



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

STRATEGIC BOARD AGENDA PACK

Friday 4th October 2019

High House Production Park, Purfleet, RM19 1RJ



Agenda

Item 1	10:00	Welcome and introductions	Chris Brodie	
Item 2	10:05	Minutes and actions from 28 th June 2019 meeting Declarations of Interest Matters arising- Brexit, Hadlow College	Chris Brodie	Pg. 2
Item 3	10:10	Investment Panel Minutes 28 th June 2019 meeting – Item for Investment Panel members only	Chris Brodie	Pg. 10
Item 4	10:15	Terms of Reference <ul style="list-style-type: none">Decision on additional clause being added to cover substitutions	Adam Bryan	Pg. 14
Item 5	10:20	LEP Review <ul style="list-style-type: none">Decision on Board Composition/Board of DirectorsDecision on Company StructureDecision on Membership modelDecision on approach to scrutiny	Chris Brodie/Sub Group Members	Pg. 16
Item 6	11:05	Sector Support Fund <ul style="list-style-type: none">Decision on endorsement of the Clean Growth Sector Support Fund	Adam Bryan	Pg. 30
Item 7	11:15	GPF Round 3 Prioritisation <ul style="list-style-type: none">Decision on round 3 prioritisation approach	Adam Bryan	Pg. 37
Item 8	11:30	SME Internationalisation Exchange Project <ul style="list-style-type: none">Update on ESIF project	Steve Samson, Trade Development Manager, KCC	Pg. 50
Item 9	11:40	A13 Widening project update <ul style="list-style-type: none">Decision about allocation of additional funding	Thurrock Council	Pg. 53
Confidential Appendix* (Only Board members, SELEP Secretariat and officers from a County Council, Unitary Authority or lead Federated Board officers may stay in the room during this section. The recording will be stopped as appropriate.)				
Item 10	11:55	AOB and close	Chris Brodie	
	12:00	Lunch to be provided		

For Information Items – see other pack

Growth Hub Update

Local Industrial Strategy update

Capital Programme Update

Strengthening Places Fund Update

* This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

Provisional agenda items for December 2019 Strategic Board Meeting:

- Local Industrial Strategy
- LEP Review
- Sector Support Fund
- Presentation from Department of International Trade
- Coastal prospectus
- Newhaven Enterprise Zone

Future Strategic Board meeting dates:

- 6th December;
- 31st January 2020;
- 20th March;
- 12th June;
- (24th June AGM);
- 2nd October;
- 11th December;
- 19th March 2021.



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

STRATEGIC BOARD DRAFT MINUTES

Friday 28th June 2019

High House Production Park, Purfleet, RM19 1RJ



Agenda

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Future Strategic Board meeting dates:

4th October; 6th December; January 31st 2020; and 20th March.

Attendees

Chair	Chris Brodie	
Chief Executive Officer	Adam Bryan	SELEP
EBB and OSE business representatives	Colette Bailey	Metal
	David Burch	Essex Chamber of Commerce
	David Rayner	Birkett Long
	George Kieffer	Vice Chair
	Perry Glading	Chair of the Thurrock Business Board
EBB and OSE local government representatives	Cllr Graham Butland	Braintree District Council
	Cllr David Finch	Essex County Council
	Cllr Rob Gledhill	Thurrock Council
	Cllr Ron Woodley	Southend on Sea Borough Council
KMEP business representatives	Douglas Horner	Trenport Investments
	Geoff Miles	Vice Chair
	Jo James	Kent Invicta Chambers
	Paul Thomas	Development Land Services Limited
KMEP local government representatives	Cllr David Monk	Folkestone & Hythe District Council
	Cllr Paul Carter	Kent County Council
	Cllr Peter Fleming	Sevenoaks District Council
	Cllr Rodney Chambers	Medway Council
TES business representatives	Ana Christie	Sussex Chamber of Commerce
	Clive Soper	FSB
	Graham Peters	Vice Chair
TES local government representatives	Cllr David Tutt	Eastbourne Borough Council
	Cllr Keith Glazier	East Sussex County Council
	Cllr Peter Chowney	Hastings Borough Council
Higher education representative	Anthony Forster	University of Essex
Further education representative	Angela O'Donoghue	South Essex College

Apologies from:

Cllr Chris Whitbread (Epping Forest District Council);

Penny Shimmin (social enterprise business representative); and

Cllr Kevin Bentley (Essex County Council) *Cllr David Finch attended instead of Cllr Bentley*

Item 1: Welcome and introduction

- 1.1. Chris Brodie opened the meeting and reminded the Board that new microphones were being used for the recording of the meeting which recorded continuously.

Item 2: Minutes of last meeting, Declarations of Interest and Matters arising

- 2.1. Douglas Horner asked for an amendment to be made to the last meeting's minutes at paragraph 3.7, as the record was incomplete. It was agreed that the final minutes would reflect this change.
- 2.2. The last meeting's minutes were agreed subject to the amendment above.
- 2.3. The following interests were declared:
 - a) Prof Anthony Forster declared a conflict of interest relating to the Investment Panel meeting after this meeting, and therefore he would not be attending (alternative arrangements made);
 - b) Cllr Graham Butland and George Kieffer as they were Members of Transport East; and
 - c) Cllr Keith Glazier as he was the Chair of Transport for the South East.
- 2.4. Chris Brodie reminded the Board that the SELEP AGM would take place on 17 July and encouraged the Board Members to attend.
- 2.5. Chris Brodie congratulated Jo James on her recognition in the Queen's Birthday Honours with an OBE for services to business.
- 2.6. Adam Bryan asked the Board to consider receiving electronic invites with the understanding that this would mean the internal circulation of email addresses. This was **agreed**.

Item 3: Transport for the South East

- 3.1. The Board received a presentation by Rupert Clubb, Lead Officer for Transport for the South East.



SELEP Strategic
Board presentation

- 3.2. Douglas Horner asked Rupert Clubb about the timescale of the works being undertaken. He alluded to the fact that transport projects tend to take a long time to deliver and the Government-preferred stance was that outcomes should be achieved within a short-term election cycle. He also asked if longer-term economic changes were being taken into account.
- 3.3. Rupert Clubb responded by explaining that prioritised schemes satisfied Government's preference for short-term timescales. As the Transport Strategy extended to 2050, he acknowledged that transport could evolve during this time, particularly as generations become less likely to purchase cars.
- 3.4. Adam Bryan asked Rupert Clubb to reflect on future engagement with the 5 LEPs.
- 3.5. Rupert Clubb responded by saying that LEP engagement had been fundamental in this process, including contributions to the LIS. He stated that there was consistent representation from 3 LEPs including SELEP.
- 3.6. George Kieffer asked Rupert Clubb about transport corridors and their correspondence with transport body areas, especially regarding engagement with Thurrock and Essex.
- 3.7. Rupert Clubb responded by saying that he met last week with the other sub-national transport bodies, and that the benefit of the Lower Thames Crossing was recognised.
- 3.8. David Tutt asked Rupert Clubb about Transport for the South East gaining powers over the rail franchises.
- 3.9. In reply Rupert Clubb said there were two key aspects: influencing investment priorities, and gaining a stronger role in the creation of rail franchises, although he felt the [Williams rail review](#) was moving the industry away from rail franchising.
- 3.10. Cllr Rob Gledhill reiterated that Thurrock remained opposed to the Lower Thames Crossing at its location and asked for this to be consistently reflected in SELEP papers. He continued that there hadn't been conversations

with Thurrock and requested reassurance that there would be conversations with the relevant Local Authorities in future.

- 3.11. Rupert Clubb responded that there was a strong relationship with Transport East, and that sub-national transport body membership is open to Local Authorities. He continued that he would ensure that the formal consultation would include Thurrock.
- 3.12. Perry Glading commented on the value of a presentation from Transport East in order to cover the whole SELEP area.
- 3.13. Paul Thomas commented on the objective given of stimulating economic growth and asked about overcoming existing barriers to growth, including maintenance of the existing infrastructure.
- 3.14. Rupert Clubb responded by saying that this is outside the remit of Transport for the South East; Paul Thomas acknowledged this and clarified that he would just like for it to be taken into consideration.
- 3.15. The Board was asked to agree the letter of support for Transport for the South East. This was **agreed**.

Item 4: Assurance Framework

- 4.1. The Board received a presentation by Rhiannon Mort, Capital Programme Manager for the SELEP.



Assurance
Frameworkv1.pptx

- 4.2. Rhiannon Mort reminded the Board that the Accountability Board derives its power from the Local Authority.
- 4.3. Douglas Horner expressed nervousness around accepting the Assurance Framework and Terms of Reference in their current form, particularly around the Federated Boards and the structure of the SELEP. He suggested for the Board to note rather than agree the progress made, and for the legal personality sub-group to take the discussion forward.
- 4.4. Chris Brodie acknowledged the future development required of the Assurance Framework and explained that the choice was to accept the proposed version or keep the March 2019 version until further developed upon incorporation.
- 4.5. Paul Carter stated that the proposed version was a great improvement on the previous version. He continued that he did not believe it was agreed to have 4 Federated Areas, an important point as it would affect the new board composition.
- 4.6. Ana Christie requested clarification around a paragraph regarding limiting funding for Federated Boards, as it could have been misinterpreted that different boards could have different limits.
- 4.7. Rhiannon Mort responded and clarified that this was not the intention.
- 4.8. Cllr Paul Carter raised the subject of the ITE's status in setting the priority list, and the importance of reflecting the reality of the process.
- 4.9. Chris Brodie asked the Board to decide whether to accept the proposed version.
- 4.10. Prof Anthony Forster asked the Chair for his advice. Chris Brodie recommended to the Board to accept the proposed version, recognising it as a waypoint on the journey which must end by March 2020.
- 4.11. David Rayner expressed his support for accepting the new version per Chris's recommendation.
- 4.12. The proposed version of the Assurance Framework was **agreed**, acknowledging the document as a waypoint and not a precedent for future decisions post-March 2020.

Item 5: Terms of Reference

- 5.1. Chris Brodie left the room as this item contained a discussion around the term of the Chair. Vice-Chair Graham Peters chaired this item.
- 5.2. The Board received a presentation from Rhiannon Mort, Capital Programme Manager (contained in the final slide of the previous presentation).
- 5.3. Rhiannon Mort explained that the main amendment proposed was the change of the Chair's term to 2+2+2.

- 5.4. Rhiannon Mort continued that this document would also require substantial review as part of the incorporation piece.
- 5.5. Adam Bryan clarified that the proposed change would bring the Chair's term in line with business members of the Board.
- 5.6. David Rayner expressed his concern around having different terms for different types of members and explained that EBB would like consistency between the public and private sectors, as otherwise the representation is unbalanced.
- 5.7. Peter Fleming responded with concerns around regulating the identity of Local Authority representatives or their length of term.
- 5.8. David Rayner questioned whether the diversity requirement should apply to Local Authority members.
- 5.9. Douglas Horner raised the reliance on Local Authorities, the practicalities of excluding some leaders, and the importance of a willing partnership with motivation and trust.
- 5.10. Paul Thomas suggested focusing on the question of the Chair's term.
- 5.11. The proposed Terms of Reference, including the amendment to the Chair's term, was **agreed**.

Item 6: LEP Review Update and Company Form

- 6.1. The Board received a presentation from Suzanne Bennett, Chief Operating Officer of SELEP.



Item_6_LEP
Review.pptx

- 6.2. Douglas Horner expressed his desire to keep the discussion around the role of the Accountability Board within the legal personality sub-group, without being limited by any decisions made at this meeting. This was **agreed**.
- 6.3. Cllr Graham Butland asked Suzanne Bennett why the form of a Community Interest Company (CIC) was chosen by some LEPs and raised that public perception may be better with a CIC.
- 6.4. Suzanne Bennett responded that the CICs were incorporated before the new Government requirements and before the tightening of scrutiny arrangements within LEPs. A CIC would require a report to Companies House, however the SELEP Annual Report is already more detailed.
- 6.5. Cllr Graham Butland asked whether a CIC rather than a Company Limited by Guarantee would add any benefit to the public. Kim Cole confirmed that it would not.
- 6.6. Jo James reiterated Cllr Graham Butland's point around public perception, with the understanding that a Company Limited by Guarantee would probably be needed.
- 6.7. Suzanne Bennett explained that in a CIC, the asset lock could affect the GPF fund if financial transactions went through the company in the future.
- 6.8. The Board **agreed** to form a Company Limited by Guarantee.

Item 7: Chair Recruitment Policy

- 7.1. Adam Bryan explained that the Chair Recruitment Policy is a requirement of the new National Assurance Framework. The proposed policy reflects the process used to recruit Chris Brodie.
- 7.2. Graham Peters, who was Chair of the Recruitment Panel for the above, expressed his support for this process.
- 7.3. The Chair Recruitment Policy was **agreed**.

Item 8: Growing Places Fund

- 8.1. Rhiannon Mort explained that GPF is a loan scheme, with £45.5 million worth of investments agreed with repayments now coming in against some of the projects. Subject to all scheduled repayments being made £20 million of GPF will be held at the end of this financial year. Rhiannon Mort elaborated that it is important to align with the LIS and use money to fund LIS priorities. There are no caveats around spending by 2021 as for LGF, and Rhiannon Mort suggested a new wave of investment in March 2020 after confirmation of the available funds and completion of the LIS.
- 8.2. Cllr Keith Glazier expressed a desire for the money to be spent as soon as practically possible, and that Christmas/New Year would be too far away. David Rayner agreed with this.
- 8.3. David Burch raised the issue of public perception of delaying spending and disagreed with the timeframe proposed by Rhiannon Mort.
- 8.4. Graham Peters emphasised the considerable resource allocation required for the Secretariat and the Local Authority whilst advocating for expediting this process.
- 8.5. Paul Carter added his support for a shorter timescale and raised that this might change the discussion at the Investment Panel after this meeting as some projects may suit GPF funding.
- 8.6. George Kieffer added his agreement for the shorter timescale.
- 8.7. It was **agreed** that the process would be agreed by electronic procedure to reduce the timescale.
- 8.8. Regarding the LGF funding stream, it was clarified that the remaining balance from the A28 Chart Road project would be added to the overall funding available. The LGF pot would be approximately £15 million for the Investment Panel discussion after this meeting, as opposed to approximately £7 million.

