

ACCOUNTABILITY BOARD

09:30	Friday, 15 December 2017	Ashford College Kent,
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Quorum: 3 (to include 2 voting members)

Membership

Mr Geoff Miles	Chairman
Cllr Kevin Bentley	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Rob Gledhill	Thurrock Council
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	Further Education/ Skills representative
Lucy Druesne	Higher Education representative

For information about the meeting please ask for:

Lisa Siggins
(Secretary to the Board)
lisa.siggins@essex.gov.uk
Tel: 03330134594

Meeting Information

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

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

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

The agenda is also available on the Essex County Council website

Part 1

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

	Pages	
1	Welcome and Apologies for Absence	
2	Minutes To approve as a correct record the Minutes of the meeting held on 17 November 2017.	7 - 16
3	Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Public Questions In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the Managing Director of the South East LEP (adam.bryan@essex.gov.uk) by no later than 10.30am seven days before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question. On arrival, and before the start of the meeting, registered speakers must identify themselves to the member of staff collecting names. A copy of the Policy for Public Questions is made available on the SELEP website - http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf Email :(adam.bryan@essex.gov.uk)	

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| 5 | STEM, Health and Care at Braintree and Colchester - Colchester Institute LGF award | 17 - 42 |
| 6 | Growing Places Fund award to Eastbourne Fisherman Project and South Essex College Centre for Advanced Engineering
Appendices 3b and 4 are to be considered under Exempt items. | 43 - 58 |
| 7 | M20 Junction 10a LGF Funding Approval | 59 - 68 |
| 8 | 2017-18 Revenue Budget Update and 2018-19 Revenue Budget Setting. | 69 - 80 |
| 9 | Date of Next Meeting
To note that the next meeting of the Board will be 23 February at High House Production House. | |
| 10 | Urgent Business
To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |

Exempt Items

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

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

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

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| 11 | Growing Places Fund award to Eastbourne Fisherman Project and South East College Centre for Advanced Engineering (CAE) - Confidential Appendix 3b |
| | <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); |

12 Growing Places Fund award to Eastbourne Fisherman Project and South East College Centre for Advanced Engineering (CAE) – Confidential Appendix 4

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

13 Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 17 November 2017

Present:

Cllr Kevin Bentley	Essex County Council
Cllr Mark Dance	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr David Elkin	East Sussex County Council
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	FE & Skills
Lucy Druesne	Higher Education representative

ALSO PRESENT Having signed the attendance book

Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Adam Bryan	SELEP
Jake Cartmell	Steer Davies Gleave
Dominic Collins	Essex County Council
Emma Cooney	Southend Borough Council
Stephanie Holt	Kent County Council
Thomas Kozlowski.	Medway Council
Stephanie Mitchener	Essex County Council
Rhiannon Mort	SELEP
Mark Murphy	Southend Borough Council
Lorna Norris	Essex County Council
Paul Rogers	Thurrock Council
Lisa Siggins	Essex County Council Democratic Services

1 Welcome and Apologies for Absence

The following apologies were received:

Geoff Miles – Angela O'Donoghue chaired the meeting in his absence.

Councillor Paul Carter (Substituted by Councillor Mark Dance)

Councillor Keith Glazier (Substituted by Councillor David Elkin)

Councillor Rob Gledhill.

2 Minutes

In relation to Minute 5 (LGF Governance Arrangements), Cllr Mark Dance provided the following statement.

“Paul Carter has asked that I raise the reference to the LGF Governance Arrangements paper. The relevant minutes can be found on page 14 of the board papers.

Paul recalls at the last meeting, there was a significant debate about where federated boards should have the flexibility to reallocate underspends with a value of 10% of the federated board’s programme, rather than 10% per project. The SELEP team were to go away and see if this change could be made.

I’m told that the Accountability Board were content to note the process for the use of LGF underspends, however it also “resolved to re-examine the LGF Governance Policy (and specifically the management of LGF underspend) at the first SELEP Accountability Board meeting following the annual LEP review”.

Please could this action be included in the minutes, and added to the December agenda.”

Rhiannon Mort confirmed that the Board had agreed the recommendation of the report to:

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

Rhiannon Mort confirmed that the SELEP Assurance Framework currently states that there is 10% flexibility per project, but that the Assurance Framework is reviewed on an annual basis and is due to be considered at the SELEP Strategic Board on the 15th December 2017. In reviewing the SELEP Assurance Framework consideration will be given as to whether the 10% flexibility per project remains appropriate.

In relation to Minute 14 (SELEP Revenue Funding Budget Update) ,Cllr Mark Dance raised that Paul Carter had recorded that the upper-tier and unitary authority leaders had asked SELEP to create a contingency plan as all local authorities had less funding this year, and therefore would have to consider reducing their funding allocation to SELEP in 18/19.”

Adam Bryan confirmed that a letter had been written to Jake Berry MP to call for a level of SELEP core funding from Government which is proportionate to the size of our LEP and certainty of this funding for future financial years. A 2018/19 secretariat revenue budget will be brought to the next Board meeting for a decision.

The Minutes of the meeting held on 22nd September were thereafter agreed as a correct record and signed on behalf of the Chairman.

3 Declarations of Interest

Councillor Bentley declared an interest in respect of item 8 of the agenda, as he is a director and co-owner of Mosaic Publicity Ltd, who are corporate sponsors of the Mercury Theatre Project.

Angela O'Donoghue declared an interest in respect of item 11 on the agenda, as she is the Principal and Chief Executive of South Essex College.

4 Public Questions

There were no public questions.

5 A133 Colchester to Clacton Funding Decision

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the A133 Colchester to Clacton Project (the Project) which has been through the Independent Technical Evaluator (ITE) review process to enable £2.74m funding to be devolved to Essex County Council for scheme delivery.

Resolved:

To Approve the award of £2.74m Local Growth Fund (LGF) to support the delivery of the Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this.

6 M11 Junction 8 Funding Decision

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for M11 Junction 8 (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £2.734m funding to be devolved to Essex County

Council for Project delivery.

Councillors Bentley and Lamb spoke in support of the project. Councillor Lamb stated that he would like to see financial contributions from Stansted Airport and the Highways Agency, as the project would be beneficial to them.

Resolved:

To Approve the award of £2.734m Local Growth Fund (LGF) to support the delivery of the Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this.

7 A414 Chelmsford to Harlow Funding Decision

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for A414 Chelmsford to Harlow Project (the Project) which has been through the Independent Technical Evaluator (ITE) process to enable £2.173m funding to be devolved to Essex County Council for scheme delivery.

Whilst the Project was originally allocated £3.66m through LFG Round 1, a Business Case has been brought forward for the allocation £2.173m. Section 6 of the report sets out the proposed re-allocation of funding from the A414 Chelmsford to Harlow Project to the Mercury Theatre Project and the A414 Pinch Point Package.

Councillor Lamb spoke in support of this project, expressing his pleasure that the original funding contribution had been reduced.

Resolved:

To Approve the award of £2.173m Local Growth Fund (LGF) to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

8 Mercury Theatre Funding decision

This agenda item was discussed after item 11 and Councillor Bentley left the meeting for the duration of this item.

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for Mercury Rising Theatre Project in Colchester, Essex which has been through the Independent Technical Evaluator (ITE) process to enable £1m LGF to be devolved to Essex County Council for scheme delivery.

Councillor Lamb expressed his support but this should be conditional on there being a funding contribution from the Arts Council England. Rhiannon confirmed that the approval was indeed subject to this (see recommendation 3 below).

Resolved:

1. **To Note** the risk that:
 - a. the proposed funding contribution from the Mercury Theatre has not been secured in full; and
 - b. the proposed funding contribution from the Arts Council England is due to be considered on the 15th December 2017.

2. To Approve the inclusion of the Mercury Rising Theatre Project in the Local Growth Fund (LGF) Growth Deal Programme; and

3 To Approve the award of £1m LGF, identified through the reduction in the allocation of LGF to the A414 Chelmsford to Harlow Project, to Mercury Theatre Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with medium certainty, subject to:

Written confirmation of the proposed funding contribution from Arts Council England being received, as detailed in paragraph 5.4 of the report.

9 Sandwich Rail Infrastructure Funding Decision

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave. The purpose of which was to seek Board approval for the inclusion and award of £1,025,745 Local Growth Fund (LGF) to The Open 2020 Championship Rail Infrastructure Project (the Project) at Sandwich Railway Station, Kent.

Rhiannon explained that the last time Kent hosted the Open in 2011, significant transport issues were experienced. Accordingly transport improvements are required to enable Kent to host the event in 2020. Furthermore, on the 22nd September the Board were made aware of Kent County Council's intention to bring forward a Business Case for a

permanent solution. The review of the Business Case and supplementary information has confirmed that the infrastructure will be permanently in-situ, but will only be operational whilst the event is being held.

The Board discussed the issue of DFT funding, with Rhiannon advising that there appeared to be some confusion and conflicting information in communications received from The Secretary of State and from civil servants. The Board expressed their concern at this and felt that a letter should be sent to the Secretary of State, on behalf of the Board requesting urgent clarification.

Clarification was given that 2.1.3.2 of the report should in fact refer to the event being hosted in Kent in 2020 and on at least 2 further occasions and not 3 further occasions, as implied in the report.

The Board discussed the significant benefits of the event being hosted by Kent, with Councillor Chambers pointing out that the event would be of national and international significance. He added that there would be an enormous economic benefit to the Local Enterprise Partnership area and beyond.

Stephanie Holt from Kent County Council advised that the train operator for the line was due to be re-procured by 2020 and that the on-going maintenance of the new infrastructure to be implemented as part of this Project, would form part of that contract.

They proceeded to discuss transport maintenance commitments, stating that as Network Rail would be a beneficiary of the transport improvements they should share commitments together with the rail operator.

Rhiannon highlighted to the board that the infrastructure will be permanently in-situ, but will only be operational whilst the event is being held; in response to this, Councillor Dance confirmed that whilst this was the case, it would still represent a stepping stone to full permanent solution in the longer term.

Resolved:

1. **To Approve** the inclusion of the Project into the LGF Programme;

2. **To Approve** the award of £1,025,745 LGF, identified from the underspend and reallocation of LGF from Ashford International Connectivity Project, to support the delivery of the permanently in situ solution as identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this. This award is subject to:

1. The underspend from the Ashford Spurs project being confirmed*;
and
2. Confirmation from the R&A that the event will be hosted at Royal St

- George's on at least 3 occasions on a 7-8 years cycle; and
3. Written confirmation from the DfT and R&A that their funding contributions have been committed.

* This was confirmed at the meeting.

10 **A13 Widening project update**

The Board received a report from Rhiannon Mort, the purpose of which was to provide Board with an update on the A13 widening project.

Councillor Bentley pointed out that this was a critical development and asked for clarification regarding the slippage. Paul Rogers from Thurrock Council advised that this was caused by a delay in the Business Case review and funding decision by the Department for Transport and the impact of local elections.

Councillor Bentley requested that the Board's disappointment regarding the delay be included in a letter to DfT.

The Board proceeded to express their concern at the delays and the need for the project owing to the level of traffic and planned growth in the area.

Rhiannon confirmed that quarterly updates will be received by the Board going forward.

Resolved:

1. **To Note** the update report; and
2. **To Agree** to the acceleration of Department for Transport (DfT) retained funding on the A13 widening scheme in advance of the Local Growth Fund (LGF) A13 widening development funding

11 **LGF Capital Programme Update Report**

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

Councillor Dance gave the Board an update on some proposed funding contributions towards Thanet Parkway project from Discover Park Enterprise Zone and from the potential development of Manston Airport.

With regards to the Southend Central Area Action Plan - Non-transport project, the Board were advised that a business case is currently being developed for the Forum 2 project and is due to be considered by the Board in February 2018.

Councillor Bentley requested that the Board receive a presentation on the Forum 2 project so that all Board members could be made aware of the intended benefits of the project.

A discussion followed regarding how deliverability and risks are reported to the Board, with a suggestion that a risk register would be useful. Rhiannon

confirmed that detailed information was included in appendix 3 to the report and that changes are likely to be implemented shortly in light of new reporting requirements from Government.

