

ACCOUNTABILITY BOARD

10:00	Friday, 16 September 2016	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
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Quorum: 3 (to include 2 voting members)

Membership

Mr Geoff Miles
Cllr David Finch
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 Council
Thurrock Council
Southend Borough Council
Further Education/ Skills representative
Higher Education representative

For information about the meeting please ask for:

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(Secretary to the Board)
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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 confirm as a correct record the Minutes of the meeting held on 24 June 2016	5 - 8
3	Business Case Approvals including Independent Technical Evaluation To receive the attached report	9 - 24
4	Capital Programme Management To receive the attached report	25 - 50
5	Skills Capital Fund Approval To receive the attached report	51 - 56
6	Memorandum of Understanding (MOU) for Enterprise Zones To receive the attached report	57 - 72
7	Dates of Future Meetings To note the dates of future meetings of the Board <ul style="list-style-type: none">• 18 November 2016• 20 January 2017	
8	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the

Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

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

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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 SOUTH EAST LOCAL ENTERPRISE
PARTNERSHIP ACCOUNTABILITY BOARD HELD AT HIGH HOUSE
PRODUCTION PARK, PURFLEET, AT 9:00AM ON 24 JUNE 2016**

Present:

Members

Mr Geoff Miles	Chairman
Cllr Paul Carter	Kent County Council
Cllr Kevin Bentley	Essex County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex Council
Cllr John Lamb	Thurrock Council
Angela O'Donoghue	FE & Skills (FEDEC)
Myroulla West	HE

Also in attendance:

Chris Brodie	Chairman of the SELEP
Adam Bryan	SELEP
Stephanie Mitchener	Essex County Council
Lorna Norris	Essex County Council
Suzanne Bennett	Essex County Council
Kim Mayo	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Steven Bishop	Steer Davies Gleave
Paul Dodson	Essex County Council
Richard Dawson	East Sussex County Council
Lucy Spencer-Lawrence	SELEP
Mike Rayner	SELEP

1. Apologies for Absence

Apologies were received from Cllr Gledhill.

2. Minutes

As an extraordinary meeting, there is no requirement to approve minutes from the previous meeting on 10 June 2016. These will be submitted for approval at the next scheduled Board meeting, on 16 September 2016.

3. Skills Equipment Fund Approval

The Board received a report from Mike Rayner which presented recommendations regarding the recent Skills Equipment bidding round to inform the Board's decisions about whether or not to accept the applications for funding.

The Board were advised that the following bids are all awaiting technical and financial appraisal by the Skills Funding Agency (SFA). The SFA have held the bids for the past 5 weeks, but due to staffing they have been unable to process them yet. However, it is understood that there isn't any issue with their

success through that process, and therefore they are before the Board for formal approval, pending SFA sign off.

Members **AGREED** funding of the following pending SFA assessment and sign off:

- Hadlow College, Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for further and Higher Education, £447,000
- Hadlow College, Princess Christian Centre – Enhancing Specialist Facilities for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood, £385,000

Cllr Carter stipulated that there should be a requirement within the Funding Agreement that the Princess Christian Centre remain open and operational for at least 4 yrs following receipt of the funding in order to ensure that they do not close a year later.

- South Essex College, Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills, £366,705
- North Kent College, Thameside Jetty refurbishment, £64,500
- Chelmsford College, Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction, £57,490.50
- Plumpton College, Science and Engineering for Tree Management, £140,000
- Midkent College - Transport and logistics skills hub, £82,000.

The Board discussed the impact of declining the two bids from Canterbury College and Creative Skills, and that to do so would give the wrong message, particularly as the lep holds itself as a leader in creative skills.

It appeared that both bids were worthwhile projects, and that it was accepted that it was difficult to quantify outcomes in a creative arena. Therefore the Members **DEFERRED** the following bids to enable a full and detailed bid to be considered in due course.

- Canterbury College, Constructing Futures, £223,798
- Creative Skills, Touring Technical Theatre Masterclasses, £112,159

Members **DECLINED** North Kent College, Technology Advanced Learning Project, £52,510, noting that the Bid guidance required there to be an economic benefit to the bid, and that this bid was solely about upgrading IT, and therefore did not meet the requirements.