Item 9: Local Industrial Strategy Update

- 9.1. The Board received a presentation from Adam Bryan, Chief Executive Officer of the SELEP.



LIS_SBoard_280619_
v2.pptx

- 9.2. An additional Strategic Board meeting in January was **agreed** to facilitate discussion of this subject and the LEP review.
- 9.3. Ana Christie expressed her concern around the tight December deadline. She highlighted the need for a clear business plan strategy and consistent messaging around business involvement.
- 9.4. Prof Anthony Forster emphasised the importance of a quality document, and suggested learning from other LISs already released. Adam Bryan confirmed the desire to produce a high-quality strategy.
- 9.5. Douglas Horner asked whether the evidential base would include research and conclusions from the Bank of England; particularly the importance of management's ability to motivate staff engagement and capitalise staff. Adam Bryan confirmed that this would be included if not already.
- 9.6. Jo James reiterated the importance of the LIS being tailored to the SELEP area.

Item 10: Update on Greater South East Energy Hub

- 10.1. The Board received a presentation from Suzanne Bennett, Chief Operating Officer of SELEP.



Item_10_EnergyHub
.pptx

- 10.2. Peter Fleming expressed that he didn't feel that £3m is a satisfactory amount to share between 10 LEPs.
- 10.3. George Kieffer asked Suzanne Bennett to elaborate on the reservations around the partnership agreement.

- 10.4. Suzanne Bennett updated that there was work required between the many different partners to ensure that the partnership agreement met all governance requirements.
- 10.5. Graham Peters enquired as to the amount of money that may be involved in this hub.
- 10.6. Suzanne Bennett highlighted the importance of this hub in the future, especially around tactical conversations.
- 10.7. It was **agreed** that Adam Bryan would be the representative on the board of the Hub.

Item 11: Update on the Newhaven Enterprise Zone

- 11.1. The Board received a presentation from Peter Sharp, Head of Regeneration at Lewes District and Eastbourne Borough Councils.



Newhaven EZ -
SELEP Strategic Board

- 11.2. Graham Peters explained that he was delegated to engage in the C2C discussions as the Chair of C2C is a relative of Chris Brodie. He added that an effective Enterprise Zone Board is being developed.

AOB

- 12.1. Chris Brodie announced that this was the last meeting for both Kim Cole and Prof Anthony Forster and wished them both well for the future and thanked them for their contributions.
- 12.2. Chris Brodie closed the meeting at 12:00.

Minutes of the meeting of the SELEP Investment Panel, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 28th June 2019

Present:

Chris Brodie	Chairman
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr David Finch	Essex County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Ron Woodley	Southend-on-Sea Borough Council
Cllr Rob Gledhill	Thurrock Council
Stewart Drew	TES business representative
Perry Glading	Opportunity South Essex business representative
Jo James	Kent Chambers of Commerce (KMEP business representative)
Geoff Miles	Maidstone Studios (KMEP business representative)
Graham Peters	Team East Sussex business representative
David Rayner	Birkett Long (Essex business representative)
Graham Razey	East Kent College (Further Education)

ALSO PRESENT

Iwona Bainbridge
 Cllr Tony Ball
 Suzanne Bennett
 Adam Bryan
 Lee Burchill
 Jake Cartmell

Kim Cole

Richard Dawson
 David Hughes
 Jessica Jagpal
 Joel John
 Ian Lewis

Stephanie Mitchener

Charlotte Moody
 Rhiannon Mort
 Lorna Norris
 Alex Riley
 Tim Rignall

Having signed the attendance book

SELEP
 Essex County Council
 SELEP
 SELEP
 Kent County Council
 Steer
 Essex County Council (legal representative for the Accountable Body)
 East Sussex County Council
 Kent County Council
 Medway Council
 Essex County Council
 OSE
 Essex County Council (s151 representative for the Accountable Body)
 Essex County Council
 SELEP
 Essex County Council
 SELEP
 Southend Borough Council

Lisa Siggins	Essex County Council
Stephen Taylor	Thurrock Borough Council
Amy Wharton	SELEP

1 Welcome and Apologies for Absence

The following apologies were received:

- Councillor Kevin Bentley, Essex County Council (substituted by Councillor David Finch)
- Professor Anthony Forster, University of Essex

The Chairman conducted the welcome and confirmed the meeting is held in private session.

2 Declarations of Interest

No declarations of interest were recorded.

3 Minutes

The minutes of the meeting held on 8th March were agreed as a correct record. It was pointed out that Stewart Drew, De La Warr Pavilion should have been recorded as having attended that meeting.

4 Single Pipeline Development and the process of developing a single pipeline

The Chair reminded the Investment Panel that this process started back in June 2018 when the SELEP Strategic Board agreed the process and criteria for the assessment of projects. Following the SELEP 'Deep Dive' there was a recommendation that, SELEP should take steps to satisfy themselves that any underspend at a federated level is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the Investment Panel should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.

In response to the findings of the Deep Dive, on 16 March 2018, the Strategic Board agreed to implement the recommendations of the review. This included a decision to, "agree to establish and maintain a single pipeline of priority projects which will be used to identify the projects which utilise underspends in the event that it becomes available".

The Chair stated that there has been an overwhelming response to this call for projects and a considerable amount of work has been undertaken by local areas in developing project proposals. He reaffirmed his aspiration that this meeting ensures the process is fair and based fully on technical merit, with the strongest projects supported so that investment of this public sector funding yields maximum return, impacting positively on jobs, housing and skills, as demanded by central government. The outcomes of this meeting would be publicly available.

Rhiannon Mort advised the Panel that no solution had been found to the funding

issues regarding A28 Chart Road project. Consequently the £7.371m unspent LGF in that respect can be added to the total LGF available for reinvestment by the Panel, increasing the total available to £15,157,708.

5. Outcome of Independent Technical Assessment

Jake Cartmell from Steer, as the Independent Technical Evaluator, informed the Panel that a significant number of bids had been received. He explained what the sifting process involved and the relevant assessment criteria.

The Panel proceeded to discuss the ranking process, with concerns being expressed with regards thereto and the timetable involved. Rhiannon Mort explained the process and the importance of engagement with relevant partners. In response to concerns about the length of time required for funding decisions to be taken, Rhiannon confirmed that some solutions may be available, such as increased frequency of, or different timings of, Accountability Board meetings.

The Panel proceeded to discuss the prioritised LGF3b pipeline of projects as were set out in Appendix 3 of the report.

Both Councillor Carter and Geoff Miles spoke in support of the Kent and Medway Medical School project and encouraged the Panel to agree to the reprioritisation thereof.

Stewart Drew spoke in support of the smaller creative workspace project on the list and stressed the importance thereof. Graham Razy spoke in support of skills-based projects, feeling that it was hard to compare such with transport-based projects.

Councillor Finch suggested that the University of Essex Phase 3 Parkside project could be split into two phases. The first phase of the project was prioritised by the Panel for £3m as part of the initial £15.158m LGF currently available (this part is referred to as the University of Essex Parkside Phase 3). The Panel agreed that the second phase would remain on the ranked pipeline to receive LGF should additional underspend become available. This second phase is referred to as the University of Essex Parkside Phase 4. Councillor Finch agreed that Essex County Council would underwrite the remaining £2m LGF sought by the University in advance of any additional LGF becoming available to support phase 4 of the project.

Following robust conversation, it was agreed to increase the ranking of the Kent and Medway Medical School project.

Similar offers were made by members of the Investment Panel to phase other projects. This included the phasing of the following other projects:

- Exceat Bridge – Phase 1 to £1,500,000 LGF and Phase 2 to £610,579 LGF;
- Southend Town Centre - Phase 1 to £867,708 LGF and Phase 2 to £632,292 LGF
- Kent and Medway Medical School – Phase 1 to £4,000,000 and Phase 2 to £4,000,000.

6. Recommendations

It was **Resolved** to:

Agree that the LGF3b projects set out in Table 1 below are prioritised for investment utilising the £15.158m LGF currently available.

Agree the remaining eight projects which were supported by the Federated Boards, but not prioritised for the initial £15.158m LGF available, will now form the LGF pipeline. This pipeline is set out in Table 2 below.

Table 1 LGF3b projects prioritised for investment utilising the £1.158m LGF currently available

	Project	Federated Area	LGF Ask	Cumulative total
Projects supported by Investment Panel	M2 J5 Improvements	KMEP	£ 1,600,000	£ 1,600,000
	Bexhill Creative Workspace	East Sussex	£ 960,000	£ 2,560,000
	Kent and Medway Medical School Phase 1	KMEP	£ 4,000,000	£ 6,560,000
	Exceat Bridge Replacement Phase 1	East Sussex	£ 1,500,000	£ 8,060,000
	Tilbury Riverside	OSE	£ 2,360,000	£ 10,420,000
	Southend Town Centre Phase 1	OSE	£ 867,708	£ 11,287,708
	Basildon Innovation Warehouse	OSE	£ 870,000	£ 12,157,708
	University of Essex Parkside Phase 3	Greater Essex	£ 3,000,000	£ 15,157,708

Table 2 Pipeline of LGF projects

	Project	Federated Area	LGF Ask	Cumulative total
Ranked order of projects to progress should additional LGF underspend become available	University of Essex Parkside Phase 4	Greater Essex	£ 2,000,000	£ 17,157,708
	Southend Town Centre Phase 2	OSE	£ 632,292	£ 17,790,000
	Kent and Medway Medical School Phase 2	KMEP	£ 4,000,000	£ 21,790,000
	Exceat Bridge Replacement Phase 2	East Sussex	£ 610,579	£ 22,400,579
	Eastbourne Fisherman's Quayside & Infrastructure Development Project	East Sussex	£ 1,080,000	£ 23,480,579
	New Construction Centre, Chelmsford	Greater Essex	£ 1,295,200	£ 24,775,779
	Colchester Grow-on Space - Queen Street	Greater Essex	£ 3,777,451	£ 28,553,230
	NIAB	KMEP	£ 1,750,000	£ 30,303,230

If/when sufficient additional LGF is identified to fund the next project on this ranked list then this project will be able to progress to the Accountability Board for funding approval. Updates on any unallocated LGF will be provided to the Accountability and Strategic Board at each meeting, and the scheme promoter for the next project in line for funding will be informed. Over time, if sufficient underspend is identified to support all of the priorities shown in this pipeline, the Federated Boards will again be asked to consider their top priorities and the Investment Panel will be reconvened to agree the next priorities across SELEP to be funded.

7 Meeting Close

There being no further business the meeting closed at 1.55 p.m.

Chairman

Agenda Item 4: Terms of Reference and Board Recruitment Policy: Substitutions of Local Authority Board Members – Exceptional Circumstances

1. Purpose

- 1.1. The purpose of this paper is to present to the Strategic Board (the Board) an amendment to the Terms of Reference to allow a district/borough/city Local Authority representative that is a member of a Federated Board to attend as a deputy for an upper-tier authority.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. Agree the amendment of 2.8.2 of the SELEP Terms of Reference:

From

“2.8.2 If the named Strategic Board member is unable to attend then a substitute may attend on their behalf, subject to full compliance with SELEP policies and the Board Recruitment Process.”

To

“2.8.2 If the named Strategic Board member is unable to attend then a substitute may attend on their behalf, in accordance with the following:

- a) If the named County Council/Unitary Authority Federated Board member is unable to attend then a substitute Cabinet Member from within the authority may attend. In exceptional circumstances (no more than once in a rolling 12-month period and only when no substitute under the standard provisions can be found), a Local Authority representative who is a member of Cabinet of any of the other Local Authorities in the Federated Area may attend as a substitute, with the prior consent of the Strategic Board Chair.
- b) If the named Local Authority member from the Federated Board is unable to attend, a substitute can be agreed from the Federated Board who is a Local Authority member.
- c) If the named business representative member from the Federated Board is unable to attend, a substitute can be agreed from the Federated Board who is also a business representative.
- d) If the Higher Education representative is unable to attend then an alternate senior representative of the University may be identified from a constituent University.
- e) If the Further Education representative is unable to attend a Strategic Board meeting then an alternate may be selected from the Skills Advisory Group by the Chair of the group.

- f) If the Social Enterprise representative is unable to attend a Strategic Board meeting then an alternate may be selected from the Social Enterprise Group by the Chair of that group.
- g) The SELEP Secretariat (or the lead officer in relation to Federated Board meetings) should be informed of any substitutions at least 24 hours in advance of the Board meeting wherever possible.
- h) The substitute Board member must adhere to the SELEP policies in attending the meeting; this includes the Register of Interests Policy. The substitute Board member must declare both their interests and the interests of the named Board member, as appropriate, at the beginning of the meeting.
- i) Board Members are required to declare an interest on decisions in line with the SELEP Register of Interests Policy, irrespective of whether or not they are able to attend the meeting at which the decision is to be taken. Where a Board member declares a Pecuniary Interest, a substitute member is unable to vote on their behalf.”

2.1.2. Agree an amendment of the SELEP Board Recruitment Policy to remove references to substitutes.

3. Background

- 3.1. This amendment has been proposed as it has been brought to our attention that it is possible for an upper tier authority to be unable to send a representative member of its cabinet due to exceptional circumstances.
- 3.2. The Board Recruitment Policy does not currently allow for this situation, and it is clear that exceptional circumstance could occur. As such, it is proposed to amend the Terms of Reference to allow for this situation for the Strategic Board meeting on October 4th 2019 and going forward.

4. Accountable Body Comments

- 4.1. It is a requirement that SELEP has clear arrangements in place for the attendance of substitutes at Strategic Board meetings and that those arrangements adhere to SELEP policies and the Assurance Framework.

