spend in 15/16 if required.	Low
LGFSE19	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	10.0	9.0	£200k planned, and all committed.	0.2	0.2	0.0	On track. Potential to bring forward expenditure if required.	Option 3 - Could increase spend in 15/16 if required.	Low
LGFSE20	Chatham Town Centre Place-making and Public Realm Package	Medway	6.9	4.0	£1.0m planned. Around half spent and half committed. Any shortfall vs allocation could be mitigated through advancing part of £400k payment to NR for station works.	1.0	1.0	0.0	On track.	Option 3 - Could increase spend in 15/16 if required.	Low
LGFSE21	Medway Cycling Action Plan	Medway	3.0	2.5	£100k allocated and £100k spend.	0.1	0.1	0.0	On track	n/a	Low
LGFSE22	Medway City Estate Connectivity Improvement Measures	Medway	2.0	2.0	£100k allocated and £100k fully committed.	0.1	0.1	0.0	On track	n/a	Low
SUMMARY			40.5	28.6		1.9	1.9	0.0	Potential underspend - unmitigated		
								0.0	Potential underspend - mitigated		

Southend Projects

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE5	Southend Growth Hub	Southend	-	6.7		0.1	0.59	0.49	Additional spend of £480k in 2015/16, enabled by LGF loan transfer from ECC. <b>Exception Reporting Required</b> , as OBC required for additional spend elements.	<b>Option 3</b> - Transfer from ECC based on agreement in principle.	Medium
LGFSE29	TGSE LSTF - Southend	Southend	-	1.0		0.8	0.80	0.00	On track	n/a	Low
LGFSE39	A127 Kent Elms Corner	Southend	5.0	4.3		0.5	0.50	0.00	On track	n/a	Low
LGFSE41	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.0	8.0		0.4	0.40	0.00	On track	n/a	Low
SUMMARY			13.0	20.0		1.8	2.29	0.49	Potential underspend - unmitigated		
								0.49	Potential underspend - mitigated		

Thurrock Projects

LOGAS Code	Scheme Name	Promoter	Total scheme cost	Total LGF cost	Comments - Detail	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Expected / Planned Spend (Q3)	Potential mitigation - re-profiling / underspend/ new schemes	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs allocation through either 1) likely underspend in 15/16 or scheme or 2) 16/17 LGF scheme being brought forward to 15/16]	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE30	TGSE LSTF - Thurrock	Thurrock		1.0		0.8	0.8	0.0	On track	n/a	Low
SUMMARY			0.0	1.0		0.8	0.8	0.0	Potential underspend - unmitigated		
								0.0	Potential underspend - mitigated		

END



## Agenda Item 5.2

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November, 2015 <b>Date of report:</b> 5 <sup>th</sup> November, 2015	
<b>Title of report:</b> Local Growth Fund Skills Capital	
<b>Report by:</b> Mike Rayner	
<b>Enquiries to:</b> mike.rayner@kent.gov.uk	

### 1. Purpose of report

1.1. The purpose of this paper is to:

- Update the Accountability Board on the £22m Skills Capital funding through the Local Growth Fund
- Agree changes to the Skills Capital programme as proposed
- Note the further funding round launched to Further Education providers for Skills Capital and Skills Equipment

### 2. Recommendations

2.1. The Board is asked to:

- Note progress on successful Skills Capital projects
- Pending further information from Harlow College, agree to amend the LGF funding profiles for each of the colleges across the financial years 2015/16 and 2016/17, to mitigate potential underspending within the skills capital programme in 2015/16. This re-profiling will not result in a change to the amount of funding allocated in total to each college.
- Agree that funding released as a result of the withdrawal of the successful East Kent College scheme is made available for new capital and equipment bids in the current Skills Capital and Skills Equipment funding round

### 3. Supporting Papers

3.1. In support of this paper, appendices contain:

- Skills Capital Dashboard: Spend v Full Year Allocation and Proposed Re-Profiling
- Skills Capital Allocations

#### **4. Background**

- 4.1. The SE LEP Skills Capital fund agreed through our Growth Deal with Government totals £22m for a two year programme.
- 4.2. This funding has been made available competitively to providers across the LEP to support jobs and growth through 3 funding rounds for skills capital and skills equipment. Projects are assessed against clearly set and agreed criteria that prioritise economic impact.
- 4.3. Two successful funding rounds have been completed, with the third launched in October for decision in January.

##### **Skills Capital Programme Management**

- 4.4. Funding for successful skills projects flows directly to the FE College through a Grant Agreement with the Accountable Body, Essex County Council.
- 4.5. In the course of ongoing capital management, negotiations have taken place with scheme promoters and new profiles have been agreed with Hadlow College, Colchester Institute and Harlow College, while discussions with East Kent College have confirmed the withdrawal of their successful application.

##### **Harlow College**

- 4.6. As reported in the Skills Capital Dashboard, Harlow College has experienced cost inflation at the tender phase and has proposed the following mitigations to reduce the costs of the scheme:
  - 4.6.1. As part of the build, the College now wishes to reduce the BREEAM environmental standard to manage costs. It is confirmed that this would not significantly affect the estate need business case and nor is the BREEAM standard a requirement of the project. As such, this change has been accepted with a request made for more detailed information confirming the rationale for a reduced BREEAM standard, highlighting and explaining the additional costs that would be incurred over those originally projected at the time the project was approved.
  - 4.6.2. Also, to reduce costs, the College wishes to reduce the size of its build from 2,000 square metres to 1,700 square metres could be accommodated without reducing student numbers or the technology that will still be placed within the centre.
- 4.7. Essex County Council is also contributing to the costs of the scheme and will also need to be consulted to agree the proposed changes.



### **Hadlow/Ashford College**

- 4.8. The Hadlow/Ashford College project remains on profile and advises it has the capacity to spend up to its full £9.8m allocation in 2015/16, by prioritising LGF spend over other funding sources This provides an opportunity to re-profile LGF spend between the colleges to maximise spend and delivery across the 2 year programme.
- 4.9. Once the updated planned expenditure profile is confirmed for all collages, it is proposed to revise the relevant Grant Agreements between the colleges and the Accountable Body to ensure the LGF is defrayed as fully as possible in the current financial year.

### **East Kent College**

- 4.10. Following a decision by the East Kent College Board, the project has been withdrawn and the funding allocated for it retained within the LEP for skills capital and equipment.
- 4.11. There are no changes to the funding for Sussex Downs College which is allocated for 2016/17.
- 4.12. Skills equipment funding was only agreed at the last Accountability Board with agreements currently being made with recipients for the release of funding.
- 4.13. In future, as part of the Local Growth Fund, the Skills Capital programme will be reported within an overall capital management report.

### **Release of further Skills Capital Funding**

- 4.14. On 22<sup>nd</sup> October, a new £3.5m round of Skills Capital and Skills Equipment funding was launched to FE Colleges and providers for up to £3.5m to support skills and training across the South East with a particular focus on science, technology, engineering and mathematics (STEM) in our growth sectors.

## **5. Financial Implications**

- 5.1. The cost of scheme delivery will continue to be monitored with each of the colleges to ensure costs are contained within the funding available. As the schemes have had delayed implementations, there is still a risk to ensuring the £11m of Local Growth Fund allocated for Skills in the current financial year will be defrayed in full; this will continue to be monitored as part of the monitoring of the whole Local Growth Fund programme. The re-profiling of the LGF across the colleges proposed by this report will assist in achieving this aim.

## 6. Legal Implications

6.1. None at present.

## 7. Staffing and other resource implications

7.1. None

## 8. Equality and Diversity implications

8.1. None

## 9. List of Appendices

9.1. None

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## 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
<b>Accountable Body sign off</b>	
Lorna Norris	5 <sup>th</sup> November 2015
On behalf of Margaret Lee	

**Agenda Item 5.3**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November, 2015	
<b>Date of report:</b> 30 <sup>th</sup> October 2015	
<b>Title of report:</b> Local Growth Fund - Growth Hub	
<b>Report by:</b> Adam Bryan	
<b>Enquiries to:</b> <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a>	

**1. Purpose of report**

- 1.1 The purpose of this paper is to update the Accountability Board on the progress made on the South East Business Hub – our approach to delivering a Growth Hub (LGF funded) across the SELEP area.

**2. Recommendations**

- 2.1 The Board is asked to note the report.

**3 Background**

- 3.1 SELEP was awarded £800k in the 2015/16 LGF allocation to deliver a Growth Hub across the area. With £700k distributed to the local areas, our Growth Hub is built around the federal model and sees most activity undertaken at the local level – through BEST (Business Essex, Southend and Thurrock), BES (Business East Sussex) and the Kent and Medway Growth Hub. At the SELEP level, a signpost website exists and a university intern is in post to support SELEP and local activity as required and to provide reporting to BIS as required by their offer letter.
- 3.2 BIS require SELEP to report on quarterly progress. Appended to this cover note is our comprehensive Q2 submission which offers a summary of progress to date.