In light of the decision to defer the above two bids, there was no need for the Board to consider options for unallocated funding as once the revised bids are assessed this would hopefully see the full fund allocated.

4. Business case Approvals, Including Independent Technical Evaluation

The Board received a report from Adam Bryan, to the value for money assessment of the Sturry Link Road Business Case, having been through the ITE process.

The Board received a presentation from Steven Bishop, highlighting that the project was considered high value for money but identified that there was a high level of risk around network rail.

The ITE recommendation is to defer a formal decision on this project until such time as Network rail have approved the project and confirmed that there are no additional cost implications.

The Chairman confirmed that Network Rail are clear they have agreements in place to make these projects take place. Therefore proposed that approval is given for the project on the basis that Network Rail come forward as expected and proposed.

If there are major blockages to the project in the next few weeks then it must come back to the Board for consideration.

Members **AGREED** to the funding of Sturry Link Road (£5.9m).

5. Capital Programme Management Update

The Board received a report from Adam Bryan which outlined amendments to the capital programme.

Members **AGREED**:

- the re-allocation of £3m Local Growth Fund project from Westenhanger Lorry Park project to fund Ashford International Rail Connectivity (Ashford Spurs) Project;
- removal of Westenhanger Lorry Park project from the SELEP LGF programme;
- the proposed change of scope to the A26 London Road/Speldhurst Road/ Yew Tree Road Junction LGF scheme to become Tunbridge Wells Junction Improvements Project; and
- subsequently recommend the proposed variation to Government.

These recommendations are made on the condition that a value for money assessment is undertaken for the following schemes by the ITE and are assessed as presenting high value for money and demonstrate medium to high certainty of achieving this:

- Ashford International Rail Connectivity (Ashford Spurs) Project
- Tunbridge Wells Junction Improvements project

6. Any Other Business

The Board were asked to consider an urgent report by Mike Rayner regarding MidKent College Skills Funding previously allocated by the Board at its 10 June meeting.

The Board expressed its disappointment that after 3 attempts to secure funding the partnership with Swale College has fallen apart, and hope in the long term that Swale Council works with the college to see if a future facility can be provided in Swale.

Cllr Carter commented that this was a dreadful example of an academy, and that it is disappointing to note that it was an excellent school when it was set up 8 yrs ago.

Members **AGREED** the variation to the previous bid by Midkent College following Swale Trust withdrawal from the project, subject to formal financial consideration by the Skills Funding Agency.

But agreed that members would provide assistance to the College in order to facilitate ongoing discussions to see if the facility could be provided in the area, either through the original partners or to see if an alternative could be found so as to allow for intake in September.

Date of Next Meeting

Note that the next meetings of the Board will take place on Friday 16 September 2016 and Friday 18 November 2016 at 10.00am at High House Production Park

The Chairman thanked Adam Bryan for his support and the meeting closed at 9:45am

AGENDA ITEM 3

Report to Accountability Board	Forward Plan reference number: FP/AB/047, FP/AB/048, FP/AB/049
Date of Accountability Board Meeting:	16th September 2016
Date of report:	5th September 2016
Title of report:	Business Case Approval
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 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 our capital programme management.

2. Recommendations

- 2.1 The Board is asked to approve the business case for the following scheme which has been assessed as presenting high value for money and demonstrates medium to high certainty of achieving this:
- A127 Bridge & Highway Maintenance (£1,000,000)
- 2.2 The Board is asked to consider approval of the business case for the following scheme which has been assessed as presenting high value for money, but demonstrates low to medium certainty of achieving this:
- Ashford International Rail Connectivity (£5,627,000)
- 2.3 The Board is asked to approve the increase in Local Growth Fund (LGF) allocation to Ashford International Rail Connectivity (Ashford Spurs) project from £5,000,000 to £5,627,000.