Resolved:

1. **To Note** the updated LGF spend forecast for 2017/18
2. **To Note** the project delivery and risk assessment
3. **To Agree** the slippage of LGF spend from 2017/18 to 2018/19 for the following projects:
 - a. Eastbourne Town Centre (£1.945m);
 - b. STEM Innovation Centre (£4.550m);
 - c. Basildon Integrated Transport Package (£1.068m)
 - d. Maidstone Integrated Transport Package (£0.729m);
 - e. Thanet Parkway (£4.000m);
 - f. Coastal Communities Housing Intervention – Thanet (£0.370m);
 - g. A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements (£1.768m)
 - h. Strood Town Centre Journey Time and Accessibility Enhancements (£1.220m);
 - i. Chatham Town Centre Place-making and Public Realm Package (0.869m);
 - j. Rochester Airport – Phase 1 (£1.944m);
 - k. Rochester Airport – Phase 2 (£0.300m); and
 - l. Strood Civic Centre – flood mitigation (£0.250m)
 - m. TGSE LSTF – Thurrock (£0.169m);
 - n. Thurrock Cycle Network (£0.620m);
 - o. London Gateway/Stanford le Hope (£0.837m)
 - p. A13 Widening Development Funding (£2.292m)
4. **To Agree** the acceleration of LGF spend in 2017/18 for the following projects:
 - a. Eastbourne and South Wealden Walking and Cycling LSTF package (£0.750m);
 - b. Devonshire Park (£1.600m);
 - c. A131 Chelmsford to Braintree (£0.750m)
 - d. M11 Junction 8 Improvements (£0.500m)
5. **To Agree** the reduced spend forecast in 2017/18 and 2018/19 for the Ashford International Rail Connectivity Project to support the re-allocation of LGF to the Sandwich Rail Infrastructure Project in 2018/19
6. **To Note** the reallocation of LGF from A414 Harlow to Chelmsford Route Based Strategy to Mercury Theatre Project
7. **To Note** the change request for the Phase 2 Forum development Southend, subject to development of a Business Case and completion of ITE review process.

12 2017-18 Revenue Budget Update

The Board received a report from Suzanne Bennett, the purpose of which was to update the Board of the current year revenue budget forecast outturn position as at the end of October 2017.

Resolved:

To Note the current forecast outturn position.

13 SELEP Assurance Framework Implementation Plan delivery

The Board received a report from Adam Bryan, the purpose of which was to make the Board aware of:

1. The progress which has been made by the SELEP team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. *The Board was reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented.*
2. The implications of the Review of Local Enterprise Partnership Governance and Transparency by Mary Ney (Non-Executive Director, DCLG) which was released to LEPs on 26th October 2017.

Resolved:

1. **To Note** the progress to date in implementing the SELEP Assurance Framework.
2. **To Note** the secretariat team's intentions around implementing the Mary Ney recommendations.

14 Growing Places Fund Update

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

Rhiannon informed the Board that a report would be circulated to SELEP Strategic Board in relation to the prioritisation of projects for recycled GPF and that the first few projects, if prioritised, are due to be considered at the

next Board meeting on the 15th December 2017.

Resolved:

To Note the updated position on the GPF programme.

15 Future meeting dates

The Board noted that the following future meeting dates:

- Friday 15th December 2017 at 9.30am at Ashford College.
- Friday 23rd February 2018 at 10.00 am at High House Production Park
- Friday 27th April 2018 at 10.00 am at High House Production Park
- Friday 15th June 2018 at 10.00 am at High House Production Park
- Friday 14th September 2018 at 10.00 am at High House Production Park
- Friday 16th November 2018 at 10.00 am at High House Production Park
- Friday 15th February 2019 at 10.00 am at High House Production Park

The meeting closed at 11.20 am

Chairman

Report to Accountability Board	Forward Plan reference number: FP/AB/113
Date of Accountability Board Meeting:	15th December 2017
Date of report:	27th November 2017
Title of report: STEM, Health and Care at Braintree and Colchester - Colchester Institute LGF award	
Report by:	Louise Aitken
Enquiries to:	Louise.aitken@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to seek Accountability Board (the Board) approval for the award of £5m of Local Growth Fund (LGF) to be devolved to Essex County Council for delivery of STEM (Science, Technology, Engineering and Maths) provision and Health and Social Care provision at Colchester Institute's Braintree and Colchester campuses respectively.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Consider** the comments in the ITE report for both projects outlining that the benefit cost ratio (BCR) at just above the required 2:1 is sensitive to downside risks and that the Accountability Board should be mindful of this before approving. It is recommended that costs and benefits are closely monitored and that regular updates can be provided to the Board to provide reassurance and flag any changes in the value for money status.
- 2.1.2 **Approve** the award of £2.5m LGF to the STEM provision at Colchester Institute's Braintree campus which has been assessed as presenting high value for money with medium to high certainty of achieving this.
- 2.1.3 **Approve** the award of £2.5m to the Centre for Health and Care at Colchester Institute's Colchester campus which has been assessed as high value for money with medium certainty of achieving this.

3. Background

- 3.1 This report brings forward the Project for the award of £5m LGF to support the delivery of STEM and Health and Care provision at Colchester Institute's Colchester and Braintree campuses.

- 3.2 The South East Local Enterprise Partnership (SELEP) Growth Deal provisionally allocated funding to the Project. This was made up of an LGF allocation of £5m alongside £2.5m investment from Essex County Council and £2.5m from Colchester Institute. The £5m LGF is required to complete the financial investment required to complete the Braintree STEM Innovation Campus vision (£2.5m) and create a Centre for Health and Care at Colchester (£2.5m).
- 3.3 The provisional allocation of £5m was to enable the vision of the Braintree STEM Innovation Campus. As per the March 2017 update to the Board, in order to have the greatest possible impact, geographical reach and to respond to employer demand, Colchester Institute has worked with SELEP and Essex County Council on two updated business cases reflective of both STEM and Health and Care to be situated at the college's Braintree and Colchester campuses respectively. With strong emphasis on STEM, it is proposed that this would offer specialism in the health and care sector which has current and growing skills shortages as well as complement the existing investments and STEM provision at Colchester Institute's Braintree campus. This report therefore covers both proposals.
- 3.4 The Project has completed the development stage and approval is now sought from the Board for the funding required to complete the delivery phase of the Project.
- 3.5 The Project is being promoted and delivered by Colchester Institute and has the support of Essex County Council, through £2.5m contribution to the overall project.

4. STEM Innovation Campus in Braintree – the project

- 4.1 STEM based industries have been identified as having significant skills shortages in both the SELEP and Essex Employment and Skills Board Evidence Base. Sectors including construction, engineering, digital, IT, health, logistics care and finance are lacking the skills required for growth.
- 4.2 This investment will enable delivery of the long-term vision for the creation of a Centre of Excellence in Braintree, specialising in STEM technical and professional programmes (including Apprenticeships). Phase one of the project, part funded by SELEP's Skills Capital funding involved the conversion of the sports hall at the Braintree campus to create a STEM Innovation Centre.
- 4.3 This centre opened in June 2017 and has already further strengthened links between the college and employers in the area. The centre is delivering training from levels 2 to 5 in advanced manufacturing, robotics and service engineering alongside brickwork, plumbing and electrical installations to help meet the rapidly growing local demand for construction skills. This initial project will support an additional 466 learners per year including higher-level apprenticeships.

- 4.4 This second investment in the Braintree campus will enable phase two and three of the project, involving the demolition and sale of 1.7 hectares of the college site unlocking the match funding. Phase three will deliver the construction of a new 1,800m² facility to complete the long-term transformational vision of Colchester Institute's Braintree campus and to extend engineering training facilities to include sustainable technologies, science, digital and IT technologies. Braintree has a higher than national average employees working in sectors such as manufacturing (12.5% compared to 8.1%) and construction (7.1% compared to 4.6%) and employers regularly report difficulties in recruiting, so this responds to a clear local need. Partners include Braintree District Council, the Haven Gateway Partnership and local employer cluster groups who will inform the design development.
- 4.5 The centre will provide the necessary facilities to specialise in STEM technical and professional programmes (including apprenticeships) at level 3 and above. This project will deliver a 'Centre of Excellence', aligned to employer need, achieved through the provision of a smaller new build and also allowing for extended facilities to be added at a later date if required. Appendix three below includes floor layouts for the facility.
- 4.6 **Centre for Health and Care in Colchester – the project**
- 4.7 The health and life sciences sectors are facing significant shortages, with insufficient numbers of young people particularly entering the sector and high numbers of vacancies. There is a need to raise awareness and understanding of careers within the sector and routes such as high level apprenticeships in high demand occupations such as Nursing Auxiliaries, Mental Health Practitioners, Theatre Support Practitioners, Lab Technicians and similar roles. This will involve close working with local employers, including Colchester General Hospital. Sponsorships will be sought with local employers including aspects such as the clinical workshop.
- 4.8 Demand from the sector is set to continue to rise with the Essex population predicted to increase by 200,000 over the next five years and with a growing older population, as well as demand in areas such as mental health support. Ensuring a trained health workforce is clearly an important part of responding to this growth and need. Colchester has higher than national average employees working in the health and care sector (17.1% compared to 13.3% nationally) so is important for the local area.
- 4.9 Colchester Hospital is currently recruiting trained professionals from overseas to fill vacancies to respond to shortages. This investment will enable skills provision and facilities to meet future shortages. The hospital has already signed an apprenticeship levy contract with Colchester Institute and is actively supporting the design and development of new apprenticeship standard pathways.
- 4.10 The centre will create a Centre of Excellence, providing a shared service facility, combining Health and Care teaching, responding to key public policy

and the acknowledged need for greater alignment between health and care. This will increase capacity and provide a faster route to market for new higher level technical qualifications. The new facility will provide realistic working environments, enabling innovative co-delivery teaching methods in Care and Assisted Living. Enhanced clinical facilities will allow the creation of simulated environments, replicating surgical / medical hospital ward and Accident and Emergency settings.

4.11 The centre will be located within Colchester Institute's Sheepen Road South Wing building in Colchester. This was specifically designed to cater for an additional fourth storey, thereby mitigating risk of any construction delay. The construction of an additional floor will accommodate the Centre for Health and Care, with 2,000m² teaching facilities including a clinical, care and well-being zone. Facilities will include residential care settings, a sensory room and activity centre. There will be a focus on preventative techniques also. See appendix two below for layout visuals and what the facility will look out.

4.12 The expected impacts of the schemes include:

Positive Impacts

- Construction of both projects to complete within a total funding envelope of £10m, with LGF investment remaining at £5m and achieving outputs at two sites rather than one
- Creation of 3,800m² of new industry relevant extended facilities
- Completion of both projects by 31st December 2019
- STEM Innovation Campus (Braintree) to deliver an additional 330 learners by 2020-21, with a 42% increase in apprenticeships by 2021
- Centre for Health and Development (Colchester) to deliver an additional 390 learners by 2020-21 including 90 apprenticeships and 120 level 3 and above.
- Increased skills levels particularly at higher and technical level, responding to SELEP ambitions for increased productivity, retention and growth
- The introduction of more flexible routes to higher education
- Fit for purpose, inspiring facilities will help address college difficulties in recruiting teaching staff with sector knowledge
- Greater alignment to local vacancies and equipping local people to take these up

Negative Impacts

- Planning permissions and building control to be sought in January 2018 with the determination anticipated in March 2018. Planning consent not yet being granted is mitigated by the college holding a Planning Performance Agreement with Colchester Borough Council requiring the college to be provided with a secure level of service in respect of early dialogue and advice in completing various stages of the masterplan. The master-plan design incorporating all phases will be shared with Braintree and Colchester local authority planners during initial phases and will continue

alongside pre-planning applications. Colchester Institute will under-write any costs resulting from pre-planning in the event of planning not being consented.

- The college currently delivers a range of FE programmes for up to 1,000 learners at the Braintree campus across a wide range of curriculum areas (including non priority) some of which will no longer be available. However, students will be able to study these at Colchester campus where resources already exist and programmes can be delivered more cost effectively
- Increased traffic congestion and parking challenges at Colchester, mitigated by incentives to students such as Park & Ride and public transport (discussions underway with Essex County Council)

5. Project cost and funding contributions

5.1 Total Project cost is £10m.

5.2 In addition to the £5m LGF allocation to the Project, there are also £5m funding contributions from Essex County Council and Colchester Institute as set out in Tables 1 and 2 below.

