

ACCOUNTABILITY BOARD

10:00	Friday, 20 January 2017	Village Hotel, Forstal Road, Maidstone, ME14 3AQ
--------------	------------------------------------	---------------------------------------------------------------------

Quorum: 3 (to include 2 voting members)

Membership

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

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

For information about the meeting please ask for:

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

Meeting Information

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

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

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

The agenda is also available on the Essex County Council website

Part 1

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

	Pages	
1	Welcome and Apologies for Absence	
2	Minutes To approve as a correct record the Minutes of the meeting held on 18th November 2016	5 - 10
3	Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Business Case Approvals	11 - 32
5	LGF Change Requests	33 - 38
6	Options For Skills Capital Underspend (Sussex Downs College)	39 - 42
7	Finance Update including 2017/18 Budget	43 - 48
8	Transport Improvements to support The Open Championship	49 - 60
9	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	
10	Dates of Future Meetings To note the dates of future meetings of the Board: Friday 24 th February 2017 Friday 31 st March 2017 Friday 26 th May 2017	

Exempt Items

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely

disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

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

11

Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 18 November 2016

Present:

Geoff Miles	Chairman
Cllr Rodney Chambers	Medway Council
Cllr Mark Dance	Kent County Council
Cllr Kevin Bentley	Essex County Council
Cllr David Elkin	East Sussex County Council
Cllr John Lamb	Southend Borough Council
Cllr Rob Gledhill	Thurrock Council
Angela O'Donoghue	FE & Skills (FEDEC)

ALSO PRESENT

Louise Aitken	SELEP
Suzanne Bennett	Essex County Council
Steven Bishop	Steer Davies Gleave
Edmund Cassidy	Steer Davies Gleave
Kim Cole	Essex County Council
Dominic Collins	Essex County Council

Having signed the attendance book

Richard Dawson	East Sussex County Council
Sunny Ee	Medway Council
Rhiannon Mort	SELEP
Emma Cooney	Southend Borough Council
Lorna Norris	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Graham Razey	Canterbury College
Tim Rignall	Thurrock Council
Paul Sayers	East Kent College
John Williams	Sea Change Sussex
Nicole Wood	Essex County Council
Lisa Siggins	Essex County Council

1 Welcome and Apologies for Absence

Apologies were received Cllr Keith Glazier who was substituted by Councillor David Elkin and Councillor Paul Carter who was substituted by Councillor Mark Dance. Apologies also received from Adam Bryan and Myroulla West.

2 Minutes

The Minutes of the meetings held on 16 September 2016 and 10 June 2016 were agreed as a correct record and signed by the chairman.

3 Business Case Approvals

The Board received a report from Rhiannon Mort, and a presentation from Steer Davies Gleave, the purpose of the report was to make the Board aware of the value for money assessment of business cases for schemes having been through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to scheme sponsors (county and unitary councils) as part of the capital programme management.

Councillor Dance declared a personal interest as a member of the Ebbsfleet Development Corporation Board, relating to the decision on A226 London Road/B255 St Clements Way.

Members discussed the Coastal Communities Housing Intervention Project and in particular the funding as set out in the above mentioned report and the two available options.

Resolved

1. To **Approve** the Business Case for A226 London Road/B255 St Clements Way (£4.2m) which has been assessed as presenting high value for money, but with low to medium certainty of achieving this.
2. To **Approve** the remaining £3.2m funding allocation to Thurrock Cycle Network project which has been assessed as presenting high value for money and medium to high certainty of achieving this.
3. To **Note** that the Coastal Communities Housing Intervention project is currently being developed and it is intend that the project will be considered for the approval of funding on the 20th January 2017.
4. To **Defer** the recommended option for the management and oversight of the £2m LGF spend on the Coastal Communities Group Housing Regeneration Project via the three upper tier authorities; East Sussex County Council, Essex County Council and Kent County Council, until a fully assessed business case is brought to the Board in the new year.

4 LGF Capital Programme Management Update Report

The Board received a report from Rhiannon Mort the purpose of which was to provide an update the on the latest position of the Local Growth Fund Capital Programme.

Resolved

1. To **Note** the updated spend forecast for 2016/17 and future years of the LGF programme;
2. To **Note** the project deliverability and risk assessment;
3. To **Note** the re-profiling of £8.81m LGF spend from 2016/17 to 2017/18 for those projects identified in Tables 3 to 7 of the report;

4. **To Approve** the accelerated LGF spend in 2016/17 for A226 London Road/B255 St Clements Way, Strood Town Centre, Medway Cycle Action Plan and Basildon Integrated Transport Package; and
5. **To Approve** spend of £673,000 LGF on Colchester Integrated Transport Package in 2016/17.

5 M20 Junction 10A

The Board received a report from Rhiannon Mort the purpose of which was to update the Accountability Board (the Board) on the development of M20 Junction 10a project, Kent.

Members voiced their support for the draft letters but felt that they should in fact be signed by all Board members in addition to the Managing Director of SELEP.

Resolved

1. **To Approve** the drafted letter of support to be submitted to Highways England in relation to M20 Junction 10a project
2. **To Note** the intention for the M20 Junction 10a project to be considered at the next Board meeting for approval of the £19.7m funding allocation following consideration of the Business Case by Highways England.
3. **To Approve** for a letter to be sent from SELEP to Sajid Javid MP, as the Secretary of State for Communities and Local Government and Chris Grayling MP as Secretary of State for Transport to seek further assurances around the LGF funding for this Project for future years.
4. **To Agree** that both letters shall be signed by all Board members in addition to the Managing Director of SELEP and that copies will be sent to Damien Green MP for Ashford and all local MPs.

6 LGF Project Changes Report

The Board received a report from Rhiannon Mort which provided an update on proposed changes to LGF projects included in the SELEP Growth Deal.

At this point Councillor Bentley declared a personal interest in that he is a Member of Colchester Borough Council

Resolved

1. **To Note** the LGF project Change Request process
2. **To Agree** the reallocation of £400,000 LGF from Colchester Town Centre to Colchester LSTF project
3. **To Note** the change to Medway A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements Project, with the Business Case to be brought back to future Accountability Board meetings.
4. **To Note** the changes to Southend Growth Hub project, with the Business Case to be brought back to future Accountability Board meetings.

The Chair advised Members that a letter would be sent by Kent and Medway

Economic Partnership to the Government in support of the Lodge Hill Development and to call for the public enquiry to take place at the earliest opportunity.

7 Amendment to Skills Capital Programme: Hadlow College

The Board received a report from Louise Aitken, seeking approval for an amendment to the Hadlow College (Ashford Campus) project that was awarded £427,500 of Skills Capital funding, by the Board in February 2016.

Resolved

To approve an amendment to the recommendation made by the Board to award Hadlow College (the College) £427,500 of Skills Capital funding, namely to remove the requirement for the College to be recognised as an Apprenticeship Training Agency (ATA), but with an expectation that original outputs and targets will still be delivered or exceeded.

8 Amendments to Skills Capital Programme: Canterbury College

The Chair advised the Board that this item did in fact relate to Mid Kent College and not Canterbury College as stated in the agenda.

The Board received a report from Louise Aitken seeking approval for an amendment to Mid Kent College Round 4 project for a Transport and Logistics Skills Hub which was awarded £82,000 by the Board in June 2016.

Resolved

1. To **Approve** the following amendment to the Mid Kent College project that was awarded £82,000 of Skills Capital Funding to purchase equipment to deliver a Transport and Logistics Skills Hub:
2. the change to the delivery location of the Transport and Logistics Skills Hub from a local business premises, (Alan Firmin Ltd, Kemsley Fields Business Park), to Kent County Council's Swale Skills Centre. This is with the expectation that original outputs will still be delivered or exceeded.
3. To Note This change is subject to final arrangements to be agreed to the satisfaction of Mid Kent College, Alan Firm Ltd and Kent County Council

9 Update from Canterbury College re: Funding

The Board received a verbal update from Graham Razey and Paul Sayers in relation to the Canterbury College skills project in Swale, Kent which was approved at the last SELEP Accountability Board meeting on the 16th September 2016. The update was requested at the aforementioned meeting as reservations were expressed by some Members about the level of funding involved in this project and it was agreed that representatives from Canterbury College attend a meeting to provide reassurance regarding the funding and to provide an update concerning project deliverability.

The update focused on:

- Project costs
- Local skills needs with it being pointed out that there is no other such facility within the Sheppey area
- The project timetable

The Board were encouraged by the update and spoke in support of the project which will have a positive impact on the local area.

Angela O'Donoghue requested that the skills reporting to future meetings include the match funding element to the LGF contributions to demonstrate the overall contribution to the Growth Deal, this was supported by the Board.