**4 Financial Implications**

- 4.1 None. The report appended demonstrates that LGF spend is on track.

**5 Legal Implications**

- 5.1 None

**6 Staffing and other resource implications**

- 6.1 None associated with this report, although it should be noted that an ERDF application has been submitted to secure funding for the Growth Hub for future years beyond 2015/16.

**7 Equality and Diversity implications**

- 7.1 None

## **8 List of Appendices**

8.1 Appendix 1 provides the Q2 report mentioned above.

## **9 List of Background Papers**

9.1 Nothing additional.

## Appendix 1 – Q2 Growth Hub report to BIS

LGF Accountable Body	Essex County Council
Local Enterprise Partnership	South East
Growth Hub Name:	South East Business Hub, incorporating Business Essex Southend and Thurrock (BEST), Business East Sussex (BES) and Kent and Medway Growth Hub
Date of report: the 10 <sup>th</sup> day of the months of July, October, January and April (end year)	10 <sup>th</sup> October
Reporting period covered:	1 <sup>st</sup> July – 30 <sup>th</sup> September
Name of person completing this report:	Adam Bryan
Contact number:	07884 475191
Contact email:	<a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a>

### **Growth Hub - Quarterly Progress Monitoring Report 2015-16 Progress against Schedule 3 - Schedule of Work (LGF Growth Hub funding 2015-16)**

Growth hub milestones and deliverables will have been agreed at the project outset in your project delivery plan (as set out in Schedule 3 of your grant offer letter). Progress will need to be reviewed regularly with the Department for Business Innovation (BIS) as set out in your grant offer letter. Progress updates are required quarterly in the following format.

If a milestone slips into a future quarter, it needs to be recorded as delayed and highlighted in the new quarter/year in which it has slipped to. This delay, the reasons behind it and mitigating actions need to be discussed with BIS and should be reflected in the project risk summary report if the delay will result in greater risk to the delivery of your growth hub.

From time to time BIS may require a statement from you on your growth hub that can be used for the BIS Local Delivery Programme Board and Local Growth Deal Board. With this in mind, the project summary of progress should be written in brief.

Completed returns to submitted to [Karen.Leigh@bis.gsi.gov.uk](mailto:Karen.Leigh@bis.gsi.gov.uk) and [Jane.Fairclough@bis.gsi.gov.uk](mailto:Jane.Fairclough@bis.gsi.gov.uk) by the 10<sup>th</sup> day of July 2015; October 2015; January 2016 and April 2016 and copied to your respective BIS Local Relationship Manager.

## Summary of growth hub progress - delivery across the LEP area

**(Note –in no more than 300 words provide a summary capturing progress, key risks, issues, expenditure position etc. *This summary may be provided to BIS for use at a BIS Local Delivery Programme Board if required*)**

The development of the South East Business Hub, has gathered momentum over the course of Q2 15/16. Two key milestones that have been are the official launches of the BEST Growth Hub and Business East Sussex BES websites. With regards to the South East Growth Hub, sustainability of the Growth Hub has firmly been on the agenda and an ERDF outline application has been compiled with the inclusion of detailed financial forecasting.

In addition, plans have been developed for a Ministerial Launch event and a Marketing and Communications Plan for the South East Growth Hub has now been devised, which incorporates timescales and budgets for forthcoming marketing activity. An organisational chart has also been provided to BIS, illustrating the Growth Hub governance arrangement and the operational steering groups for each of the spokes that comprise the South East Growth Hub. Significant work has also been undertaken in terms of integrating the CRM systems for each of the local Growth Hubs to produce a pan-SELEP CRM model with data synchronisation capabilities.

Progress for BEST, Business East Sussex (BES) and Kent are as follows:

### **BEST:**

- Soft launch of the BEST Growth Hub website on the 6<sup>th</sup> September.
- Relevant social media has been set up to market the website and drive traffic through.
- Carrying out an extensive SEO campaign to market the BEST growth Hub.
- Recruited another Business Navigator.
- Official launch of the BEST Growth Hub is 21<sup>st</sup> October at Chelmsford City Racecourse.
- Submission of the ERDF bid to DCLG to sustain funding for the Growth Hub and to include additionalities to the current Growth hub offer.

### **BES:**

- The BES Growth Hub website is officially live as 1<sup>st</sup> September with a complete set of staff and the service is performing in line with targets that have been agreed.
- The first meeting of the wider Strategy Oversight Group is being convened for October, with the first wider Business Support Provider Network being drawn together in November.
- The Growth Hub will have a second launch at the annual East Sussex Business Conference (Best4Biz) on 16 October where over 200 businesses will attend workshops and networking events throughout the day.

### **Kent and Medway**

- Growth Hub contract awarded to Kent Invicta Chamber of Commerce.
- Contract negotiations concluded on 9/10/2015.
- In addition to the Growth Hub contract each District within Kent have been supported to meet local priorities where they have identified gaps in provision.

## Key growth hub achievements over the reporting period

**(Note - what are the most significant achievements related to the principles of funding arising from growth hub delivery on the ground).**

### **Principle 1 - Local partnerships:**

*Key local bodies involved in business support (typically LEP, local authorities, Chambers of Commerce, Federation of Small Business, Universities and national programme providers such as the Business Growth Service (BGS) have been engaged in discussions and are involved as partners in the growth hub. In practice, this means growth hubs should establish strong working links between all of the institutions*

*involved in providing business, innovation and trade support in their area (local, national, public and private), with effective leadership under the strategic governance of the LEP and formal agreements with partners.*

On September 9<sup>th</sup>, a South East Growth Hub Working Group meeting was held and attended by members of BEST and BES in addition to members of Local Authorities and a University representative from the LEP's university group. This provided the opportunity to discuss milestones and challenges that each of the Growth Hubs were currently facing, in addition to reviewing the recent Business Support Mapping and Simplification report. Discussions with representatives also took place in relation to ensuring the sustainability of the Growth Hub and a Southend-on-Sea Borough Council representative presented the detail of the ERDF bid.

SELEP Strategic Board and SELEP Federated Board are also receiving regular performance and evaluation updates in accordance with SELEP's Accountability and Assurance Framework.

The SELEP intern who is based at the University of Essex works from the BEST Growth Hub in Southend once a week, reaffirming the relationship with BEST Business Navigators. This is supplemented by an economic development officer from Thurrock Council basing themselves from the BEST Growth Hub to build working relationships across the area and to share best practice.

Progress for BEST, Business East Sussex (BES) and Kent are as follows:

**BEST:**

The existing relationships with local partnerships that were started under Business Southend have been maintained and developed. The Growth hub team have met with the local authorities, Universities and National programme providers such as BGS and UKTI. The team are also meeting with the Federation of Small Businesses and the Chamber of Commerce as well as other local business support providers.

Helping to cement this relationship, will be the facilitation of the business support referral network that will commence on the 21<sup>st</sup> October at the BEST Growth hub launch with a speed networking event. This will enable not only the Growth hub to establish partnerships but also to facilitate more cross referrals within the business support community as well as simplifying the business support landscape for businesses.

Present at the launch event will be; local and national business support providers, Universities, Colleges, Chamber of Commerce and FSB, representatives from local authorities, Enterprise Agencies, business mentors and banks. Representatives of the local authorities and the Universities are present on the BEST Growth Hub steering group that has been meeting on a monthly basis.

**BES:**

All information on the sub-hub is brought before the East Sussex Economic Advisory Board (ESCC, ES Local authorities, main Chambers, SE LEP Business Vice Chair, voluntary and community sector, FSB, FE, HE, Locate East Sussex, Local Growth Team rep. (BIS)). A small sub group of members, including SE LEP Business Vice Chair has also been formed in support. The first formal meeting is set for October.

Meetings have been held with parts of the Business Growth Service, with further meetings scheduled in the next quarter. In addition the first Business Support Providers network meeting is scheduled for November.

Following the initial soft launch, the official launch at the Best4 Biz conference attended by over 200 businesses and the whole range of business support agencies, colleges, media and financiers, will consolidate the service and put it firmly on the business support map.