Author: Amy Ferraro

Position: Governance Officer

Contact details: amy.ferraro@southeastlep.com

Date: 16/09/2019

Agenda Item 5: LEP Review – Board Composition and Legal Personality

1 Purpose

- 1.1 The purpose of this paper is to present Strategic Board with the recommendations from the two Board sub-groups that were formed to consider the changes to governance required to ensure that SELEP complies with the Government's LEP Review.
- 1.2 One sub-group was formed to consider solutions to changes in Board composition, the other was formed to consider options for the formation of the limited company. In addition, this paper proposes a recommendation on scrutiny arrangements for the new SELEP Ltd.

2 Recommendations

- 2.1 The Board is asked to:
 - 2.1.1. Agree the proposal for the make-up of the SELEP Strategic Board as detailed at Table 3, or a variation of this proposal;
 - 2.1.2. Approve the introduction of a Deputy Chair according to the requirements of the LEP Review and note that the job description pertaining to this role will be brought to the December Strategic Board for approval;
 - 2.1.3. Approve the proposed approach to recruiting and assembling the Strategic Board;
 - 2.1.4. Agree to retain the Accountability Board under its current structure operating alongside SELEP Ltd, both supported by the Accountable Body;
 - 2.1.5. Select a model of membership for the limited company, the recommended option being that membership is offered to all members of SELEP Federated Boards;
 - 2.1.6. Agree that the current model of scrutiny (Accountability Board decisions being subject to call-in by the Scrutiny Committees of the six upper authorities and an open offer of attendance at any scrutiny committee within the SELEP area) continues, with the addition of challenge sessions being part of each meeting of the company membership;
 - 2.1.7. Note the update regarding induction;
 - 2.1.8. Note that further discussions around improving Board diversity in line with Government requirements will happen at the next Board meeting;
 - 2.1.9. Note that documents detailing the governance model and relationship between SELEP Ltd, the Accountability Board and the Accountable Body are being drafted and will be presented to the Board meeting in December; and
 - 2.1.10. Note the planned activity between this and the next Board meeting.

3 Background

- 3.1 As the Strategic Board is aware, SELEP must comply with the recommendations of the Government report 'Strengthened Local Enterprise Partnerships' (hereafter referred to as 'the LEP Review'). Failure to comply with the recommendations could result in reduced funding from Government in future, or potentially the withdrawal of all Government support. Funding is awarded by Government on an annual basis. Therefore, projects currently in flight could be at risk of funding not being available in future years in the event of non-compliance.
- 3.2 While we are still waiting for further details of the replacement to the Local Growth Fund and the EU Structural Funds after the UK's exit from the EU, it is currently thought that LEPs will have some role to play in the new UK Shared Prosperity Fund (UKSPF). Government has indicated that the LEP Review has partly been put into place to ensure that LEPs are fit to play that role. LEPs that fail to comply with the recommendations of the LEP Review may be considered unsuitable and this could potentially impact allocations of the UKSPF to the South East.
- 3.3 At this moment in time, Government are carefully watching LEPs in respect of their contribution to business preparedness around Brexit through Growth Hubs and their levels of compliance with the LEP Review. It is widely reported that there are LEPs elsewhere in the country with fundamental questions still to resolve around overlaps. Our reading is that their future funding (2020/21 LGF and further) is currently under some threat and SELEP will do well to avoid similar categorisation. To date, officials have been satisfied with the trajectory of the Board's decisions and the approach that we are taking to tackle the challenge that the LEP Review brings. Central Officials are sympathetic to the issues relating to reducing the Strategic Board, but the rules remain and we must achieve compliance.
- 3.4 At the June meeting of the Strategic Board it was confirmed that two sub-groups had been put into place to consider options and solutions that would ensure SELEP complied with the LEP Review. These two sub-groups have now met twice separately and once as a combined group. The purpose of these meetings was to bring forward options to Strategic Board. Further work aligned with the Legal Personality sub-group will be needed following this meeting and subsequent decisions will be made at the December meeting of the Board with an intention for the new Board of the limited company to meet for the first time in March 2020. The Board Composition sub-group has reported and, at the time of writing, is not planning to meet again.
- 3.5 Board members are reminded that SELEP's general level of compliance with the LEP Review is good. Of all the recommendations in the original document, we have been able to demonstrate that we operate in a way which generally befits government's expectations around robust governance and transparency. This paper focuses on the areas where we need to change the way that we work – namely around board composition, recruitment and diversity; adopting a legal personality; and ensuring that we clearly communicate the solid scrutiny arrangements that we already have in place.
- 3.6 It remains the case that the 20th March 2020 meeting should represent the first meeting of the new SELEP Ltd board where the new composition is enacted, and the legal structures are fully implemented.

4 Board size and composition

- 4.1 The LEP Review is very clear that all LEP Boards should move to a *maximum* of 20 members, with 5 co-opted members (the only difference being that co-opted members are appointed annually) and a two-thirds majority of private sector membership. Board members will know that the SELEP Chair challenged this requirement on account of the geographic scale of SELEP, but that the Minister for Local Growth, who is still incumbent, dismissed the possibility of SELEP retaining its previous board of 28. Correspondingly, funding was held back until we provided written agreement to compliance with this requirement. The Strategic Board agreed (by electronic procedure) in February of this year to move to a model that was compliant with the requirements.
- 4.2 The board member sub-group which came together to discuss Board composition, recruitment and diversity was formed of Chris Brodie, Cllr Butland, Cllr Chambers, Cllr Chowney, David Burch, Ana Christie, Perry Glading, Jo James and Penny Shimmin. It should be noted that the proposals in section 4 of this paper, while the representative output of this group, have majority rather than unanimous support.
- 4.3 With the support of the Secretariat, a Request for Quotation (RFQ) was prepared and circulated. It had the intention of bringing in additional and independent support to the work of the sub-group. Despite our best efforts to take it to the market, there were no responses to the request and therefore the option of independent support, which was originally favoured by the Strategic Board, has not been pursued.
- 4.4 Instead of the independent support, the sub-group decided to seek advice from Essex Legal Services and utilise the support from the SELEP Secretariat. It was decided by the sub-group that in fact this may be a more sensible way forward, as it would potentially save on costs.
- 4.5 In respect of scope, it is very clear that the LEP Strategic Board and, by extension, the Investment Panel as a sub-committee of the LEP Strategic Board, are subject to the discussion. Government have been clear that their focus is squarely on the Boards of LEPs and that the LEP Review does not extend to local boards/groups attached to any LEP anywhere.
- 4.6 With that, it is also clear that any review of the composition and function of the Federated Boards or the Accountability Board is out of scope. However, as the Strategic Board members are appointed from the Federated Boards, it is important for the Federated Boards to keep the new composition requirements of the Strategic Board in mind when reviewing their own governance and recruitment arrangements. On agreeing the outline composition of the Strategic Board, the Secretariat will be able to take these conversations forward with federated board leads, ensuring that open recruitment to federated boards is embedded from March 2020 onwards.
- 4.7 It is a requirement of the Local Assurance Framework that Federated Boards reflect the diversity targets and public/private split in their Board recruitment policies and terms of reference.
- 4.8 The sub-group were reminded though of two equally important guiding principles in forming the new iteration of the SELEP Ltd Board and reducing from a Board of 28 to a Board of 20+5. Firstly, that the LEP operates to a model of four federated areas, as is written into the Assurance Framework and Terms of Reference. Secondly, that the membership of the new Board should offer a balance of representation which corresponds with the population and business populations of the area.

Table 1 – Population by Federated Area

Federated area	Resident population	Percentage
Essex Federated Board	1,114,851	26%
Opportunity South Essex	717,901	17%
Kent and Medway Economic Partnership	1,846,478	44%
Team East Sussex	554,590	13%
Total	4,233,820	100%

Population as per ONS 2018 Mid Year estimates

Table 2 – Business Population by Federated Area

Federated area	Business population	Percentage
Essex Federated Board	49,970	29%
Opportunity South Essex	27,395	16%
Kent and Medway Economic Partnership	69,665	42%
Team East Sussex	22,905	13%
Total	169,935	100%

ONS Number of VAT/PAYE businesses 2018

4.9 On the Strategic Board composition, the proposal below meets the following criteria and is therefore compliant with the LEP Review:

- It introduces a Deputy Chair in place of the three Vice Chairs;
- It is constituted of 6 public sector representatives and 14 private sector representatives on the main board; with 2 public sector spaces and 3 private sector spaces on the co-opted seats, providing 32% and 68% proportions respectively overall;
- It makes specific provision for Further Education, Higher Education and Third Sector representation.

4.10 Aware of the impact of the LEP Review on the engagement of district, city and borough councils at the LEP level, the sub-group have agreed two measures. Firstly, that two of the co-opted board seats are reserved for planning authorities. Secondly, that planning authorities are invited to attend SELEP Ltd Board meetings and they will be invited to address the Board accordingly where items pertaining to their area are specifically discussed.

Table 3 - Proposed SELEP Strategic Board composition as per meeting of joint sub-group, 11th September.

No.	Indicative membership (2-yr terms, 2+2+2 max)	Comments	Public Sector	Private Sector
1	Chair – business			x
2	Deputy Chair – business	Replaces three Vice Chairs		x
3	East Sussex CC Leader or Cabinet Member	HMG allows Cabinet level representation	x	
4	Essex CC Leader or Cabinet Member		x	
5	Kent CC Leader or Cabinet Member		x	
6	Medway Council Leader or Cabinet Member		x	
7	Southend-on-Sea Borough Council Leader or Cabinet Member		x	
8	Thurrock Council Leader or Cabinet Member		x	
9	Essex Federated Board Business Chair			x
10	Essex Federated Board business representative			x
11	Opportunity South Essex Board Business Chair			x
12	Opportunity South Essex business representative			x
13	Kent & Medway Economic Partnership Business Chair			x
14	Kent & Medway Economic Partnership business representative			x
15	Team East Sussex Business Chair			x
16	Team East Sussex business representative			x
17	Business representative – KMEP			x
18	Business representative – KMEP			x
19	Business representative – KMEP			x
20	Business representative – Open recruitment			x
Sub Total – Main Board			6	14
Proportions			30%	70%
Co-opted positions (refreshed yearly)				
21	Local Planning Authority Leader or Cabinet Member	From Essex CC area	x	
22	Local Planning Authority Leader or Cabinet Member	From Kent CC area	x	
23	Further Education representative	College Principal elected by SELEP's SAG		x
24	Higher Education representative	Agreed with the SELEP U9 group of universities		x
25	Third Sector representative	Agreed by SELEP Social Enterprise Working Group		x
Sub Total – Co opts			2	3
Proportions			40%	60%
GRAND TOTAL			8	17
			32%	68%

Note 1: One of the business representatives should become designated as the SELEP-wide SME champion at the March Strategic Board meeting.

Note 2: Planning Authorities will be invited to attend and able to contribute to SELEP meetings where there are discussions pertaining to their areas.

Note 3: It is expected that in the second year, one of the co-opted Local Authority representatives will be from ESCC area.

4.11 The Board is asked to agree this proposal for the make-up of the SELEP Strategic Board, or a variation of this proposal, in line with the requirements of the LEP Review and Assurance Framework.

4.12 Regarding the Investment Panel, there was agreement across the sub-group that the current arrangements have served the LEP well in their first two meetings and that there should be no move at this time to change the constitution of the Panel.

5 Chair and Board Member Recruitment

5.1 SELEP undertook an open advertisement and recruitment process ahead of the incumbent Chair being appointed to the role in March 2016. According to the Chair Recruitment Policy agreed at the June Strategic Board meeting, SELEP will repeat this process, utilising an Executive and Non-Executive Recruitment agency, when it is next in a position to advertise for the Chair role. This policy also included an amendment to the Chair tenure, extending from 2+2 years to 2+2+2 years, bringing this approach in line with other Board members. The incumbent Chair is therefore able to extend his current tenure ending March 2020 for a further two years, if this is his intention and it is approved by the Board in January 2020.

5.2 We will be advertising for a Deputy Chair for the first time and should look to advertise the role in a similar manner to the Chair recruitment process, with a published job advert and advertisement through an Executive and Non-Executive Recruitment Agency. We are proposing that we offer a remuneration package of £10,000 per annum to cover the responsibilities of this role. We anticipate that the job description will be agreed by the December Strategic Board and that the role is advertised immediately thereafter, with a view to the Board position becoming filled in time for the March 2020 Strategic Board meeting.

5.3 The Board is asked to approve the introduction of a Deputy Chair according to the requirements of the LEP Review and note that the Job Description pertaining to this role will be brought to the December Strategic Board for approval.

5.4 It is important for SELEP to demonstrate that recruitment to the Strategic Board is open and transparent. It is also important for SELEP to ensure that the process for constructing the Board is respectful of the local business groups and local authorities that supply its membership. To that end it is proposed that the following approach is taken by SELEP in respect of recruiting each cohort of board representatives:

Table 4 – Proposed Recruitment Approaches

Cohort	Proposal	Number of board members
Chair and Deputy Chair	Open and transparent recruitment led by SELEP.	2
Upper Tier Local Authority Members	Formal notification of Cabinet Member/Leader Board appointment by January 2020.	6
Federated board Chairs and business representatives	Formal notification of nominees from the Federated Areas and written acceptance and reiteration of Assurance Framework expectations and training opportunities by SELEP Chair.	8
Three additional business representatives	Interview and panel decisions by relevant Federated Board Chairs, supported by SELEP Chair.	3
One further business representative	Open and transparent recruitment led by SELEP.	1
Two local authority co-opted positions	Districts and Boroughs in a shire area will select their representative. In the first year these representatives will come from Kent and Essex.	2
FE representative	Appointment of the Chair of SELEP's Skills Advisory Group.	1
HE representative	Appointment of the nominated representative Vice Chancellor from SELEP's U9 group of universities.	1
Third Sector representative	Appointment of the nominated representative from the SELEP Social Enterprise working group.	1
Total		25

5.5 **The Board is asked to approve the proposed approach to recruiting and assembling the Strategic Board.**

5.6 With new Board members and the new responsibility of company director for all Board members, it is important for Board members to receive high quality support and information.