10 **Half Year Financial Report and Forward Look**

The Board received a report from Suzanne Bennett providing an update on the forecast financial position of the South East Local Enterprise Partnership (SELEP) as at the half year stage of the 2016/17 financial year. Currently it is forecast that there will be a full year over spend of **£31,000** against the net budget of **£906,000**, equivalent to **3.4%**. The report also provided an update on the current situation regarding future funding for SELEP.

The Chair spoke in support of the work done by the Secretariat staff.

The Board discussed next years Core budget & Councillor Bentley advised that there would be no additional funding from ECC.

Councillor Bentley asked what proportion of the reserves were ringfenced. Susanne Bennet confirmed that approximately £100k, as recommended by the Accountable Body was to be ringfenced to meet future liabilities regarding severance costs etc. with remainder unringfenced.

Resolved

1. **To Note** the latest forecast outturn for the Secretariat budget at Table 1;
2. **To Approve** a drawdown of **£31,000** from the general reserve to cover the increase in costs;
3. **To Note** the latest forecast outturn for the specific revenue grants for Growing Places Fund (GPF) and Growth Hubs at Table 2 and Table 3; and
4. **To Note** the update on future year funding position.

The Board had a general discussion about the current position of the Lower Thames Crossing. With regards to the letter to Jo Johnson MP in the second appendix to the above mentioned report, Councillor Gledhill expressed concern that his views had not been correctly reflected as he did not support the proposed location. He requested that Members individual views be correctly reflected in future correspondence.

11 Future meeting dates

The following meeting dates were agreed:

- Friday 20th January 2017
- Friday 24th February 2017
- Friday 31st March 2017
- Friday 26th May 2017
- Friday 8th September 2017
- Friday 17th November 2017
- Friday 23rd February 2018

The Board agreed that if the Accountability Board meeting on the 20th January is required then this meeting will take place in Maidstone.

The meeting closed at 11.57 am

Chairman

Report to Accountability Board	Forward Plan reference number: FP/AB/062 FP/AB/064
Date of Accountability Board Meeting:	20th January 2017
Date of report:	1st January 2017
Title of report:	Business Case Approvals for LGF Round 3 projects
Report by:	Rhiannon Mort
Enquiries to:	rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this paper is to make the Accountability Board (the Board) aware of the value for money assessment of business cases for schemes having been through the Independent Technical Evaluator (ITE) process to support decision making for Local Growth Funding (LGF) to be devolved to scheme sponsors (county and unitary councils) subject to an LGF 3 allocation to these two projects.

2. Recommendations

- 2.1 The Board is asked to approve the following LGF round 3 allocations following the ITE assessment of each business case. These allocations are subject to LGF round 3 funding being allocated to these projects by Government and sufficient funds being made available to SELEP by Government:
- 2.1.1 **Approve** the allocation of £8.2m of LGF to East Sussex Strategic Growth Project, to support the delivery of the project as identified in the Business Case and which has been assessed as presenting high value for money, but with low to medium certainty of achieving this, subject to the condition set out in paragraph 4.15.
- 2.1.2 **Approve** the allocation of £1.6m of LGF to Eastside Business Park, to support the delivery of the project as identified in the Project Business Case and which has been assessed as presenting high value for money, with a medium to high certainty of achieving this.
- 2.2 **Approve** the recommended option 1 for the management and oversight of the £2m LGF spend on the Coastal Communities Group Housing Regeneration Project via the three upper tier authorities; East Sussex County Council, Essex County Council and Kent County Council.

3. Background

- 3.1 This report brings forward Eastside Business Park and East Sussex Strategic Growth Project for the allocation of LGF to these projects.
- 3.2 The two projects have been included as part of SELEP LGF round 3 Growth Deal submission to Government. It is anticipated that an LGF Round 3 funding announcement will be made by Government shortly before or after the Accountability Board meeting. This announcement is expected to confirm the exact amount of funding to be allocated to SELEP through LGF Round 3.
- 3.3 If Government has not made an LGF Round 3 announcement by the date of the meeting, Accountability Board approval is sought to agree the award of funding to these projects, subject to the successful award of funding by Government as part of LGF Round 3.
- 3.4 The Eastside Business Park and East Sussex Strategic Growth Projects were included within the SELEPs LGF Round 3 Growth Deal submission to Government in July 2016.
- 3.5 Subject to Board approval for the projects and a successful LGF Round 3 allocation by Government to these projects, LGF will be transferred based on the quarterly spend forecast submitted to SELEP and agreed by the Board.
- 3.6 If either project is unsuccessful in securing an LGF allocation through the round 3, no LGF will be transferred in relation to that project without a further decision being sought from the Board.
- 3.7 The two projects have successfully completed the ITE process, a requirement of the SELEP Assurance Framework, in advance of a LGF Round 3 funding announcement by Government.
- 3.8 If the Business Cases for these projects are approved by the Board, options to accelerate the spend of LGF on these projects during 2016/17 will be considered and the relevant approvals will be sought from the Board at the next meeting on the 24th February 2017.
- 3.9 The ITE report sets out the detailed analysis of the projects. This report is included in Appendix A.

4. East Sussex Strategic Growth Package

- 4.1 The East Sussex Strategic Growth project was ranked 12 in the SELEP submission to Government, and seeks to invest £8.2m of LGF in the delivery of new high quality employment space in East Sussex.
- 4.2 The primary aim of the project is to help address businesses' dissatisfaction with the appropriateness, quality and/or quantity of premises available by

providing quality employment space for existing business to grow and to provide bespoke accommodation options for companies seeking to relocate to the area.

4.3 The investment will be targeted at three key locations:

- Bexhill Enterprise Park
- Sovereign Harbour Innovation Park
- South Wealden

4.4 The expected new employment floorspace to be delivered at each location through LGF investment is identified in Table 1 below.

Table 1 – Employment floorspace to be delivered through LGF investment

	Employment Floorspace (Sq. m, NIA)	Construction works to be completed
Bexhill Enterprise Park (Phase 2)	2,348 B1 (a)	2017/18
Bexhill Enterprise Park (Phase 2.5)	1,500 B1 (a)/ B1 (c)	2017/18
Bexhill Enterprise Park (Phase 3)	1,174 B1 (a)	2020/21
Sovereign Harbour Innovation Park	2,344 B1 (a)	2018/19
South Wealden	2,344 B1 (a)	2019/20

4.5 In addition to the employment floorspace set out in Table 1 above, the income generated from this initial investment in employment space will enable further investment. The private sector income generated from the let of the new employment space will be re-invested in projects such as the Priory Quarter Phase 4. This will enable further indirect benefits to be achieved.

4.6 The private sector leverage which will be invested during the lifetime of the project amounts to £13m. This will support the delivery of future phases of the East Sussex Strategic Growth Package to 2020/221.

Outcome of ITE review

4.7 The East Sussex Strategic Growth Project has been assessed as presenting high value for money, but the assessment is associated with a significant level of uncertainty.

- 4.8 The economic case for the project has been assessed based on the Gross Value Added (GVA) benefits from the new jobs which will be created through the intervention. The BCR value calculated based on the assessment of both direct and indirect benefits is extremely high at 127.6:1. When the impact of only the direct investment is considered, the BCR value remains high at 40:1.
- 4.9 The uncertainty in the value for money calculation has been highlighted by the ITE due to the assessment of the scheme being based on GVA rather than standard welfare terms. The assessment of project benefits based on welfare benefits is the Government recommended approach set out in the Treasury Green Book.
- 4.10 Under SELEP's Assurance Framework, "Value for money is assessed on the basis of the methodology outlined in The Green Book published by the Treasury; this assessment includes the calculation of the benefit cost ratio, used as an indicator of VfM".
- 4.11 The Value for Money assessment which has been completed for the scheme has not strictly complied with the assessment approach set out in the Green Book, but has followed an industry recognised practice to calculate a BCR using the GVA assessment to inform the Value for Money assessment, and there is precedent of using such an approach for SELEP-funded schemes.
- 4.12 The ITE has advised that if the benefits of the scheme were assessed based on welfare benefits it is expected that the BCR would reduce, but owing to the exceptionally high value for money, the BCR would continue to present high value for money. There is no simple translation between GVA and welfare benefits, but in the context of new jobs welfare benefits are usually 30% – 40% of the corresponding GVA benefits.
- 4.13 This suggests that the BCR calculated on welfare benefits is likely to be between 12:1 and 16:1, considering the direct impact on the investment only.
- 4.14 In addition, uncertainty has been raised through the ITE review of the Business Case, as the spreadsheet model developed as part of the Value for Money development was not made available to support the ITE review. Whilst the Gate 2 Business Case submission included an explanation which set out the details of a robust methodology having been followed, the appraisal spreadsheets itself was not made available to the ITE to ensure compliance and to assess the robustness of analysis following this methodology.
- 4.15 It is recommended that the approval of the project by the Board should include the caveat to the ITE being provided with evidence that the scheme appraisal has been completed using the methodology as has been set out in the project Business Case, such as through sharing the spreadsheet model used to complete the analysis.
- 4.16 The expected outcomes and project cost will be monitored through the established quarterly monitoring process for all LGF projects. If there are any changes to the project which may impact upon the projects value for money

case, the Business Case will be re-assessed and a further decision will be sought from the Board.