**Kent and Medway:**

Kent Invicta Chamber of Commerce is one of Kent & Medway's leading business support organisation with a proven track record in business engagement. The Chamber have been awarded the contract for the delivery of the Growth Hub which finalised on 29<sup>th</sup> September. The Chamber have 8,000 followers, 15,000 email recipients, 5,000 LinkedIn contacts and attendees at over 150 networking events plus regular B2B

events across the County. The Chamber will be working with partners to carry out the following:

- email campaigns targeting just over 21,000 businesses in Kent & Medway using the Growth Hub email domain. The establishing of a twitter account for the Growth Hub and use the Chamber's and other Partners social media channels to promote awareness. The development of a newsletter with a sign up option within the website that will build on creating a meaningful following.
- Three Partner Events have been planned and the Chamber will be utilising their existing event schedule, such as the B2B's events across the county to promote the Growth Hub service and also provide details using the Chamber's 15K mailing list.
- The first meeting of the Growth Hub provider and the district partners has been scheduled for late October. In addition presentations on the development of the Kent and Medway Hub have been scheduled with the following partners groups during October: Kent and Medway Economic Partnership, North Kent Partners, West Kent and East Partners. A soft launch of the website will be held early November.

## **Principle 2 - Governance, sustainability and deliverability:**

*Growth hub has clear and inclusive governance arrangements under the oversight of the LEP with appropriate business representation, and a clear plan for delivering and sustaining the growth hub, including other sources of funding and match funding where possible.*

The Growth Hub Working Group was deployed to help develop an ERDF bid to secure the future of the Growth Hub across the SELEP area. Financial forecasting and three year planning has been compiled and the bid, for £6m (including a grants scheme), was submitted in September alongside a complementary Growth Hub bid for a £7m loan scheme.

The Growth Hub reports directly to the SELEP Strategic Board and is therefore firmly positioned in the LEP's governance arrangements. Spend of the Growth Deal allocation is also reported to the SELEP Accountability Board.

Progress for BEST, Business East Sussex (BES) and Kent are as follows:

### **BEST:**

BEST have established a steering group to monitor the delivery of the Growth hub. This is comprised of lead representatives from the four quadrants in Essex (West Essex, Haven Gateway, Thames Gateway, Heart of Essex), the Accountable Body SELEP and a member from both the University of Essex and Anglian Ruskin University. A representative of the BEST steering group also sits on the SELEP Growth Hub Working Group which is considering this holistically, including the pan-SELEP ERDF bid. The role and activity of BEST is also being included in other funding applications.

### **BES**

A Steering Group, chaired by Cllr Rupert Simmons, has been devised and is comprised of members from: ESCC, Let's Do Business Group, University of Brighton, Locate East Sussex, Team East Sussex, BIS and voluntary representatives from East Sussex District and Borough Councils. The primary role of the Steering Group is to monitor the progress and delivery of the BES Growth Hub. Guidance will also be provided by East Sussex County Council. The next meeting is in October.

A representative of the BES Steering Group will also sit on the SELEP Working Group.

Let's do Business Group (the Core Provider) will also hold a regular (3 x per annum) East Sussex Growth Hub Partnership meeting, bringing together the main business support providers (local and those engaged in national provision (e.g. MAS)).

The ERDF bid in July 2015 is to be match funded by ESCC. BES is also looking at opportunities to develop the website offer in ways that could enable income to be generated from private sector business support providers.



**Kent and Medway:**

Kent and Medway Economic Partnership will provide an oversight role for the Kent and Medway Growth Hub and is comprised of representatives from Local Enterprise Partnerships in Kent; private sector organisations; Local Authorities in Kent and Medway; Kent Invicta Chamber of Commerce and Higher/Further Education representatives.

All Districts within Kent have been allocated funds to provide additional support to meet local priorities where there are gaps in business support provision across the area. Agreements have been reached with the respective Districts across the whole county and service delivery is now underway. An allocation of £140,000 to the districts has been confirmed and defrayment of £130,000 has been achieved.

To ensure the sustainability of the Growth Hub beyond 2015-2016 and into 2016-2017, Kent plan to utilise an allocation of the SEEDA legacy funding.

**Principle 3 - Signposting and diagnosis**

*Growth hub is actively promoting all forms of business support available in their area, aligning with the Business is GREAT campaign and providing a diagnostic and signposting service for all businesses which covers all available business support across the LEP area (local, national, public and private). Helping businesses understand what support would help them most and connect them to that support. This service is likely to be provided through a range of different mediums – a website, telephone line (national and/or local), face-to-face advisers, account management – but will provide a consistent level of information to businesses. Making best use of existing national resources and assets, such as content and tools on GOV.UK website and the Business Support Helpline.*

The diagnostic and signposting service for each BEST and BES is currently being rolled out and encompasses the combination of website, phone line, advisers/navigators and account management. The SELEP website will align with national resources and assets as described; and it is all designed on the basis of providing a diagnostic and signposting service. Details of the diagnostic and supporting service for each local Growth Hub can be found below.

The SELEP Growth Hub is actively working with all of the local Growth Hubs to coordinate launch events that are in harmony with one another. This has largely been achieved through SELEP Growth Hub Working Group meetings. Details regarding launch events for each respective local Growth Hub can be found below. A comprehensive Marketing and Communications plan has been pulled together for the SELEP Growth Hub which details how we plan to engage with all stakeholders linked to its delivery (i.e. businesses using the service, local partners and business support providers) and considers how the LEP will integrate any feedback we receive to improve the overall performance and effectiveness of the Growth Hub. An overview of the various communication channels has also been outlined detailing how we plan to promote business support across the SELEP area, in addition to a breakdown of the marketing budget.

A Ministerial launch event for the SELEP Growth Hub is with currently being coordinated and is aiming to be held during November/December. An invitation list has been drawn up which includes members from private sector organisations and local partners, along with a proposed agenda. Reflecting the federal model of the Growth Hub, representatives from each of the local Growth Hubs will have the opportunity to present their current progress and key achievements, whilst raising awareness of the service to business. This has been pulled together in communication with the local Growth Hubs in order to achieve maximum impact and to raise awareness of the Growth Hub at a national level.

Results from the Business Support Simplification Review have been extensively reviewed by Thurrock Council and business support provision across East Sussex, Essex, Southend and Thurrock will be reviewed as a result of the review's recommendations. The review was discussed at the latest SELEP Growth Hub Working Group Meeting.

Progress for BEST, BES and Kent is as follows:

**BES**

BES is primarily providing a telephone-based signposting and diagnostic service, although face-to-face

meetings are also being delivered. The service is currently:

- Providing information on the range of national and local business support services, including those on the Gov.UK website, actively promote all forms of business support available in the area, (aligning with the Business is GREAT campaign, and including access to finance/training opportunities and apprenticeship programmes). Factsheets are available online on areas such as financing, growing and starting a business.
- Directing businesses to appropriate sources of support and directly arrange referral and follow-up where appropriate through “Fred”, the Business Support Navigator for East Sussex
- 

As a Business Navigator, Fred’s role is to signpost local companies to appropriate help and advice whether that’s local regional or national programmes – public sector funded or private sector. Fred also follows up with clients to determine the take up of signposting and the level of client satisfaction. Fred has successfully completed in excess of 70 navigations thus far.

LinkedIn, Facebook and Twitter profiles are all now actively being used to raise awareness of the Growth Hub to the business community and support events that are available. Partner events are now live under the event section of websites. 6500 businesses have been reached so far via Facebook advertising.

BES are also actively promoting the Growth Hub at the BEST4Biz on the 16<sup>th</sup> October, held in association with East Sussex County Council and the Alliance of Chambers in East Sussex.

#### **BEST:**

The BEST Growth hub combines the use of the website, telephone line (both national and local) and face-to-face advisors through the business navigation team. The Business Navigation team carry out diagnostics with businesses and then act as a signposting service to all business support services that are applicable.

The BEST website, which was developed from the previous Business Southend website, promotes all forms of business support available in Essex. Using the mapping and simplification survey results, we have populated the BEST website with information on business support providers across the County as well as the national programmes such as BGS, Innovate UK and UKTI. BEST also has information and links through to the national resources such as, Business is Great, the business support helpline and content from the GOV.UK website.

The contact details for the business support helpline appear on each page of the website and we have a good relationship with the BE group. We currently receive detailed referrals from the helpline on a regular basis.

Twitter and Facebook profiles are now actively promoting the Growth Hub’s service and the Twitter profile has accumulated 900 followers to date.

In addition, the BEST team are hosting an official launch event on the 21<sup>st</sup> October for the Growth Hub at Chelmsford Racecourse to raise awareness of the service in the local area and to increase linkages between business support providers. Those invited include business support providers, business coaches, Local Authority members, banks and local MPs. A “speed networking” arrangement has been devised to allow various support providers to interact with each other, discuss their offerings and to encourage cross referrals.

#### **Kent and Medway:**

The Kent and Medway Growth Hub will provide a core central signposting service, There will be 3 points of contact for the users;

#### **The Business Support Helpline**

- o This is a low cost telephone number that is supported by more than forty trained diagnostic Agents

who are familiar with the current range of National Services.