Table 1 Project Funding Sources - STEM provision at Braintree

Source	Total	Description
Essex County Council	£1,250,000	Match funding
Colchester Institute	£1,250,000	Match funding
LGF	£2,500,000	LGF sought to complete project
	£5,000,000	

Table 2 Project Funding Sources – Centre for Health and Care (Colchester)

Source	Total	Description
Essex County Council	£1,250,000	Match funding approved by S151 Officer
Colchester Institute	£1,250,000	Match funding
LGF	£2,500,000	LGF sought to complete project
	£5,000,000	

Table 1a Financial Profile STEM provision at Braintree

(£m)		16/17	17/18	18/19	19/20	Total
SELEP request			0.050	0.950	1.500	2.500
Applicant contribution				0.250	1.000	1.250
Third party & other contributions	ECC			0.250	1.000	1.250
Local contribution total (leverage)						
Total		0.000	0.050	1.450	3.500	5.000
(£m)	Cost status estimate	16/17	17/18	18/19	19/20	Total
Detailed design			0.0415	0.308	0.010	0.360
Management				0.013	0.027	0.40
Construction				0.688	2.432	3.120
Contingency				0.100	0.130	0.230
Other cost elements				0.100	0.317	0.417
VAT*			0.0085	0.242	0.584	0.833
Total		0.000	0.050	1.450	3.500	5.000

*Colchester Institute only has partial VAT exemption status meaning a minimal amount of VAT is recoverable. However, if this project receives approval, Colchester Institute will explore the opportunity for zero rating this building. This is not usually possible given the college usually has more than 5% of fee-paying students working within buildings which means they do not qualify for exemptions.

Table 2a Financial Profile Centre for Health and Care (Colchester)

(£m)		16/17	17/18	18/19	19/20	Total
SELEP request			0.050	0.950	1.500	2.500
Applicant contribution				0.250	01.000	1.250
Third party & other contributions	ECC			0.250	01.000	1.250
Local contribution total (leverage)						
Total		0.000	0.050	1.450	3.500	5.000
(£m)	Cost estimate status	16/17	17/18	18/19	19/20	Total
Detailed design			0.0415	0.308	0.010	0.360
Management				0.013	0.027	0.40
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Contingency				0.100	0.130	0.230
Other cost elements				0.100	0.317	0.417
VAT *			0.0085	0.242	0.584	0.833
Total		0.000	0.050	1.450	3.500	5.000
*Note that Colchester Institute has partial VAT exemption status so only a minimal amount of VAT can be recovered						

6. SELEP ITE Gate 2 Review

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) review of the Business Cases for schemes seeking LGF funding.
- 6.2 The ITE review of the Project Business Case confirms that the assessment is thorough, complete and demonstrates at least a high value for money case for the Project with a medium to high certainty of achieving this.
- 6.3 The ITE review of this Business Case has recommended approval for this project and notes that the case is clear and well considered. The ITE report notes that queries in response to their Gate 1 review have been provided and demonstrate that the need for the scheme was based on a lack of supply and significant demand for the skills provided by the facility.
- 6.4 For the full ITE report, see Appendix 1

7. Compliance with SELEP Assurance Framework

- 7.1 Tables 3a and 3b below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 3a STEM Innovation Campus at Braintree

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

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review notes the clearly articulated current and growing need by employers for appropriate facilities and demand as evidenced in the Essex skills evidence base.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The ITE review notes that methodology has been applied accurately and additionality and benefits of the scheme are more clearly stated than previous versions of the business case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review notes that there remains key uncertainty around exact project costs which are still outstanding. However, the spend profile is detailed and risks, mitigations and contingencies for this are provided.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The ITE review notes that a proportionate assessment of the scheme costs and benefits resulted in a strong benefit cost ratio presenting high value for money, with a medium / high certainty of achieving this. The BCR is just above 2 (2.1:1). The review notes however that <i>'the categorisation will be sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding to approve the scheme.'</i>

Table 3b Centre for Health and Care (Colchester)

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

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review notes current and future demand in the health and care sector have been clearly set out and evidenced with a robust outline of how this will be delivered against.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The ITE review notes that the case is well supported by local employers and the local authority. Gate 1 queries were addressed in terms of how outputs were calculated and a more detailed breakdown over the life of the scheme.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review notes that there is a detailed register of risks and discussion of them through the case. The college is responsible for all risks. Assurances are provided to mitigate the fact that planning consent is still to be granted.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The ITE review notes the business case analysis has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide high value for money. It states that <i>'while there is nothing to suggest the balance of risk points in either direction; we note that the BCR for the scheme is 2.0:1 and therefore the value for money categorisation will be very sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding to approve the scheme.'</i>

8. Financial Implications (Accountable Body Comments)

8.1 This project is requesting approval of LGF allocations in 2018/19 and 2019/20; It should be noted that whilst future year grant payments from Government haven't been confirmed, funding for this Project is included in the indicative LGF programme allocations provided by Government for future years.

8.2 In considering allocating funding to this project, the Board should take into account the funding profile risk outlined in the Capital Programme Management report presented to the board in November 2017, particularly in relation to the funding risk in 2019/20. The report identifies that whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £26m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.

There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

9. Legal Implications (Accountable Body Comments)

9.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

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

10.1 None at present.

11. Equality and Diversity implications (Accountable Body Comments)

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

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

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

11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the

promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

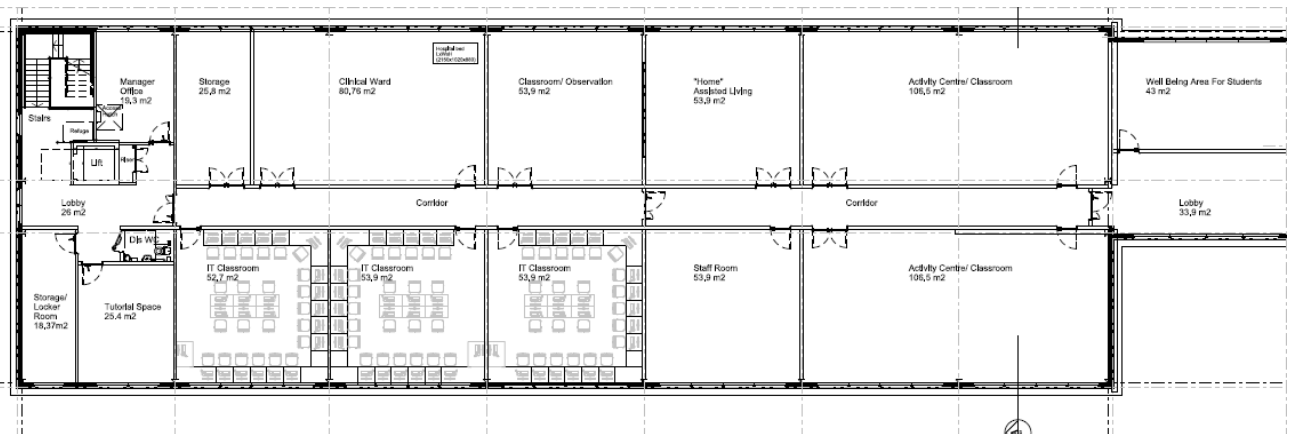
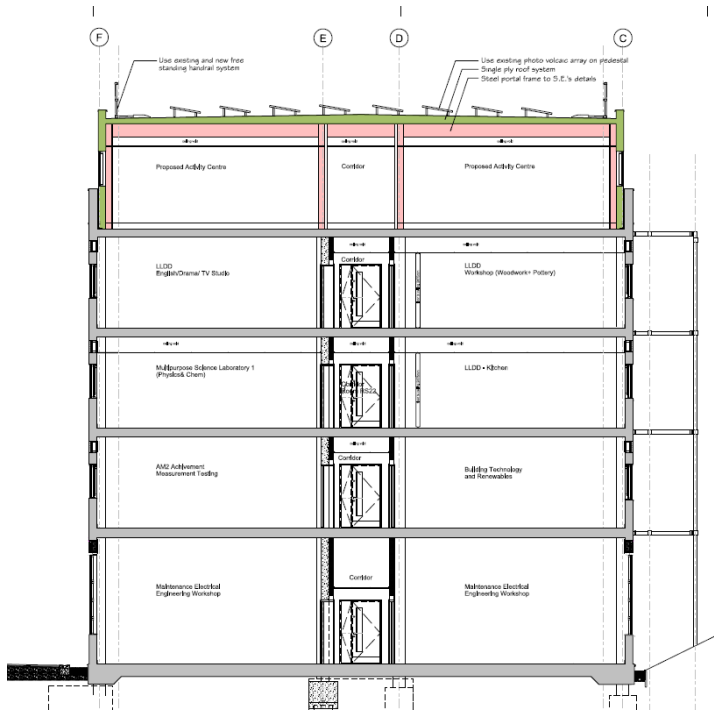
- 12.1 Appendix 1 – Report of the Independent Technical Evaluator
- 12.2 Appendix 2: Health and Care Centre layout and artists impression (fourth floor)
- 12.3 Appendix 3: Floor Plan for STEM Innovation new facilities

13. List of Background Papers

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

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	 06/12/2017

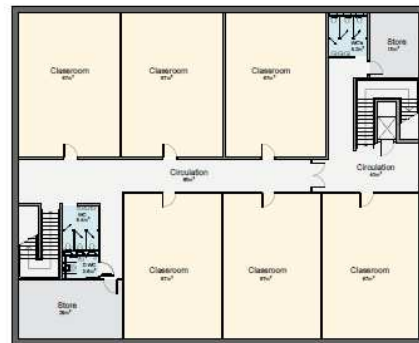
Appendix two: Health and Care Centre layout and artists impression (fourth floor)



Appendix three: Floor Plan for STEM Innovation new facilities



Proposed Ground Floor Plan
Scale 1:250
GF GIFA inc Atrium: 809m²



Proposed First Floor Plan
Scale 1:250
FF GIFA: 623m²

Independent Technical
Evaluator – Growth Deal and
Growing Places Fund
Business Case Assessment
(Q3 2017/18)

Accountability Board Report
December 2017

South East Local Enterprise
Partnership

22790506
Client ref: F1523058



Independent Technical
Evaluator – Growth Deal and
Growing Places Fund Business
Case Assessment (Q3
2017/18)

Accountability Board Report
December 2017

South East Local
Enterprise Partnership

Our ref: 22790506
Client ref: F1523058

Prepared by:
Edmund Cassidy
Steer Davies Gleave
28-32 Upper Ground
London SE1 9PD

+44 20 7910 5000
www.steerdaviesgleave.com

Prepared for:
Adam Bryan
South East Local Enterprise Partnership
Secretariat
c/o Essex County Council
County Hall
Market Road
Chelmsford
Essex
CM1 1QH

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1 Independent Technical Evaluation of Q4 2017/18 Growth Deal Schemes

Overview

- 1.1 Steer Davies Gleave were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 15th December 2017 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

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

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

1.8 The five cases of a government business case are:

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

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

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

Evaluation Results

Gate 2 Results

- 1.11 Table 1.1 below provides the results of our independent technical evaluation of each scheme seeking funding approval on 15th December 2017 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of revised business cases updated in light of our initial feedback ('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 non-transport assessment pro forma.

Summary Findings and Considerations for the Board

- 1.12 The following list contains our findings regarding value for money and uncertainty for the Accountability Board to take into consideration when considering the release of funding to these schemes, including key findings from the evaluation process and any issues arising.