5. Eastside Business Park (South), Newhaven

- 5.1 The Eastside Business Park (South) project was ranked 19 in the SELEP submission to Government, and involves the development of a 2.26ha employment site in Newhaven, East Sussex. Eastside (South) is now one of the undeveloped sites in Newhaven's new Enterprise Zone.
- 5.2 A £1.6m LGF investment in the project will bridge a site development viability gap to enable the developers of the site, Westcott Leach Ltd, to unlock the site for development and establish a sustainable business location. The site plays a key role in the successful development of the new Enterprise Zone.
- 5.3 It is intended that the £1.6m LGF investment will directly fund the development of Phase 1 of the development for two blocks of affordable starter business units, each being 1,191 m²/12,820 ft².
- 5.4 The Phase 1 development will provide the capacity for 204 gross jobs at the site and create a total of 264 net jobs (when both direct and indirect job creation are considered).
- 5.5 Should LGF be allocated to support Phase 1, the developers provide a commitment to deliver Phase 2 of the development for the speculative build of 2,382 m² of further commercial employment space.
- 5.6 The private sector investment in delivering Phase 2 of the development will form part of the £6.2m private sector funding leverage which will enable remaining phases of the business park to be completed.
- 5.7 The overall objectives of the scheme are to:
 - 5.7.1 Bring forward the development of new commercial floorspace; and
 - 5.7.2 Meet the identified need for commercial floorspace of an appropriate type and quality for modern business needs.

Outcomes of ITE review

- 5.8 The assessment of the Business Case for Eastside Business Park confirms that the project presents high value for money and with a medium to high certainty of achieving this.
- 5.9 The economic case for the project has been assessed based on the economic benefit of the project in creating 264 new jobs through Phase 1 of the intervention. The assessment of the Gross Value Added (GVA) per job created through the investment, indicates a Benefits Cost Ratio (BCR) of 40:1, representing very high value for money.

- 5.10 The BCR value for this project has also been assessed based on the GVA rather than the social welfare benefits of the project.
- 5.11 The Value for Money assessment which has been completed for the scheme has not strictly complied with the assessment approach set out in the Green Book, but has followed an industry recognised practice to calculate a BCR using the GVA assessment, to inform the Value for Money assessment.
- 5.12 As the LGF contribution to the project is below £2m, the project falls within the exemption for a high BCR to be demonstrated for the project following the Green Book methodology, where:
- There is an overwhelming strategic case (with minimal risk in the other cases);
 - Scheme benefits are notoriously difficult to appraise in monetary terms and there are qualitative benefits which if monetised would most likely increase the BCR above two-to-one
- 5.13 The ITE review has indicated that there is a clear strategic case for the project to address a viability issue and to unlock new employment space at the Newhaven Enterprise Zone.
- 5.14 Given the GVA assessment demonstrating a high Value for Money and the strong strategic case for the project, this project is considered to fall within this exemption.

6. Coastal Communities Housing Intervention Project

- 6.1 The Coastal Communities Housing Intervention Project was submitted as part of LGF Round 1 as a pan LEP project for housing interventions to be delivered in three coastal communities; Tendring, Thanet and Hastings.
- 6.2 The project was considered at the last Accountability Board meeting on the 18th November 2016. There was a request at this meeting for further clarity to be provided about where the responsibilities and risk would sit under the two potential options which are being considered for the management of the project.
- 6.3 An officer meeting was held on the 29th December 2016 involving all three District Authorities and Upper Tier Authorities to discuss the management of the project and the reporting requirements once a funding decision has been made by the Board.
- 6.4 The project Business Case is currently being developed and it is intended that the project will be brought forward for approval of funding at the next Board meeting on the 24th February.

6.5 To ensure that the appropriate S151 officer provides the letters of assurance alongside the Business Case submission, the Board's approval is sought to agree the governance arrangements for this project in advance of a funding decision being taken.

Context

6.6 In total there is a £2m Local Growth Fund allocation to the project which is matched with £8.8m of local funding contributions.

6.7 The detail of this funding breakdown is shown in Table 2, but the spend profile for 2016/17 may be amended as part of the revised Business Case submission for consideration by the Board on the 24th February 2017.

Table 2 Funding Profile for Coastal Communities Housing Intervention Projects

		2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Thanet District	Local Growth Fund	0.090	0.577	0.000	0.000	0.000	0.667
	Local Funding	0.045	0.395	0.472	0.100	0.000	1.012
	Total	0.135	0.972	0.472	0.100	0.000	1.679
Tendring	Local Growth Fund	0.309	0.358	0.000	0.000	0.000	0.667
	Local funding	0.053	0.080	0.369	1.274	1.274	3.049
	Total	0.362	0.438	0.369	1.274	1.274	3.715
Hastings	Local Growth Fund	0.065	0.602	0.000	0.000	0.000	0.667
	Local funding	0.028	0.053	2.690	0.000	0.000	2.770
	Total	0.093	0.654	2.690	0.000	0.000	3.437
Total Local Growth Fund		0.464	1.536	0.000	0.000	0.000	2.000

6.8 Currently the project is set out as three separate packages. It is intended that the £2m LGF funding allocation will be split equally between the three coastal communities and managed as three separate packages of investment. The specific interventions to be delivered within each of the three coastal communities will differ. The specific interventions to be delivered within the three coastal communities are as follows:

Tendring District	LGF will be invested at the Tendring Mermaid development site, to enable the delivery of 380 new homes to accommodate key workers.
Thanet District	LGF funding will be used to continue the programme of converting empty or problem properties to family accommodation, creating 12 additional homes.

Hastings District	LGF will be used to fund new build development on the site of a former prominent and large problem property in the St Leonards intervention area (Hillesden Mansions). The development will deliver 17 new affordable homes.
--------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

6.9 There is currently no lead authority or lead Accountability Board Member responsible for the delivery of this project. The two options available for the transfer and management of LGF include; the transfer of LGF to the three upper tiers authorities involved for transfer to the relevant District (Option 1) or for the transfer of LGF directly to the District Authorities (Option 2).

Option 1 – Transfer to Upper Tier Authorities (preferred option)

6.10 Under Option 1 the £0.666m LGF allocation for each of the three Coastal Communities will be transferred to the three upper tier authorities (Essex, Kent and East Sussex) under the current Service Level Agreement (SLA) with SELEP Accountable Body. The upper tier authority would then transfer LGF to the District Authority and provide reporting back to SELEP on the delivery of the project.

6.11 The responsibility for spend of LGF and project delivery would sit with the Upper Tier Authorities. It is expected that the conditions of LGF spend, included within the Service Level Agreement between SELEP and the Upper Tier Authorities would be transferred to the District Authorities through Grant Agreements or Service Level Agreements between the Upper Tier and District Authority.

6.12 The interventions being delivered by Thanet, Hastings and Tendring would be managed as three separate projects. Project reporting would be presented to each of the Federal Boards in relation to the project.

6.13 The management of the projects via the County Councils will give the opportunity for scheme promoters to learn from the experience of the County Councils in delivering LGF projects.

6.14 It is also expected that the SELEP Coastal Communities Group would have a role in overseeing project delivery and sharing lessons between the projects being delivered in the three Districts.

Option 2 – Transfer direct to District

6.15 Under Option 2 new Service Level Agreements would be developed between SELEP Accountable Body and each of the three District Authorities to enable the funding to transfer directly. Project updates would be directly reported to SELEP Secretariat and SELEP Accountability Board. There would be no board member to represent the project at SELEP Accountability Board.

- 6.16 There are currently no LGF projects which are managed directly by District Authorities. This would set a new precedent and deviate from the current management of LGF projects by upper tier authorities.
- 6.17 It is recommended to Accountability Board that the Coastal Communities Housing Interventions project is managed under Option 1. This would follow a consistent approach to the management of other LGF projects which are being delivered by District Authorities, but the LGF spend is overseen by the County Council/ Unitary Authorities under the current Service Level Agreements with SELEP Accountable Body.