- o The helpline is open between 09.00 to 18.00, Monday to Friday
- o Agents have access to a local knowledge centre that is updated by the Kent & Medway Growth Hub Team to ensure accuracy of local content
- o Agents can electronically transfer User enquiries to the local Team for follow up
- o Agents can also refer direct to National Providers

#### **Web Chat**

- o Live chat with SFEDI qualified Business Advisers located at the Business Support Helpline
- o Web chat is available 09.00 to 18.00, Monday to Friday
- o Business Advisers can offer diagnostics and signposting against an agreed criteria imposed by the local Team
- o Business Advisers have access to the local knowledge centre and can electronically transfer User enquiries to the local Team for follow up
- o Business Advisers can also refer direct to National Providers

#### **Navigator Field Service**

- o 10 Qualified Navigators engaged part time under a contract for services and allocated to a local District
- o Navigators will attend a least 1 networking event a week in their allocated area and provide face to face diagnostic and signposting. We forecast engagement with 15K businesses per annum using this methodology
- o Navigators will receive monthly training and updates on all national and local provision as well as becoming the recognised local contact
- o The Navigator Field service is supported by a team of employed Navigator Support Officers, who will process any referrals in/out and follow up enquiries.

Specific Business Advice will be provided through the existing local and national provision i.e. Enterprise First in Shepway, Growth Accelerator.

#### **Principle 4 - Local/national integration**

*How the growth hub is supporting the integration of national and local business support so that they work seamlessly together. In practice, this means:*

- *Co-locations national (e.g. Business Growth Service) and local business support advisers to ensure ease of access for customers and greater collaboration between providers, unless there is an overriding reason not to do so (e.g. conditions on leases).*
- *Aligning the local growth hub brand with the Business is GREAT brand so that two appear together.*
- *Entering into a formal agreement with the Business Growth Service which sets out how the two will work together, and where possible quantify these and other conditions.*

At SELEP level, following recent affirmation of the future of the LEP from the Secretary of State, we will be securing data sharing agreements as appropriate and making direct links with the appropriate BGS contact – Mark Addy in our case.

#### **BEST:**

The BEST Growth hub Team already had a close relationship with national providers as part of the Business Southend offer. This partnership has been built upon and the national providers as well as the Chamber of Commerce and BGS have been offered hot desking facilities at The Hive in Southend to improve the collaboration between the Growth hub and the business support providers.

As previously mentioned, BEST are facilitating a business support referral network. BEST are in regular contact with the Business Growth Service, who are regularly based from The Hive. BEST have been receiving referrals as well as making referrals to one another.

#### **BES:**

Meetings have been held with Grant Thornton (Growth Accelerator) and UKTI and BES are co-hosting an Export Event with UKTI in November.

The relationships with partners will further develop from the Business Support Providers Network planned for November.

#### **Kent and Medway:**

The site will adopt elements of the GREAT branding and KICC have been in touch with the Cabinet Office and obtained guidance on the style branding regulations. It has been noted the restrictions are numerous and could cause significant delay to publication, therefore it is proposed to adopt a common theme using the guidelines for GREAT that will convey continuity to the User whilst allowing for flexibility of local content, including the South East Business Hub logo. The home page will offer a clear and easily navigable set of options, the National Helpline Number and a web chat facility. We have also had meetings about joint working with with national BGS providers Grant Thornton (for MAS service), Oxford Innovation (Growth Accelerator) and LDA (UKTI Trade services), and on the local level with the Federation of Small Businesses, Kent Foundation, Enterprise Foundation, Prince's Trust and Royal British Legion Industries.

#### **Principle 5 - Rationalisation and simplification**

*How the growth hub is/is intending to create a more coherent and simpler local landscape for business, by mapping business support in its area, gathering data, and, working with its partners, reviewing and rationalising schemes. Although there is no "target" for % reductions in local schemes, there should be a focus on removing duplication, closing under-performing schemes and promoting schemes which are proven to be most effective at helpline businesses to grow (see 'Simplification Guide and Toolkit').*

EBS Consulting have produced a Business Support Simplification Review for the East Sussex and BEST areas of SELEP. This work has been utilised to populate the BEST Growth hub website and will be used in the Business Support workshop contract to ensure that we are not duplicating support already available, but rather, filling the gaps to simplify the business support landscape for businesses.

The workshop contract will include a needs analysis to be undertaken by the successful bidder, to again ensure that new provision is filling the gaps in the current market.

Here are a few selected recommendations from the review:

- There is a need to try to increase collaboration and eliminate duplication of marketing effort of publicly funded business support organisations to make more efficient use of existing resources.
- There is a need to continue to review and assess the SELEP area business support offer to minimise proliferation, capitalise on opportunities and simplify the changing business support landscape to business. Commitment should be made to undertaking an annual review of business needs alongside the provision of business support.
- Growth Hubs should help connect, coordinate and increase collaboration amongst business support providers and present a single support offering that makes sense to businesses.
- The main issue to address is the lack of knowledge amongst local business support providers about the products and services offered by other support organisations. Greater exchange of information amongst business support organisations in the SELEP area and being kept up to date with latest developments in business support products and services is a priority – it is not only businesses that are confused by the changing business support landscape.

Work is currently underway, led by Thurrock Council, to translate the recommendations from the report into new ways of working for the Growth Hub, to ensure that all lessons are taken on board as the Growth Hub develops.

Progress for BEST, BES and Kent are detailed below:

**BEST**

BEST are meeting with business support providers and reviewing and updating their individual offers to ensure that it is the most relevant for businesses in Essex. For example, on the 21<sup>st</sup> September, the BEST Business Navigators met with the University of Essex's Enterprise Team to help gain an understanding of how the University can support businesses through specific areas of expertise and outlining funded schemes that are available. Furthermore, throughout the launch of the site, BEST have consulted all available business support providers, allowing them to provide input regarding what appropriate information should be listed on the website.

To improve knowledge amongst local business support providers about the products and services offered by other support organisations, BEST have decided to create a "speed networking" style arrangement during the official launch event of the Growth Hub. This will provide the opportunity for local business support providers to interact with each other and compare their business support offerings. The goal is to help foster greater collaboration between providers and potentially increase the number of cross referrals.

**BES:**

The research completed by Regeneris is being reviewed and will be discussed by the Strategy Oversight Group. The findings will be further 'sense checked' at the Business Support Providers meeting before a formal action plan is developed by the end of February 2016.

**Kent and Medway:**

An aspect of the Navigator Support Officers role will be to collate business support information and update the Growth Hub website and communicating updates to Navigators, BIS Helpline and external partners. They will be compiling and publishing updates through social media platforms as well as handling and processing inbound and outbound referrals between Navigators and Partners to Stakeholders and local Providers to ensure free flow of information.

**Principle 6 - Performance and evaluation**

*Evidence that the Growth Hub has committed to the common 'Monitoring and Evaluation Framework for Growth Hubs', to measure performance, customer satisfaction and impact. This includes publication of an annual review of Growth Hub performance by end March 2016 (see common Metrics and Evaluation Framework for Growth Hubs). Please insert any high level impact metrics where you believe they would be of interest to BIS/Ministers.*

The SELEP Growth Hub have provided performance metrics data in line with requirements of the common 'monitoring and evaluation framework for growth hubs' for period 1 April - September 2015 via the existing Growth Deal reporting process. Core metrics were broken down based upon the different levels of support offered to different types of business. Thus, we differentiated between "less" and "more" intensive support as well by type. In alignment with SELEP's federal model, information was aggregated from all of the local Growth Hubs and uploaded to LOGASnet accordingly.

Representatives from each of the local Growth Hubs have had ongoing conference call discussions with Alcium Software – our CRM software provider - to develop a pan-SELEP Evolutive CRM system that allows for data to be synchronised across partner systems. We are currently in the process of developing consistent fields for the diagnostic form that can be standardised across each of the local Growth Hubs which can facilitate the aggregation of data. We are using BEST's diagnostic form as the standard. With regards to the metrics spreadsheet for each local Growth hub, all information can be recorded in Evolutive and can be defined / specified for each individual programme separately.

Progress for BEST, BES and Kent is listed below:

**BEST:**

BEST are using the 'Monitoring and Evaluation Framework for Growth hubs' to monitor performance of the Growth Hub, as well as best practice from Business Southend. This will allow the Growth Hub to develop a business enquiry tracker that captures all information needed for reporting. BEST are also using the CRM

system, Evolutive, to ensure that the data is captured and stored and easily available for monitoring and evaluation.

The BEST Growth Hub will also be using the survey module of the CRM system to measure customer satisfaction.

**BES:**

BES are using the 'Monitoring and Evaluation Framework for Growth hubs' to monitor performance of the Growth Hub, as well as using best practice from the Let's do Business Group adaptation of the Evolutive CRM system.

