

Forward Plan reference number: (N/A)

Report title: To Agree the Independent Technical Evaluator one year contract extension for services in 2019/20	
Report to: Managing Director of the SELEP	
Report author: Rhiannon Mort , SELEP Capital Programme Manager	
Date: 8 th April 2019	For: Officer Decision
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Divisions affected: Pan - LEP	

1. Purpose of Report

- 1.1 The purpose of this report is to set out the recommendation for the one year extension of the South East Local Enterprise Partnership (SELEP) Independent Technical Evaluator (ITE) contract, which was awarded to Steer Davies Gleave in April 2016.

2. Recommendations

- 2.1. **Approve** the one year extension of the ITE contract for services in 2019/20 held with Steer [Davis Gleave Ltd] (Steer), at a maximum cost of £100,000.
- 2.2. **Note** the intention to seek feedback from SELEP Senior Officer Group prior to the consideration of the ITE contract for 2020/21

3. Purpose of the ITE contract

- 3.1. Through a series of Growth Deals between the SELEP and Central Government, SELEP has been allocated a total of £570m Local Growth Fund. This funding has been allocated to a programme of LGF interventions across the SELEP area.
- 3.2. To ensure effective management of funding received by LEPs, Central Government has developed a framework, known as the National Local Growth Assurance Framework. The National Local Growth Assurance Framework details the minimum arrangements which LEPs are expected to implement to ensure robust governance processes are in place for the management of funding devolved from Central Government.
- 3.3. To ensure that these Governance arrangements are implemented by SELEP, SELEP is required to develop and comply with its own Local Assurance Framework. This document is agreed by the SELEP Strategic Board on an annual basis and is required to set out how SELEP will locally meet the requirements of the National Local Growth Assurance Framework.

- 3.4. Both the National and SELEP's own Assurance Framework sets out the requirement for the independent scrutiny of Business Cases prior to funding decisions being taken by SELEP for the award of LGF to specific projects. The service is currently provided through an ITE contract with Steer.
- 3.5. The ITE is required to assess projects, against a standard set of assessment criteria and engage with local scheme promoters to provide feedback. The review of the Business Case considers whether the development of the Business Case aligns with Government best practice guidance and considers factors such as the project's strategic fit with SELEP objectives, value for money case and project deliverability.
- 3.6. Furthermore, specifically for transport projects, LEPs must ensure that project Business Cases include modelling and appraisal which is sufficiently robust and fit for purpose for the scheme under consideration. There is a requirement for this appraisal and modelling to be scrutinised by LEPs to ensure that the development has been undertaken in accordance with the Department for Transport WebTAG. The assessment is also undertaken by the ITE.
- 3.7. The SELEP's Assurance Framework also sets out the requirement for the ITE to support the process for the initial prioritisation of projects.
- 3.8. The ITE role is undertaken by external consultants, to demonstrate independence and to comply with the requirement under the National Local Growth Assurance Framework that, "Places must have robust processes in place that ensure all funding decisions are based on impartial advice".

4. Procurement exercise in 2016

- 4.1. In March 2016, Essex County Council (ECC) acting as Accountable Body for SELEP issued a tender on the Official Journal of the European Union (OJEU) for the provision of ITE services for the LGF programme, as set out in section 3 above.
- 4.2. The procurement process was conducted via a single stage Open procurement route, through ECC's eSourcing portal with bidders responding to the Invitation to Tender.
- 4.3. In response, 26 expressions of interest were received and, on closing, five bids were submitted. These bids were assessed on the 5th April 2016 by SELEP Managing Director, ECC Accountable Body representative and an officer from each of the six County/Unitary Authorities in the SELEP area.
- 4.4. The bids were assessed, 60% on Commercial response (price) and 40% Technical response (quality).
- 4.5. Following this tender assessment and decision by the SELEP Accountability Board on the 8th April 2016, the contract was awarded to Steer.

- 4.6. The maximum total contract value is £450,000 for three years (2016/17 – 2018/19), plus an optional 2 further years (2019/20 – 2020/21).
- 4.7. Steer Davies Gleave has subsequently changed its company name to Steer. This is a change to the company name only and does not present a change to the company itself.

5. Performance and task completed to date

- 5.1. Over the last three years, Steer has provided the service in accordance with the Performance Standards set out in the contract. The service provided has included:
 - 5.1.1. ITE of all project Business Cases which were included in the LGF programme, along with a number of new projects, such as the Sandwich Open Golf and Mercury Theatre projects;
 - 5.1.2. Prioritisation of LGF3b and Growing Places Fund (GPF) projects;
 - 5.1.3. Assessment of Project Change Requests;
 - 5.1.4. ITE of GPF projects;
 - 5.1.5. Development of new Business Case templates, and monitoring and evaluation templates, and
 - 5.1.6. Wider support/advice to stakeholders in development of project Business Cases.
- 5.2. Table 1 provides a breakdown of the expenditure on ITE services since the contract was established in April 2016, which totals £424,115. Whilst the provision of ITE services adds a considerable cost to the SELEP revenue budget requirement, the provision of the service presents less than a 0.1% cost relative to the value of the overall LGF and GPF programme.