7. Financial Implications

- 7.1 The projects requesting funding approval form part of the request to Government for LGF3 funding which has yet to be confirmed. Subject to approval, any funding for these projects will be subject to confirmation of future year grant payments from Government.
- 7.2 There are SLAs in place with the relevant sponsoring authorities which make clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

8. Legal Implications

- 8.1 There are no legal implications of the recommendation set out at 2.1.1 and 2.1.2.
- 8.2 If Accountability Board approve the management of the LGF spend for the Coastal Communities project under Option 1, the funding will be transferred under the existing Service Level Agreements set up between SELEP Accountable Body and the respective County Council. This already provides the required assurances around monitoring and reporting and has been signed by the respective upper tier authorities. However, if the funding is approved under Option 2, new Service Level Agreements will be required between SELEP Accountable Body and each of the three District Authorities, and whilst these should seek to mirror those assurances and monitoring requirements as contained in the upper tier authorities SLA's, there is always the possibility that there could be local variation to individual SLA's or a failure to sign up on agreed terms.

9. Staffing and other resource implications

- 9.1 None at present.

10. 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.

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

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

11. List of Appendices

11.1 In support of this paper is Appendix 1 - Report of the Independent Technical Evaluator.

12. List of Background Papers

- Business Case for Eastside Business Park
- Business Case for East Sussex Strategic Growth Project

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

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	12.01.2017

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

Accountability Board Report
January 2017

South East Local
Enterprise Partnership

Our ref: 22790505

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

+44 20 7910 5000
www.steerdaviesgleave.com

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

Steer Davies Gleave has prepared this work for South East Local Enterprise Partnership. This work may only be used within the context and scope of work for which Steer Davies Gleave was commissioned and may not be relied upon in part or whole by any third party or be used for any other purpose. Any person choosing to use any part of this work without the express and written permission of Steer Davies Gleave shall be deemed to confirm their agreement to indemnify Steer Davies Gleave for all loss or damage resulting therefrom. Steer Davies Gleave has prepared this work using professional practices and procedures using information available to it at the time and as such any new information could alter the validity of the results and conclusions made.

Contents

1	Independent Technical Evaluation of Q2 2016/17 starting Growth Deal Schemes.....	1
	Overview.....	1
	Method.....	1
2	Evaluation Results	3
	Gate 2 Results.....	3
	Summary Findings and Considerations for the Board.....	3

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

Overview

- 1.1 Steer Davies Gleave and SQW were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of Full Business Cases for schemes which are seeking funding through the 2016/17 Local Growth Fund Round 3 process which, at the time of writing, remains unallocated to individual Local Enterprise Partnerships. Recommendations are made for funding approval on 20th January 2017 by the Accountability Board and the Section 151 Officer at Essex County Council as Accountable Body, in line with the South East Local Enterprise Partnership's own governance.

Method

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

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

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

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

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails in October, November and December 2016.

2 Evaluation Results

Gate 2 Results

- 2.1 Table 2.1 below provides the results of our independent and technical evaluation of each scheme seeking funding approval on 20th January 2017 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of the Full Business Case ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.

Summary Findings and Considerations for the Board

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

Business Case Development

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

Recommendations

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

- **Eastside Business Park (South) (£1.6m)**

The benefits of the scheme are expressed in GVA terms rather than the standard welfare terms required by the HMT Green Book. Adjusting for this would reduce the BCR of the scheme, but it would remain high value for money.

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

- **East Sussex Strategic Growth Project (£8.2m)**

East Sussex Strategic Growth Project is a scheme which uses LGF funding to stimulate further private section investment. A compelling case is made for this investment but there is some uncertainty around the appraisal modelling. While the methodology applied was described in full within the business case, appraisal spreadsheets were not provided so we could not check them for compliance. Moreover, the benefits of the scheme are expressed in GVA terms rather than the standard welfare terms required by the HMT Green Book. Adjusting for this would reduce the BCR of the scheme, but it would remain high value for money. For these reasons there remains some uncertainty around the value for money of the scheme.

Table 2.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q4 2016/17

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Eastside Business Park (South)	1.6	Gate 1: 29	Green/ Amber	Green/ Amber	Green/ Amber	Green	Green/ Amber	Analysis carried out is reasonable and proportionate.	Robust methodology has been employed in the business case, though some work is required on the approach to construction impacts.	The business case is clear and well considered. It provides a high level of certainty. Some clarification is required around the role of Coast to Capital LEP.
		Gate 2: 40	Green	Green	Green	Green	Green	No change required.	Further clarity has been provided regarding the treatment of construction impacts.	Clarification has been provided around the role of Coast to Capital LEP. This case provides a high level of certainty of value for money.
East Sussex Strategic Growth Project	8.2	Gate 1: 99	Green/ Amber	Red/ Amber	Green	Red/ Amber	Green	Reasonable proportionate methodology has been employed though we would like to see a more extensive articulation of the need for LGF funding	Explanation of a robust methodology has been provided, but we would like to see appraisal spreadsheets to ensure compliance and robustness of analysis.	There is uncertainty due to the fact that funding for the no LGF phases of the programme rely on the success of the first (LGF funded) phase. Revenue from the development will be reinvested. For the LGF investment alone certainty is provided of the value for money.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
		Gate 2: 99	Green	Amber	Green	Red/ Amber	Green	Clarity has been provided of the specific need for the funding at this time.	Access to appraisal spreadsheets was not given though further explanation of the analysis was provided.	The uncertainty around the later stage funding remains, but the situation is comprehensively explained which helps to provide greater assurance of value for money.

Our offices

Bogotá, Colombia

+57 1 322 1470
colombiainfo@sdgworld.net

Bologna, Italy

+39 051 656 9381
italyinfo@sdgworld.net

Boston, USA

+1 (617) 391 2300
usainfo@sdgworld.net

Denver, USA

+1 (303) 416 7226
usainfo@sdgworld.net

Leeds, England

+44 113 389 6400
leedsinfo@sdgworld.net

London, England

+44 20 7910 5000
sdginfo@sdgworld.net

Los Angeles, USA

+1 (213) 337 6790
usainfo@sdgworld.net

Madrid, Spain

+34 91 541 8696
spaininfo@sdgworld.net

Mexico City, Mexico

+52 (55) 5615 0041
mexicoinfo@sdgworld.net

New York, USA

+1 (617) 391 2300
usainfo@sdgworld.net

Rome, Italy

+39 06 4201 6169
italyinfo@sdgworld.net

San Juan, Puerto Rico

+1 (787) 721 2002
puertoricoinfo@sdgworld.net

Santiago, Chile

+56 2 2757 2600
chileinfo@sdgworld.net

São Paulo, Brazil

+55 (11) 3151 3630
brasilinfo@sdgworld.net

Toronto, Canada

+1 (647) 260 4860
canadainfo@sdgworld.net

Vancouver, Canada

+1 (604) 629 2610
canadainfo@sdgworld.net

Report to Accountability Board	Forward Plan reference number: FP/AB/065 FP/AB/066
Date of Accountability Board Meeting: 20 th January 2017 Date of report: 2 nd January 2017	
Title of report: Changes to LGF Capital Programme Spend Forecast	
Report by: Rhiannon Mort, SELEP Capital Programme Manager	
Enquiries to: rhiannon.mort@essex.gov.uk	

1. Purpose of report

- 1.1. The purpose of this paper is to make the Accountability Board (the Board) aware of changes to the spend forecast for Local Growth Fund (LGF) projects included in SELEPs Growth Deal.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the amended spend forecast for A127 Network Resilience, Essex; and
 - 2.1.2. **Note** the potential risk of the spend profile for A127 Fairglen Junction Improvements extending beyond the current Growth Deal period

3. Background

- 3.1. The A127 Network Resilience and A127 Fairglen Junction Improvements project were both originally identified by Government as a Department for Transport (DfT) 'retained' scheme, for which the DfT would have greater involvement and oversight on the delivery of these LGF projects.
- 3.2. As a retained scheme, reporting is provided to DfT on a quarterly basis in relation to the A127 Fairglen Junction and A127 Network Improvements (Essex) and LGF is received by the SELEP Accountable Body from DfT, rather than via the Department for Communities and Local Government (DCLG) as per other LGF schemes.
- 3.3. Amendments to the LGF spend forecasts for these projects are subject to approval from the Board, the Department for Business, Energy and Industrial Strategy (who oversee the delivery of all Growth Deal projects) and DfT.

- 3.4. The proposed change to the spend profile for A127 Network Improvements will increase the amount of LGF spend on this project in 2016/17 and comes as a request from the DfT.
- 3.5. The re-profiling of A127 Fairglen Improvements will extend the spend profiling for the scheme past the current spend window.