Recommendations

- 1.13 The following schemes achieve high value for money with medium/high certainty of achieving this:
- **Braintree STEM Innovation Campus (£2.5m):** The scheme aims to deliver a 1,432 sqm, three storey technologically enhanced facility on College owned land on the Church Lane campus site, adjacent to the STEM Innovation Centre. The analysis provides a proportionate assessment of the scheme costs and benefits which resulted in a strong benefit cost ratio representing high value for money. As with the Colchester Centre for Health and Care, with a BCR just above 2 (2.2:1), the value for money categorisation will be sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding for the scheme.
- 1.14 The following schemes achieve high value for money with medium certainty of achieving this:
- **Colchester Centre for Health and Care (£2.5m):** This scheme will result in a 2,000 sqm Health and Care teaching facility covering three areas: clinical, care and wellbeing. The business case analysis has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide high value for money. While there is nothing to suggest that the balance of risk points in either direction, we note that the BCR for the scheme is 2.0:1, and therefore the value for money categorisation will be very sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding for the scheme.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q2 2017/18

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
Colchester Centre for Health and Care	2.5	Gate 1: Not derived	Amber	Red/Amber	Green/Amber	Amber	Amber	More detail is required as to how the outputs are calculated in order to assess the reasonableness of the analysis.	There is clarification required around the assumptions underpinning the appraisal.	BCR has not been calculated restricting our ability to assess value for money.
		Gate 2: 1.8	Green	Red/Amber	Green	Green	Green/Amber	The methodology behind the calculation of outputs over the life of the scheme has been more clearly defined	Clarification has been provided of the appraisal assumptions. This now represents a robust analytical exercise.	The BCR remains below 2:1 which reduces the certainty that high value for money can be achieved.
		Gate 2 Update: 2.0	Green	Green	Green	Green	Green	As above	As above	Additional quantitative and qualitative economic benefits analysis has been carried out and the revised BCR is above 2:1.
Braintree STEM Innovation Campus	2.5	Gate 1: Not derived	Green/Amber	Red/Amber	Green/Amber	Green/Amber	Amber	Currently reasonableness of analysis cannot be assessed. Additional detail is required as to how the outputs have been calculated.	More information is required to describe and justify the assumptions which underpin the appraisal	BCR has not been calculated restricting our ability to assess value for money
		Gate 2: 1.6	Green	Red/Amber	Green	Green	Green/Amber	Additional information has been provided to clarify the the methodology behind the calculation of outputs. This represents a proportionate analytical exercise.	The additional information has been provided to give assurance that a robust analytical process has been followed.	The key uncertainty remains the value for money of the scheme. Economic appraisal has been carried out, but the BCR is below 2:1
		Gate 2 Update: 2.2	Green	Green	Green	Green	Green	As above	As above	Additional economic benefits analysis has been to demonstrate a BCR is above 2:1.

2 Independent Technical Evaluation of Q4 2017/18 Growing Places Fund Schemes

Overview

- 2.1 As part of its Independent Technical Evaluator role Steer Davies Gleave has assessed business cases for schemes seeking a Growing Places Fund loan allocation from SELEP.
- 2.2 SELEP proposed an approach to prioritisation and award of the GPF loan funding. This approach was discussed and agreed upon at the June 2017 Strategic Board.
- 2.3 Schemes being assessed at this stage have already passed through the preliminary qualification phases, namely:
- Phase 1: Sifting of Expressions of Interest (EOI), and
 - Phase 2: Prioritisation of Strategic Outline Business Case (SOBC)
- 2.4 The prioritisation of GPF projects was considered via electronic procedure, by the SELEP Strategic Board during November 2017. Scheme promoters then developed Outline Business Cases (OBC) for independent technical evaluation and subsequent consideration by the Accountability Board. The first two schemes, the assessment of which is reported below, are to be considered at the December 2017 Accountability Board Meeting.

Assessment Methodology

- 2.5 Steer Davies Gleave carried out an assessment of each OBC. The approach applied is outlined in Table 2.1 below. Each of the criteria was assessed on a three-point scale, and each was given a high, medium or low weighting. This determines the impact that performance against that criteria has upon the overall scheme assessment.

Table 2.1: Assessment Approach

Criterion	Importance
Strategic Fit and Need for Intervention	High
Infrastructure Requirements	Low
Viability	High
Deliverability	High
Expected Benefits	High
Value for Money	High
Contribution to revolving fund	High
Risks	Medium
State Aid	Medium

- 2.6 Further details regarding the assessment methodology are available within the Growing Places Fund paper circulated to Strategic Board during November 2017.

Evaluation Results

Summary Findings and Considerations for the Board

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

Recommendations

2.8 The following schemes achieve high value for money with high certainty of achieving this:

- **South Essex College Centre for Advanced Automotive and Process Engineering (£2.00m):** This scheme involves the development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm on an industrial estate in Leigh on Sea. With significant private sector support and alignment with local and national strategic priorities the South Essex College proposal has a compelling strategic case. A robust analytical exercise has taken place to assess the costs and benefits of the scheme. This has shown that the scheme delivers high value for money on the loan investment. Deliverability is strong with planning permission in place. Additionally, a repayment schedule has been proposed which ensures that the scheme will contribute to the continuation of the revolving fund.
- **Eastbourne Fisherman’s Quayside and infrastructure development project (£1.15m):** The proposed project will allow the creation of a processing, ice and storage facility to enable the Eastbourne fishing fleet to become compliant with landing obligation and Common Fisheries Policy (CFP), via cold storage capacity. There is a clear strategic rationale for the scheme and the schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure. The quantifiable benefits of the scheme (jobs and increased revenue) support a good economic case for the scheme and the wider impact of ensuring the survival of the fishing industry in a deprived local area strengthen the value for money case. Proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the scheme represents high value for money.

Our offices

Bogotá, Colombia

+57 1 322 1470

colombiainfo@sdgworld.net

Bologna, Italy

+39 051 656 9381

italyinfo@sdgworld.net

Boston, USA

+1 (617) 391 2300

usainfo@sdgworld.net

Denver, USA

+1 (303) 416 7226

usainfo@sdgworld.net

Leeds, England

+44 113 389 6400

leedsinfo@sdgworld.net

London, England

+44 20 7910 5000

sdginfo@sdgworld.net

Los Angeles, USA

+1 (213) 337 6790

usainfo@sdgworld.net

Madrid, Spain

+34 91 541 8696

spaininfo@sdgworld.net

Mexico City, Mexico

+52 (55) 5615 0041

mexicoinfo@sdgworld.net

New York, USA

+1 (617) 391 2300

usainfo@sdgworld.net

Rome, Italy

+39 06 4201 6169

italyinfo@sdgworld.net

San Juan, Puerto Rico

+1 (787) 721 2002

puertoricoinfo@sdgworld.net

Santiago, Chile

+56 2 2757 2600

chileinfo@sdgworld.net

São Paulo, Brazil

+55 (11) 3151 3630

brasilinfo@sdgworld.net

Toronto, Canada

+1 (647) 260 4860

canadainfo@sdgworld.net

Vancouver, Canada

+1 (604) 629 2610

canadainfo@sdgworld.net

Report to Accountability Board	Forward Plan reference number: FP/AB/120 FP/AB/121
Date of Accountability Board Meeting:	15th December 2017
Date of report:	24th November 2017
Title of report:	Growing Places Fund award to Eastbourne Fisherman Project and South Essex College Centre for Advanced Engineering (CAE)
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk
Confidential Appendix	
This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.	

1. Purpose of report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the progress towards the re-investment of Growing Places Fund (GPF) and for the Board to consider the award of funding to the Eastbourne Fisherman Project and the South Essex College Centre for Advanced Engineering (CAE).

2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Note** the risk to the GPF repayments from the Live Margate Project

2.1.2 **Approve** the award of £2.000m GPF to enable the delivery of the South Essex College CAE Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this; and

2.1.3 **Approve** the award of £1.150m GPF to enable the delivery of the Eastbourne Fisherman's Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this.

3. Growing Places Fund Context

- 3.1 To date, £48.705m GPF has been invested in 13 original GPF capital infrastructure projects. An update on the delivery of these existing projects was provided at the last Board meeting on the 17th November 2017.
- 3.2 Repayments under the loan agreements, between SELEP Accountable Body and Partner Authorities, are now being received on these initial loan investments. This provides the opportunity for SELEP to recycle the returned GPF in new GPF capital infrastructure projects.
- 3.3 In November 2017 the Strategic Board agreed, by electronic procedure, that a further eight projects should be prioritised for GPF investment over the next three years. These projects include:
 - 3.3.1 Colchester Northern Gateway (£2.000m GPF);
 - 3.3.2 Eastbourne Fisherman (£1.150m GPF);
 - 3.3.3 Fitted Rigging House (£0.800m GPF);
 - 3.3.4 Innovation Park Medway (£0.650m GPF);
 - 3.3.5 No Use Empty (£1.000m GPF);
 - 3.3.6 South Essex College Centre for Advance Automotive and Process Engineering (£2.000m GPF);
 - 3.3.7 Charleston Centenary (£0.120m GPF); and
 - 3.3.8 Javelin Way Development (£1.597m GPF).
- 3.4 The Eastbourne Fisherman's and South Essex College CAE project are the first two projects to complete the SELEP Independent Technical Evaluation (ITE) business case review process and to seek the draw-down of GPF in 2017/18.
- 3.5 Table 1 overleaf sets out the expected draw-down schedule for these eight new GPF projects.
- 3.6 The final award of funding to these eight projects is subject to an updated version of the business base completing the Gate 2 ITE review process and GPF approval by the SELEP Accountability Board, as a requirement of the SELEP Assurance Framework.
- 3.7 The business base must include a value for money appraisal to demonstrate that each project achieves high value for money for GPF investment and compliance with the SELEP Assurance Framework requirements for funding award.
- 3.8 The Board's approval of the remaining six projects will be phased based on the timescales for drawing down the GPF allocation, as set out in Table 1 below. The remaining projects will be considered at future Board meetings once the project business case has completed the ITE review process and pending sufficient GPF being available.

- 3.9 In 2018/19, whilst Table 1 shows a £260,000 over-profiling relative to the amount of GPF available. This will reduce the amount of contingency available in case of short term slippages to GPF repayments. However, if all GPF repayments are made as set out in Appendix 1, then there is sufficient GPF available to fund the eight projects.

Table 1 Prioritised GPF projects

		Funding Ask (£)				
	Scheme name	Federated Area	2017/18	2018/19	2019/20	Total (£)
Schemes recommended for further development	Colchester Northern Gateway	Essex	-	1,350,000	650,000	2,000,000
	Charleston Centenary	East Sussex	120,000			120,000
	Eastbourne Fishermen	East Sussex	500,000	650,000	-	1,150,000
	Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	-	-	2,000,000
	Fitted Rigging House	KMEP		550,000	250,000	800,000
	Javelin Way Development	KMEP			1,597,000	1,597,000
	Innovation Park Medway	KMEP	-	400,000	250,000	650,000
	NUE Commercial	KMEP	-	500,000	500,000	1,000,000
Total GPF available (£)			2,673,000	3,190,000	3,454,000	9,317,000
Total GPF ask for prioritised schemes (£)			2,620,000	3,450,000	3,247,000	9,317,000

4. Repayment of GPF and the Live Margate Project

- 4.1 The amount of GPF available for re-investment in new GPF projects is based on the GPF repaid to date and the amount expected to be repaid through existing loan agreements. The expected GPF repayment schedule is set out in Appendix 2.
- 4.2 Sufficient GPF has been repaid to date to enable the award of funding to the Eastbourne Fisherman and CAE projects considered as part of this report.

- 4.3 Kent County Council has, however, flagged a risk in relation to the draw-down and repayment of GPF for the Live Margate Project. This project was considered for GPF funding by the SELEP Board in March 2012 and was allocated £5m GPF.
- 4.4 Whilst a loan agreement is in place between the SELEP Accountable Body and Kent County Council in relation to the project, the Live Margate project is not yet in a position to invest the GPF. No GPF has been draw-down for this project to date.
- 4.5 A full update on the Live Margate project will be provided to the Board by Kent County Council at the next Board meeting on the 23rd February 2018, to provide further details on project delivery milestones, the GPF draw-down schedule and the expected GPF repayment schedule.
- 4.6 If the Live Margate is unable to make the first £1m GPF repayments in 2018/19 as scheduled in the loan agreement, and detailed in appendix 2, then this will reduce the amount of GPF available in 2019/20 for re-investment in the new GPF projects detailed in Table 1.
- 4.7 As four of the five new projects looking to draw-down GPF in 2019/20 are projects promoted by the Kent and Medway Economic Partnership (KMEP), in the first instance KMEP are asked to consider whether the full £5m GPF allocation should be invested in the Live Margate Project. This would reduce the funding allocation to new GPF projects in 2019/20.
- 4.8 Alternatively KMEP may wish to prioritise the new GPF projects and reduce the GPF allocation to the Live Margate project.