**Kent and Medway:**

At the initial stages an existing software package will be used to provide the information required as per the Monitoring and Evaluation Framework for the Growth Hubs as this will comply with data protection regulations and will facilitate the ease of data sharing/integration between the Business Support Helpline and the Growth Hub. The Navigator Support Team will be responsible for data entry. Within three months of the launch of the Kent and Medway Hub the SELEP-wide Evolutive CRM will be adopted.

Quarter	Forward view of deliverables (Schedule 3 of Grant Offer Letter)	Status (on track or delayed)
Q2 (01 Jul to 30 Sep)	<p><b>SELEP:</b></p> <ul style="list-style-type: none"> <li>- Report to September strategic board</li> <li>- ERDF application submitted</li> <li>- Mapping and Simplification report completed</li> </ul> <p><b>BES:</b></p> <ul style="list-style-type: none"> <li>- Soft launch of BES at Lets Do Business Eastbourne on 2 July 2015</li> </ul> <p><b>BEST:</b></p> <ul style="list-style-type: none"> <li>- Launch of the Website</li> </ul> <p><b>Kent and Medway:</b></p> <ul style="list-style-type: none"> <li>- Awarding of Provider contract</li> </ul>	<ul style="list-style-type: none"> <li>- Delivered</li> <li>- Delivered</li> <li>- Delivered</li> <li>- Delivered</li> <li>- Delivered</li> <li>- Delivered</li> </ul>
Q3 (01 Oct to 31Dec)	<p><b>SELEP</b></p> <ul style="list-style-type: none"> <li>- Formal launch event</li> <li>- Marketing and Communications protocol released to follow up on branding guidelines</li> <li>- Data Sharing agreements in place</li> </ul> <p><b>BES:</b></p> <ul style="list-style-type: none"> <li>- Second launch at the Best 4 Biz annual business conference on 16 October at the East Sussex National.</li> <li>- Meeting of steering group</li> <li>- Meeting of Business Support Providers</li> <li>- Meeting with central telephone contact centre</li> </ul>	<ul style="list-style-type: none"> <li>- Moved from Q2</li> <li>- Moved from Q2</li> <li>- Moved from Q2</li> <li>- On track</li> <li>- On track</li> <li>- On track</li> <li>- On track</li> </ul>

	<b>BEST:</b> <ul style="list-style-type: none"> <li>- Formal launch of BEST Growth Hub – incorporating the launch of the business support referral network</li> <li>- BEST marketing plan produced in line with SELEP marketing plan</li> <li>- BEST business support workshop contract</li> </ul> <b>Kent &amp; Medway:</b> <ul style="list-style-type: none"> <li>- Delivery arrangements put in place</li> <li>- KMEP – Presentation by Provider</li> <li>- Formal Launch early November</li> </ul>	<ul style="list-style-type: none"> <li>- On track</li> <li>- On track</li> <li>- On track</li> <li>- Delivered</li> <li>- On track</li> <li>- On track</li> </ul>
Q4 (01 Jan to 31 Mar)	<b>SELEP</b> <ul style="list-style-type: none"> <li>- Sustainability Plan produced</li> <li>- Growth Hub performance review published</li> </ul>	<ul style="list-style-type: none"> <li>- On track</li> <li>- On track</li> </ul>

#### Growth hub forward look & decisions or actions required from BIS.

**(Note** - any significant delivery milestones likely to be achieved in the next quarter. These may be of interest for communications and marketing purposes e.g. ministerial visit opportunities, launch events not covered above, events that may be of interest to Government officials etc. Any significant issue or high/critical risks that require a specific response from BIS e.g. financial spend indicators need review, procurement issues etc.

#### **BEST:**

The table above covers the significant delivery milestones for Quarter 3. We will also be looking to facilitate some sector specific events, where we will invite the local and national business support providers to showcase their offer to businesses.

As well as the launch of our business support referral network, we will be looking to host regular meetings with business support providers to further simplify the local and national offer by ensuring more cross-referrals among support providers to find the best support for businesses.

We are currently underspent on our original budget due to a number of reasons. Firstly, Business Southend was funded until 30<sup>th</sup> June and therefore the business navigation team were funded under Business Southend rather than BEST in the first quarter. We then re-profiled our budget to allow for these amendments. Unfortunately there have been some delays in large contracts which has meant that spend will be split across quarters 3 and 4. We have just appointed a successful bidder for the business support call-down contracts who are due to begin their contract on the 12<sup>th</sup> October. The value of the contract is still the same (£30,000) but it will be split across two quarters rather than three. We are also in the process of developing our business support workshop contracts which combined total £74,000. Again the overall value of the workshops hasn't changed but it will be spread across the two remaining quarters rather than quarters 2, 3 and 4. We are confident that both of these contracts will be fulfilled within the timeframe of the grant. Furthermore, we have some large expenditure due at the start of Quarter 3, namely, the BEST launch, subscriptions to business support tools, marketing materials and training for staff. We have also recruited our final business navigator, which is again part of the reason why we are underspent in quarter 2, as Sarah only joined us halfway through September. We are confident that we will be on budget for Quarter

3

## Issues

Please record any live critical issues with the growth hub that require resolution. You should ensure that these are discussed with your BIS Local representative and BIS Growth Hub Policy team. These should include specific issues that affect expenditure and the delivery of key growth hub deliverables

### Summary report of significant issues

Description of Issue (include date raised)	Severity of issue (H, M or L)	Actions being taken and progress being made.
<b>BEST:</b> Underspend on allocated budget for quarter 2. Delays in recruiting our final business navigator, along with slight delays to the business support workshop contract have meant that our spend is currently under profile.	M	We have now recruited a business navigator who is already in place The delay in the workshop contract is due to ensuring the development of the specification meets our requirements. This specification will be going out on contract finder shortly and we will appoint a successful bidder imminently. We anticipate that spend will be in line with our original delivery budget by the end of quarter 3.
<b>BEST:</b> Forward funding under ERDF and sustainability of the Growth Hub. Uncertainty around future funding is an issue for the SELEP side and for the local areas; particularly important to resolve as staff are employed to deliver the Growth Hub and funding come to an end in March 2016.	H	An ERDF bid has been scoped out with all SELEP Growth Hub partners and has been submitted to DCLG.
<b>BES:</b> We are somewhat below what was anticipated on spend, but that is because it took longer to get the full service in place than originally anticipated.	L	Higher-than-anticipated salary and office cost levels mean we will use up the full budget allocation
<b>Kent and Medway:</b> An allocation of £140,000 to the districts has been confirmed and defrayment of £130,000 has been achieved. Contract in place and staff already recruited for the delivery of services	M	A one year contract offered for the delivery of the hub due to the lack of certainty on future funding. Discussions on seeking private sponsorship will begin immediately to support specific activities or events to ensure full range of services.



**Agenda Item 5.4**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November, 2015 <b>Date of report:</b> 5 <sup>th</sup> November, 2015	
<b>Title of report:</b> Capital Funding – Additional Information	
<b>Report by:</b> David Godfrey	
<b>Enquiries to:</b> david.godfrey@kent.gov.uk	

**1. Purpose of report**

1.1. The purpose of this paper is to:

- Update the Accountability Board on the SEFUND/Growing Places Fund programme
- Note the progress on the Growth Deal projects for J10a of the M20 in Kent and the Ashford Spurs rail improvements

**2. Recommendations**

2.1. The Board is asked to:

- Note the report

**3. Supporting Papers**

3.1. In support of this paper, appendices contain:

- South East LEP – SEFUND/Growing Places Fund Update
- Highways England Scheme Update – M20 J10a

**4. Background**

4.1. This report updates the Board on the current status of the SEFUND/Growing Places Fund (GPF) investment projects and draws the Board's attention to two significant economic development projects with updates on the M20 J10a scheme which will be delivered by Highways England and the Ashford Spurs project to enable continued international rail services into Ashford.

**SEFUND/GPF**

- 4.2. Progress on SEFUND/GPF investments is provided in the appendix to this report. This funding is distinct from the Local Growth Fund and is managed separately from it.
- 4.3. A full paper is to be taken to the SE LEP Strategic Board on 11<sup>th</sup> December to discuss future arrangements for this funding and the SEFUND rolling investment fund proposal developed earlier this year.

#### **Highways England Scheme Update – M20 J10a**

- 4.4. Within the SE LEP Growth Deal, the Government committed to deliver the major M20 J10a project and provide investment for the total cost of the scheme with a SE LEP contribution of £35.7m and local contributions.
- 4.5. The appendix to this report is an update provided by Highways England to inform the Board of the current economic case and programme for the scheme which will come back to the Board for future release of funding.
- 4.6. A verbal update will be given on progress.

#### **Ashford Spurs Briefing Note**

- 4.7. It has been known for some time that the next-generation of international trains will not be able to serve Ashford until a technical barrier involving 12 local railway signals is resolved. This project will ensure existing and future international trains may call at Ashford International Station.
- 4.8. A verbal update will be give on progress.