4. A127 Network Improvements, Essex

- 4.1. The A127 Capacity Enhancements and Network Resilience Package (A127 Network Improvements Project) consists of a number of interventions intended to tackle transport network constraints along the congested A127 corridor in South Essex area which connects the M25, Basildon and Southend (including London Southend Airport).
- 4.2. The Business Case was approved in June 2015 for the allocation of £4m LGF to the project.
- 4.3. In 2015/16, a total of £600,000 LGF was expended and a further LGF £1.1m was profiled to be spent in 2016/17. In addition to the LGF spend, the original spend forecast includes spend of £2.6m from Essex County Council and S106 contributions in 2016/17, as shown in Table 1 below.
- 4.4. A direct request has been made by DfT to Essex County Council to accelerate LGF spend on the project in 2016/17 in place of Essex County Council contributions. This would increase the LGF spend in 2016/17 to £3.4m, as shown in Table 2 below.
- 4.5. If the Change Request is agreed by the Board, the DfT will transfer an additional £2.3m to SELEP in 2016/17 for spend on this project and reduce the future year allocations by an equal amount. The additional £2.3m would be spent during 2016/17. The Essex County Council and developer contributions to the project in 2016/17 will reduce accordingly.
- 4.6. As shown in Table 2 below, the Essex County Council contributions to the project will be delayed until 2018/19 and 2019/20. Spend of S106 contributions will be re-profiled between 2016/17, 2017/18 and 2018/19.
- 4.7. There will be no overall change to the total LGF allocation or local funding contributions to the project as a result of this Change Request. The total expenditure on the project in 2016/17 will also remain the same as previously forecast.
- 4.8. DfT have confirmed that in the unlikely event that Essex County Council are unable to spend the full £3.4m LGF in 2016/17, Essex County Council could carry over any grant overpayment into 17/18 with no penalty and SELEP would continue to receive the full £4m LGF grant in relation to this project.

- 4.9. The Essex County Council delivery team have reported that the project is progressing well and it is expected that £3.7m will be spent on the project by the end of this financial year.

Table 1 – Original Spend Profile (2016/17 – 2019/20)

	16/17	17/18	18/19	19/20	Total
LGF	£1.1m	£0.5m	£0.4m	£1.4m	£3.4m
Essex County Council	£1.5m		£0.9m	£0.6m	£3.0m
S106 developer contributions	£1.1m				£1.1m
Total	£3.7m	£0.5m	£1.3m	£2.0m	£7.5m

Table 2 – Proposed Amended Spend Profile (2016/17 – 2019/20)

	16/17	17/18	18/19	19/20	Total
LGF	£3.4m				£3.4m
Essex County Council			£1.0m	£2.0m	£3.0m
S106 Developer Contributions	£0.3m	£0.5m	£0.3m		£1.1m
Total	£3.7m	£0.5m	£1.3m	£2.0m	£7.5m

- 4.10. The accelerated spend of LGF in 2016/17 for this project will not assist SELEP in reducing the forecast level of LGF slippage in 2016/17 across SELEP's Growth Deal programme as it is intended that DfT will transfer an additional £2.3m in relation this project.

5. A127 Fairglen Junction Improvements, Essex

- 5.1. There is currently a £15m LGF allocation to the A127 Fairglen Interchange Project to deliver improvements to the congested A127/A130 junction in South Essex.
- 5.2. The detail of the intervention is currently being developed and the project will be considered by the Board once a Business Case has been produced for the project.
- 5.3. The original spend forecast for the project does not allocate LGF until 2019/20, with £4.750m allocated in 2019/2020 and £10.250m allocated in 2020/21, as shown in Table 3 below. This spend forecast is not considered to be realistic.
- 5.4. There have been some delays to work commencing on the business case development for the project and in defining the intended scale of the intervention. Essex County Council is waiting for the outcomes of the Highways England transport modelling work for the Lower Thames Crossing to become available. This will help inform the options considered for the A127 Fairglen Junction Improvements project and the Business Case development for the project.

- 5.5. The amended spend profile for the project reflects the expected timescale required to deliver a project of this scale and complexity.
- 5.6. Based on the proposed scale of intervention and the review of the works programme for delivery, an amended LGF spend forecast has been prepared for the project to more accurately reflect a realistic project expenditure profile.
- 5.7. The revised spend forecast shows the drawdown of the LGF allocation as starting in 2018/19, but with the LGF spend exceeding the Growth Deal period of 2015/16 to 2020/21. An updated spend forecast is shown in Table 4.
- 5.8. The revised project programme also shows the delivery of the project extending beyond the Growth Deal period, with the construction contract expected to be awarded in 2020/21 Q4 and project completion in Q1 2022/23.
- 5.9. The risks and potential impacts of the project's delivery extending beyond the period of the Growth Deal are currently unclear, and this will be discussed further with Government. There is likely to be a reputational risk around SELEPs ability to deliver on its LGF commitments.

Table 3 – A127 Fairglen Junction Improvements Original Spend Forecast

	17/18	18/19	19/20	20/21	21/22	22/23	TOTAL
LGF			£4.750m	£10.250m			£15.0m
Essex County Council	£1.0m	£1.0m					£2.0m
Total	£1.0m	£1.0m	£4.750m	£10.250m			£17.0m

Table 4 – A127 Fairglen Junction Improvements Proposed Amended Spend Profile

	17/18	18/19	19/20	20/21	21/22	22/23	TOTAL
LGF		£0.5m	£1.2m	£3.9m	£6.2m	£3.2m	£15.0m
Essex County Council	£1.2m	£0.8m					£2.0m
Total	£1.2m	£1.3m	£1.2m	£3.9m	£6.2m	£3.2m	£17.0m

- 5.10. In advance of the Business Case being developed for the project, the Board is asked to note the current spend forecast for the project and the potential for the project delivery to extend beyond the period of the Growth Deal.
- 5.11. The expected delivery of the project beyond the duration of the Growth Deal will be reported as a project risk as part of future LGF update reports to ensure that this risk is monitored and mitigated if possible.

- 5.12. In developing the Business Case for the project, SELEP and Essex County Council will work with DfT to agree the phasing of the LGF spend, project delivery and the impact of the project's expected completion date extending beyond the duration of the Growth Deal.

6. Financial Implications

- 6.1. The amended spend forecast for A127 Network Resilience, Essex will increase the value of LGF received in 2016/17 by £2.3m, but does not affect the total programme value as this amount is deducted from expected allocations in future years.
- 6.2. The accelerated spend of LGF in 2016/17 for this project will not assist SELEP in reducing the forecast level of LGF slippage of circa £6m in 2016/17 across SELEP's Growth Deal programme (reported to Accountability Board in November 2016) as the additional £2.3m in relation this project is being transferred from the DfT.
- 6.3. With regard to the risk of re-profiling the spend profile for the A127 Fairglen Junction Improvements beyond the current Growth Deal period, subject to discussions with Government, the Board may need to consider options for mitigating this risk across the LGF Programme, in line with the Assurance Framework.

7. Legal Implications

- 7.1 None

8. Staffing and other resource implications

- 8.1 None

9. Equality and Diversity implications

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

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

10. List of Appendices

10.1. None

11. List of Background Papers

11.1. None

Role	Date
Accountable Body sign off Lorna Norris On behalf of Margaret Lee	 12.01.2017

Report to Accountability Board	Forward Plan reference number: FP/AB/061
Date of Accountability Board Meeting: 20th January 2016	
Date of report:	
Title of report: Options for Skills Capital Underspend	
Report by Louise Aitken, LEP Skills Lead	
Enquiries to Louise.Aitken@essex.gov.uk	

1. Purpose of report

- 1.1 To seek Accountability Board decision for utilisation of underspend associated with the Sussex Downs College 'Refurbished Science Facilities' project and of Local Growth Fund (LGF) allocated to colleges.

2. Recommendations

- 2.1 To approve the approach to be used to manage the Sussex Downs College underspend, from the following options:

Option A: Approve Sussex Downs College utilisation of all or some of the underspend to the broader project, enhancing their first floor laboratory with the new STEM Centre, subject to a full Business Case being provided and approved by the Accountability Board. Any business case would need to meet the requirements of the SELEP Assurance Framework.

Option B: Request a proportion of the underspend is reallocated to offset the £14k over-commitment within the Skills Capital Budget, before proceeding with either option A or one of the remaining options.

Option C: Request all or some of the under-spend is reallocated and agree how this and resultant additional under-spend should be deployed through either of the following options:

Option C1: establish the principle of using this and any other skills capital under-spend received for a ring-fenced skills activity funding pot, subject to competitive bidding in the next financial year and government approval

Option C2: utilise this and any other under-spend for the unfunded LGF3 project priority list

3. Background

- 3.1 The original bid from Sussex Downs College outlined proposals to create a new Reception /Hub on the Ground Floor of the new STEM Centre at their Lewes Campus and an alteration to the existing Science Laboratory which was inaccessible to many

students. The bid stated that ‘the *Lab will be raised to adjacent floor levels, providing high quality science facilities*’. The Accountability Board approved £159,440 towards total project costs of £478,320 (33% of total costs).