3. Background

- 3.1 This report brings forward, for release of funding, projects that have successfully completed the ITE process, a condition of the SELEP Assurance Framework agreed with Government. The projects are, according to the scheme promoters:

A127 Bridge & Highway Maintenance

- 3.2 The A127 is an aging corridor (originally opened in 1924), but one that is a vitally important primary route for the Thames Gateway South Essex (TGSE) area which connects the M25, Basildon and Southend (including London Southend Airport). The project is seeking £1m funding, which will fund investigation / surveys, needed to prioritise the level of maintenance work required on the A127 route. It will also support a new pedestrian footbridge at A127 Kent Elms Junction Improvement.

Ashford International Rail Connectivity (Ashford Spurs)

- 3.3 The Ashford Spurs project aims to ensure that the appropriate level of signalling and station access is in place to allow existing and future international trains to call at Ashford International Station. This will support the continued growth of Ashford and East Kent, and prevent the damage to the local economy which would result from the loss of international travel links.

4. Ashford International Rail Connectivity (Ashford Spurs) funding position

- 4.1 The current total project cost estimate for Ashford Spurs project is £10,497,490.
- 4.2 There is currently a £5,000,000 LGF allocation to the project. This comprises a £2,000,000 allocated from LGF Round 2 to the project and a £3,000,000 virement from Westenhanger Lorry Park project. This virement of funding was approved by SELEP Accountability Board on the 24th June 2016.
- 4.3 Based on the project cost estimate developed at an early stage of the project's development, it was anticipated that the £5,000,000 LGF would provide sufficient funding to enable project delivery. However, the preparation of the Business Case and project development work by Network Rail has led to a revised anticipated project cost of £10,497,490, including contingencies and risk.
- 4.4 In addition to the £5,000,000 LGF allocation a further £700,000 has been fully secured from a combination of funding sources, as shown in Table 1 below.
- 4.5 There is currently a £4,800,000 funding gap. A LGF Round 3 funding bid has been submitted to Government for £4,800,000 to bridge this funding gap. The outcome of this funding bid is expected to be announced in November 2016, as part of the Government's Autumn Statement.

Table 1 Ashford International Rail Connectivity (Ashford Spurs) funding sources

Funding Sources	2015/16 (£)	2016/17 (£)	2017/18 (£)	2018/19 (£)	Totals (£)
LGF2	0	2,000,000	1,000,000	2,000,000	5,000,000
LGF3 *	0	0	0	4,800,000	4,800,000
KCC & Partners	96,949	3,051	0	0	100,000
EU RoCK project	0	20,000	0	0	20,000
Network Rail (NRDF)	44,496	535,504	0	0	580,000
Total funding	141,445	2,558,555	1,000,000	6,800,000	10,500,000

* A LGF Round 3 funding bid has been submitted but this funding is not secure as the outcome of the funding bid has yet to be confirmed.

- 4.6 Approval is being sought from Accountability Board for the LGF allocation of £5,627,000.
- 4.7 This level of funding commitment is required for Kent County Council to enter into a legal agreement with Network Rail, to enable the project to progress to GRIP Stage 5. The main output from Network Rail GRIP Stage 5 is the completion of detailed design.
- 4.8 The allocation of £5,627,000 LGF is insufficient to deliver the project, but is required as 'development' funding to enable the project to process from Network Rail GRIP Stage 3b to 5.
- 4.9 As 'development' funding, no outcomes, in terms of economic or transport benefits, will be achieved from the £5,627,000 allocation without securing the additional LGF requested through LGF Round 3, to enable the project to progress through the remaining GRIP stages to project build and completion.
- 4.10 Close to the completion of GRIP Stage 5, a full Business Case will be presented to the Accountability Board for the release of additional LGF sought through LGF Round 3, to enable the delivery of the project.
- 4.11 There is a high risk to project delivery if funding is not secured through LGF Round 3.
- 4.12 The allocation of £5,627,000 LGF to the project exceeds the current LGF funding allocation of £5,000,000. This additional £627,000 presents an over profiling of Kent's LGF programme, which would be paid back as part of the £4.8m LGF Round 3 allocation to the project.