### **5. Recommendations**

- 5.1. The Board is asked to:
- Note the report

### **6. Financial Implications**

- 6.1. None at present.

### **7. Legal Implications**

- 7.1. None at present.

### **8. Staffing and other resource implications**

- 8.1. None

## 9. Equality and Diversity implications

9.1. None

## 10. List of Appendices

10.1. Appendix 1 SEFUND/Growing Places Fund Update

10.2. Appendix 2 Highways England Scheme Update – M20 J10a

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## 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)

Role	Date
<b>Accountable Body sign off</b>	
Lorna Norris	5 <sup>th</sup> November 2015
On behalf of Margaret Lee	



## South East LEP – SEFUND/Growing Places Fund Update October 2015

Name of Project	Area	Status	Allocation £000s	Invested to date - £000s	Repaid to date - £000's
Priory Quarter – Phase 3 Hastings	East Sussex	Investment	7,000	6,965	0
North Queensway, Hastings	East Sussex	Repayment	1,500	1,500	500
Rochester Riverside	Medway	Investment	4,410	4,410	0
Chatham Waterfront	Medway	Investment	2,999	2,999	0
Bexhill Business Mall	East Sussex	Investment	6,000	3,600	0
Parkside Office Village at University of Essex	Essex	Investment	3,250	2,400	0
Chelmsford NE Urban Expansion	Essex	Repayment	1,000	1,000	500
Grays Magistrates' Court	Thurrock	Investment	1,400	1,400	0
Sovereign Harbour, Eastbourne	East Sussex	Investment	4,600	4,600	0
Workspace Kent	Kent	Investment	1,500	1,500	0
Enterprise West Essex (Harlow EZ)	Essex	Working to agreement	3,500	0	0
Discovery Park (Sandwich EZ)	Kent	Working to agreement	5,315	0	0
Live Margate	Kent	Working to agreement	5,000	0	0
Harlow EZ – Revenue Grants	Essex	Awarded	1,244	622	
Administration Support Drawdown	n/a	n/a	2	2	
<b>Total</b>			<b>48,720</b>	<b>30,998</b>	<b>1,000</b>

### Notes

- Parkside Office Village was allocated a further £850,000 for Phase 1a of the project. There have been some delays to the agreement between the sponsoring Local Authority and the University due to changes in the construction costs. This has now been resolved and agreements should be in place shortly.
- Enterprise West Essex – discussions around the treatment of retained business rates have been continuing and there should now be a clear route to completing funding agreements.
- Discovery Park – the business case is coming to the Kent Investment Advisory Board on 3<sup>rd</sup> November for consideration. If the Board advises investment, the agreements will be completed.
- £715,000 was allocated to Sovereign Harbour in September 2014. East Sussex CC has now confirmed that the project does not need any further funding and the allocation has been removed.
- At the September Strategic Board meeting it was agreed that no further allocations would be made until a decision was made on the future of SEFUND by the Strategic Board in December.



**Major Project South**  
**05/11/2015**  
**Scheme – M20 Junction 10a**

**To inform the SELEP Accountability Board of the current economic case and programme for the M20 Jn 10a scheme, for consideration of release of contributions.**

### **1. Scheme Background**

Improved access to and from the M20 Motorway via the proposed Junction 10a is seen as a key part of delivering the proposed development in Ashford, under the Local Plan and the Growth Area Agenda, as well as addressing any resulting congestion problems. The Highways England carried out a consultation in 2008, which was followed by a Preferred Route Announcement in 2010.

Ashford's local plan for development is heavily dependent on the completion of the scheme which will make a considerable contribution to the local economy.

### **2. Scheme Economics**

Traffic modelling and economic assessments for the scheme are currently progressing, and the scheme has developed to the Current Scheme layout, which shows improved economic results under the assumption that a large part of Sevington developments is deemed dependent on the scheme. Further economic benefits of uplift in land values are also expected to arise from these developments, increasing the Value for Money of the project.

The Current Scheme layout will be publicly presented at the oncoming Public Consultation starting in January 2016.

An assessment has also been made of the wider economic benefits, which estimate that the scheme will have an economic impact of 4,500 permanent jobs and an estimated additional £1.6 billion discounted GVA to the local economy. This assessment will be used in conjunction with the conventional BCR calculations to support the Value for Money of the scheme.

Earlier discussions with SELEP indicated that the contribution from the Department for Communities and Local Government for the SELEP scheme (£19.7m) will be contributed to the Highways England scheme.

### **3. Current situation**

Discussions within Highways England confirmed that the scheme continues, DfT has delegated these decisions for this value scheme to the new Highways England company. However, we have informed DfT of the situation and the risk of challenge during DCO, and they have asked to be informed of any public consultation exercise, so that they can manage any queries. The current programme is for public consultation in January 2016, DCO submission in June 2016, start of works in August 2017, open for traffic in February 2019 (Dates subject to change).





**Agenda Item 8**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November 2015 <b>Date of report:</b> 27 <sup>th</sup> October 2015	
<b>Title of report:</b> Operating Budget – 6 month outturn report	
<b>Report by:</b> Suzanne Bennett	
<b>Enquiries to:</b> Suzanne.bennett@essex.gov.uk	

**1. Purpose of report**

1.1. The purpose of this paper is to:

- Update the Accountability Board on the financial position for the Secretariat budget at half year which ended 30<sup>th</sup> September, 2015

1.2. The report is for information only and requires no decisions.

**2. Recommendations**

- 2.1. The Board is asked to consider the position and representatives from the Accountable Body and the Secretariat will be available to take any questions that may arise.

**3. Background**

- 3.1. Table 1 below shows the budget, spend to date and forecast outturn position for the operating budget of the South East LEP. The operating budget includes the Secretariat budget and the administration of GPF budget.

Table 1			
Half Year Forecast - £000's		£000's	
	Forecast	Budget	Variance
<b>Income</b>			
Grants	(550)	(600)	50
Other Local Authority contributions	(200)	(200)	-
External interest received	(200)	-	(200)
<b>Total income</b>	<b>(950)</b>	<b>(800)</b>	<b>(150)</b>
<b>Expenditure</b>			
Staffing	452	578	(126)
Recharges from Accountable Body	129	134	(5)
Office costs and events	107	63	44
Consultancy	312	270	42
Local area support	100	100	-
<b>Total expenditure</b>	<b>1,100</b>	<b>1,145</b>	<b>(45)</b>
<b>Net expenditure</b>	<b>150</b>	<b>345</b>	<b>(195)</b>
<b>Contribution from reserves</b>	<b>(150)</b>	<b>(345)</b>	<b>195</b>
<b>Net position</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 3.2. Due to external interest receipts of £200,000 that are estimated to be accrued on cash balances by the end of the financial year, it is currently forecast that the budget will be underspent by £195,000 in this financial year. This estimate is based upon the current rates and any change in rates will be reflected in the final interest paid.
- 3.3. The interest has been earned on the balances of Growing Places Fund grant being held by SE LEP along with the Local Growth Fund (LGF) balances. At the time of budgeting it was assumed that LGF would be paid to ECC on behalf of SE LEP on a quarterly basis; whereas in fact the total grant was paid by the end of May. Whilst local allocations were paid to partners in line with SLAs and as swiftly as possible following sign off from the appropriate Boards, the high value of the sums meant that material interest was accrued.
- 3.4. Interest on Local Growth Fund balances now held in local areas are accrued locally.
- 3.5. Again, there have been delays in allocating the full GPF balance and reallocating those funds that have been repaid, which has in turn increased the forecast interest receipts.
- 3.6. The interest rate receipt means that the planned draw down from reserves to support this year's funding will be reduced. At the end of financial year 2014/15, the general reserve held was £444,000; the planned draw down was £345,000 but this has now reduced to £150,000. Therefore, the estimated reserve balance at year end is now £294,000.
- 3.7. Currently the funding situation for LEPs nationally is very uncertain while monitoring and reporting responsibilities are growing and wider commitments and activities to deliver our Growth Deal and shared priorities will also need to be resourced. The core grant of £500,000 ends at 31<sup>st</sup> March 2016 and at the time of writing no further

grant funding for future years has been indicated by Government. LEPs have been lobbying on this issue and it is hoped that further central funding will be announced in the Autumn Statement. In the interim period the Accountable Body advises that the additional funding from the interest receipt is held as it may be required to top up local authority contributions in 2016/17.