5. Eastbourne Fisherman's Project

- 5.1 Eastbourne Fisherman's Quayside and infrastructure development project is for the build of a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.
- 5.2 The project has secured a £1m European Maritime Fisheries Fund (EMFF) grant, but GPF is required to forward fund the grant. This will enable the land purchase to progress whilst the land is available and to deliver the infrastructure delivery.
- 5.3 If the project does not go ahead, the land which the Eastbourne Fisherman Community Interest Company want to purchase may no longer be for sale and Eastbourne will cease to have a fishing fleet in Sovereign Harbour, meaning a loss of the majority of the 72 fishing jobs and over £2,000,000 revenue per year as well as the resulting impacts on the local economy.
- 5.4 The without the infrastructure to modernise the quayside and primary landings site for the fleet, it is unlikely that the Eastbourne fleet will continue to exist.

5.5 The project is closely aligned with SELEP’s ambition to support the economies of coastal communities. The project also has a strong fit with National Policy and the UK Government’s Fisheries 2027 vision, which seeks to support small –scale fishing owing to the economic and cultural benefits for local communities.

5.6 The total project cost is estimates at £1.460m, with a GPF allocation of £1.150m. The remaining funding contributions will include a £0.070m contribution from the Community Interest Company (Eu110CIC) which has been set up by the fishermen, and £0.240m from East Sussex County Council – East Sussex Invest 4 (ESI4). The funding profile for these contributions is set out in Table 2 overleaf.

Table 2 Eastbourne Fisherman’s Funding profile (£m)

Source	2017/18	2018/19	2019/20	2020/21	Total
GPF (public)	0.500	0.650			1.150
ESI4 loan (public)	0.200				0.200
ESI4 grant (public)		0.020	0.020		0.040
Eu10CIC capital (private)	0.070				0.070
TOTAL	0.770	0.670	0.020		1.460

5.7 Of the £1.150,000 GPF loan, £900,000 will be paid the European Maritime Fisheries Fund (EMFF) grant, which will be available to repay the GPF loan once the project is delivered, as the EMFF grant operates on a spend and reclaim basis. However, as the GPF cannot be spent on land purchase the remaining £250,000 GPF loan will be repaid through the increase in revenue as a result of the processing infrastructure, mooring fees and commission to the Eastbourne Fisherman’s Community Interest Company.

5.8 The GPF repayment schedule is shown in Table 3 below. If the Board approves the award of £1.150m GPF to this project, the repayment schedule will also be included in the loan agreement between the SELEP Accountable Body and East Sussex County Council.

Table 3 Eastbourne Fisherman’s GPF repayment schedule (£m)

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment		0.900		0.250		1.150

6. Eastbourne Fisherman’s Project Outcome of ITE review

6.1 The assessment of the Business Case for the Eastbourne Fisherman’s Project confirms that the project demonstrates high value for money with high certainty of value for money.

- 6.2 The economic appraisal has been conducted following a Gross Value Added (GVA) approach, based on the number of safeguarded jobs and new jobs created through the project. A very high Benefit Cost Ratio (BCR) has been calculated for the project at 69:1.
- 6.3 The ITE has stated that there is a clear strategic rationale for the project. There is a clear schedule and procedure for payback of the loan which demonstrates that the project will contribute to the revolving fund. The quantifiable benefits of the scheme (jobs and increased revenue) support a good economic case for the scheme and the wider impact of ensuring the survival of the fishing industry in a deprived local area strengthen the value for money case.
- 6.4 The review also confirms that proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the project represents high value for money.
- 7. Eastbourne Fisherman’s Project Compliance with SELEP Assurance Framework**
- 7.1 Table 4 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the project with SELEP’s Assurance Framework.

Table 4 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project is aligned to SELEP’s objectives, including supporting the economy of coastal communities.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are set out in the Business Case, including the safeguarding of 72 jobs, creating new jobs and increasing fishing revenue.</p> <p>The economic appraisal has given consideration to displacement, leakage and deadweight.</p>

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The Business Case sets out clear development phases for the project.</p> <p>Design work has been completed and planning consent has been granted.</p> <p>A risk register, along with risk owners and mitigation measures, have been included as part of the Business Case. A contingency has been included in the project cost breakdown.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Business Case demonstrates a very high BCR of 69:1, for the cost of GPF investment relative to the project benefits

8. South Essex College Centre for Advanced Engineering (CAE)

- 8.1 The South Essex College (the College) is the largest Further Education provider in Essex with some 13,000 learners annually.
- 8.2 The CAE is one of three projects which the College intends to bring forward, in partnership with the Homes and Communities Agency (HCA), Redrow Homes and Basildon Council, through moving activities from the existing Nethermayne Basildon Campus to Eastwood.
- 8.3 The project will deliver a new £12m CAE in Eastwood, which will provide circa 8,000m² (Gross Internal Area) of state of the art advanced automotive, electronic, process engineering and technical construction facilities in new freehold premises.
- 8.4 The CAE meets a regional and local need for skills and employment in the automotive, engineering and construction industries. The College currently offers some provision at the Nethermayne campus and limited provision in Southend due to the nature of buildings and space available. Through curriculum planning, including discussions with employers and use of local labour market intelligence information the College has developed plans for a state of the art facility located equidistant to Southend and Basildon serving both conurbations and the wider South Essex catchment area.

- 8.5 It is expected that the project will support 896 new learners, the upskilling of adults and 224 new apprentices, including 16 – 18 year old apprentices and adult apprentices.
- 8.6 Furthermore, the project will also unlock land in Basildon for the delivery of 725 new homes, along with a new primary school and Air Ambulance landing facility. This will be achieved by working in partnership with the HCA, Redrow Homes and Basildon Council to move the Colleges activities from Basildon to Eastwood.
- 8.7 The total project cost is estimated at £12.005m, with a £2.000m GPF allocation being sought from the SELEP. In addition, funding contributions are also being made to the project by Redrow Homes (£8.505m) and Southend Borough Council (£1.500m), as set out in Table 5 below.

Table 5 South Essex College CAE Funding Profile (£m)

Source	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF	1.373	0.627					2.000
Redrow Homes	3.90	4.466	0.132				8.505
Southend Borough Council	2.127	-0.627					1.500
Total	7.408	4.466	0.132				12.005

- 8.8 The expected GPF repayment schedule is set out in Table 6 below.
- 8.9 The repayments of GPF will be made through payments from Redrow. The payments from Redrow are outlined in the contract that the College has with the developers in relation to the Nethermayne site in Basildon. Further details of the repayment mechanism are provided in Appendix 4.

Table 6 South Essex College CAE Repayment Schedule (£m)

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment				2.000		2.000

9. South Essex College CAE Outcome of ITE Review

- 9.1 The assessment of the Business Case for the CAE project confirms that the project demonstrates high value for money with high certainty of achieving this.
- 9.2 The economic case has been assessed based on the Education and Skills Funding Agency Financial Model. This assessment has produced a BCR

value of 5.23:1, which demonstrates high value for money for GPF investment in the project.

- 9.3 The ITE review of the Business Case confirms that a robust analytical exercise has taken place to assess the costs and benefits of the scheme. This has shown that the scheme delivers high value for money on the loan investment.
- 9.4 Additionally, a repayment schedule has been proposed which ensures that the scheme will contribute to the continuation of the revolving fund. Although the risk in relation to this GPF repayment mechanism is detailed in Appendix 4.

10. Compliance with SELEP Assurance Framework

- 10.1 Table 7 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 10.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 7 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The need for GPF investment is clearly defined in the Business Case and links to SELEP objects to improve skills, support the creation of new jobs and delivery of new homes.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The expected project outputs and outcomes are set out in the Business Case. These include new learners and apprentices. These outputs have been considered as part of the economic appraisal and value for money calculation, following the Education and Skills Funding Agency Financial Model.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The Business Case sets out key project milestones and a risk register, including risk owners and mitigation measures. A contingency cost has been included in the Business Case.

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR has been calculated as 5.23:1, which indicates high value for money.

11. Financial Implications (Accountable Body comments)

- 11.1 The GPF necessary to fund the two projects recommended for approval in this report is available following repayments made by round 1 GPF projects.
- 11.2 The funding will be allocated to the respective projects, subject to approval by the Board, through a loan agreement with Essex County Council as the Accountable Body for the SELEP; the loan agreement will incorporate the repayment schedule as set out in this report.
- 11.3 Any non-repayment of existing GPF loans will put at risk the allocations to the second cycle of GPF projects identified in table 1; for the GPF programme to be maintained as an effective recyclable loan scheme, it is imperative that all repayments are made in line with the agreed profiles.
- 11.4 The board are advised to consider the maximum time that GPF is ring-fenced for prioritised projects that are subsequently delayed in implementation, in order to maintain the availability of the fund for new projects. An example here is the Live Margate Project which has incurred a significant delay in implementations; this will potentially impact on the delivery of the projects due to come forward in this second round of GPF if the loan funding is allocated and then not repaid in line with the existing grant agreement.

12. Legal Implications (Accountable Body comments)

- 12.1 The GPF loans will be allocated out under a loan agreement with the Accountable Body.

13. Staffing and other resource implications (Accountable Body comments)

- 13.1 None at present.

14. Equality and Diversity implication

- 14.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

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

15. List of Appendices

- 15.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 4).
- 15.2 Appendix 2 - Agreed GPF repayment schedule
- 15.3 Appendix 3a - Live Margate GPF Project Update
- 15.4 Appendix 3b - Confidential Live Margate GPF Project Update
- 15.5 Appendix 4 - Confidential Appendix CAE project

16. List of Background Papers

- Business Case for Eastbourne Fisherman’s Project
- Business Case for Centre for Advanced Engineering
- Growing Places Fund prioritisation report to SELEP Strategic Board

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

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	06/12/2017

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

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid to Date
Revenue admin cost drawn down	n/a	2	2	
Harlow EZ Revenue Grant	n/a	1,244	717	
Priory Quarter Phase 3	East Sussex	7,000	7,000	65
North Queensway	East Sussex	1,500	1,500	1,000
Rochester Riverside	Medway	4,410	4,410	-
Chatham Waterfront	Medway	2,999	2,999	-
Bexhill Business Mall	East Sussex	6,000	6,000	225
Parkside Office Village	Essex	3,250	3,250	1,620
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000
Grays Magistrates Court	Thurrock	1,400	1,400	500
Sovereign Harbour	East Sussex	4,600	4,600	25
Workspace Kent	Kent	1,500	1,437	221
Harlow West Essex	Essex/Harlow	3,500	-	-
Discovery Park	Kent	5,300	-	-
Live Margate	Kent	5,000	-	-
Totals		48,705	34,315	4,656

2017/18 total	2018/19 total	2019/20 total	2020/21 total	2021/22 total	2020/21 total	Total
						-
-	-	-	-	-	-	-
65	735	735	5,400	-	-	7,000
500	-	-	-	-	-	1,500
110	130	1,650	2,520	-	-	4,410
-	-	1,000	1,000	999	-	2,999
300	500	4,975	-	-	-	6,000
1,630	-	-	-	-	-	3,250
-	-	-	-	-	-	1,000
300	300	300	-	-	-	1,400
200	300	475	400	3,200	-	4,600
148	448	508	112	-	-	1,437
500	500	500	-	-	2,000	3,500
-	450	800	1,400	1,650	1,000	5,300
-	1,000	1,000	1,000	1,000	1,000	5,000
3,753	4,363	11,943	11,832	6,849	4,000	47,396

Appendix 3a

To: South East Local Enterprise Partnership (SELEP)

By: Rebecca Spore, KCC Director of Infrastructure

Subject: Live Margate Project – SELEP board update

Date: December 2017

1. Background

- 1.1 Kent County Council (KCC) has worked with Thanet District Council (TDC) and other partners over the past 5 years to tackle deep seated social and housing issues in the Cliftonville West neighbourhood of Margate. The Live Margate initiative has seen over £23m invested in the area purchasing existing properties and turning them into quality family homes, making Margate and in particular, Cliftonville West and Margate Central a place where more people aspire to live.
- 1.2 The KCC Live Margate project has targeted derelict or ‘problem’ buildings that have remained unoccupied for long periods. KCC has undertaken several projects in “phase one” accounting for c.£3.6m of investment to date, the last of these refurbishment projects has recently been completed. The focus of the project has been regeneration by converting or redeveloping poorly managed HMOs into quality family homes and as a result, the intervention area has improved in recent years from this investment activity.
- 1.3 This report has been prepared to update the SELEP Board on the status of the Live Margate Project in relation to both “phase one”, which is near to completion, and the ongoing activities to implement “phase two” since the business plan was submitted to SELEP in June 2016. Projects of this nature are certainly not without its challenges, but there has been positive progress and a real step change in the social and economic improvements in the area over recent years due to the Live Margate initiative.