5.7 The SELEP Secretariat is developing an induction process for new Board members. This will include a handbook with key information, and engagement with relevant officers and will also be made available for existing Board members.

5.8 **The Board is asked to note this update regarding induction.**

6 Diversity

6.1 If we are to implement change according to the requirements of the LEP Review, one third of the SELEP Strategic Board as it meets in March must be female. In assembling the board as above, SELEP will have to consider how it achieves a fairer gender balance across the Strategic Board, this will be pertinent as the co-opted roles and Deputy Chair roles are appointed to.

6.2 With an eye on diversity, Local Authorities represented on the Board will also be asked to look across their Cabinet Members where possible and appropriate.

6.3 Further to this, SELEP Secretariat is currently working up plans to host a Women in Business conference in the early part of 2020 to both demonstrate its commitment to equality and to generate interest from women across the sector in SELEP, and LEPs generally. This should also help SELEP meet its target of half of the board members being female before Government's deadline of 2023.

6.4 **The Board is asked to note that further discussions around improving Board diversity in line with Government requirements will happen at the next Board meeting.**

7 Legal Company – Governance Structure of the Partnership

7.1 One of the requirements of the LEP Review was that all LEPs should have a legal personality. No particular model has been specified by Government, but Government has made clear that any future funding will continue to be awarded via a Local Authority Accountable Body. In addition, each LEP must have oversight from the S.151 Officer of the Accountable Body and its affairs must abide by the requirements of the National Assurance Framework, in addition to any corporate law requirements.

7.2 At the March 2019 meeting of the Board it was agreed that the financial transactions, assets and liabilities of the partnership would remain within the Accountable Body in order to reduce any taxation burden and to ensure oversight by the Accountable Body. At the June 2019 meeting of the Board it was agreed in principle that the legal personality adopted would be a company limited by guarantee.

7.3 Whilst the financial transactions remain within the Accountable Body there are broadly three options that the Accountable Body can put into place to allow that organisation to direct the funds whilst remaining within the law and its own governance structures. The first would be to direct the funds through the standard approval process of the organisation, the second is to devolve authority for those funds to a sub-committee and the third is to devolve authority to an officer within the organisation.

7.4 The agreed approach, and one recommended by Irene Lucas, was that a joint committee be put into place. A joint committee is a mechanism under public law that allows local authorities to come together to make decisions. This means that the responsibility for allocating funding is not restricted to the one organisation that acts as Accountable Body; although the Accountable Body has to accept ultimate liability for ensuring any funds are utilised in line with the requirements of the funding authority.

7.5 This joint committee was formed and is currently functioned under the name of the Accountability Board. The powers of the Accountability Board are delegated from the six upper tier authorities who are partner to the joint committee agreement. It is NOT a sub board of the Strategic Board, although in practice it gives great weight to the directions and instructions of the Strategic Board.

7.6 As the intention is that the grant funding will not be transferred from the Accountable Body to the new SELEP Ltd, the Accountability Board will continue to function. It is not possible to make the Accountability Board part of the new company structure as it is a function of Local Government and therefore Public Law rather than Corporate Law. Therefore, the functions of SELEP will be wider than SELEP Ltd and can be considered to be made up of three components, SELEP Ltd, Accountability Board and the Accountable Body. It is not possible to capture all of these functions into a single organisation due to the two separate governing legal systems and the Accountable

Body's independence. However, the relationship between these functions can be set out within a Framework Agreement.

- 7.7 **The Board is asked to agree to retain the Accountability Board under its current structure operating alongside SELEP Ltd, both supported by the Accountable Body.**
- 7.8 It will be necessary to construct a Framework Agreement, Articles of Association and a Joint Committee Agreement. The Framework Agreement will lay out the respective responsibilities of the different components of SELEP; the Articles of Association will define the constitution of SELEP Ltd and the Joint Committee Agreement will set out the responsibilities of the Accountability Board.
- 7.9 These documents are currently being drafted and will be presented back to Legal Personality Sub Group by the end of October. The Legal Personality sub-group will meet once more in early November to consider these documents. The documentation will also be shared and discussed with the Monitoring Officers of the six upper tier authorities whilst in draft.
- 7.10 A further document setting out the responsibilities and operational detail of the relationship between SELEP Ltd and the Accountable Body will also be drafted. This will be presented to the first meeting of SELEP Ltd Board.
- 7.11 The working assumption from both sub-groups is that the Board of Directors will consist of the SELEP Ltd Board as proposed in Table 3 above or other configuration as agreed by the Strategic Board. The Board Members must be aware that there are requirements of Directors of the Board of limited companies. These requirements are laid in Corporate Law and can be found at Appendix A. Further advice on liabilities of the company and the Directors thereof will be sought from Counsel. Insurances will be taken out to underwrite any risks that remain despite financial considerations not being made by the Board of Directors.
- 7.12 **The Board is asked to note that documents detailing the governance model and relationship between SELEP Ltd, the Accountability Board and the Accountable Body are being drafted and will be presented to the Board meeting in December.**

8 Membership Models and Member Role

- 8.1 As detailed above, the preferred model for incorporation is that of a company limited by guarantee (CLG) as agreed by Board at its last meeting. This model includes a board of directors and a membership. The company can define both who the directors and members should be and what role those two functions would take in the operation of the company. The directors will be the members of the Board.
- 8.2 The role of any membership for the company would be limited. Below is a list of typical rights for members in a company limited by guarantee and commentary on how that might be applied in SELEP Ltd. It should be noted that whilst this a 'typical' list there are many different models used by CLGs and there are no requirements for members to have these rights.

Table 5 – Rights of Members

Member Right	SELEP Ltd Application
To appoint or dismiss the whole Board or Board Members	Board members will be put forward by partner organisations and Federated Boards in the majority of cases, so this is not appropriate for SELEP
To change the constitution	The constitution is partly driven by Government and Government’s expectations so this not appropriate for SELEP
To wind up the organisation and distribute the remaining surplus after settling liabilities	SELEP Ltd will have no assets or liabilities

- 8.3 These rights detailed in Table 5 would instead sit with the Company Directors (Strategic Board).
- 8.4 The members would be invited to any annual general meeting and they would be able to ask questions of the Board and therefore take a challenge and oversight role of the Board.
- 8.5 The sub-group for establishing a Legal Personality discussed many different types of membership, with a consensus around the membership consisting of Federated Board members. Three potential models are presented to the Board for selection. Details on the models can be found overleaf, along with advantages and disadvantages of each.
- 8.6 Membership could be separated into different classes with different responsibilities and different voting rights for separate classes. For example, local authority members could be in a different class from the business membership. Strategic Board’s view on differing classes of members is sought.
- 8.7 **The Board is asked to select a model of membership for the limited company, the recommended option being that membership is offered to all members of SELEP Federated Boards.**

Table 6 – potential models of membership

Membership Scope	Advantages	Disadvantages
Board of Directors form the membership, no further memberships are offered	Ensures full control of the company by the Directors Very easy to administer	Does not demonstrate wider engagement with the business community that Govt would prefer Does not allow for challenge/scrutiny
Membership offered to all Federated Board members (option favoured by the sub-group)	Embeds the Federated Boards into the structure of the company Allows for oversight of the Board by the Federated Boards Maintains engagement with current Board members that will be deselected as the Board size decreases Generally, in CLG Directors are selected from the membership and so this would allow for the Federated Boards to put forward Board members	Federated Boards are not of a standard model and size of membership which could lead to geographical disparities
Open membership to all businesses, local authorities, further education colleges and higher education institutions within the SELEP borders	Allows for a very high level of engagement across a number of different sectors Greater legitimacy to SELEP messaging when it is representative of the views of the wider membership	More difficult/costly to administer Lobby or single-issue groups could join with the purpose of disrupting plans/business

9 Scrutiny

- 9.1 It was agreed by the Board that officers would consider what would be an appropriate approach to scrutiny of the Partnership. This would include the decisions of the limited company, the decisions of the Accountability Board and any decisions delegated to officers of the Secretariat.
- 9.2 Government expects LEPs to actively participate in relevant local authority scrutiny panel enquiries to ensure effective and appropriate democratic scrutiny of their decisions. The LEP Review also requires business scrutiny of decision making.
- 9.3 Within the current joint committee agreement for Accountability Board there is provision for each of the six local authorities' scrutiny panels to call in any decision of Accountability Board that impacts their area. In addition, the CEO has offered an open invitation to attend any scrutiny panel within the SELEP geography and has done so on a number of occasions.
- 9.4 Government has suggested that a joint scrutiny committee could be formed with membership of all local authorities in the LEP area. As there are 35 local authorities in the SELEP area this is considered unworkable.
- 9.5 It is proposed that the current arrangements continue, whereby any decision of Accountability Board can be called-in by the relevant scrutiny committee and the open invitation to all scrutiny committees be continued. This could be better publicised, and Secretariat will work with officers of the local authorities to ensure that scrutiny committees are aware.
- 9.6 To ensure that businesses have oversight of decisions it is proposed that a challenge session be a standing item on all agendas for meetings of the membership of the company. Decisions of limited company Boards are final and so their decisions cannot be subject to call-in by scrutiny committees but there should be opportunity for local businesses who are part of the Federated Boards to challenge the decisions made by Board.
- 9.7 **The Board is asked to agree that the current model of scrutiny (Accountability Board decisions being subject to call-in by the Scrutiny Committees of the six upper authorities and an open offer of attendance at any scrutiny committee with in the SELEP area) continues, with the addition of challenge sessions being part of each meeting of the company membership.**

10 Next Steps

- 10.1 Following the decisions made around board composition and recruitment, the Secretariat will work with federated boards, local authorities and working groups as appropriate to ensure that measures are put in place to construct the new board according to the agreements at the meeting.
- 10.2 Furthermore, the Secretariat will develop the job description for the Deputy Chair role, with a view to both this and the recruitment approach being agreed by the Board at the December 2019 meeting.
- 10.3 Work around recruitment and diversity will be undertaken with federated board officer leads also, and this should report to the December 2019 meeting if it is appropriate to do so.
- 10.4 Following the decisions made today, the Legal Personality sub-group will meet again in November 2019 to discuss the detail of what needs to be included in the Articles of Association. These will be

presented to Board in December 2019 for approval and a final decision on establishing the company limited by guarantee.

- 10.5 Federated Boards will need to confirm who will be the Board members for their area and formally inform the Chair by the January 2020 Strategic Board meeting. Further legal advice will be sought on liabilities for these Board members in their new role as Directors of the Board.
- 10.6 Some Board members will require authorisations from their organisation to take on this responsibility; including the Local Authority members. The Secretariat will work with the Accountable Body and lead officers in each Local Authority to co-ordinate and ensure that consistent information is presented to decision-making bodies across the authorities.
- 10.7 All outstanding decisions on the formation of the company will be brought to the meetings of the Board in December 2019 and January 2020 with the intention being that the first meeting of the Board of Directors of the new company would be held in March 2020. The necessary registrations will be able to take place during February 2020.
- 10.8 **The Board is asked to note the planned activity between this and the next Board meeting.**

11 Accountable Body Comments

- 11.1 The Board are reminded that the over-arching Governance requirements for all LEPs are set out within the National Assurance Framework (NAF); this requires that each LEP operates under their own Assurance Framework, that meets the requirements of the NAF, and clearly articulates the governance framework that underpins the operation of the LEP.
- 11.2 With the introduction of SELEP Ltd; SELEP's local assurance framework will need to be updated to reflect the agreed governance framework within which SELEP Ltd will operate, including setting out the respective roles for the Accountability Board and the Accountable Body in supporting the operation of SELEP Ltd.
- 11.3 The Accountable Body is supporting the Secretariat and the 2 sub-groups to ensure that the appropriate documentation is developed in line with the requirements of the Assurance Framework; this is necessary to ensure that the Accountable Body's s151 officer is able to provide the annual confirmation to Government that SELEP's governance arrangements meet those requirements and that they are being appropriately implemented.
- 11.4 The respective governance arrangements that are being developed to underpin the operation of SELEP Ltd will need to clarify the processes for recruitment to the Board, including those of the co-opted members that are to be appointed annually. The Board may wish to consider the process by which the 5 co-opted positions will be appointed after the initial year, to adhere to the Assurance Framework requirement that these positions are held for up to one year by individuals with appropriate specialist knowledge.
- 11.5 It will be necessary for Essex County Council to take the revised arrangements for SELEP Ltd through its own Governance processes to confirm its continuation in the role as the Accountable Body; this includes providing assurance that the Authority's exposure to risk is not increased in undertaking this role.
- 11.6 In addition, all partner local authorities, including Essex County Council, will need to undertake the appropriate Governance to become a member of the SELEP Ltd board and to agree the revisions



necessary to the Joint Committee Agreement of the Accountability Board. The Accountable Body is working with the SELEP Secretariat and the partner authorities to support these arrangements to ensure consistent and appropriate decision making in this respect.

- 11.7 With the introduction of SELEP Ltd, it will be necessary for the Accountable Body to review and revise the current agreements in place with partners which support the transfer of monies for project delivery. The agreements will be updated to reflect the revised governance framework and will need to be implemented for the 2020/21 financial year, following the establishment of SELEP Ltd in March 2020.
- 11.8 With the introduction of SELEP Ltd, it will be necessary to put in place an agreement with the Accountable Body which sets out the operating practices and agreed timescales for engagement and delivery. This will include setting out the requirements to ensure that the s151 officer of the Accountable Body is able to appropriately undertake their responsibilities in accordance with the requirements of statute and of the Assurance Framework. The agreement will also set out the appropriate compensation to the Accountable Body for resourcing this function.
- 11.9 As set out in this document, there is a significant volume of activity to implement the revised governance arrangements for SELEP Ltd within the timescales indicated; it is therefore imperative that there is clear and timely decision making by the Board to give direction to this activity and that the appropriate resources are in place to support delivery.