- 4.13 Should the LGF Round 3 funding bid prove unsuccessful, the £627,000 over profiling of LGF spend will be managed through offsetting against any LGF underspend within Kent's LGF Round 1 and 2 funding allocation.

5. Outcomes of ITE review

- 5.1 The ITE report sets out the detailed analysis of both projects. This report is included in Appendix A.
- 5.2 The assessment of the Business Case for A127 Bridge & Highway Maintenance confirms that the project presents high value for money and demonstrates a medium to high certainty of achieving this.
- 5.3 The assessment of the Business Case for Ashford International Rail Connectivity confirms that the project presents high value for money, but and demonstrates a low to medium certainty of achieving this.

6. Financial Implications

- 6.1 Approval can be provided to the two schemes in principle as they meet the requirements of the agreed SELEP Assurance Framework.
- 6.2 Approval is being sought from Accountability Board to increase the funding allocation to Ashford Spurs project to £627,000 above its current £5,000,000 funding allocation. This increase in funding allocation is proposed to be managed within Kent's LGF programme funding allocation should the LGF Round 3 funding bid prove unsuccessful.
- 6.3 It is understood that Kent County Council accepts the funding risk associated with the £627,000 over profiling. Through a letter of support, Kent County Council has agreed that this funding risk associated with the £627,000 over profiling sits with Kent County Council to be managed within their LGF programme allocation rather than as a risk to the total SELEP LGF programme.
- 6.4 Should this risk materialise, KMEP will need to agree any changes and a further decision will be required from SELEP Accountability Board to consider any reallocation of funding in relation to the project which exceeds the 10% tolerance. This will include a requirement to demonstrate that there will be no overall reduction in to the overall outcomes to be achieved through the Local Growth Deal programme.

7. Legal Implications

- 7.1 None at present.

8. Staffing and other resource implications

8.1 None at present.

9. Equality and Diversity implications

9.1 None at present.

10. List of Appendices

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

11. List of Background Papers

- Business Case for Ashford International Rail Connectivity
- Business Case for A127 Bridge & Highway Maintenance

(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	08.09.2016

Independent Technical
Evaluator – Growth Deal
Business Case Assessment
(Q2 2016/17)

Accountability Board Report
September 2016

South East Local
Enterprise Partnership

Our ref: 22790505

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1 Independent Technical Evaluation of Q2 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 were allocated funding through the Growth Deal process during 2014/15. Recommendations are made for funding approval on 16th September 2016 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 Full 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 July and August 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 16th September 2016 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of the Full Business Case ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.

Summary Findings and Considerations for the Board

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

Business Case Development

- 2.3 The **strategic case** continues to be well made, but we would ask scheme promoters to give greater consideration to the powers and consents required for the implementation of the works. This may include, planning permission for dependent housing developments, required land take or Transport Works Act Orders.
- 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 The **management case** is often lacking a full benefits realisation plan and more consideration should be given to monitoring and evaluation plans.
- 2.6 If scheme promoters submit appendices or business cases that contain commercially sensitive material, could it be made clear to Steer Davies Gleave (Independent Technical Evaluator) and Rhiannon Mort (Capital Programme Manager) to ensure that these sections are redacted before the business case is published.

Recommendations

- 2.7 The following scheme achieves high value for money and medium to high certainty of achieving this:
- A127 Bridge & Highway Maintenance (£1.0m)
- 2.8 The following scheme achieves high value for money but with low to medium certainty of achieving this:
- Ashford International Rail Connectivity (£5.6m) – it should be noted that the funding will allow the scheme to progress to Network Rail stage GRIP 3a and the production of a more detailed business case to unlock the further funding should it be granted through the Local Growth Fund 'Round 3' submission.