2. Phase One

- 2.1 The KCC Live Margate project has focused on five sub projects/properties since inception which were acquired from private landlords. All five of these properties have either been redeveloped or refurbished throughout into family homes. Three of the properties have sold resulting in sales of 7 large family homes, with the final 2 properties due to be released shortly. During this initial phase of the project 80 “problem” HMO units/studios over the 5 properties have been removed from the area and replaced by the creation of 9 substantial quality family homes, including one multigenerational home recently showcased on BCC South East.
- 2.2 The table below forecasts KCC’s financial position upon completion of the initial phase of the project once all of the properties have been sold. You will note a significant loss has been incurred on developing/converting these properties primarily due to the extent of work involved to bring them to the standards required. You will

also note there has also been an element of external grant funding to help support the initiative and conservation in the area.

Live Margate - Phase 1 Financial Summary	Purchase price	Development costs	Total project cost	Re-sale value	External grant funding	Profit/(loss)
	£'000	£'000	£'000	£'000	£'000	£'000
Hotel Leslie / Nautical Mews Development (all units sold)	50.0	1,198.3	1,248.3	896.5	0.0	(351.8)
103 Norfolk Road (sold)	126.0	295.1	421.1	390.0	19.7	(11.4)
27 Edgar Road (under offer)	130.0	271.2	401.2	390.0	19.7	8.5
28 Edgar Road (sold)	110.0	310.3	420.3	375.0	19.7	(25.6)
12a Dalby Square	155.0	1,012.0	1,167.0	550.0	347.7	(269.3)
Total "Phase One" projects	571.0	3,086.9	3,657.9	2,601.5	406.8	(649.6)

- 2.3 The properties at 27 Edgar Road and 12a Dalby Square are the only remaining assets from phase one that have not been sold. An offer to purchase 27 Edgar Road has recently been accepted and solicitors are instructed.
- 2.4 The 12a Dalby Square project is a cross sector collaboration between KCC, TDC, the Centre for Architecture and Sustainable Environment (CASE) at the University of Kent in Canterbury, and the private sector, to develop and retrofit the KCC owned former HMO property into an exemplar residence that simultaneously addresses the challenges of climate change and promote opportunities for intergenerational living.
- 2.5 TDC are in the process of delivering wider improvements to Dalby Square by providing grant funding to landlords and owner occupiers of the properties to carry out façade works to return the square back to its former glory.
- 2.6 TDC ran a successful 'Design for the Future Climate' project in 2012/13 and as a result of this design project funding to include Climate Control adaptations for 12a Dalby Square has been made available, which will involve future monitoring of the use of the property by its resident family.
- 2.7 It is recognised that due to the high cost of housing it is becoming increasingly harder for young people to get on to the property ladder. As a result it has been recognised that there is a shift toward multi-generational, 3G living. 3G living involves grandparents, parents and children all living with in the same house within designated 'areas'.
- 2.8 The refurbishment of 12a Dalby Square has been designed to act as a pilot study for the climate change adaptations and 3G living with KCC working with TDC to identify a family to occupy the property to enable the 3G and climate change studies to be concluded shortly.

Report to Accountability Board	Forward Plan reference number: FP/AB/119
Date of Accountability Board Meeting: 15 th December 2017	
Date of report: 8 th December 2017	
Title of report: M20 Junction 10a LGF Funding Approval	
Report by: Rhiannon Mort, SELEP Capital Programme Manager	
Enquiries to: rhiannon.mort@essex.gov.uk	

1. Purpose of report

- 1.1. The purpose of this report is to provide the Accountability Board (the Board) with an update on the delivery of the M20 Junction 10a (the Project), in Ashford, Kent and to endorse the decision taken by the Board on the 24th February 2017 to award £11.4m Local Growth Fund (LGF) to the Construction Phase of the Project, following confirmation being received from Highways England that their assurance processes have been completed.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** that Highways England has provided evidence that a robust Value for Money assurance process has been followed and that the funding decision has been made by the Highways England Investment Decision Committee (IDC) to approve the Project in full.
- 2.1.2 **Endorse** the Board approval given on 24th February 2017 to award £11.4m LGF to the Construction Phase of the Project, subject to there being sufficient funds made available to the SELEP by Government for the future year LGF allocation to the Project.

3. M20 Junction 10a – The Project

- 3.1. The M20 Junction 10a is a Highways England led project, with third party funding support from SELEP and Ashford Borough Council. In February 2017, the Board approved the award of £8.3m LGF to the Development Phase of the Project and a further £11.4m LGF to the Construction Phase, subject to certain conditions being satisfied as set out in section 6 below.
- 3.2 The new junction aims to support local infrastructure needs as part of the future growth plans to the South of Ashford, Kent. The planned growth will

include associated improvements in education, leisure, retail and commercial development as well as better travel options and sustainable transport links.

- 3.3 The recent developer-funded improvements to the existing M20 Junction 10, to increase the capacity and improve safety, will allow some planned residential and commercial development to go ahead, but will not be sufficient for all the proposed development.
- 3.4 The new 10a junction will form part of the motorway, incorporating a new 2-lane dual carriageway link road to the existing A2070 Southern Orbital Road (Bad Munstereifel Road) and will involve, once completed the closure of the eastern slip roads on the nearby existing Junction 10.
- 3.5 In addition to the new interchange, the Project includes a new pedestrian and cycle bridge over the M20 to the east of the new Junction 10a. This will provide a link between Kingsford Street on the south side of the motorway to the A20 on the north side. There will also be a replacement footbridge over the A2070 at Church Road, and a new retaining wall at Kingsford Street.

4. Project Objectives

- 4.1. The objectives of the Project are to:
 - 4.1.1. Increase the capacity of the road network to support and allow the delivery of residential and employment development either proposed or permitted within the Ashford growth area.
 - 4.1.2. Improve the safety of road users by alleviating congestion around the existing Junction 10 whilst creating the opportunity to enhance local transport facilities for non-motorised users.
 - 4.1.3. Provide a new route for traffic into Ashford via a new Junction (10a) and dual carriageway link road.
 - 4.1.4. Minimise the environmental impact and where possible allow enhancements to be made to the environment; and
 - 4.1.5. Improve journey time reliability on the strategic road network.

5. Stage of Development

- 5.1. The Project is near completion of the Development Phase. This has been supported by an award of £8.3m LGF investment to this phase of works.
- 5.2. In addition, at its meeting on 24th February 2017, the Board approved the award of a further £11.4m LGF to the Construction Phase of the project. This approval was subject to Highways England approving the Project through their governance processes.

- 5.3. The Project has been categorised as a Nationally Significant Infrastructure Project (NSIP), which requires a Development Consent Order (DCO) application. On the 1st December 2017, the Secretary of State for Transport, granted development consent for the Project.
- 5.4. Furthermore, on the 7th December 2017 Highways England's IDC approved the Project in full to enable the Project to progress to the Construction Phase.
- 5.5. Once the planning conditions identified as part of the DCO process have been discharged by the Department for Transport, the approval of the Project by Highways England's IDC and the award of development consent by the Secretary of State will now enable the project to progress, with site mobilisation works due to commence in January 2018.

6. Funding allocation

- 6.1. The total cost of the Project is currently estimated at £97.14m; a reduced expected total Project cost relative to the £104.4m estimate previously reported to the Board in February 2017.
- 6.2. In total, SELEP has allocated £19.7m LGF to the Project, with £8.3m due to be spent in 2017/18 and a further £11.4m LGF to be spent in 2018/19.
- 6.3. In addition to the £19.7m LGF allocation to the Project, there is also a £16m funding contribution from Ashford Borough Council. A funding solution has been identified for the Department for Communities and Local Government to assist Ashford Borough Council in providing this funding commitment to the Project. The remaining Project costs are to be funded by Highways England.
- 6.4. On the 24th February 2017, the Board approved the award of £8.3m LGF funding to the Project to support the Development Phase. A grant agreement has now been developed between SELEP Accountable Body (Essex County Council) and Highways England to enable the transfer of this initial £8.3m LGF in 2017/18.
- 6.5. The remaining £11.4m LGF allocation to the Project, to support the Construction Phase of the Project can now be endorsed, as SELEP has received evidence that a robust Value for Money assurance process has been followed and Highways England have confirmed that a funding decision has been made by their IDC to approve the project in full.
- 6.6. The Board approval for the Construction Phase funding in February 2017 was further caveated by the requirement that there are sufficient funds being made available to the SELEP by Government for the future year LGF allocation to the Project.
- 6.7. In relation to the condition for sufficient funds to be made available in 2018/19, SELEP has not received its grant payment determination letter from DCLG for 2018/19. The grant determination letter is normally received by SELEP in Q4 each year to confirm the amount of LGF to be transferred to

SELEP during the next financial year. However, through the Annual Conversation held between SELEP and Central Government on the 7th December there was no indication that SELEP's grant allocation in 2018/19 would differ from the provisional allocation set out in SELEP's indicative allocation for future years of the Growth Deal programme.

- 6.8. The provisional LGF forecast for future years of the Growth Deal Programme identifies sufficient LGF in 2018/19 to enable the transfer of the remaining £11.4m to the Project during next financial year.
- 6.9. As such, it is proposed that SELEP should now progress in entering into a grant agreement with Highways England for the transfer of the remaining £11.4m LGF allocation to the Project. The grant agreement between the SELEP Accountable Body and Highways England will include conditions to ensure that SELEP only commits to transfer the £11.4m if sufficient funds are received from DCLG in 2018/19.

7. Business Case and Value for Money assessment

- 7.1. A Business Case has been developed by Highways England for the Project, and was fully set out in the report before the Board on 24th February 2017.
- 7.2. In February 2017 the Board were informed that the Project Benefit Cost Ratio (BCR) was categorised as low, at 1.41:1. Despite the decrease in Project cost since the BCR was considered initially, the revised BCR value presented in the November 2017 Value for Money Statement (see Appendix 1) has decreased to 1.35:1, categorised as low Value for Money. This change to the BCR value is primarily the result of changes to Department for Transport WebTAG advice on the economic assessment of transport projects.
- 7.3. Highway England has provided a copy of the updated Value for Money Statement (Appendix 1) and Analytical Assurance Statement (Appendix 2). These documents provide assurance from Highways England that a robust approach has been followed to the assessment of the Value for Money section of the Business Case.
- 7.4. Whilst the BCR value falls below SELEP's normal expectation for Projects to present high value for money (a BCR of 2:1 or higher), the Project was approved by the Board in February 2017 on the basis that the funding decision complies with Value for Money Exemption 2 as detailed in the SELEP Assurance Framework.
- 7.5. Despite the low BCR value for the Project, Highways England IDC have approved the Project in full due to the strong Strategic Case for the delivery of the Project, to enable planned development in Ashford.

8. Financial Implications

- 8.1. Funding for this project was approved in principle in February 2017 but this approval was contingent on the full approval to be given by the Highways England Investment Decision Committee. As this has now been granted, the remaining funds can be transferred. However, the funds will not transfer until Funding Agreements are in place.
- 8.2. Development funding transfer is also dependent on Funding Agreements being in place and as such no monies have transferred to date. Within the programme, £8.3m is planned to transfer in this year and £11.4m to transfer in 2018/19. As stated above, the £11.4m is dependent on LGF grant funding from Government being made at the indicated level or greater.