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Agenda Item 6: Sector Support Fund (SSF)

1. Purpose

- 1.1 The purpose of this report is to seek Strategic Board (the Board) endorsement for the Sector Support Fund (SSF) project which has been submitted to SELEP for revenue funding support.
- 1.2 This report also provides an update on the delivery of SSF projects to date.

2. Recommendations

- 2.1 The Board is asked to:
- 2.2 **Endorse** the following project for funding through the 2019/20 SSF allocation:
 - 2.2.1 *Energy and Clean Growth – Supply Chain Mapping* (£129,500).
- 2.3 **Note** the update on the delivery of the SSF programme

3. Background

- 3.1 In June 2017, the Board agreed to establish the SSF using the Growing Places Fund revenue monies, with the intention of offering revenue funding to support the pan-LEP sector-based activities of the SELEP working groups.
- 3.2 The aim of the funding is to support projects which:
 - Impact across all Federated areas;
 - Demonstrate a positive contribution to SELEP's mission to create the conditions for increased numbers of jobs and homes, safeguard existing jobs and raise skills levels across the area;
 - Can support the delivery of SELEP's Strategic Economic Statement; and
 - Provide high value for money.
- 3.3 Full details of the criteria are set out in Appendix A and in the [Sector Support Fund guidance note on the SELEP website](#).
- 3.4 In addition to the SSF being available to support the activities of SELEP's working groups, the decision report to the Board in June 2017 set out the scope for SSF to support the establishment of Enterprise Zones. This is due to the precedent which has been set through the previous awards of revenue funding to the Harlow Enterprise Zone.
- 3.5 The SSF funding totals £500,000 per annum and is intended to be made available on an annual basis over a four-year period, between 2017/18 and 2020/21, with a maximum of £200,000 being available per project.
- 3.6 For projects to secure an SSF allocation the proposal must secure support from at least one Federated Board and be endorsed by the Strategic Board. However, the formal funding decision is

made by the SELEP Accountable Officer, being the Chief Executive Officer (CEO) with delegated responsibility, following endorsement of the project by the Board.

- 3.7 An Independent Assessment is also completed by the SELEP Accountable Body, Essex County Council (ECC), for all SSF applications. This assessment considers the project's suitability against the agreed assessment criteria, detailed in Appendix A and the requirements of the SELEP Assurance Framework.

4. SSF Investment to Date

- 4.1 To date, the Board has endorsed ten projects for SSF support to a maximum value of £1,049,000 (as shown in Appendix B):

2017/18 endorsements

- The *South East Creative Economy Network (SECEN) Cultural Coasting* project (£150,000 over three years, £50,000 per year);
- The *Tourism and SECEN Colours and Flavours* project (£60,000); and
- The *North Kent Enterprise Zone* (£161,000).

2018/19 endorsements

- The *Kent Medical Campus Enterprise Zone – Innovation Centre Design Work* project (£156,000);
- The *Good Food Growth Campaign* project (£60,400);
- The *Future Proof: Accelerating Delivery of High-Quality Development across the LEP* project (£110,000);
- The *Planning and prioritising future skills, training and business support needs for rural businesses across SELEP* project (£96,000);
- The *Coastal Communities Supplement to the SELEP Strategic Economic Plan* project (£40,000);
- The *SELEP Skills Advisory Group – Delivering skills of the future through teaching: teaching for growth* project (£166,600);
- *SELEP Creative Open Workspace Master Plan* project (£49,000) – awarded from 2019/20 SSF funding allocation.

- 4.2 Further information on each of the projects listed above can be found in Appendix C.

5. SSF Applications 2019/20

- 5.1 A number of new applications are being developed to seek funding through the SSF opportunity and one application has been submitted to SELEP for consideration and endorsement by the Board at this time.

- 5.2 The application which has passed the Independent Assessment by the SELEP Accountable Body is:

5.2.1 The *Energy and Clean Growth – Supply Chain Mapping* project (£129,500).

5.3 The outcome of this assessment is presented in Appendix D.

6. Energy and Clean Growth – Supply Chain Mapping (the Project)

Scope

- 6.1 The low carbon economy is predicted to grow four times faster than the rest of the economy. This pan-LEP project seeks to provide a SELEP wide assessment of opportunities within the emerging local energy and clean growth sector.
- 6.2 The project will undertake an in-depth analysis of the supply chain for the local energy and clean growth sector and will refresh and build upon the now out of date analysis of the Low Carbon Environmental Goods and Services (LCEGS) Sector that was undertaken in 2012.
- 6.3 Through the analysis identified, companies will inform on key barriers and challenges that are currently restricting growth in key opportunity areas such as offshore renewables and nuclear. This will enable a Customer Relationship Management (CRM) system to be created that will then be used to develop a targeted Clean Growth Support Programme. Sector-based interventions will be prioritised and selected from the Clean Growth Support Programme and piloted as part of the Project.
- 6.4 The project, through the analysis and creation of the CRM, will provide a SELEP wide assessment of opportunities within this emerging sector and will be able to identify who is buying what; who are the commissioners, the market, the capabilities; what can already be supplied by SELEP businesses and the gaps (i.e. companies either do not exist or can diversify but need support).
- 6.5 The project will contribute to delivering the priorities of the SELEP Strategic Economic Statement through:
- 6.5.1 Creating Ideas and Enterprise – the project will enable a pragmatic evidence led approach to identifying and exploiting the opportunities from the energy and low carbon and environmental goods and services sectors and will work towards creating the right conditions for growth and productivity in a rapidly evolving sector.
- 6.5.2 Accelerating Infrastructure - the project will also contribute towards the delivery of the South2East Local Energy Strategy, which is a delivery mechanism for the Strategic Economic Statement priority of Accelerating Infrastructure through helping to develop new approaches to ensuring energy provision.
- 6.6 The evidence base gathered through this project will continue to evolve in parallel with the SELEP Local Industrial Strategy.
- 6.7 The project application sets out a number of benefits that are expected to be realised as a result of the project. These benefits include:
- 6.7.1 Implementation of more comprehensive mapping of the LCEGS sector underpinned by more accessible finance, enables exposure of the supply chain market of larger private sector organisations which opens up competition for different sizes and types of SME. Greater investment in the quality and sustainability of low carbon products can be driven at a local level which will in turn grow the LCEGS sector.

6.7.2 The project will be aligned to the priority low carbon sectors as set out in the SELEP Skills Strategy. These sectors are currently all experiencing skills shortages impacting on productivity in the SELEP area. Many of these sectors offer higher than average earnings and therefore supporting individuals into these jobs will improve productivity and earnings across the LEP area.

6.7.3 The project aims to unlock one of the biggest barriers and bottlenecks to skills training and jobs growth. This stifles productivity and growth locally. The project will serve as a pilot and test case which would have national application, offers significant benefits beyond the SELEP area.

6.8 The *Energy and Clean Growth – Supply Chain Mapping* project was endorsed by the Kent and Medway Economic Partnership on 25th June 2019.

Funding

6.9 The total cost of the *Energy and Clean Growth – Supply Chain Mapping* project is estimated at £185,000.

6.10 A £129,500 SSF grant to the project would cover 70% of the project costs, with the remaining £55,500 being provided through in-kind contributions of staff time from partner organisations across SELEP.

Table 3 Funding Breakdown: Energy and Clean Growth – Supply Chain Mapping

Sources	2019/20	2020/21	Total
SELEP SSF	80,000	49,500	129,500
In-kind match contributions			
Staff time from partner organisations	45,000	10,500	55,500
Total	125,000	60,000	185,000

6.11 The majority of the stated in-kind match contributions will be provided by Kent County Council and will largely relate to the provision of staff time, however, there may be some financial match in order to ensure that the maximum is gained from the work and pilot interventions.

6.12 The project will be delivered in conjunction with the Low Carbon Across the South East (LOCASE) work, with all upper tier authorities in the SELEP area having signed up to and agreed the Supply Chain analysis work which is an important element of moving the LOCASE work onto the next level and developing more defined clusters.

6.13 Kent County Council will manage the work, providing additional research and input from the LOCASE work that has been undertaken. Kent County Council will also drive the development and population of the CRM and the pilot interventions, as well as driving the engagement of the SME community and engagement with all partners and district level economic development officers, delivery agents and senior stakeholders.

6.14 Partners will provide staff time through attending the quarterly steering group and the more regular operational group. In addition, they will provide locally based intelligence and will contribute directly

to developing the CRM and pilot to ensure it is fit for purpose. Partners will also play a key role in engaging SMEs and local partners in the research and pilot interventions.

Outcome of Independent Technical Review

6.15 The Independent Technical Review has confirmed that the project meets the criteria for funding (see Appendix D).

7. Current SSF funding ask

7.1 The *Energy and Clean Growth – Supply Chain Mapping* project, as outlined in this report, is the second project to be considered for funding from the 2019/20 SSF allocation, and as a result there is sufficient funding available to support the application.

7.2 Table 4 below shows the 2019/20 SSF budget, taking into account the project under consideration.

Table 4: 2019/20 SSF allocation

SSF annual allocation for 2019/20	£500,000
Projects identified for investment in 2019/20	
SELEP Creative Open Workspace Masterplan and Prospectus	£49,000
Energy and Clean Growth – Supply Chain Mapping	£129,500
Total SSF allocated (subject to Board endorsement) in 2019/20	£178,500
SSF unallocated in 2019/20	£321,500

7.3 Subject to the Board endorsing the *Energy and Clean Growth – Supply Chain Mapping* project, there remains a total of £321,500 as yet unallocated SSF funding in 2019/20.

8. Next Steps

8.1 It is acknowledged that further SSF projects are currently being developed and it is anticipated that these projects will be presented to the Board for endorsement at future meetings to be considered for funding from the 2019/20 SSF allocation.

8.2 Subject to the endorsement of the project by the Board, a recommendation will be made to SELEP CEO for the approval of the project to enable a grant agreement to be put in place for the transfer of funding to Kent County Council.

9. Update on delivery of approved SSF projects

9.1 At the meeting on 7th December 2018, the Board requested that regular updates be given on the projects funded through the SSF.

- 9.2 All ten of the projects which have been endorsed by the Board have now been approved by the SELEP CEO, with seven of these projects now having a signed legal agreement in place. To date, funding has been drawn down against all seven of these projects, with further draw down requests expected in relation to other SSF projects before the end of the 2019/20 financial year.
- 9.3 Formal monitoring and evaluation processes have now been implemented for all projects in the SSF programme. This will allow updates to be provided to the Board on the delivery of the SSF projects on a regular basis. This is the first full update on the delivery of the SSF projects, based on monitoring returns provided by scheme promoters. Detailed information about each SSF project is set out in Appendices B and C.
- 9.4 The *Future Proof: Accelerating Delivery of High-Quality Development across the LEP* project is an example of a project which has progressed at pace and has already completed a number of areas set out within the original application. The project is due to complete in November 2019.
- 9.5 The *Delivering Skills of the Future through Teaching: Teaching for Growth* project has also progressed at pace. This project is for the provision of bursaries to address the shortage of tutors in certain skills areas. There has been a substantial level of interest with 36 applicants having been received. A working group has been established to assess the applications.

10. Sector Support Fund programme risks

- 10.1 An important part of the SSF reporting process is the completion of a high-level risk assessment for each project. Scheme promoters are asked to assess the project risk in four specific areas:
- 10.1.1 **Delivery Risk** - What are the delivery risks that the project faces? What mitigation is required to reduce the delivery risk?
- 10.1.2 **SSF Spend Risk** - If SSF spend is delayed relative to the timescales agreed in the legal agreement, an explanation for the delay is sought.
- 10.1.3 **Delivery of project benefits** - Is there risk to the delivery of the project outputs and benefits as stated in the original application?
- 10.1.4 **Other Risk** - Have any other risks/issues arisen that will impact the delivery of the scheme?
- 10.2 Each risk area is assigned a rating of Red (high risk), Amber (medium risk) or Green (low risk), with these ratings being combined to produce an overall project risk rating which is measured on the same scale. This risk analysis is set out in Appendix B. No high-risk issues have been identified to date.
- 10.3 A further update report on the delivery of SSF projects will be presented to the Board in March 2020.

11. Accountable Body Comments

- 11.1 Up to £500,000 of the GPF revenue grant was available in 2019/20 to support the SSF programme, of which £451,000 remains unallocated. The *Energy and Clean Growth – Supply Chain Mapping* project is seeking £129,500 and therefore there is sufficient funding available to support the request for this Project, leaving £321,500 to support future funding bids in 2019/20. Of the £129,500, £80,000 is

required in 2019/20 and £49,500 is required in 2020/21.

- 11.2 No key risks have been identified with this project and the Independent Technical Review has confirmed that the criteria for funding have been met.
- 11.3 This grant is a fixed maximum contribution to the Project; any Project over spends incurred will be required to be addressed by the Project delivery partner.
- 11.4 The grant will be transferred to Kent County Council via a grant agreement with the Accountable Body; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line with the Project Bid Document.

12. Appendices

- 12.1 Appendix A – Sector Support Fund Guidance Note, including eligibility criteria and 2019/20 timetable for applications to come forward
- 12.2 Appendix B – Update on the delivery of Sector Support Fund projects
- 12.3 Appendix C – Summary of SELEP endorsed SSF projects
- 12.4 Appendix D – Independent Assessment of SSF application

13. Background Papers

- 13.1 Energy and Clean Growth – Supply Chain Mapping application (available on request from author)

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Agenda Item 7: GPF Round 3 Prioritisation

1. Purpose

- 1.1 The purpose of this report is to seek approval from the Strategic Board (the Board) for the approach and timescales for the next round of Growing Places Fund (GPF) reinvestment.
- 1.2 GPF is a capital loan fund aimed at unlocking barriers to economic growth. As set out within the detail of this report, it is proposed that GPF should continue to operate as a recyclable loan scheme.
- 1.3 Based on the repayment schedule for existing GPF projects, a total of £20.724m will be available for investment through this latest call for projects. *The amount of GPF available will reduce if GPF repayments are not made by existing projects as per the expected schedule set out in Appendix A.*
- 1.4 An open call of projects will be issued for projects to bid for between £250,000 and £3.5m, with projects being required to meet the GPF eligibility criteria, detailed in Table 2 of this report. Projects will be prioritised based on the assessment criteria, set out in Table 3, for the available funding.
- 1.5 The proposed process ensures engagement with Federated Boards at each stage of the process, prior to consideration by the SELEP Investment Panel and a funding decision by the Accountability Board.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Agree** the process for the reinvestment of GPF as set out in this report
 - 2.1.2 **Note** that interest will be charged at two percent below the Public Works Loan Board Rate, or zero – whichever is higher
 - 2.1.3 **Note** that the availability of GPF for reinvestment is dependent on GPF repayments being made for existing projects.