Table 2.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 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
A127 Bridge & Highway Maintenance	1.0	Gate 1: N/A	Green	N/A	Green	Amber	Green	Reasonable methodology has been employed	The assumptions framing the financial case need to be clarified to ensure sufficient contingency has been allowed	A few inaccuracies within the financial case reduced the certainty provided by the business case.
		Gate 2: N/A	Green	N/A	Green	Green	Green	Reasonable methodology has been employed	Financial case has been updated and accurate methodology has been employed.	Clarification of the economic case was provided. The analysis is reliable.
Ashford International Rail Connectivity	5.6	Gate 1: 9.0	Red/ Amber	Green/ Amber	Green	Red/ Amber	Amber	WebTAG methods not well suited to estimating the benefits of non-marginal changes to service levels.	Errors identified within spreadsheets underlying transport user benefit calculations.	High level of uncertainty due to non-marginal nature of scheme and lack of transport model
		Gate 2: 3.6	Green	Green	Green	Green	Green/ Amber	WebTAG analysis supplemented with HCA additionality analysis. Both methods are reasonable, but simplistic.	The assumptions used to inform the methods used are reasonable and robust. However, the absence of a transport model places a limit on the robustness of behaviour change assumptions	There remains a high level of uncertainty associated with the value for money assessment, although upside risks are expected to outweigh downside risks.

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Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	16 th September 2016
Date of report:	31 st August 2016
Title of report:	Capital Programme Management of the Local Growth Fund (LGF)
Report by	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to	rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 To update the SELEP Accountability Board on the latest position of the Local Growth Deal Capital Programme.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1 Note the updated spend forecast for 2016/17 and future years of the LGF programme;
- 2.1.2 Note the forecast requirement for re-profiling of LGF spend between 2016/17 and future years of the LGF programme;
- 2.1.3 Note the LGF projects that have incurred changes under the 10% tolerance; and
- 2.1.4 Note the project deliverability and risk assessment.

3. Supporting documents

- 3.1 The following appendices are provided in support of this report:

- Appendix 1 - Financial monitoring
- Appendix 2 - Summary of forecast spend profile
- Appendix 3 - Project deliverability and risk assessment

4. SELEP Capital Programme

- 4.1 During the first year of the Local Growth Deal LGF programme, progress was made towards project delivery by all Federated Areas. In 2015/16, the federated areas reported a total LGF spend of £55.71m.
- 4.2 Mitigation was put in place to address LGF underspend across some LGF projects during the first year of programme delivery. This resulted in £12.66m being carried forward from 2015/16 to 2016/17, in accordance with Option 4 approved by the Accountability Board on 10.06.2016. Option 4 mitigation involved LGF monies being swapped out into local capital programmes in 2015/16 on the basis that local partners would then fund the spend in the following year. In addition to Option 4 swap of LGF, £1.08m skills funding was carried forward into 2016/17.

4.3 The total LGF grant funding for 2016/17 amounts to £96.00m. This includes 2016/17 LGF grant allocation of £82,270,227 and £13,738,778 brought forward from 2015/16.

4.4 The 2016/17 Q1 baseline LGF spend forecast showed a potential overspend of £2.47m between the total grant funding available and the 2016/17 project spend forecast.

5. Financial update

5.1 On the 24th August 2016, officers from each Federated Area attended the SELEP Programme Consideration Meeting to:

- Provide an updated spend forecast for 2016/17 and future years of the LGF programme;
- Discuss the project deliverability and risk assessment;
- Identify project changes to be brought to the attention of SELEP Accountability Board; and
- Consider mitigation to be implemented to address project risks.

5.2 Each federated area has provided an updated spend forecast as shown in Appendix 1 and as summarised in Table 1 below.

Table 1 Forecast Spend 2016/17 (£m)

	Confirmed 16/17 LGF Allocation	Option 4 / Skills Carry Forward - Spend on LGF	Total Planned Spend (as at Q1, 2016/17)	Total Planned Spend (as at Q2, 2016/17)	Over / underspend (Q2 forecast)
East Sussex		1.59	16.88	16.88	
Essex		6.36	9.70	8.91	
Kent		4.14	34.00	32.36	
Medway		0.00	5.77	4.77	
Southend		0.57	5.10	5.10	
Thurrock		0.00	12.95	9.35	
<i>Skills</i>		<i>1.08</i>	12.08	12.09	
<i>Housing Regen</i>			2.00	2.00	
Sub-Total	82.27	13.74	98.48	91.44	-4.55
Centrally Held and Retained	5.20	0.00	5.20	5.20	0.00
Total	87.47	13.74	103.68	96.66	-4.55

5.3 The revised spend forecast as captured in August 2016 indicates an LGF underspend in 2016/17 of £4.55m. A reduced 2016/17 LGF spend forecast has been reported for 11 projects across federated areas as shown in Appendix 1.