9. Legal Implications

- 9.1. SELEP has not received its grant payment determination letter from DCLG for 2018/19, whilst the Annual Conversation held between SELEP and Central Government on the 7th December gave confidence that there would be no change to the SELEP's indicative allocation for future years of the Growth Deal programme, until the grant payment determination letter has been received the SELEP must be cautious in the early awards it gives against that funding.
- 9.2. Accordingly the grant agreement with Highways England for the transfer of the remaining £11.4m LGF allocation to the Project will include conditions to ensure that SELEP only commits to transfer the £11.4m if sufficient funds are received from DCLG in 2018/19.

10. Staffing and other resource implications

- 10.1. No implications identified

11. Equality and Diversity implications

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

12 List of Appendices

- 12.1 Appendix 1 – Value for Money Statement
- 12.2 Appendix 2 – Analytical Assurance Statement

13 List of Background Papers

- 13.1 M20 Junction 10a Business Case
- 13.2 M20 Junction 10a Accountability Board report – 24th February 2017

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

Role	Date
Accountable Body sign off	
Suzanne Bennett	08/12/17
On behalf of Margaret Lee	

Appendix 1 - Value for Money Statement								
Value for Money Category				Low				
RIS 1: M20 Junction 10A								
Summary								
<p>This scheme achieves low value for money. This is through travel time savings, wider economic impacts and dependent development.</p> <p>The scheme is to build a new junction 10A with a new dual carriage link to the A2070. This is to relieve the queuing at the existing junction 10. The scheme is requesting construction phase funding.</p>								
Key Impacts								
	Positive Contributions				Negative Contributions			
<i>Quantified</i>	The main benefits of this scheme are through travel time savings and wider impacts. There are smaller benefits due to a reduction in accidents, noise reduction and improvements to local air quality. There are also small scale dependent development benefits				There is a negative impact on Greenhouse gases.			
<i>Un-quantified</i>	There are non-monetised benefits from journey quality, affordability, severance and biodiversity.				There are non-monetised dis-benefits from historical environment and landscape.			
Total impacts	PVB:	£91.0	PVC	£67.4m	Initial BCR	0.71	Adjusted BCR	1.35
Key Assumptions/Sensitivities								
The scheme has undertaken low and high traffic growth tests. Under high traffic growth scenario, the value for money would be medium.								
Author:	Lynsey Pooler				Date:	October 2017		

Appendix 2 – Highways England Analytical Assurance Statement

M20 Junction 10a Improvement - Request Construction phase budget													
Analytical Assurance Statement: 3rd Line of Defence													
Appropriateness	Compliance	Uncertainty	Fit for purpose										
Green	Amber	Amber	Amber										
<table border="1"> <thead> <tr> <th>Role</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Project Lead</td> <td>Tom Selby</td> </tr> <tr> <td>Analysis Owner</td> <td>Jon Forni</td> </tr> </tbody> </table>		Role	Name	Project Lead	Tom Selby	Analysis Owner	Jon Forni	<table border="1"> <thead> <tr> <th>Role</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Assurer</td> <td>Peter Grant</td> </tr> </tbody> </table>		Role	Name	Assurer	Peter Grant
Role	Name												
Project Lead	Tom Selby												
Analysis Owner	Jon Forni												
Role	Name												
Assurer	Peter Grant												
<p>The traffic appraisal to support the scheme development was based on an local traffic model of Ashford and the M20 corridor. This model was updated using recent trip data and validated in the key areas for scheme effects to be assessed. Due to uncertainties and the degree to which developments may be dependent on the new junction, the economic case carries some risk and therefore there is some scope for challenge to the analysis. The main concerns relate to how the dependent development traffic affects the road network and the level of transport external costs. These effects on the network have been examined and network modifications have been made to ensure that any changes due to slight changes in the network operations, which can be addressed by minor adjustments, are removed from the analysis. However, the work has been carried out by experienced consultants; quality assurance has been provided by the consultants' standard procedures and has been subject to overview by the Highways England Appraisal Certifying Officer. Overall, while it is considered that the appraisal is proportional and adequate for the scheme under consideration the assurance around the production of the analysis supporting the current business case is Amber due to the quality of the traffic model for forecasting and subsequent economic assessment.</p> <p>The project cost estimates have been prepared in accordance with standard Highways England commercial processes and are appropriate at this stage of the scheme assessment. (The assurance is therefore considered to be Green.)</p> <p>In respect of the environmental aspects of the scheme, the overall assurance was considered to be adequate. At the time that the Stage 3 appraisal was undertaken, separate environmental analytical assurance text was not required to be provided. It may be considered that the QA process and the certainty for the reported result has an Amber assurance level.</p> <p>There is scope for challenge in the following areas:</p> <ul style="list-style-type: none"> The forecast traffic growth from local developments. The extent of dependency of local developments on the implementation of the scheme and its effect of the economic appraisal. The treatment of transport external costs generated by the dependent development. <p>Overall the assurance around the production of the analysis supporting the business case is Amber.</p>													

Report to Accountability Board	Forward Plan reference number: FP/AB/118
Date of Accountability Board Meeting:	15th December 2017
Date of report:	1st December 2017
Title of report:	2017/18 Revenue Budget Update, 2018/19 Revenue Budget setting
Report by:	Suzanne Bennett and Adam Bryan
Enquiries to:	suzanne.bennett@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to briefly update the Accountability Board (the Board) of the latest 2017/18 forecast revenue spend and present the proposed revenue budget for 2018/19 for consideration and approval if the Board be so minded.

2. Recommendations

- 2.1 Board is asked to:
- 2.1.1 **Note** the updated forecast spend against revenue budget for 2017/18;
 - 2.1.2 **Approve** the revenue budget for 2018/19;
 - 2.1.3 **Approve** the specific grant budgets for 2018/19; and
 - 2.1.4 **Confirm** contributions from Local Authority partners in 2018/19

3. Background

2017/18 Revenue Budget

- 3.1 A brief update was made to the Accountability Board at their last meeting in November. At that point a potential windfall gain was flagged for the Board's attention.
- 3.2 This gain is the result of the pick up on interest receipts received due to the uplift in the Bank of England base rate and the delays in the A13 Widening Project.
- 3.3 As reported to Board in November, there have been delays to the A13 Widening Project which is an LGF project led by Thurrock council. This project is part of the DfT retained schemes and DfT made a grant award of £29,704,000 which was received by Essex County Council, as the Accountable Body for the SELEP on 29th June of this year.
- 3.4 To date £7.2m of this funding has transferred and in line with the last Accountability Board meeting, a further £2.292m of spend will be supported through this grant rather than general LGF grant. However that will have no effect on the total value of cash held as it is a net nil switch between funding pots. A further £2.2m is forecast to transfer before the end of the financial year.

- 3.5 The remaining balance is being managed by the ECC Treasury Management function as part of the Accountable Body role and it is forecast that holding this cash balance will net SELEP an additional £245,000 of external interest over the previously reported position of £200,000.
- 3.6 Discussions have been held with DfT as to whether they would want the grant balance returned to them for this financial year. We have now received confirmation that there will be no clawback of grant funding at this time and the grant should roll forward into financial year 2018/19 to be applied there.
- 3.7 Due to this windfall, the SELEP Secretariat budget is now forecast to underspend by £293,000. Currently there are no additional costs that are arising in this year that this funding could be applied to and as such it will be carried forward to future years.
- 3.8 The current budget includes a withdrawal from reserve of £253,000; with this windfall gain it is now forecast that rather than a withdrawal from reserve, there will be a contribution of £40,000. The level of the reserve is addressed later in this report.

Table 1 – Forecast Outturn as end of November for SELEP Revenue Budgets

	Forecast Outturn - £000	Current Budget - £000	Variance - £000's	Variance - %
Staff salaries and associated costs	566	552	14	2.5%
Staff - non salaries	26	32	(6)	-18.8%
Recharges (incld Accountable Body)	77	74	3	4.1%
Total staffing	669	658	11	1.7%
Meetings and administration	41	45	(4)	-8.9%
Communications	44	40	4	10.0%
Chairman's Allowance	20	20	-	0.0%
Consultancy and Sector support	2,015	2,029	(14)	-0.7%
Total other expenditure	2,120	2,134	(14)	-0.7%
Total expenditure	2,789	2,792	(3)	-0.1%
Grant income	(2,184)	(2,184)	-	0.0%
Other OLA contributions	(200)	(200)	-	0.0%
External interest earned	(445)	(155)	(290)	187.1%
Total income	(2,829)	(2,539)	(290)	11.4%
Net expenditure	(40)	253	(293)	-115.8%
Contributions to/(from) reserves	40	(253)	293	0.0%
Net over/(under)spend	-	-	-	100%

2018/19

- 3.9 The South East LEP currently is supported by a small operational team of officers. In line with other LEPs and Government expectations, the Secretariat revenue cost is funded through a combination of grants from Government, interest earned on Local Growth Fund (LGF) and Growing Places Fund (GPF) balances and contributions from each of the upper tier authorities within the geography.
- 3.10 There are currently a number of uncertainties facing not just SELEP but all LEPs as the outcome of the LEP Review has yet to be published and the full implications of the growing roles of LEPs as a

result of the Industrial Strategy White Paper are not yet known. However, to ensure good financial probity a draft budget for financial year 2018/19 has been constructed and is being presented to the Board for their approval.

- 3.11 A major uncertainty at this time is the both the value of and the conditions attached to the Core Funding that has been provided by Government in previous years. There have been assurances that Government will continue to fund LEPs, but there are still no details issued at this time. To enable the construction of the budget it is assumed that the Core Funding will be on the same basis as previous years. That being, a total of £500,000 payable, with a match of £250,000 being made locally. Government has previously indicated that local contributions to LEPs are considered important as a demonstration of commitment by partners. Therefore, it is prudent to assume that match will be required.
- 3.12 As details are issued on future funding for LEPs, the impact of this on the revenue budget will be considered and a revised budget presented to Accountability Board if necessary.
- 3.13 As detailed above the delay to the A13 Widening Project and the increase to the Bank of England base rate have led to a windfall gain in additional interest receipts in 2017/18. The projected surplus for the year means that the general reserve is forecast to be in excess of £400,000 at the start of financial year 2018/19 (see Table 4 below for full details). The agreed policy is that £100,000 of the reserve should be held to cover any closure costs that might arise should the SELEP cease to function. This leaves a balance of £324,000. The Accountable Body's advice is that this balance should be utilised in a timely manner to gain best value for the taxpayer.
- 3.14 Currently, with the additional funds available from reserves and uplift in interest receipts due to forecast further increases in base rate, there is an additional £173,000 of funding available to be utilised by the SELEP in 2018/19. In addition, £172,000 of funding that was earmarked in 2017/18 for SEP production and the one-off support to Growth Hubs won't be required in 2018/19.
- 3.15 SELEP recognises that local areas have needed to put additional resource into place to support the local delivery of the Local Growth Fund and in financial year 2015/16 a £100,000 contribution was made from SELEP budgets to each of the upper tiers to offset this outlay. Given the continued expectations of local federated areas in respect of project support and new accountability and transparency requirements following the Mary Ney DCLG Review and as SELEP is currently in a position to offer further support given the windfall gains in external interest receipts; the draft budget includes a £150,000 contribution to the six upper tiers. This will be distributed on the allocation basis as the contributions made by local partners. Details can be found at Table 2, which shows the contributions assumed to be required to ensure Core Funding is secured; the contribution made to local areas facilitated by the carry-forward of interest receipts and the net impact on each local authority partner's budget.

Table 2 – Proposed SELEP/Local Partner Transactions 2018/19

Name of Authority	Contribution to Funding £000	Local area support £000	Net impact on budget £000
East Sussex County Council	26,180	(19,635)	6,545
Essex County Council	71,760	(53,820)	17,940
Kent County Council	72,500	(54,375)	18,125
Medway Council	13,040	(9,780)	3,260
Southend-on-Sea Borough Council	8,400	(6,300)	2,100
Thurrock Council	8,120	(6,090)	2,030
Total	200,000	(150,000)	50,000

3.16 The proposed budget for the SELEP Secretariat for 2018/19 can be seen in Table 2. This table does not include budgets for specific grants, these are presented later in the report starting at paragraph 3.25; the total SELEP Revenue Budget including specific grants can be seen at Table 7. As seen in the Table 3, it is proposed that expenditure budgets should increase by £366,000 over the budget for 2017/18 (an increase of a third). This is supported through an increase of £319,000 to external interest receipt budgets and increasing the drawdown from reserves by £47,000.