3. Growing Places Fund context

- 3.1 The Growing Places Fund (GPF) was established by the Ministry for Housing, Communities and Local Government (MHCLG) (formerly the Department for Communities and Local Government) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses and help 'kick start' development at stalled sites. The fund works as a recycled capital loan scheme regenerating funds based on the repayment schedules agreed for the projects already financed.
- 3.2 A total of £49.2m GPF capital funding was made available to SELEP by central government for spend as capital loan. Unlike Local Growth Fund (LGF), there are no expectations from central government on the timescales for spending GPF. Whilst the repaid GPF could now be spent as a capital grant, the Board has previously agreed that GPF should continue to be applied as a capital loan to offer an alternative funding stream to LGF.
- 3.3 The recyclable nature of the pot has enabled a total of £54.5m to be invested across 21 projects to date. Information about the types of projects that have been supported to date can be found [here](#). An update on the delivery of existing GPF is also provided in the Capital Programme Update for information report.
- 3.4 A number of repayments were made during 2018/19 and further repayments are expected during 2019/20, as set out in section 4 below. This provides the opportunity for the reinvestment of this funding in new projects. This report sets out a proposed approach for the reinvestment of GPF.

4. Amount of funding available

- 4.1 The schedule of repayments for existing GPF projects is agreed within the credit agreement between Essex County Council, as SELEP Accountable Body, and the lead County/Unitary authority for each project.
- 4.2 Any changes to project repayment schedules require approval from the Accountability Board. Strategic Board approval is also required where a change to the repayment schedule has been made on more than one occasion.
- 4.3 Risks have been identified to the repayment schedule for Discovery Park and Sovereign Harbour. In September 2019, the Accountability Board agreed revised repayment schedules for these two projects. These changes have been considered in calculating the amount of GPF available for reinvestment.
- 4.4 A 15% reduction will also be applied to the GPF available to help reduce the risk to the availability of funding should GPF repayments not be made as per the profile agreed by the Accountability Board. This 15% reduction does not fully mitigate the risk of default on expected repayments. In light of this risk to the available GPF, all funding awards will be subject to sufficient GPF being available for reinvestment.
- 4.5 Taking account of the GPF repayments made to date and future expected repayments to be made in 2019/20 and 2020/21, the total amount of GPF currently available for reinvestment is £20.724m, of which £15.595m will be available in 2020/21 and a further £5.129m in 2021/22.

GPF available for reinvestment

	2019/20 £m	2020/21 £m	Total £m
GPF funding available (opening balance minus committed GPF payments for existing project)	8.323		8.323
Expected repayment to SELEP	10.607	7.758	18.365
Delayed repayment Discovery Park	-0.408	-1.624	-2.032
Delayed repayment Sovereign Harbour	-0.175	-0.100	-0.275
GPF available for investment	18.347	6.034	24.381

GPF available with 15% reduction applied	15.595	5.129	20.724
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5. Charging of interest

- 5.1 In 2017, the Board agreed that GPF should continue to operate as a low interest rate loan and on the basis of loans being awarded at two percent below the Public Works Loan Board (PWLB) Fixed Loan Maturity Rate or zero percent - whichever is higher.
- 5.2 The exact rate of interest will be determined on the day of the credit agreement being finalised between Essex County Council, as the SELEP Accountable Body, and the lead County/ Unitary Authority.
- 5.3 The credit agreement will set out the agreed loan repayment schedule for the project. If the project fails to meet the agreed repayment schedule detailed within the loan agreement, interest will be charged at the full PWLB rate from the point of default on the loan repayment.

6. Approach to reinvestment

6.1 The prioritisation and award process will take place in three stages as follows:

Stage 1 – Federated Area assessment, sifting and banding of projects by Strategic Fit, based on the Expression of Interest

Stage 2 – Independent Technical Evaluation (ITE) assessment and scheme prioritisation by the SELEP Investment Panel, based on a Strategic Outline Business Case

Stage 3 – SELEP Accountability Board funding decision

6.2 The process has been designed to respect the priorities of the Federated Boards and ensure their input throughout the process. Whilst this does increase the timescales for the GPF priorities being agreed, it is recognised that Federated Board input is critical to the success of the process.

6.3 As with all SELEP investments, value for money and deliverability will form part of the assessment criteria.

7. Types of project that are being sought

7.1 The overall objectives of GFP are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and support the creation of new jobs.

7.2 GPF projects should be aligned with SELEP's strategic objectives as set out in [SELEP's Economic Strategy Statement, Smarter- Faster – Together](#). The Economic Strategy Statement sets out five main priorities:

- Priority 1 – Creating ideas and enterprise
- Priority 2 – Developing tomorrow's workforce
- Priority 3 – Accelerating infrastructure
- Priority 4 - Creating places
- Priority 5 – Working together

7.3 At the outset of the process, Federated Boards may wish to agree certain SELEP priorities which their federated area wish to target investment towards. Any specific Federated Board strategic priority objectives should be agreed in September 2019, so applicants are aware of the strategic priorities of their respective Federated Area at the outset of the process.

LGF3b Projects

7.4 Projects which have previously been brought forward through the LGF3b process may be considered for GPF. If the project now states that it can utilise loan funding and has the mechanism available to repay the loan then the project must be removed from the LGF3b process unless robust justification can be provided to explain why the project should continue to be considered for both funding streams.

7.5 Through the feedback on the LGF3b process there was a suggestion that a proportion of future funding streams should be ring-fenced for skills projects. As very few skills projects have been brought forward through previous rounds of GPF, it is not proposed that any GPF funding should be ring fenced but that skills projects be considered based on merit relative to other projects. No criteria have been included which require projects to demonstrate match funding as the inclusion of this criteria may deter skills projects from being brought forward for this funding stream.

8. Stage 1 – Expression of Interest - Federated Area assessment, sifting and banding of projects

- 8.1 Led by Federated Areas, the first stage in the process will be to identify potential projects through an open call for projects and the completion of a GPF Expression of Interest (EOI).
- 8.2 The EOI should be submitted to the appropriate lead officer for each Federated Board area. If scheme promoters are unclear of the appropriate contact within the Federated Area then applications should be sent to hello@southeastlep.com and they will be directed to the appropriate local contact.
- 8.3 Scheme promoters should make initial contact with the appropriate lead officer for the Federated Area by the 18th October 2019, to inform them of their intention to make a funding bid.
- 8.4 Federated Boards will lead the initial assessment, sifting and banding of projects, based on the agreed eligibility and prioritisation criteria. In particular, Federated Boards are asked to consider the alignment of the project with SELEP and local area strategic growth objectives. Through this assessment, Federated Boards are asked to band projects as per the categories set out in Table 2 below. A standard template will be provided by SELEP to support this local assessment of projects by Federated Areas.
- 8.5 For projects to progress to the next stage of the process, submission of a business case to SELEP, they must receive S151 sign off from the lead County or Unitary Authority for the project. The sign – off is to confirm that:
- 8.5.1 The Local Authority agrees to act as the promoting authority for the project and enter into credit agreement;
- 8.5.2 The Local Authority has completed a Credit Check for the project and confirms that the funding bid is from a creditable source with the means to repay the loan
- 8.6 It has previously been agreed that the risk of non –repayment sits over the fund. This means that local authorities that promote projects by third parties are required to demonstrate that they have exhausted all reasonable steps to secure the repayment the loan but are not liable to make the GPF repayments if the project fails and the third party is unable to make the loan repayments in full.
- 8.7 As part of the local authority consideration of any GPF application, the lead County/Unitary Authority must be satisfied that the scheme promoter has the financial capability to repay the loan. It is advised that the promoting County/Unitary Authority should complete a credit check on any third-party project promoters to consider whether there is a genuine need for GPF investment and whether the third party has the means to repay the loan.
- 8.8 If local authorities wish to recover the cost of completing the credit checks through an application fee, applicants must be informed at the outset of the process.
- 8.9 The ITE will be invited to attend each of the Federated Board meetings at which the Federated Board priorities are being agreed, to listen and understand the priorities of the Federated Boards to feed into their assessment at the next stage of the process.
- 8.10 The ITE will also meet with the lead officer for each Federated area to help Federated areas to identify any showstopper issues before the projects progress to Stage 2. These meetings will take place in November 2019. The ITE will be commissioned to spend half a day with each Federated Area to review the EOI and help inform the advice to be provided by the federated area lead officers to their respective Federated Boards about the suitability of projects for the funding opportunity.

Table 2 - Banding of GPF projects – based on Strategic Fit

Band	Description
<p style="text-align: center;">A</p> <p>Considered as a very high priority for the respective Federated Board</p>	<ul style="list-style-type: none"> - Very strong fit with SELEP and local economic growth objectives. These projects are considered to be of highest priority for the respective Federated Board. - The investment will have a direct impact in creating new jobs and/or homes through enabling a specific named development (which has been identified as part of local development policies, plans or investment strategies), safeguarding jobs and/or will deliver skills benefits - Presents an overwhelming case for investment - Meets all the GPF eligibility criteria, set out in Table 3 - No showstopper issues or risks have been identified - These projects will progress to stage 2
<p style="text-align: center;">B</p> <p>Projects have been supported by the respective Federated Board for progression to the next stage of prioritisation across SELEP.</p>	<ul style="list-style-type: none"> - Strong fit with SELEP and local economic growth objectives - The investment will have a direct impact in creating new jobs and/or homes through enabling a specific named development (which has been identified as part of local development policies, plans or investment strategies) - safeguarding jobs and/or will deliver skills benefits - Presents a compelling case for investment - Meets all the GPF eligibility criteria - No showstopper issues or risks have been identified - These projects will progress to stage 2
<p style="text-align: center;">C</p> <p>Projects have been supported by the respective Federated Board for progression to the next stage of prioritisation across SELEP.</p>	<ul style="list-style-type: none"> - Aligns with SELEP and local economic growth objectives - The investment will have a direct impact in creating new jobs and/or homes through enabling a specific named development (which has been identified as part of local development policies, plans or investment strategies) - safeguarding jobs and/or will deliver skills benefits - Presents a compelling case for investment - Meets all the GPF eligibility criteria - No showstopper issues or risks have been identified - These projects will progress to stage 2, but applicant should consider whether they wish to invest the resource required to develop a business

Band	Description
	case given that the project has not been identified as a top priority for the respective federated board.
<i>To help ensure a proportionate approach to the funding call relative to the amount of funding available, it is advised that the total value of projects included in bands A, B and C must not exceed the amount of GPF available (£20.724m).</i>	
D	<ul style="list-style-type: none"> - Meet the eligibility criteria - Other projects have been identified as being of higher priority for the respective Federated Area in terms of fit with SELEP and local economic growth objectives (Amber to Red) - These projects will <u>not</u> progress to Stage 2.
E	<ul style="list-style-type: none"> - Projects that do not meet the eligibility criteria and/or: - Showstopper issue has been identified - These projects will <u>not</u> progress to Stage 2

- 8.11 To help ensure a proportionate approach to the funding call relative to the amount of funding available, it is advised that the total amount of GPF sought for projects included in bands A, B & C should not exceed the amount of funding available (£20.724m).
- 8.12 Once Federated Areas have considered a project's fit with the eligibility criteria, it is expected that Federated areas will consider the project's strategic importance to help determine which bids should progress to the next stage and the appropriate banding of those bids. Any showstopper issues or risks should also be considered at this stage of assessment.
- 8.13 No thresholds will be defined by SELEP as to the number of projects that should be included within each band, but a sensible approach must be adopted by Federated areas to ensure the strategic priorities of the Federated area are made clear.
- 8.14 Federated Boards should provide a paragraph per project to justify the strategic fit of the project and the banding of the project.
- 8.15 When considering each project's fit with the eligibility criteria, a pass/fail approach should be applied.

Table 3 - Eligibility Criteria for GPF investment

Projects put forward for GPF must:	
Align with SELEP's objective to support economic growth	As detailed in section 7 above.
Require capital loan funding investment	GPF can only be used for capital loan investment and cannot be used as revenue.
Projects should be between £250,000 and £3,500,000	Projects outside of this threshold may be considered by exception where there is an overwhelming strategic case and high level of support from the respective Federated Board.

Identify benefits which are expected to exceed the project costs	An assessment of project benefits relative to the amount of GPF sought and total project cost, with consideration for the total GPF available for investment across SELEP. <i>For the project to be approved by the Accountability Board at a later stage of the process then it will be required to demonstrate high value for money with a Benefit Cost Ratio of over 2:1.</i>
Demonstrate an ability to deliver the project following the legal requirements for investment of public funds	This will include consideration for the requirement to follow public procurement regulations to the extent which is applicable and demonstrate that the investment does not constitute State Aid.
Only support projects which can demonstrate an ability to repay the GPF loan by 31st March 2026.	The EOI should provide details of a suitable mechanism by which the GPF will be repaid. Prior to the submission a project business case to SELEP, the lead partner authority will be required to complete appropriate financial checks at the local level to ensure that the scheme promoter has the means to repay the GPF loan. For example, this should consider existing loans taken out by the scheme promoter which may impact on the ability of the scheme promoter to repay the GPF loan.
Must receive support from the respective Federated Board and the lead County Council/ Unitary Authority	Deadlines have been set out in Table 5 for the submission of Business Cases to the relevant Federated Board. The project must be supported by the respective Federated Board and the lead County Council/ Unitary Authority for the application to be considered by SELEP.