- 5.4 In total, the latest LGF spend forecast indicates a need for the re-profiling of £8.24m LGF spend between 2016 and future years of the LGF programme.
- 5.5 The backloading of LGF spend in Q3 and Q4 across the LGF programme in 2016/17 indicates the potential for further slippage in spend during this financial year.
- 5.6 It is recommended that Accountability Board note the forecast requirements for re-profiling of LGF spend. The Accountability Board approval will be sought at the next Accountability Board meeting for the re-profiling of LGF once opportunities have been sought to reduce the level of re-profiling required.
- 5.7 To help reduce the level of LGF underspend in 2016/17 opportunities will be sought to:
- Implement mitigation measures to address project issues which are currently leading to delayed programmes for project delivery and
 - Bring forward LGF spend on other projects in the LGF programme to enable the early delivery of projects and the associated scheme benefits.
- 5.8 In addition, LGF programme management by SELEP secretariat will capture more detailed information about spend of match funding sources, projects delivery milestones which have been achieved to date and project outcomes. This will help to present a more comprehensive view of LGF programme delivery and ensure that LGF project successes are more actively communicated.

6. Projects Changes

- 6.1 Under the Service Level Agreement in place between the SELEP Accountable Body and the County Councils and Unitary Authorities in the SELEP area, a 10% threshold exists for changes to LGF allocations. The Accountability Board approval is required where changes exceed the 10% threshold. If the change to LGF allocation is below this threshold, the Accountability Board must be notified of this change. All project changes are also reported to Central Government, as required under the current reporting requirements.
- 6.2 Table 2 shows the changes reported to Programme Consideration Meeting on the 24th August 2016/17.

Table 2 Scheme Changes made under the 10% tolerance level

SELEP Ref Number	Project Name	Project Area	Description	LGF Value of Project (£)	Value of Change to LGF allocation (£)
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent County Council	Overspend on project	£5,033,000	£8,000
LGF00015	Kent Sustainable Interventions programme	Kent County Council	Underspend on project	£2,967,000	-£8,000
LGF00032	A414 Maldon to Chelmsford RBS	Essex County Council	Reduced total project cost from £4m to £3.5m. This releases £0.5m of Essex County Council match funding.	£2,000,000	No change