- 3.2 Further to negotiations with builders and subcontractors, overall costs have reduced from £478,320 to £240,000. In accordance with the 33% ratio, the SELEP Skills Capital contribution therefore also reduces to £80,000, resulting in £79,440 surplus of the original £159,440 committed. Sussex Downs College have an associated (unfunded) project to build a first Floor Science Laboratory (above the funded project) at a cost of £125,000. Subject to a decision on the above options and the preparation of a full Business Case, they would like to use their unused grant for the development of a first floor laboratory which is part of the STEM Centre, which they would match with £44,560 (36.4%) of their own funding. The Business Case will be subject to the same due process as per other skills capital projects and assessed against the same criteria, ensuring compliance with the LEP priorities and Assurance Framework. A full independent assessment would also be required by the Skills Funding Agency or an independent assessor.

4. Financial Implications

- 4.1 The lower project costs will result in £79,440 of available funding depending on the option chosen. A decision on how to utilise this and any additional skills capital underspend is therefore required.
- 4.2 At the Accountability Board in September 2016, an over-allocation of the Skills Capital Pot was agreed to the sum of £14,661; it was agreed that this would be managed as part of the overall approach to LGF capital programme management through, in the first instance, offsetting against any underspend on the 2016/17 skills allocation where this occurs.
- 4.3 If this over-allocation of the Skills Capital Pot is addressed through the underspend on the Sussex Downs Project, this leaves a balance of £64,779 for re-allocation.
- 4.4 If the over allocation of £14,661 is not offset against this underspend, then this will need to be offset by any slippage in the rest of the capital programme in 2016/17 and accommodated by the headroom on the fund in future years.

5. Legal Implications

- 5.1 The Grant is paid in arrears, following receipt of the Grant Claim Form, and therefore there is a proportion that is still retained by the Accountable Body. The terms of the Grant Agreement dated 5th July 2016, sets out the conditions by which the Accountable Body may withhold, suspend or require repayment of all or part of the grant. This includes the provision to make adjustments to the values sought through the Grant Claim Form procedure. In the event of a change to the value of the Grant provided to South Downs College a Deed of Variation will be required to make the necessary amendments to the values and payments made under the terms of the

original Agreement. Should Option A be approved a new Grant Agreement will need to be put in place as this will be a new Grant award, for a new Project, in addition to the Deed of Variation.

- 5.2 The Board will need to consider whether there is enough justification to simply allow Sussex Downs College the opportunity to present a further business case for the use of the surplus through an alternative project, or whether the surplus should be made available for others to apply for, giving all FE and HE an equal opportunity to present a business case for their own projects against the available funding, or if it should be applied against the unfunded LGF3 priority list.

6. Staffing and other resource implications

- 6.1 None

7. Equality and Diversity implications

- 7.1. 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.
- 7.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 In the course of the development of the business case and their ongoing commitment to equality and diversity, the Sussex Downs Collage will ensure that any equality implications are considered and were possible identify mitigating factors.

8. List of Appendices

- 8.1 None

9. List of Background Papers

- 9.1 Previous Accountability Report dated September 2016

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

Role	Date
Accountable Body sign off Lorna Norris On behalf of Margaret Lee	12.01.2017

Report to Accountability Board	Forward Plan reference number: FP/AB/069
Date of Accountability Board Meeting:	20th January 2017
Date of report:	10th January 2017
Title of report:	Finance Update including 2017/18 budget
Report by:	Suzanne Bennett
Enquiries to:	suzanne.bennett@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this paper is to update the Accountability Board (the Board) on the forecast financial position of the South East Local Enterprise Partnership (SELEP) as at the end of quarter three (December) of the 2016/17 financial year and present the Secretariat Revenue Budget for 2017/18 for agreement.

2. Recommendations

- 2.1 Board is asked to:

2.1.1 Note the latest forecast outturn for the Secretariat 2016/17 budget at Table 1; and

2.1.2 Agree the Secretariat budget for 2017/18 at Table 2, including the local contributions.

3. Background

- 3.1 Table 1 overleaf shows the current forecast position for Secretariat budget for 2016/17. It is currently forecast that spend will be in line with budget. At November's Board meeting approval was given to fund a further £31,000 of spend through a withdrawal from reserves which is now included within the budget.
- 3.2 There have been no significant movement on the budget since it was last reported to Board in November.

Table 1: Secretariat 2016/17 Budget and Forecast

	Forecast £000	Budget £000	Variance £000	Variance %
Staff salaries and associated costs	425	463	(38)	-8.21%
Staff non salaries	40	18	22	122.22%
Recharges (incl. Accountable Body)	111	107	4	3.74%
Total staffing	576	588	(12)	-2.04%
Meetings and admin	74	71	3	4.23%
Chairman's allowance	20	20	-	0.00%
Consultancy and sector support	296	258	38	14.73%
Total other expenditure	390	349	41	11.75%
Total expenditure	966	937	29	3.09%
Grant income	(500)	(500)	-	0.00%
Contributions from partners	(205)	(200)	(5)	2.50%
External interest received	(230)	(206)	(24)	11.65%
Total income	(935)	(906)	(29)	3.20%
Net expenditure	31	31	-	0.00%
Contributions to/from reserves	(31)	(31)	-	0.00%
Final net position	-	-	-	0.00%

2017/18 Funding

- 3.3 Government have now confirmed that Core Funding for LEPs in 2017/18 will be on the same basis as seen in 2016/17; that is £500,000 per LEP with a match required of £250,000 locally. The Accountable Body has worked with the Secretariat to draw up a budget for the operating costs of the SELEP Secretariat that is presented at Table 2 for consideration.
- 3.4 The draft budget is based upon local contributions remaining at the same level as previous years. As detailed in the Finance Update made to the Board in November, further representations have been made to Government highlighting the disparity between the size of SELEP and the monies made available by Government to support the revenue activities of the partnership; however there has been no change in the Core Grant approach.
- 3.5 At the November meeting Board members indicated that despite the dire funding situation for Local Authorities, they would continue to make contributions at the same level as previous years. The Director and the Chair of SELEP will continue to lobby Government to recognise the scale of SELEP in their financial contributions to administration costs.

- 3.6 £50,000 of the match will be non-cash and made using the time given by the Vice Chairs to support the SELEP outside of Board meetings (which is not applicable as match).
- 3.7 Detail on the budget for next year can be found at Table 2 below, with last year's original budget provided as a reference.

Table 2 Secretariat Draft 2017/18 Budget

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

- 3.8 The additional requirements on governance that are detailed in the new National Assurance Framework must be resourced within the Secretariat. This is the main driver behind the increase in staffing costs for next year. The staffing cost base remains within the budget envelope of grant income and contributions from local partners.
- 3.9 Essex County Council's (ECC's) Treasury Management team has provided an estimate of external interest to be earned for next year. It is expected to be £51,000 lower than current year budget as Local Growth Fund (LGF) grant amount for next year is expected to fall from £82m in 2016/17 to £68m in 2017/18. This estimate has been made on the basis that no additional funding for LGF3 will be available in 2017/18. Updates to the forecast on the interest receipt will be made quarterly throughout the year.

- 3.10 The interest receipt is mainly used to cover the cost of the Independent Technical Evaluator (ITE) contract, which is a requirement of the National Assurance Framework. The costs for the ITE in 2017/18 are forecast to be £100,000 (included in the Consultancy and Sector Support Line).
- 3.11 As agreed with Strategic Board, Sectoral Support in 2017/18 will be funded through the Growing Places Fund (GPF) revenue grant on a case by case basis.
- 3.12 The 2016/17 budget was set on the basis that SEFUND would be introduced during the year, which meant that Accountable Body costs would not be recharged to GPF revenue. Following the decision of the Board to not pursue SEFUND, it is assumed in this year that a recharge can be made. Following drawdowns from the revenue GPF grant in 2016/17 and 2017/18, it is forecast that the balance of the grant at March 2018 will be £2.3m. This does not include any sectoral support awards.
- 3.13 Following the issue of grant offer letters in February and March, budgets for specific grants such as Growth Hub Funding, will be presented to the Board for approval.
- 3.14 The current forecast opening balance of the general reserve in April 2017 is £221,000. As discussed previously, the recommendation from the Accountable Body is that a reserve of £100,000 should be held to fund any severance or close down costs should the SELEP be wound up. This leaves a balance of £121,000, which is planned to be utilised fully.
- 3.15 Any negative changes to the levels of support will be met with a corresponding loss in Core Funding from Government as the required match wouldn't be achieved. The focus for the Secretariat will necessarily have to be on discharging the process and administration duties under the National Assurance Framework, with little remaining resource to support the working agenda as defined by the SEP, activities at a more local level or supporting cross cutting issues such as housing strategy. It would also be unlikely that the costs of the ITE could continue to be supported by the SELEP budget. This would have to be paid for locally, as is the case with the majority of other LEPs.