9. Stage 2 – Scheme prioritisation across SELEP

- 9.1 Once the Federated Boards have assessed, sifted and banded their GPF submissions, those successfully banded in A, B or C will be invited to develop a Strategic Outline Business Case (SOBC) using the SELEP template. This SOBC will be assessed by the Independent Technical Evaluator (ITE) based on the criteria detailed in Table 4.
- 9.2 An initial draft of the assessment of each of the projects will be completed by the ITE and shared with the scheme promoter. A teleconference or face to face meeting will then be organised with each of the scheme promoters to discuss any clarification questions and to provide the opportunity for the scheme promoters to respond to the feedback.
- 9.3 The ITE will update their assessment based on the additional information provided and will prepare a report of their findings, which will present projects in bands based on their fit with the assessment criteria.
- 9.4 The ITE assessment will be shared with each of the Federated Board's in sufficient time to allow for Federated Boards to prepare any written comments to be made available to the Investment Panel and considered as part of the preparation of the final version of the Investment Panel papers.
- 9.5 The information to be presented to the Investment Panel will include:

- The amount of GPF funding available, relative to project’s expenditure profile;
- The outcome of the ITE assessment against the agreed criteria;
- The banding and assessment of the Strategic Fit by the Federated Board
- The ITE assessment of the need of intervention, viability, deliverability, expected benefits, pace of benefit realisation and contribution to the establishment of a revolving fund; and
- Federated Board written comments on the ITE assessment

9.6 A greater weighting will be placed on the Strategic Fit of the project, as determined by the Federated Boards. The role of the ITE assessment is to provide technical input and help identify any project constraints which may impact on the suitability of project for GPF funding, based on the criteria detailed in Table 4 below.

9.7 The Investment Panel will be convened to agree the priorities to progress for the £20.724m GPF available.

Table 4 - Details of the RAG rating for the ITE assessment at Stage 2

Section	RAG rating	Scoring Guide
Need for Intervention (ITE to assess)	This section assesses the need for public sector intervention	
	Green	Awarded to business cases which: <ul style="list-style-type: none"> - strongly demonstrate the need for public sector intervention;
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> - demonstrate the need for public sector intervention;
	Red	Awarded to business cases which: <ul style="list-style-type: none"> - do not clearly demonstrate the need for public sector intervention;
Viability (ITE to assess)	This section should justify the total cost of the project including any assumptions made, the GPF required, the additional sources of funding and how secure they are.	
	Green	Awarded to business cases which: <ul style="list-style-type: none"> - justify the costs of the project including any assumptions made; - identify the timescales over which the GPF required; - demonstrates that any additional funding sources which are required to deliver the project have been secured; - explains how the ongoing operation costs will be met;
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> - justify the costs of the project including any assumptions made; - identify the timescales over which the GPF is required; - identify the additional sources of funding; - creates some uncertainty as to the availability of other funding sources which are required to deliver the project (e.g. sources of funding have been identified but have not been secured in full);



Section	RAG rating	Scoring Guide
		<ul style="list-style-type: none"> - explains how the ongoing operation costs will be met;
	Red	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - do not provide sufficient evidence that the project costs have been considered in detail; - does not provide sufficient detail as to how other project costs will be met; - creates uncertainty as to the availability of other funding sources which are required to deliver the project (e.g. funding sources have not been secured in full);
Deliverability (ITE to assess)		<p>This section should provide evidence of the planning status, any additional approvals required, the property ownership and any legal requirements that might delay the project or benefits realisation.</p>
	Green	<p>Awarded to business cases where:</p> <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a low risk to the project cost and the project delivery timescales
	Amber	<p>Awarded to business cases where:</p> <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a low to medium risk to the project cost and the project delivery timescales
	Red	<p>Awarded to business cases where:</p> <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a medium to high risk to the project cost and the project delivery timescales
Expected Benefits (ITE to assess)		<p>This section should show the impacts that the project is likely to have, the extent to which the stated project benefits are dependent on the delivery of the GPF project and the scale of benefits</p>
	Green	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - demonstrate substantial project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits which are expected to outweigh total project costs - provide robust, well-evidenced analysis of the estimated number of jobs and homes that the scheme is going to support, jobs safeguarded, or skills benefits delivered



Section	RAG rating	Scoring Guide
	Amber	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits which are expected to outweigh total project costs - provide some evidence of the estimated number of jobs and homes that the scheme is going to support, jobs safeguarded or benefits to skills levels, but the analysis is insufficiently transparent
	Red	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits, but which are not expected to outweigh total project cost - do not provide sufficient evidence of how the number of jobs and homes that the scheme is going to support, or skills benefits have been estimated, and there is insufficient evidence to justify assumptions
Pace of benefit realisation (ITE to assess)	Promoter will need to explain how quickly the project benefits will be realised once the investment has taken place	
	Green	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - demonstrate that the benefits of the project will follow immediately following project completion - have low risk of the project benefits not materialising
	Amber	<p>Awarded of business cases which:</p> <ul style="list-style-type: none"> - have project dependencies identified which may impact on the pace of the project benefits coming forward - have low to medium risk of the benefits not materialising, at the pace detailed in the business case
	Red	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - have project dependencies/risks which may impact on the pace of the project benefits coming forward - have medium to high risk of the benefits not materialising, at the pace detailed in the business case
Contribution to the establishment of a revolving fund (ITE to assess)	Promoters will need to provide evidence of how they intend to repay the loan together with an anticipated timetable for repayment by 31st March 2026. This will include the consideration of the local financial check and the ability of the project to repay the GPF loan.	
	Green	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - Commit to a 5-year loan repayment schedule and no concerns raised through company credit checks.
	Amber	<p>Awarded to business cases which:</p> <ul style="list-style-type: none"> - Commit to a 5-year loan repayment schedule and no concerns raised through company credit checks but some concerns were raised over the certainty of the proposed repayment mechanism.
	Red	<p>Awarded to business cases which:</p>

Section	RAG rating	Scoring Guide
		- Cannot commit to repay the loan by 31st March 2026 or issues have been raised though company credit checks
Strategic Fit (Federated Boards to assess at Stage 1)		This section will be assessed by the Federated Areas at Stage 1, based on the projects fit with SELEP and local economic growth objectives. The assessment criteria are set out in Table 2

10. Stage 3 – SELEP Accountability Board Funding Decision

- 10.1 Once the Investment Panel have agreed the priorities for investment of the £20.957m GPF currently available, the project promoter will be required to strengthen the business case to include a full value for money assessment.
- 10.2 The ITE will complete a further review of the business case and the recommendations will be made to the SELEP Accountability Board for the funding decision to be made. The dates for Accountability Board in 2020/21 are under consideration and final dates will be published as part of a GPF Round 3 Guidance Note (the Guidance Note will contain the information in this report formatted for applicants).

11. Timescales for GPF Investment

- 11.1 Table 5 sets out the proposed timescales for GPF prioritisation. The proposed timescale for the GPF prioritisation is based on the forward schedule of Federated Board meetings. Any shortening of the process will require additional Federated Board meetings to be called across the four Federated areas.
- 11.2 Whilst it was originally intended that the GPF prioritisation approach would be agreed by electronic procedure, Federated Board recruitment processes are currently underway within certain Federated areas. The consideration of this process by electronic procedure would be particularly challenging for new board members that have not yet attended a Federated or Strategic Board meeting. The current timescales enable Federated Boards time to meet and consider the process prior it being agreed at the next Strategic Board meeting on the 4th October 2019.
- 11.3 Agreeing the process at the Strategic Board meeting on the 4th October 2019 will also help ensure that any views on the process can be considered by all Board Members and can be fed into the process from the outset.

Table 5 – Proposed timescales for GPF prioritisation

	Approval of GPF prioritisation approach by the Strategic	4 th October 2019
	Launch of GPF funding round - Open call for projects	7 th October 2019
	Potential scheme promoters to make initial contact with Federated Area leads	18 th October 2019
Stage 1	Expression of Interest submission to Federated Area leads	1 st November 2019
	Review of Expression of Interest by Federated Areas (Including half day meeting between Federated Area officers)	November 2019
	Federated Board decision on schemes to be nominated to	6 th December 2019 ¹
Stage 2	SOBC submission to SELEP (Development of SOBCs should commence as soon as Fed Board decision has been made on priorities).	24 th January 2019
	SELEP ITE review complete 27 th Jan – 14 th Feb – First review by ITE 14 th Feb – 28 st Feb – clarification questions and meetings scheme promoters 28 st Feb – 13 th March – Second review by ITE and draft ranked	February - March 2020
	Attendance of Federated Boards by ITE (for comment) EBB & TES – 16 th March 2020 KMEP – 17 th March 2020 OSE – To be confirmed.	March 2020
	Written comments back from Federated Boards Written comments to be included as an attachment to the Investment Panel papers.	27 th March 2020
	Investment Panel meeting to agree GPF pipeline	April 2020 (exact date to be confirmed)
Stage 3	Accountability Board meeting to sign off Business Case and take final funding decision.	Accountability Board dates for 2020/21 yet to be published.

12. Accountable Body comments

- 12.1 It is a requirement of the SELEP Assurance Framework that allocations of GPF are made following an open call for funding of projects and prioritised in line with the approach agreed by the Board.
- 12.2 All GPF loans will be made on the basis of the standard credit agreement to the respective upper tier local authority partners who are responsible for putting in place reciprocal arrangements with the delivery body, as appropriate.
- 12.3 To mitigate any risks to the fund and to the Accountable Body, GPF funding allocations will only be made when sufficient GPF funding is available. It is the responsibility of the local authority partner to take appropriate measures to ensure repayment of the loan, however they are not liable to make the GPF repayments if the project fails and the third party is unable to make the loan repayments in full.

¹ Exact date will depend on the schedule for Federated Board meetings in November 2019.



12.4 As part of the local authority consideration of any GPF application, the lead County/Unitary Authority must be satisfied that the scheme promoter has the financial capability to repay the loan.

13. Appendices

13.1 Appendix A – Existing GPF project repayment schedule

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Agenda Item 8: Supporting Kent Exporters: Update for SELEP Board

1 Purpose

- 1.1 This paper provides an update on the state of play for supporting Kent businesses with exporting and details of future plans within the 'SME Internationalisation Exchange' Project which support the aims of the SELEP European Structural and Investment Fund (ESIF) strategy.

2 Recommendations

- 2.1. The Board is asked to:
- 2.1.1. Note the content of the report; and
 - 2.1.2. Consider how the SIE Pilot actions and other potential export support initiatives might align with the work of SELEP in the future, including the business support elements of the Local Industrial Strategy.

3 Introduction

- 3.1 Exporting is a proven route to business growth. "Exporting is a key driver of economic growth. Exporting SMEs are on average more productive, more innovative and more resilient than non-exporters"¹. Selling products or services overseas can be a challenging and complex process for small businesses. Export levels from Kent companies have tended to be lower than those in the wider South East.
- 3.2 Kent County Council (KCC) has been working closely with business support organisations and strategic partners for several years to boost Kent export levels and support Kent exporters under the 'Kent International Business' (KIB) umbrella programme.

4 Current Support for Exporters in Kent

- 4.1 The key export support organisations in Kent (the KIB partners) meet together regularly to plan activities and consider solutions to challenges faced by existing and potential exporters. This ensures that Kent businesses have access to the right support at the right point of their export journey.
- 4.2 Support programmes for exporters in Kent include the core services offered by the Department for International Trade (DIT), Kent Invicta Chamber of Commerce (KICC) and Enterprise Europe Network (EEN) and, of course, the private sector, as well as bespoke, externally-funded programmes of support including several Interreg projects; Boost4Health which provides micro-financing for Kent Life Science companies to help with internationalisation and Innovative Sector Exchange (ISE) which helps companies to forge connections with companies in mainland Europe. DIT has also been running the 'GET Exporting 2' ESIF project in the wider SELEP area. These services provide help to potential and existing exporters ranging from product adaptation and market selection to identifying overseas business contacts and getting paid for products and services supplied.

5 The SME Internationalisation Exchange (SIE) Project

- 5.1 Since 2016, Kent County Council has led the first phase of a €1.2m European Interreg project called SIE. The project aims to review and improve SME Internationalisation support policies and

¹ SELEP European Structural & Investment Fund Strategy (ESIF) 2016

programmes while tackling the challenges faced by small companies exporting their goods or services. The project connects Kent to partner organisations from six European regions². Each project partner is also supported by a group of local stakeholders with a role in helping exporters in their own regional context. The stakeholder groups bring together over 30 public authorities, business membership organisations, sector agencies and financing organisations who have shared expertise and distilled lessons from some of the best projects and programmes.

5.2 In Kent, the SIE project has so far enabled us to:

- 1.1.1. Fund two reports from the Kent Business School which provided an evidence-based, up-to-date overview of export activity in Kent, barriers to exporting and recommendations about how to adapt support services to meet the evolving needs of local exporters. The reports are available here: <https://www.interregeurope.eu/sie/sie-research-work/>;
- 1.1.2. Learn from inspiring and effective business support initiatives in other European regions (see Appendix A) which tackle many of the challenges also faced by Kent firms;
- 1.1.3. Review Kent's business support programmes and how they might become more effective in helping Kent exporters, especially in times of uncertainty;
- 1.1.4. Draft a 'Framework for Supporting Kent Exporters' (see Appendix B) and a supporting 'Kent action plan' to be implemented during phase 2 of the SIE project which runs until December 2020.