3.8. As previously requested by members of the Accountability Board, detail on the costs of monitoring the Local Growth Fund follows. Overall, the costs to date are now in the region of £100,000; this includes the Independent Technical Evaluation contract and the capital programme management that is currently being provided by an external provider. The original budget for monitoring was £35,000, with Independent Technical Evaluation costed separately. The additional costs are being funded through staffing under spends, including that of the Capital Programme Manager. The recruitment to this post is in hand, but the costs of ITE contract will continue as further rounds of business cases need to be assessed. Discussions are ongoing with the Accountable Body to ensure that further extensions of contracts would be within Procurement policy and regulations. Following these discussions, an estimate of the costs for the full year and the next financial year can be provided to Board.

3.9. The Local Growth Fund grant is capital and therefore can't be applied to support the revenue costs of scheme monitoring, management and evaluation, either centrally or to support the costs that are being incurred at a local level. The South East LEP has committed to distributing £100,000 to the six Highways Authorities (counties and unitaries) to assist in the funding of local costs; however, this is one-off funding and any future support will have to be considered in conjunction with the wider LEP funding picture.

#### **4. Financial Implications**

4.1. The Accountable Body will continue to work with the Secretariat to model potential options should future years' grant funding not be secured. However, it is clear that if the level of activity is to be maintained (and much of the monitoring and management of the LGF programme is a requirement of the capital grant), it may be necessary to increase the requested contributions from Local Authorities.

#### **5. Legal Implications**

5.1. None at present.

#### **6. Staffing and other resource implications**

6.1. None

#### **7. Equality and Diversity implications**

7.1. None

## 8. List of Appendices

8.1. None

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## 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
<b>Accountable Body sign off</b>  Lorna Norris  On behalf of Margaret Lee	5 <sup>th</sup> November 2015

## Agenda Item 9

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 13 <sup>th</sup> November 2015 <b>Date of report:</b> 13 <sup>th</sup> October 2015	
<b>Title of report:</b> Financial Statements of Accounts – 2014/15	
<b>Report by:</b> Suzanne Bennett	
<b>Enquiries to:</b> Suzanne.bennett@essex.gov.uk	

### 1. Purpose of report

1.1. The purpose of this paper is to:

- Present the audited Statements of Accounts for 2014/15 to the Accountability Board for their consideration.

1.2. The Finance Business Partner for LEP from the Accountable Body will be available to take any questions that the Board may have.

### 2. Recommendations

2.1. The Board is asked to consider the accounts.

### 3. Background

- 3.1. From inception in 2012, the South East LEP has operated as an unincorporated informal partnership. As such, there is no requirement to produce Statements of Accounts. However, the Partnership has chosen to produce Statements of Accounts and submit them to external audit scrutiny in the interests of transparency and good governance.
- 3.2. The Statements of Accounts for financial year 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 have now been examined by the external auditors and they have issued an unqualified audit opinion. They were published in unaudited form in the SE LEP Annual Report 2014/15 in July.
- 3.3. Representatives from the Accountable Body will be available at the meeting to take questions on the accounts. Following the meeting, the Statements of Accounts will be ready to be published and will be available on the South East LEP website.
- 3.4. The introduction of the Assurance Framework, the requirements of the Local Growth Fund Grant Agreement and the formalisation of the partnership through the Joint

Committee (i.e. the Accountability Board) means that there will be changes to the external auditing arrangements for 2015/16 and onwards. The Accountable Body is currently working with officials from Government to understand what is required.

#### **4. Financial Implications**

4.1. None at present.

#### **5. Legal Implications**

5.1. None at present.

#### **6. Staffing and other resource implications**

6.1. None

#### **7. Equality and Diversity implications**

7.1. None

#### **8. List of Appendices**

8.1. South East LEP Statement of Accounts 2014/15

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

#### **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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Lorna Norris  On behalf of Margaret Lee	  5 <sup>th</sup> November 2015



# Statement of Accounts

Financial Year 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

Produced by the Accountable Body – Essex County  
Council

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## Section One - Introduction

# Introduction

1. The South East Local Enterprise Partnership (SELEP) brings together key leaders from business, local government, further and higher education in order to create the most enterprising economy in England through exploring opportunities for enterprise whilst addressing barriers to growth.
2. Covering Essex, Southend, Thurrock, Kent, Medway and East Sussex, the South East LEP is the largest strategic enterprise partnership outside of London. The South East LEP is one of 39 partnerships set up by the Government to be the key body determining strategic economic priorities while making investments and delivering activities to drive growth and create local jobs.
3. The South East LEP is an unincorporated informal partnership. To facilitate the operations of the SELEP, Essex County Council acts as the Accountable Body for the partnership. This means that the Council receives funds and makes payments on behalf of the SELEP, oversees contract management with suppliers and ensures that the Partnership has sufficient cash flow.

## Revenue Expenditure

4. The original revenue expenditure budget for the South East LEP for financial year 2014/15 was set at £1,095,925. The following income streams were budgeted to support the expenditure in year:
  - Core Grant from Central Government of £525,900;
  - Expected grant to support work on developing the EU Investment Strategy from Government of £25,000;
  - Contribution from Local Government partners of £200,000;
  - Application of £50,000 of the Growing Places Fund revenue grant to support the administration costs of the fund;
  - Application of the remaining £65,025 of the previously awarded Transport Grant to support the further development of the transport projects within the Local Growth Fund; and
  - A contribution of £230,000 from the SELEP's own reserve.
5. At the end of the financial year SELEP had applied a total of £995,256 of Government Grants, received a total of £196,178 in partner contributions and £180,699 of external interest was received in respect of balances held for the Growing Places Fund.

## Section One - Introduction

6. Total gross expenditure at the end of the financial year totalled £1,167,631. Both the expenditure and the Government Grants total referred to above include the monies paid from the revenue element of the Growing Places Fund to Harlow Enterprise Zone. This contribution totalled £421,143 and was not originally budgeted. This transaction had a net nil effect on the cash position of the partnership, it was necessary to process via the income and expenditure account and therefore both expenditure and grant income are higher than originally budgeted for.
7. In total the Partnership's income exceeded expenditure by £205,000 which has been transferred to the general reserve.

### **Growing Places Fund Grant**

8. A grant of £49 million was made to the South East LEP under the Growing Places Fund initiative. The Growing Places Fund grant was to be used to establish a revolving infrastructure fund that could be used across the LEP area to bring forward economic regeneration projects that have stalled.
9. The GPF grant was fully allocated by the South East LEP Board in 2011/12 but appraisals, due diligence and legal agreements took longer to complete than originally anticipated. A total of £4.91 million of the grant was paid out in loans during the financial year and one repayment of £500,000 was made.

## Section Two – Statement of Responsibilities

# Statement of Responsibilities

### **10.Executive Director for Corporate Services’ responsibilities**

The Executive Director for Corporate Services is responsible for the preparation of the South East LEP’s Statement of Accounts in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the ‘Code of Practice’). In preparing this Statement of Accounts, The Executive Director for Corporate Services has:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates which were reasonable and prudent
- Complied with the Code of Practice
- Kept proper, up to date, accounting records
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

### **11.Executive Director for Corporate Services’ certificate**

I certify that this Statement of Accounts has been prepared in accordance with proper practices, and presents a true and fair view of the financial position of the South East Local Enterprise Partnership at 31 March 2015 and its expenditure and income for the year then ended.

**Margaret Lee, Executive Director for Corporate Services**

**Date:**

## Section Two – Statement of Responsibilities

### **12.Chairman of the South East LEP Board's certificate**

I approve these accounts on behalf of the South East Local Enterprise Partnership Board and confirm that they were considered by the Accountability Board at its meeting on 13 November 2015.

**George Kieffer**

**Acting Chairman of the South East Local Enterprise Partnership**

**Date:**

## Section Three – Statement of Accounts

# Statement of Accounts

**13.** The Partnership's accounting statements for 2014/15 comprise:

- **Movement in Reserves Statement**

This statement shows the movement in year on the different reserves held by the Partnership, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce contributions) and 'unusable' reserves. The General Fund Balance at the line 'Balance at 31 March 2015' shows the funds available to the Partnership in 2015/16 and future financial years.

- **Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance generally accepted accounting practices.

- **Balance Sheet**

The Balance Sheet shows the value of the assets and liabilities recognised by the Partnership and the Accountable Body. The net assets of the Partnership are matched by the reserves held by the Partnership. Reserves are reported in two categories:

**Usable reserves** – those the Partnership may use to fund expenditure.

**Unusable reserves** – those that the Partnership is not able to use to fund expenditure. These include reserves that hold adjustments between accounting and funding certain transactions which are permitted under regulations.

**14.** Supplementary information is set out within the notes to the accounts to provide further information on the financial performance of the Partnership during 2014/15.