4. Financial Implications

- 4.1 The report is authored by the Accountable Body and the recommendations made are considered appropriate.

5. Legal Implications

- 5.1 None at present.

6. Staffing and other resource implications

- 6.1 None at present.

7. Equality and Diversity implications

7.1 None at present.

8. List of Appendices

8.1 None.

9. List of Background Papers

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

Role	Date
Accountable Body sign off Stephanie Mitchener, Head of Finance, Essex County Council On behalf of Margaret Lee	 12/01/17

Grants 2016/17

Name of Grant	Description	£000's			
		B/fwd	Awarded in Yr	Forecast Spend in Yr	Closing Bal
Core Grant	Grant from BIS to support running costs	-	500	500	-
Growth Hub Grant	Grant from BIS to support the Growth Hubs agenda	-	656	656	-
LEP Transport Grant	Awarded by DfT to support admin costs of development of transport work	33	-	-	33
Transport Delivery Excellence Grant	Awarded by DfT to support LEP teams in building processes to ensure delivery	43	-	20	23
GPF Revenue Grant	To support revenue admin costs of running GPF and to be awarded for revenue projects	2,941	-	259	2,682
Total Revenue Grants		3,017	1,156	1,435	2,738

South East LEP - Capital Grants

Name of Grant	Description	£000's			
		B/fwd	Awarded in Yr	Forecast Spend in Yr	Closing Bal
GPF Capital Grant	Grant to establish GPF revolving fund (please note that because loans are made the grant isn't drawdown unless agreements are in default)	45,477	-	-	45,477
Local Growth Fund	General LGF pot awarded by DCLG - carrying balance is remaining amounts of skills allocation	1,079	82,270	77,012	6,337
Local Authority LTP Major Projects	Grant from DfT for projects they are funding directly for Growth Deal, including retained schemes	-	5,200	5,200	-
Total Capital Grants		46,556	87,470	82,212	51,814

Notes:

1. GPF capital funds have been awarded as loans rather than grants and therefore are treated differently for accounting purposes.
2. Further detail on the closing balance of the LGF Grant can be found in the Capital Programme Management report reported to the Board in November 2016.

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting: 20 January 2017 Date of report: 6 January 2017	
Title of report: Transport Improvements to support The Open Championship 2020	
Report by: Sarah Nurden, Strategic Programme Manager, Kent & Medway Economic Partnership	
Enquiries to: Sarah Nurden (sarah.nurden@kent.gov.uk)	

1. Purpose of report:

- 1.1. This report to the SELEP Accountability Board (the Board) describes the transport improvements necessary to secure Royal St George's as the venue for the 2020 Open Championship.

2. Recommendations:

The Board are asked to:

- 2.1 **To approve** the draft letter of support to be submitted to the Royal & Ancient Golf Club of St Andrews (the R&A) in relation to the transport improvements at Sandwich Station.
- 2.2 **To note** the intention for the transport improvements at Sandwich Station project to be considered at a future Board meeting for approval of the £300k funding allocation following consideration of the Business Case by the SELEP ITE and identification of an appropriate funding stream.

3. Background

- 3.1. The Open Championship (The Open) is the oldest of the four major international championships in professional golf. It is administered by The R&A and is the only major outside the United States. It is a 72-hole tournament contested over four days, Thursday through Sunday. Since 1979 it has been played in the week which includes the third Friday in July.
- 3.2. The Open is held annually at one of nine 'link golf' courses across the UK recently being played on a five year rotation at St Andrews and alternating between England and Scotland in between; these courses are:
- Carnoustie (Angus, Scotland)

- Royal Birkdale (Southport, England)
- Royal Liverpool (Wirral, England)
- Royal Lytham & St Annes (Lancashire, England)
- Royal Portrush (Antrim, Northern Ireland)
- Royal St George's (Sandwich, Kent, England)
- Royal Troon (Ayrshire, Scotland)
- St Andrews (Fife, Scotland)
- Turnberry (Ayrshire, Scotland).

- 3.3. Royal St George's at Sandwich in Kent has previously hosted The Open on 14 occasions, and most recently in 2011. A total of 180,000 spectator admissions were recorded at The Open in 2011 and 37,000 passengers travelled on the special High Speed train service from London St Pancras, operated by Southeastern.
- 3.4. The courses listed in paragraph 3.2 are the only venues considered by R&A as suitable for hosting The Open, having been through a rigorous assessment process carried out at the time of its inclusion on the list. The list operates as an annual rota, with venues being picked to suit R&A requirements for that particular year.
- 3.5. R&A indicated in 2016 that it would like Royal St George's to host The Open in 2020, however it was concerned about a number of challenges that were experienced in 2011.
- 3.6. In particular, in 2011, the level crossing was on occasions closed for some 40 minutes per hour when the 12 carriage trains served Sandwich train station. This had a knock-on effect, significantly delaying spectators accessing the venue by car, bus and on foot, and resulted in considerable adverse publicity. In addition, the existing passenger bridge over the tracks was not fit to bear the large number of arriving passengers.
- 3.7. R&A has indicated that should these difficulties not be overcome, it will lose this opportunity to host The Open in 2020, and The Open would be highly unlikely to return until such time as the appropriate transport improvements were undertaken.
- 3.8. Partners in Kent have been working to resolve the challenges identified from 2011 which include improvement to transport accessibility to the venue from the local Sandwich rail station. The improvements necessary are:
- To extend the up and down platforms at Sandwich railway station from 8 to 12 carriage length.
 - To construct an additional footbridge linking the up and down platform passengers at Sandwich railway station with a pathway.

- To construct a pathway from the extended up platform to the start of a footpath which links the station to Royal St George's Golf Club avoiding the town centre.

4. Economic benefits of hosting The Open

4.1. The R&A has commissioned Sheffield Hallam University's Sport Industry Research Centre since 2010 to undertake research into the economic benefit delivered to each locality from hosting The Open. The table below provides a summary of the research's findings:

Year	Course	Economic Benefit	Spectator numbers & television coverage
2010	St Andrews, Scotland	<p>The Open delivered a £100m benefit to Scotland.</p> <p>This headline figure includes £47.43m of direct spending in Scotland attributable to event specific visitors and organisers, as well as a destination marketing benefit worth £52.55m derived from exposure on global television.</p>	<p>A total of 201,000 spectator admissions were recorded.</p> <p>The Open was broadcast globally for more than 3,000 hours, by 43 broadcasters, via 86 channels, to 363 million viewers.</p>
2011	Royal St George's, Sandwich, England	<p>The Open delivered a £77m benefit to the Kent economy.</p> <p>This headline figure includes £24.14m of direct spending in Kent attributable to event specific visitors and organisers, as well as a destination marketing benefit worth more than £50m derived from exposure on global television.</p>	<p>A total of 180,091 spectator admissions were recorded. Of these, 134,000 spectators came from outside of the county.</p> <p>The images of Kent were broadcast to a worldwide audience of nearly 500 million homes.</p>
2012	Royal Lytham & St Annes, England	<p>The Open delivered a £65m benefit to Lancashire.</p> <p>The headline figure includes £28m of direct spending in Lancashire attributable to event specific visitors and organisers, as well as a destination marketing benefit worth £37m derived from exposure on global television.</p>	<p>A total of 181,400 spectator admissions were recorded.</p> <p>Over 3,800 hours of televised coverage reached 500 million households worldwide.</p>
2013	Muirfield,	The Open delivered a £88m benefit to	A total of 142,036

	Scotland	<p>Scotland.</p> <p>This headline figure includes £24.4m of direct spending in East Lothian and Edinburgh attributable to event specific visitors and organisers, as well as a destination marketing benefit worth £45m derived from exposure on global television.</p>	<p>spectator admissions were recorded.</p> <p>A record 4,500 hours of Open Championship television coverage was broadcast from Muirfield, across 104 television channels, with a global audience reach of 501 million households.</p>
2014	Royal Liverpool, England	<p>The Open delivered a £75m benefit to the regional economy of Wirral and Liverpool.</p> <p>This headline figure includes £30m of direct spending in the local economy attributable to event specific visitors and organisers, as well as a destination marketing benefit worth £45m derived from exposure on global television.</p>	<p>A total of 202,917 spectator admissions were recorded.</p> <p>The televised coverage reached 500 million households worldwide.</p>
2015	St Andrew's, Scotland	<p>The Open delivered a £140m benefit to Scotland.</p> <p>This headline figure includes £88m of direct spending in Scotland attributable to event specific visitors and organisers, as well as a destination marketing benefit worth £52m derived from exposure on global television.</p>	<p>A total of 237,024 spectator admissions were recorded.</p> <p>The televised coverage reached more than 500 million households worldwide.</p>

4.2 The Open will also provide a substantial impetus to the tourist economy in the coastal communities in East Kent.

5. Project development

5.1 At the end of 2016, the Member of Parliament for South Thanet (Craig Mackinlay MP) convened a working group of Dover District Council (DDC), Kent County Council (KCC), L&B Rail Executive (Consultants), Network Rail, The R&A, Royal St George's Golf Club and Southeastern.