6 Revitalising Support for Exporters in Kent: SIE Phase 2

6.1 The KIB partners are keen to further unlock Kent's export potential and to provide additional public support where this adds value. Having gathered evidence through the SIE study work and after seeing some very successful export support schemes from Kent's partner regions, the Interreg programme has approved a small amount of funding (€80K) for 3 pilot actions which will help the KIB partners to test some new initiatives in the county which will also respond to some of the barriers to exporting highlighted by Kent firms (see Appendix 2, section 3):

- 1.1.1. Creating Networks of Support:
 - Streamlining the current 'KIB' support offer into more of a staged journey along the lines of the 'Parcours de l'Export' programme in Nouvelle-Aquitaine, France.
 - Testing a potential shared CRM system with key support providers (KCC, DIT, EEN, KICC) to ensure that a more seamless package of specialist support can be provided to Kent companies Export France approach.
 - Creation of a Kent company database to identify companies with export potential (by sector). This is inspired by the Cantabria & Molise regions who know all local companies and their export activities.
- 1.1.2. Providing Internal Resource for companies:
 - Pilot an 'export manager' scheme to provide additional, funded staff resource for companies interested in exploring international markets.
- 1.1.3. Consolidation for Export purposes:

² The Molise Regional Authority (Italy), Ústí Region (Czech Republic), Nbank Public Investment Bank for Lower Saxony (Germany), Toruń Regional Development Agency (Poland), International Chamber of Commerce for Nouvelle-Aquitaine (France), Chamber of Commerce for Cantabria (Spain)

- Working with a group of smaller companies (target sector most likely to be food & drink) to form a consortium or cluster to develop a joint export offer where the companies lack the capacity to export on their own.

6.2 The Kent International Business Partner organisations have endorsed these pilot actions and will play a key role in their implementation which will begin during autumn 2019.

7 Links to SELEP and the ESIF Strategy

7.1 All projects funded by Interreg Europe are required to influence European Regional Development Fund (ERDF) programmes in their partner regions. For the SIE project in Kent, this is the SELEP ESIF programme which highlights the importance of exporting and supporting exporters including:

“Through Kent International Business and similar initiatives in East Sussex, Essex and in the Thames Gateway, partners are helping businesses to access new markets, and we intend to develop this further, possibly through work with UKTI [DIT].”

“For exporting projects, SELEP partners are interested in working closely to increase the work of UKTI [DIT] in the area increasing export, sector development and building capacity in companies to make export plans happen.”

7.2 The SIE pilot actions outlined above will enable partner organisations in Kent to try out some new ways of providing support to (potential) Kent exporters. If successful, the next step will be to see whether there is scope for a wider-roll out of these in the future within the ESIF programme or its successor or within any other mainstream programmes. As the pilot actions are implemented and evaluated, Kent County Council will produce reports and recommendations which will be shared with SELEP in due course.

8 Conclusion

8.1 Exporting is an effective way for businesses to grow. While international trade has increased in Kent during the last few years there is still a lot of untapped potential for companies to sell their products and services overseas. In response to the findings of recent studies in Kent and through learning from best practice examples of export support schemes elsewhere, the key export support stakeholders in Kent have an opportunity through the SIE project to work to test some new approaches to export support and to improve the way the coordination of services in the county.

9 Accountable Body Comments

9.1 There are no comments from the Accountable Body

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Agenda item 9: A13 widening update report

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

- 1.1 The purpose of this report is to provide the Strategic Board (the Board) with an update on the delivery of the A13 widening project (the Project) and to make the Board aware of the additional Local Growth Fund (LGF) to be transferred to SELEP in 2019/20 by the Department for Transport (DfT). *Details of this additional LGF allocation are provided in confidential appendix 1.*
- 1.2 This report provides a detailed update on the delivery of the Project and the issues which have arisen through the delivery of this Project to date. As a result of the Project deliverability issues and increase in costs detailed in this report, it is recommended that the Board agree that additional LGF contribution should be allocated to the Project to help bridge the identified funding gap.
- 1.3 The recommendation for additional LGF to be made available to the Project, as a capped contribution towards the increase in Project costs, was discussed and supported by the SELEP Accountability Board on 13th September 2019.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 Note the update report on the A13 Widening Project
 - 2.1.2 Agree the provisional allocation of additional LGF to the Project, as detailed in confidential appendix 1 as **Option 2**, subject to:
 - 2.1.2.1 A funding decision by the Accountability Board; and
 - 2.1.2.2 The Accountability Board being satisfied that the full funding package is in place to complete the delivery of the Project; and
 - 2.1.2.3 The Accountability Board being satisfied that the Project continues to present high value for money.
 - 2.1.3 Note that the additional LGF funding allocation, detailed in appendix 1, is a capped funding contribution to the Project.
 - 2.1.4 Note the intention for quarterly updates to continue to be provided to the Accountability Board each quarter on the delivery of the Project, to the point of Project completion. Updates will also be provided to the Strategic Board through the Capital Programme Update reports.

3. A13 Widening Project Background

- 3.1 The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west and the A1014 (the Manorway) to the east. Once the Project is completed, there will be a continuous three lane carriageway from the M25 to Stanford le Hope, reducing congestion, improving journey times and supporting further economic growth.
- 3.2 According to the original SELEP Strategic Economic Plan, the A13 widening along with other planned transport investment along the corridor will directly enable the creation of 4,045 jobs and 3,340 homes.
- 3.3 The economic case for the Project included a benefit cost ratio (BCR) of 2.9:1, categorised by the DfT as presenting high value for money. The BCR increases to 4.4:1, categorised as very high value for money, when the impact of the Lower Thames Crossing is considered.
- 3.4 The objectives of the Project include:

- 3.4.1 Reduction in journey times on the widened section of the A13;
- 3.4.2 Reduction in journey time variability on the widened section of the A13;
- 3.4.3 Additional housing and jobs created in the area.

3.5 The Project is included within SELEP's LGF programme, but is a DfT retained scheme. As a DfT retained scheme, the business case for the Project was assessed by the DfT and the final funding decision for the Project was made by the former Secretary of State for Transport, Chris Grayling MP, in 2017. On a quarterly basis, Project updates are also provided to the SELEP Accountability Board and to the DfT.

4. Interim project update from Thurrock Council

- 4.1 The business case for this Project was approved in April 2017 and preparatory works started in December 2017. The main works started in March 2019 with narrow lane working, temporary 40mph speed limit, speed enforcement cameras and free vehicle recovery service.
- 4.2 Progress has been made towards the delivery of the Project however, there have been a number of issues which have arisen that have had an impact on the cost and programme of the Project. The trenchless drainage is complete; chamber finishing work and cross carriageway drainage is underway; the piling for Horndon Road Bridge is complete; topsoil strip and bulk earthworks is ongoing; archaeological investigations have been completed and National Grid has successfully completed the micro tunnel beneath the A13 and the A1013, Stanford Road and installed the pipework for the diversion of NTS Feeder 5. Further design reviews have been completed and drawings issued for construction.
- 4.3 It is often the case with projects of scale and complexity that a start on site reveals issues that impact on the anticipated delivery of the project and which cannot readily be anticipated and planned for. A risk register is reviewed and updated with contractors on a monthly basis.
- 4.4 In this regard, some of the key issues that have arisen and previously reported to the Accountability Board can be summarised as follows:
 - 4.4.1. Diversion and protection of statutory undertakers' assets impacted by the Project has been delayed for a variety of reasons including unknown ownership, inadequate asset data, necessary re-designing of the diversions due to specific site constraints and issues, issues with the statutory undertakers' authorised contractors and necessary outage windows to undertake the works on the various networks;
 - 4.4.2. Ground investigation works in particular locations along the route has revealed a need to adapt and change construction methodology and change specifications;
 - 4.4.3. Topographical study work was found to be unreliable and had to be repeated to obtain a single source of truth;
 - 4.4.4. The substructure and wing walls at the Orsett Cock east and west bridges had to be redesigned to overcome concerns about public safety and buildability;
 - 4.4.5. Change requests which have been driven by the need to satisfy key stakeholders (in particular local residents and landowners) have needed to be considered and where possible incorporated into the design;
 - 4.4.6. A number of these issues has impacted on the ability of the Project to bring forward the design in a timely way resulting in works being undertaken in parallel as opposed to sequentially;
 - 4.4.7. Delays in finalising the detail design of the bridges and structures and obtaining Technical Approval Authority approval for the AIPs and check certificates.

5. Update on Project expenditure

5.1 As a consequence of the above issues including a number of compensation events, the Project is no longer within the budget envelope and the rate of spend has increased over the course of the last couple of months. The Project burn rate currently is in the region of £3m to £3.5m per month. This will clearly vary according to work programme and activity. Further details are provided within Appendix A.

5.2 The potential options available to bridge the forecast funding gap are currently being explored and have not been confirmed. It is likely that a combination of funding sources will be required to meet the funding gap. The main options under consideration include:

5.2.1 A requirement of the contractor to deliver the project within budget

5.2.2 An increase in grant funding towards the delivery of the Project, as detailed in appendix A;

5.2.3 funding contributions from the private sector; and

5.2.4 funding contributions from Thurrock Council.

5.3 Thurrock Council recognises its responsibility for overspends on the project and will underwrite shortfalls. This will include seeking alternative funding through whatever route is available to the Council and the use of its own funds.

6. Update on programme

6.1 The June Report to Accountability Board stated that the Project was expected to complete in mid-January 2021. Since then the further issues arising with the Project and highlighted in this report have meant that the timeframe for delivery has been extended. Programme reviews are underway as part of the mitigation identified below, but it is highly probable that the completion of the Project will be delayed until the end of April 2021.

6.2 The Department for Transport (DfT) has been notified about the revised programme, spend profile and Project cost via the Local Growth Fund Portfolio Schemes and Large Local Majors 2018/19 Q4 return and through a face to face update meeting.

7. Mitigation

7.1 Given the issues set out in this report, Thurrock Council and the contractors have undertaken a number of steps to mitigate any further impacts. These mitigation measures include:

7.1.1. Usual project management tools are being used including risk registers, change logs, approvals, clear systems and processes and ways of working etc.

7.1.2. Appointment of external auditors – Thurrock Council has appointed expert transport infrastructure auditors to undertake a detailed review of the scheme. An early draft of the report is to be provided to the Council in September 2019 and a verbal update will be provided to the Board accordingly.

7.1.3. Programme challenge workshop – a report identifying ways in which time and cost can be saved. This is already identifying efficiency savings in particular with regard to costs.

7.1.4. Collaborative planning – the parties are undertaking collaborative planning to understand the inter-dependencies on the project and how they can be effectively managed to avoid impacts on the critical path.

7.1.5. Ways of working – co-location of contractors on site to ensure efficient agreement on issues which can then be quickly resolved.

7.1.6. A monthly dashboard reporting mechanism to track blockers and identify ways of relieving them.

7.1.7. Elements of parallel working which can ensure the workforce and plant and equipment is being utilised to maximum effect.

7.1.8. Early warnings and improvements to communication to ensure efficiency.

8. SELEP comments

8.1 There are processes in place for the monitoring of all LGF projects, including risk assessments for all projects based on delivery, financial and reputational risk in accordance with the Ministry for Housing, Communities and Local Government (MHCLG) guidance. Update reports are prepared for the Accountability Board, Strategic Board and to the MHCLG for all LGF projects on a quarterly basis. Given the high value of the LGF contribution

to the Project, individual update reports have been received by the Accountability Board on a quarterly basis since November 2017.

- 8.2 In addition to the assessment of all project business cases by the Independent Technical Evaluator (ITE) in advance of a funding decision by the SELEP Accountability Board, additional assurance processes have been introduced since 2017. These processes help to ensure that there is a greater cost and deliverability certainty at the time of the decision being made. This includes the introduction of processes for the part award of funding to projects with an LGF allocation of over £8m or which are considered high risk, at the point of the initial funding decision being made.
- 8.3 This phased approach enables scheme promoters to draw down some initial 'development' funding to support the further development of project through the design phase, but with the final funding decision being taken for the remaining funding once the updated construction cost of the project have been informed by the procurement of the main construction contractor.
- 8.4 Furthermore, an additional stage of 'checks and balances' has been recommended by the DfT for DfT retained projects going forward, including the A127 Fairglen Interchange project. The A127 Fairglen Interchange is a project being delivered by Essex County Council and which has received a £15m LGF allocation from the DfT, but required funding approval in 2020 from the Secretary of State for Transport. Local Partnerships will be completing a peer review and 'health check' of the A127 Fairglen Interchange project before it is submitted to the DfT for a funding decision.
- 8.5 This additional stage has not been introduced as a direct result of the issues experienced with the A13 widening project, but is an additional step which is being recommended by the DfT for projects to satisfy in advance of funding decisions being taken on larger scale infrastructure projects to ensure value for money and to identify opportunity to identify efficiency measures at the outset of the project.
- 8.6 A similar peer review check will be recommended for all future projects considered by SELEP prior to a funding decision being sought from the Accountability Board for all projects with a funding ask of over £8m.

9. Financial Implications (Accountable Body comments)

- 9.1 It is noted that Thurrock Council have identified a significant overspend since the previous update provided to the Accountability Board in June 2019.
- 9.2 The forecast overspend takes into account utilisation of the £20m contingency allocated to the Project (previously reported to the Accountability Board in March 2018) and represents a significant risk to the delivery of the Project. It is noted that options are being reviewed to mitigate this risk and that Thurrock Council recognises its responsibility for overspends on the project and will underwrite any shortfalls arising.
- 9.3 The Accountable Body will be seeking to understand the outcome of the Audit of the Project that Thurrock Council have commissioned to confirm whether any additional risks are arising, in particular, any potential further increase to the identified overspend.
- 9.4 It is advised that Thurrock Council should seek to provide details of the planned mitigation for addressing the overspend at its earliest opportunity, also to include indicators of any further additional risks arising that may impact on the delivery of the agreed scheme.
- 9.5 Any LGF funding sought to address the identified budget gap, will need to be prioritised by the Board, taking into account the existing pipeline of projects seeking funding. Further, the funding would need to be subsequently approved, in line with the requirements of the SELEP Local Assurance Framework, by the Accountability Board.

10. Background Documents

- 10.1 A13 Widening Project Business Case

11. Appendices

- 11.1 Appendix A – Confidential Appendix

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