## Section Three – Statement of Accounts

### Movement in Reserves Statement

For the years ended 31 March 2014 and 31 March 2015

	Notes	General Fund Balance £000	Total Useable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2013</b>		(184)	(184)	884	700
<b>Movement in reserves during 2013/14</b>					
Surplus on provision of services		(55)	(55)	-	(55)
<b>Total Comprehensive Expenditure and Income</b>		(55)	(55)	-	(55)
Adjustments between accounting basis & funding under regulations		-	-	151	151
<b>(Increase)/decrease in 2013/14</b>		(55)	(55)	151	96
<b>Balance at 31 March 2014</b>		(239)	(239)	1,035	796
<b>Movement in reserves during 2014/15</b>					
Surplus on provision of services		(205)	(205)	-	(205)
<b>Total Comprehensive Expenditure and Income</b>		(205)	(205)	-	(205)
Adjustments between accounting basis & funding under regulations	18	-	-	198	198
<b>(Increase)/decrease in 2014/15</b>		(205)	(205)	198	(7)
<b>Balance at 31 March 2015</b>		(444)	(444)	1,233	789

### Comprehensive Income and Expenditure Statement

For year ended 31 March 2015

Gross expenditure	2013/14 Income	Government grants	Net expenditure	Note	Gross expenditure	2014/15 Income	Government grants	Net expenditure
£000	£000	£000	£000		£000	£000	£000	£000
878	(353)	(580)	(55)	17	1,167	(377)	(995)	(205)
<b>878</b>	<b>(353)</b>	<b>(580)</b>	<b>(55)</b>		<b>1,167</b>	<b>(377)</b>	<b>(995)</b>	<b>(205)</b>
151	-	-	151	18	198	-	-	198
<b>1,029</b>	<b>(353)</b>	<b>(580)</b>	<b>96</b>		<b>1,365</b>	<b>(377)</b>	<b>(995)</b>	<b>(7)</b>

## Section Three – Statement of Accounts

### Balance Sheet as at 31 March 2015

31 March 2014 £000	Note		31st March 2015 £000	£000
11,002	19	Long term debtors	15,214	
<b>11,002</b>		<b>Long term assets</b>		15,214
37,821	20	Short term debtors	33,180	
<b>37,821</b>		<b>Current assets</b>		33,180
(333)		Creditors	(364)	
(3,809)	17	Revenue grants received in advance	(3,342)	
(45,477)	17	Capital grants received in advance	(45,477)	
<b>(49,619)</b>		<b>Current liabilities</b>		(49,183)
<b>(796)</b>		<b>Net assets</b>		<b>(789)</b>
		<b>Usable reserves</b>		
(239)		General fund balance	(444)	(444)
		<b>Unusable reserves</b>		
1,035	18	Financial Instruments Adjustment Account	1,233	1,233
<b>796</b>		<b>Total reserves</b>		<b>789</b>

## Section Three – Statement of Accounts

### Notes to the Statements of Accounts

#### 15.Accounting Policies

##### Introduction

The Statement of Accounts summarises the Partnership's transactions for the 2014/15 financial year, and its position as at 31 March 2015. The accounting policies explain the basis for the recognition, measurement and disclosure of transactions and other events within the Statement of Accounts.

The Partnership's Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, insofar as that is applicable to the activities of the Partnership, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

##### Accounting for Loans

The Growing Places Fund loan advances are made on an interest free basis, which means that they are accounted for as soft loans. In order to comply with the CIPFA Code of Practice and statutory regulation it is necessary to measure such loans at fair value in the Financial Statements.

In the case of loan advances, such as GPF loan advances made by the South East LEP, the value of the advance made is presented in the accounts as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument and for an organisation with similar credit rating.

All GPF loan advances have been made to upper tier authorities and therefore the prevailing rate of interest used was that available from the Public Works Loan Board on the day of the advance.

The sum by which the amount lent exceeds the fair value of the loan shall be charged to Surplus or Deficit on the Provision of Services. This deficit does not require funding as it is an accounting adjustment only. This adjustment is held in the Financial Instruments Adjustment Account.

Over the life of the loan the value of the adjustment will be reduced in each year until the value of the loan advances match loan repayments in cash terms.



## Section Three – Statement of Accounts

### 16. Accruals of Income and Expenditure

The Partnership accounts for income and expenditure in the year the effects of the transactions are experienced, not simply when the cash payments are made or received. In particular:

- **Receipt of goods and services:** expenditure is recognised when the goods are consumed and the services received by the Partnership.
- **Interest:** Amounts payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than according to the cash flows fixed or determined by the contract.
- **Debtors and Creditors:** where income and expenditure has been recognised, but the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet.

### 17. Grant Income

Government grants and third party contributions and donations are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

- There are no conditions attached to them or that the Partnership has complied with the conditions attached to them; and
- The grants and contributions will be received.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the grant or condition are required to be consumed by the Partnership as specified, or future economic benefits or service potential must be returned to the awarding body.

Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

## Section Three – Statement of Accounts

An analysis of the grants that have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement is as follows:

2013/14			2014/15		
Capital grants £000	Revenue grants £000	Total £000	Capital grants £000	Revenue grants £000	Total £000
<b>Department of Business, Innovation and Skills</b>					
-	26	26	-	-	-
-	26	26	-	-	-
<b>Department for Transport</b>					
-	54	54	-	45	45
-	54	54	-	45	45
<b>Department of Communities and Local Government</b>					
-	-	-	-	421	421
-	500	500	-	529	529
-	500	500	-	950	950
-	580	580	-	995	995

An analysis of the grants carried in the Balance Sheet as a receipt in advance is as follows:

2013/14			2014/15		
Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
<b>Department for Transport</b>					
-	78	78	-	33	33
-	78	78	-	33	33
<b>Department of Communities and Local Government</b>					
45,477	3,731	49,208	45,477	3,309	48,786
45,477	3,731	49,208	45,477	3,309	48,786
45,477	3,809	49,286	45,477	3,342	48,819

### 18. Financial Instruments

The SELEP has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable in the financial year – the reconciliation of

## Section Three – Statement of Accounts

amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Instruments Adjustment Account

This account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2013/14 £000		2014/15 £000
884	Balance as at 1 April	1,035
356	Amortisation of discounts to the General Fund	494
(205)	Transfer from the General Fund for the difference between amounts credited/debited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statutory provisions	(296)
<u>1,035</u>	Balance as at 31 March	<u>1,233</u>

### 19. Long Term Debtors

Long term debtors are the loan advances made to upper tier authorities from the Growing Places Fund. As at note 18 above, the value of these advances are recognised at the present value of repayments over the life of the loan. This is because the loans are made at a nil interest rate. The cash value of loan advances this year was £4.41 million. The difference in value between this and the value recognised as a long term debtor is shown in the Financial Instruments Adjustment Account which is an unusable reserve.

### 20. Short Term Debtors

The Partnership's cash is held by Essex County Council, as part of the Council's role as Accountable Body for the Partnership. The cash held by the Accountable Body is recognised on the Balance Sheet of the Partnership as a short term debtor.

## Section Four – Independent Auditor’s Report

We have audited the Statement of Accounts for the financial year ended 31<sup>st</sup> March 2015, as set out herein.

We confirm that the accounts have been prepared in accordance with the financial reporting framework, as governed by Essex County Council’s Financial Procedures and Regulations, and in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the Board and Executive members of SE LEP, as a body, and Essex County Council as the Accountable Body. Our audit work has been undertaken so that we might state to Board and Executive members of SE LEP, as a body, and to Essex County Council as the Accountable Body those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and Executive members of SE LEP as a body, and Essex County Council as the Accountable Body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Accountable Body and the Auditors.**

The Executive Director for Corporate Services of Essex County Council is responsible for the preparation of the Statement of Accounts and for being satisfied that the amounts contained therein give a true and fair view within the context of the financial reporting framework.

Our responsibility is to audit and express an opinion on the Statement of Accounts in accordance with our Engagement letter dated 21<sup>st</sup> September 2015 and with International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board’s (APP’s) Ethical Standards for Auditors.

### **Scope of the audit of the Statement of Accounts.**

An audit involves obtaining evidence about the amounts and disclosures in the Statement of Accounts sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director for Corporate Services of Essex County Council; and the overall presentation of the Statement of Accounts. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Section Four – Independent Auditor’s Report

### **Opinion on the Statement of Accounts.**

In our opinion the Statement of Accounts:

- Give a true and fair view in the context of the financial reporting framework of the SE LEP’s income and expenditure for the financial year ended 31<sup>st</sup> March 2015.
- Have been properly prepared in accordance with the recognition criteria and in accordance with the CIPFA/LASAAC Code of Practice on local Authority Accounting in the United Kingdom 2012/13. There are included limited notes which benefit the understanding of the user, but we offer no opinion for this non-statutory report as to whether the notes fully comply with disclosure requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Mr Athos Louca FCCA (Senior Statutory Auditor)

For and on behalf of Loucas Chartered Certified Accountants

Statutory Auditor

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