5.2 The working group commissioned Network Rail to undertake an initial feasibility study into the transport improvements, and a visual site survey and topographic survey of Sandwich station.

5.3 A commitment to provide a financial contribution is expected to be provided from KCC and the East Kent District Councils. This is due to sit alongside a further contribution from R&A. Further information is set out in the Confidential Appendix.

6. Next steps and Timeframe

6.1. The R&A Board is scheduled to convene in early February 2017 to make a formal announcement on which venue will host The Open in 2020. For Royal St George's to be considered, the R&A is seeking written confirmation of funding for the required infrastructure improvements relating to Sandwich railway station. It was agreed at the meeting held at the end of 2016 that DCC and KCC would liaise on this matter and respond to the R&A by the end of January at the latest.

6.2. This project has arisen subsequent to the Local Growth Fund round 3 submission, and therefore has not been considered by the SELEP, nor has it been included in the prioritised list of pipeline projects. A business case has not been submitted to the Independent Technical Evaluator, and therefore its assessment against value for money and deliverability has not been undertaken.

6.3. However, in order for the submission to R&A to proceed, the Board is asked to consider the overview of the project and to approve the submission of a letter in support of the project to The R&A. This letter sets out the SELEP willingness to explore the possibility of funding the project in recognition of the significant economic benefits to the local economy. The draft of the letter is attached in Appendix A.

6.4 Were a funding agreement entered into, a stipulation in the contract would be for The R&A to commit to The Open being hosted at Royal St George's every 7 years to ensure an ongoing economic benefit to the south east.

6.5 The proposal would be for the funding to be managed within the Kent and Medway programme. Further discussion at a future Board would be required on which funding stream could be used.

7. Financial Implications

- 7.1 The project is not currently included in SELEP's Growth Deal or any funding bid to Government for LGF. For the funding decision to be taken, an agreed approach will need to be in place to demonstrate how the circa £300,000 contribution will be funded (e.g. through locally identified LGF underspend on a project currently included in SELEPs Growth Deal programme).
- 7.2 All decisions to award funding must be supported by a Business Case, in line with SELEP's Assurance Framework and which has been assessed through the Independent Technical Evaluation (ITE) process to ensure that the project demonstrates Value for Money.
- 7.3 Following the completion of the ITE review of the Business Case, the funding decision can be considered at a future Accountability Board meeting, subject to funding for this project being identified in line with the SELEP Assurance Framework.

8. Legal Implications

- 8.1 The funding for this project is not within SELEP gift. This project has arisen subsequent to the Local Growth Fund round 3 submission, and before the SELEP LGF allocation has been announced. Therefore the project has not been considered by the SELEP, nor has it been included in the prioritised list of pipeline projects which formed part of the SELEP submission to Government in July 2016. Therefore in accordance with the information set out in the financial implication section above, should the Board indicate its support for the project, then a decision on the funding will need to be made by the Board at a future meeting.
- 8.2 The Assurance Framework requires all funding decisions to be supported by a robust business case which has been independently assessed. As yet a business case has not been prepared or submitted to the SELEP ITE, and therefore the outcome of a value for money and deliverability assessment is not known.
- 8.3 In light of the absence of any funding certainty and an independent technical evaluation of the Business Case being available at this stage, and no funding stream identified, it is not possible for the Board to provide outright confirmation of any future decision being undertaken in respect of this project. To do so could give rise to a legitimate expectation, and one which could give rise to legal proceedings, if The R&A were to rely upon the assurances provided and funding later is not allocated.

9. Staffing and other resource implications

9.1 None at present.

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

11. List of Appendices

11.1 Appendix 1 – Confidential Appendix

11.2 Appendix 2 – SELEP Draft Letter of Support

12. List of Background Papers

12.1 None

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

Role	Date
Accountable Body sign off	

APPENDIX A
South East LEP
c/o Essex County Council
County Hall
Market Road
Chelmsford
CM1 1QH

Mr Johnnie Cole-Hamilton
Executive Director-Championships
The Royal & Ancient Golf Club (R&A)
Beach House,
Golf Place,
St Andrews,
Fife, KY16 9JA

25th January 2017

Dear Mr Cole-Hamilton

Re: The feasibility of hosting The Open in Kent in 2020

Thank you for alerting the South East Local Enterprise Partnership (SELEP) to the opportunity for Royal St George's, Sandwich, Kent, to host The Open in 2020.

SELEP understands that investment is required to fund a semi-permanent extension to the platforms at Sandwich Railway Station, an additional footbridge linking the up and down platforms at Sandwich railway station, and related ancillary infrastructure. We believe that financial contributions will be made by The R&A and local authority partners, leaving a funding shortfall of circa £300k.

At its Accountability Board meeting on 20th January 2017, SELEP noted its support for the transport improvements at Sandwich Station project, and noted the intention for it to be considered at a future Board meeting. This consideration is subject to the successful completion and assessment of a Business Case by the SELEP ITE and the identification of an appropriate funding stream.

Currently the funding for this project is not within the SELEP gift. This project has arisen subsequent to the Local Growth Fund round 3 submission, and before the SELEP LGF allocation has been announced. Therefore the project has not been considered by the SELEP, nor has it been included in the prioritised list of pipeline projects agreed in July 2016 which formed part of the SELEP submission to Government in July 2016. Therefore an appropriate funding stream would need to be identified by SELEP.

At this stage, SELEP is able to confirm that it would be willing to:

- Ask its Independent Technical Evaluator (Steer Davies Gleave) to examine a business case submitted by the partners on the working group (including KCC, DDC and Network Rail)
- Discuss the findings of the Independent Technical Evaluator at its next appropriate Accountability Board meeting (subject to receipt of the Business Case).
- Explore whether a financial contribution could be managed within the Kent and Medway programme, and if this were the case, consider committing a maximum of £300k to meeting any shortfall in this project.

SELEP would ask that, if funding were to be committed at this future date, The R&A would commit to The Open being hosted at Royal St George's every 7 years.

SELEP recognises that significant economic benefits are brought to the south east by The Open, and notes the research carried out by the Sheffield Hallam University which shows that the direct economic benefit brought to the local economy by The Open is a minimum of £20million. We recognise the significant boost to the local tourism and visitor economy that results from the global television coverage of the event with many overseas visitors saying they may return to the locality based on the positive experience they have had at The Open. This will also support our objective to support regeneration in coastal communities.

Bringing The Open to the South East resonates with the aims and objectives of SELEP to drive forward economic growth and boost job creation. SELEP is very eager to secure such a benefit in future years. However to comply with governance and legal requirements, a funding commitment can only be provided once the business case has been examined and be found to be robust, and a suitable funding stream has been identified.

We look forward to hearing the outcome of your board meeting in early February, and hope to work with you on this key project for the South East.

Yours sincerely,
All Accountability Board Members
South East Local Enterprise Partnership

Confidential Appendix

Report to Accountability Board	Forward Plan reference number:
Date of Accountability Board Meeting: 20 January 2017 Date of report: 6 January 2017	
Title of report: Transport improvements to support The Open Championship 2020	
Report by: Sarah Nurden, Strategic Programme Manager, Kent & Medway Economic Partnership	
Enquiries to: Sarah Nurden (sarah.nurden@kent.gov.uk)	
Confidential Appendix exemption Confidential Appendix exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.	

1. Confidential Information

- 1.1. The total estimate for this project is £1m. It is anticipated that the approximate value of this combined financial contribution from Kent County Council and the East Kent District Councils would be in the region of £350k.
- 1.2. In addition it is expected that there will be private investment from The R&A, up to £350k, which will contribute towards the transport improvements. The R&A has also committed additional expenditure in purchasing land to allow the new footpath to be built from the station to the course. These values are due to be confirmed by the relevant authorities shortly.
- 1.3. In light of these contributions, there is an anticipated funding shortfall of circa £300k. This amount is being sought from the SELEP should suitable funding be found available, and is caveated by the requirements set out in the financial section of the report.