Table 3 – Proposed SELEP Secretariat Budget 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Staff salaries and associated costs	761	562	198	35.31%
Staff non salaries	32	32	-	0.00%
Recharges (incl. Accountable Body)	64	64	-	0.00%
Total staffing	856	658	198	30.16%
Meetings and admin	51	45	6	13.33%
Chairman's allowance	20	20	-	0.00%
Consultancy and sector support	397	385	12	3.12%
Local area support	150	-	150	0.00%
Total other expenditure	618	450	168	37.33%
Total expenditure	1,474	1,108	366	33.07%
Grant income	(500)	(500)	-	0.00%
Contributions from partners	(200)	(200)	-	0.00%
External interest received	(474)	(155)	(319)	205.81%
Total income	(1,174)	(855)	(319)	37.31%
Net expenditure	300	253	47	18.76%
Contributions to/from reserves	(300)	(253)	(47)	18.58%
Final net position	0	-	0	0.00%

Table 4 – SELEP General Reserve Forecast Position

	£000
Opening balance as at 1st April 2017	(384)
Forecast surplus 2017/18	(40)
Forecast balance as at 31st March 2018	(424)
Proposed utilisation of funds	
Monies to be held for closure costs	100
Local area support	150
Resource to support LEP Review/Governance	150
Total	400

- 3.17 As previously highlighted, there are currently a number of uncertainties facing LEPs but at time of writing it would appear that Government’s intention is that LEPs play a key strategic role in the development of Local Industrial Strategies in those areas that aren’t covered by Combined Authorities. Additionally Government has recognised that an increasing role for LEPs means that a more robust Governance Framework is necessary to ensure full transparency and accountability across the board. In order to meet expectations it will be necessary for the very small SELEP team to expand accordingly and increase its resource using its own means.
- 3.18 The developing role of LEPs nationally requires a strong representation of SELEP to ensure that the model developed is one that will work for all of the South East. It is essential that the South East has a voice at the table to provide counter-balance to those areas of the country who have a longer working relationship and are well versed in securing both Government support and funding. As this element of the Managing Director role increases, it is considered necessary to now fill the Deputy Director post that had been held as a vacancy. This post will take on much of the operational level tasks for the Managing Director.
- 3.19 The increasing requirements around Governance also have a resourcing implication. As raised by the Accountable Body, and also by CIPFA, to Government, good governance has a cost. Included in the budget therefore, is an additional officer who will be responsible to for ensuring that Governance processes are being followed and properly evidenced. The responsibility for good governance must sit at the highest level of the LEP, with the Chair and the Managing Director supported by the Accountable Body, but by having an additional member of staff to support the workstream it will ensure the Governance requirements are met.
- 3.20 It is currently proposed that these posts are offered as fixed term contracts in the first instance as the ongoing funding position continues to be unknown.
- 3.21 The staffing budget also includes the full year costs of the Strategy Manager and Capital Programme Support role that were part year only in 2017/18. In total, the full year effect of these roles and the two new roles total an additional £179,000 of cost in 2018/19 when compared to current forecast staff costs in 2017/18.
- 3.22 The budget also includes provision for a number of pieces of one-off consultancy work to support particularly important workstreams, this is valued at £189,000. The types of workstream that could be supported would be the economic narrative around the Lower Thames Crossing; enabling work for Local Industrial Strategies; follow-on for the Energy Strategy programme which SELEP is leading

across the South; or the next phases of work supportive of the Thames Estuary Growth Commission.

- 3.23 It is assumed that the match for Core Funding will be made in the same way as previous years. That is, through a cash match of £200,000 from local partners and £50,000 in non-cash match through time volunteered by business members of the Strategic Board outside of Board meetings. However, strong representations have been made by SELEP to Government that the funding to SELEP should properly reflect its size in comparison to other LEPs. A letter to Jake Berry, the minister for Northern Powerhouse and Local Growth, can be found at Appendix 1.
- 3.24 At time of writing, the value of and conditions to any revenue funding from Government are unknown, therefore Local Authority partners are asked to confirm contributions at the same level as previous years. Should the grant funding to SELEP change materially, a further report will be made to Accountability Board and contributions may vary. Contributions will not be requested until grant funding requirements are confirmed.

Specific Grants

- 3.25 The number of specific grants made to LEPs has been increasing over the last years as Government expands the roles of LEPs. It is presumed that a number of the specific grants in place for this year will continue into 2018/19 but details of values and so forth have not been confirmed. In particular, no funding has as yet been confirmed for the functioning of the Growth Hubs. However, verbal assurances have been given and Growth Hubs are mentioned a number of times in the Industrial Strategy White Paper. Without confirmation of values it is not possible to set budgets at this time, but as soon as that information is made available, a further report will be made to Accountability Board. This also applies to the grant made by the Careers Enterprise Company for support for Enterprise Advisors in schools.
- 3.26 As a result of the uncertainty for a number of specific grants expected in 2018/19, currently budgets can only be presented for two incomes streams, Growing Places Fund Revenue funding and Enterprise Zone Commercial Funding.
- 3.27 The proposed budget for the GPF Revenue Funding can be seen below at Table 5.

Table 5 – Proposed GPF Revenue Funding Specific Grant Budget

	18/19 Budget	17/18 Budget	Movement	Movement
	£000	£000	£000	%
Recharges (incl. Accountable Body)	50	0	50	0.0%
Consultancy and Sector support	500	739	(239)	0.0%
Total Expenditure	550	739	-189	-25.6%
Grant Income	(550)	(739)	189	0.0%
Total income	(550)	(739)	189	-25.6%
Net position	-	-	-	0.0%

- 3.28 As agreed at Strategic Board in June 2017 an annual drawdown of £500,000 will be made from the GPF Revenue Grant to fund the Sector Support Funding programme. The programme will continue on the same basis as this financial year. In addition, it is currently planned to recharge £50,000 of the Accountable Body recharges to the GPF Revenue Grant to reflect the work done supporting the GPF Capital and Revenue programmes.

- 3.29 Accountable Body charges have been earmarked to be charged to the GPF revenue grant in previous years, but this was not properly reflected in the budget set last year. The charges from the Accountable Body are not currently forecast to increase in 2018/19 but further discussions will be necessary as the governance requirements increase and the Accountable Body is expected to provide additional assurances to Government.
- 3.30 The Harlow Enterprise Zone revenue support is due to complete at March 2018 so no further drawdown will be required.
- 3.31 In 2017/18 funding was made available for Enterprise Zones to buy in some support to build their commercial offers. This funding was only available to the latest round of Enterprise Zones. £27,000 was awarded to the North Kent Enterprise Zone and has been passed to Maidstone Borough Council and Medway Council. A further round was opened in the summer of 2017 and again North Kent Enterprise Zone was successful in securing funding. Currently a grant determination has not been issued for the £23,000 awarded and it is likely to transfer from DCLG at the very end of this financial year, meaning that it won't be able to be disbursed to partners until financial year 2018/19. The conditions of the grant should allow this take place. Table 6 below shows the proposed budget for the grant.

Table 6 – Proposed Enterprise Zone Commercial Zone Specific Grant Budget

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Consultancy and Sector support	23	27	(4)	0.0%
Total Expenditure	23	27	-4	-14.8%
Grant Income	(23)	(27)	4	0.0%
Total income	(23)	(27)	4	-14.8%
Net position	-	-	-	0.0%

- 3.32 Table 7 shows the total revenue budget proposed for the SELEP, consisting of the Secretariat budget and the specific grants.

Table 7 – Proposed SELEP Total Revenue Budget

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Staff salaries and associated costs	761	562	198	35.31%
Staff non salaries	32	32	-	0.00%
Recharges (incl. Accountable Body)	114	64	50	78.18%
Total staffing	906	658	248	37.76%
Meetings and admin	51	45	6	13.33%
Chairman's allowance	20	20	-	0.00%
Consultancy and sector support	920	1,151	(231)	-20.07%
Local Area Support	150	-	150	0.00%
Total other expenditure	1,141	1,216	(225)	-18.50%
Total expenditure	2,047	1,874	23	1.25%
Grant income	(1,073)	(1,266)	193	-15.24%
Contributions from partners	(200)	(200)	-	0.00%
External interest received	(474)	(155)	(319)	0.00%
Total income	(1,747)	(1,621)	(126)	7.77%
Net expenditure	300	253	47	0.00%
Contributions to/from reserves	(300)	(253)	(47)	0.00%
Final net position	-	-	-	0.00%

4. Financial Implications

- 4.1 The report is co-authored by the Accountable Body and advice has been given that the high level of reserves should be addressed, in a timely and appropriate manner. The proposed budget for 2018/19 is considered appropriate and recognition of the increasing resource needed as a result of increasing governance requirement is welcome. A further report should be made to Accountability Board on receipt of further details for grant funding from Government in 2018/19 if there are material changes to the funding that impact this budget.

5. Legal Implications

- 5.1 None at present.

6. Staffing and other resource implications

- 6.1 None at present.

7. Equality and Diversity implications

- 7.1 None at present.

8. List of Appendices

- 8.1 Letter from SELEP Chairman to Jake Berry MP, Minister for Northern Powerhouse and Local Growth

9. List of Background Papers

9.1 None

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

Role	Date
Accountable Body sign off Lorna Norris On behalf of Margaret Lee	06/12/2017

Jake Berry MP
Minister for the Northern Powerhouse and Local Growth
Department for Communities and Local Government
4th Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

By email to jake.berry@communities.gov.uk

LEP Review

10th November 2017

Dear Jake

Thank you for your letter of 20th October and for your company at the recent dinner of Local Enterprise Partnership Chairs. It is clear that we have exciting times ahead and I am delighted that the LEP Review is being undertaken in that spirit.

I should take this opportunity to offer the continued input of my LEP, the country's biggest, into the review and the SELEP team is ready and on hand to provide you with contributory inputs to the work. I know that the SELEP Managing Director has already been active in providing information to your team.

However, I must also take this opportunity to raise the major **issue of LEP core funding** with you – in terms of both timeliness and level.

It is imperative that officials quickly confirm their continued **financial backing of LEPs – ideally for a period of longer than the forthcoming financial year**. For the short term, this is quite simply to avoid me having to put every member of our small and high-performing team at risk of redundancy. In the longer term, it is to enable us to attract a wider range of applicants to LEP roles by virtue of being able to offer permanent rather than time-limited contracts. And, ultimately to allow ourselves to resource in a way concomitant with our enhanced responsibilities post the LEP Review.

An even more serious issue exists around the **levels of core funding** provided to LEPs. It is patently unfair to fund LEPs of different geographies to the same level. The South East LEP – covering six upper tier authority areas including three major counties – receives the same by way of support than every other, in some cases single county, LEPs. Inevitably this means that the secretariat team is stretched to the absolute limit, is unable to resource many of the activities that it would like to, and that additional time resource is requested from partners and third parties, which is far from ideal and detracts from our corporate impact.

It is clear to me that the goodwill of our local authorities in particular is becoming exhausted in respect of the contributions that they can make to the LEP (currently £200k in match funding between them). Unlike those single county LEPs, we operate on a pseudo-regional geography and, as such, are unlikely to ever derive the same level of support from those upper tier local authorities who could only ever feel like part of the SELEP geographic area.

We can demonstrate that we do an excellent job. Furthermore, the progress that this LEP has made is well documented and reflected by our massive community of partners.



What we need now is for Government to back the LEP properly, to follow up on Eric Pickles' original promise to the political leadership of our area and to provide us with the tools to have the maximum possible impact on the growth of our area. UK plc will not succeed without a successful South East and we are a force for good in making the area prosper.

I hope that you are able to back us in the way that our economy deserves.

Yours sincerely

Christian Brodie
Chairman
South East Local Enterprise Partnership