Table 1 – Expenditure on ITE services

Financial Year	Cost (£)
2016/17	139,250
2017/18	134,295
2018/19	150,570
Total	424,115

6. Proposed one year extension - Tasks for 2019/20

- 6.1. All original LGF projects, identified with one of the three Growth Deals, have now been considered through the ITE process or have been removed from the LGF programme. However, a further review of the Business Case is required for some specific high value/high risk projects and future phases of other LGF programmes also require ITE review.
- 6.2. It is expected that the scope of work over the next financial year will focus on the review of new LGF3b projects, any changes to project scope and the independent review of post scheme Monitoring and Evaluation of LGF projects.

- 6.3. The Strategic Board may also require support in completing the LGF3b prioritisation work and in prioritising new GPF projects during 2019/20. A breakdown of the specific tasks expected during 2019/20 is set out in Appendix 1. The maximum cost of the 2019/20 scope of work is £100,000.
- 6.4. There is a level of uncertainty about the tasks required in 2020/21, as SELEP works to finalise its Local Industrial Strategy and prepare for the Shared Prosperity Fund.
- 6.5. Given there are planned changes to SELEP's legal status during 2019/20 and the uncertainty of tasks in 2019/20, it is proposed that only a one year extension should be granted at this stage. The potential extension for 2020/21 will be considered in December 2019.

Options considered

- 6.6. Alternative options have been considered to the extension of the ITE contract with the Steer, including:
 - 6.6.1. Recruitment of the ITE roles within the SELEP team; or
 - 6.6.2. Repeat the procurement exercise, to ensure that the contract continues to deliver value for money.

Recruit the ITE roles within the SELEP team

- 6.7. Given the requirement for funding decisions to be based on impartial advice, the current ITE arrangements enable SELEP to demonstrate best practice and that robust processes are in place for the independent review of projects. A move to recruit this resource in house would reduce the independence of this advice.
- 6.8. There is also a shortage of professionals with expertise in the field of economic appraisal. As such, it would likely prove challenging to recruit to this role and the total cost of resourcing this work in house, including on costs, is likely to exceed the annual cost of the ITE contract, assuming two officers required.
- 6.9. Furthermore, the use of external consultants with a broad range of experience enables appropriate specialists in different fields of economic appraisal (eg transport, public realm, flood defence, commercial) to consider different types of LGF and GPF project included within SELEP's capital programme.

Repeat Procurement Process

- 6.10. Through the previous procurement exercise, the open nature of the procurement through an OJEU process ensured that the opportunity was available to all consultancies to tender for the provision of ITE services.
- 6.11. Steer were identified as the most competitively priced, as well as delivering on quality. No substantive issues have been raised with the quality of service provided to date and Steer has built an effective relationship with partners.

- 6.12. Given the shortage of professionals in the field and the increase in demand for ITE services from other LEPs and Central Government itself, it is unlikely that the costs agreed with Steer through the Terms and Conditions of the agreement could not be met or reduced through a repeat of the procurement exercise.
- 6.13. The scope of work or expectations of the ITE role has not substantially changed since the contract was agreed in April 2016.
- 6.14. As such, the recommended option is for the extension of the existing contract for 2019/20 financial year. The potential extension to 2020/21 will be considered in December 2019.

7. Financial implications (*Accountable Body Comments*)

- 7.1. In April 2016, the Accountability Board approved the award of the ITE Contract to Steer (formerly Steer Davies Gleave), following a procurement process. The maximum total contract value was £450,000 for 3 years, plus an option for 2 further years.
- 7.2. The total current spend under the contract is £424,115 for the first 3 years.
- 7.3. The total anticipated contract cost for the one year extension is up to £100,000; the SELEP budget for 2019/20 includes £100,000 to meet the cost of the ITE contract in this financial year. The budget will be monitored and reported to the Accountability Board on a quarterly basis as part of the financial management arrangements of the SELEP budget.
- 7.4. It is a requirement under the SELEP Assurance Framework to independently assess all business cases being brought forward for a funding decision; should the extension of this contract not be approved then it is recommended that the SELEP Secretariat request that the Accountable Body undertake a new Procurement exercise to secure ITE services as soon as possible to reduce the impact on the delivery of the Growth Deal and to ensure compliance with the Assurance Framework.

8. Legal implications (*Accountable Body Comments*)

- 8.1. To secure the contract with Steer, a full and compliant procurement process was conducted using the open procurement process in line with the Public Contracts Regulations 2015 and in accordance with ECC's Procurement Procedure Rules and evaluated in accordance with the published criteria.
- 8.2. The contract was awarded for a maximum total contract value is £450,000 for 3 years, plus an optional 2 further years. The recommended extension is therefore permissible under the terms of the contract.

8.3. A further decision will be required by December 2019 to agree whether or not to extend the Steer contract for the final year, or to undertake a new Procurement for ITE services.

9. Equality and Diversity implications

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

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

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

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

10. List of appendices

10.1. Appendix 1 – Task list 2019/20

11. List of Background papers

11.1. National Local Growth Assurance Framework

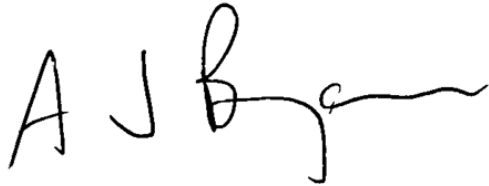
11.2. SELEP Assurance Framework

11.3. Accountability Board report 8th April 2016

Role	Date
Accountable Body sign off	
Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	10/05/19

I approve the above recommendations set out above for the reasons set out in the report.

Date

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

22/05/2019

Adam Bryan
Managing Director for the South East Local Enterprise Partnership