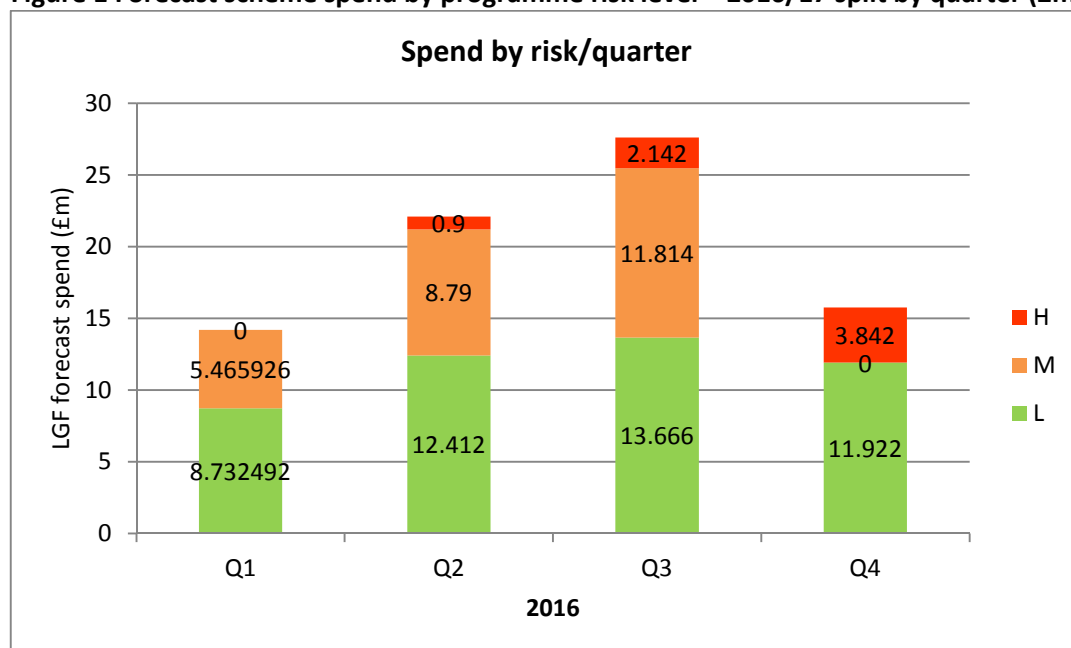
7. Deliverability and Risk Approach

- 7.1 At the SELEP Accountability Board meeting held on the 10.06.2016 the Board was presented with a paper detailing the approach taken by Steer Davies Gleave in their assessment of projects deliverability and risk. This was completed as part of their interim capital programme management role. The independent assessment of projects deliverability and risk will now be completed by the SELEP Capital Programme Manager.
- 7.2 The same approach has been applied to the assessment of risk and deliverability in the latest deliverability and risk update, with the exception of the “cost Risk /affordability/ funding” risk area. This risk area has been subdivided into “certainty of total cost estimate” and affordability/certainty of local funding sources”.
- 7.3 This approach will ensure that total projects cost estimates are more closely monitored, as this has proved a particular risk for those projects which are currently at an early stage of project development. This focus on project cost estimates will also help identify any variations to a projects cost which may impact upon a projects value for money.
- 7.4 In addition, the sources and availability of match funding contributions may change during the lifecycle of a project. The closer monitoring of match funding contributions should help ensure proactive measures are taken to mitigate risks associated with the availability and/or timing of local funding leverages towards LGF projects.
- 7.5 All other risk areas have been assessed applying the criteria previously presented to Accountability Board.
- 7.6 Appendix 3 shows the update deliverability and risk assessment of projects. The assessment has been completed for 72 projects in total. Those projects which have been completed or removed from the programme have been excluded from the assessment.

8. Deliverability and Risk Summary

- 8.1 In summary:
- 38 projects have a green RAG rating for programme risk;
 - 30 projects have an amber RAG rating for programme risk; and
 - 4 projects have a red RAG rating for programme risk.
- 8.2 The projects with a Red RAG rating include:
- Ashford Spurs– funding gap and complex rail project
 - Thanet Parkway–funding gap and complex rail project
 - Dover Western Docks Revival - unresolved additionality issue; and
 - Beaulieu Park Railway Station – complex rail project.

Figure 1 Forecast scheme spend by programme risk level – 2016/17 split by quarter (£m)



9. Financial Implications

- 9.1 The revised spend forecast indicates an LGF underspend in 2016/17 of £4.55m. There is potential for the forecast levels of LGF underspend in 2016/17 to increase as there is a high proportion of backloading of LGF spend in Q3 and Q4.
- 9.2 The accumulation of LGF slippage between financial years will lead to increasing pressure on LGF delivery during later years of the LGF programme and presents a potential risk to future funding allocations from Government.
- 9.3 Whilst opportunities will be sought to reduce the level of LGF slippage during 2016/17, where LGF slippage exists, mitigation will be put in place through applying the same four mitigation measures identified to manage slippage during 2015/16. These include:
- 9.3.1 Option 1 -Bringing forward of planned future year LGF spend on schemes in the 2016/17 capital programme;
 - 9.3.2 Option 2 – Bringing forward of 2017/18 LGF schemes to spend in 2016/17;
 - 9.3.3 Option 3 - Transfer of LGF spend on schemes between Partner authorities (this will be completed as a direct payment from SELEP Accountable Body to the Partner Authority, subject to SELEP Accountability Board agreement, under the grant payment process introduced in 2016/17); and
 - 9.3.4 Option 4 – Re-profiling of spend between LGF projects and Capital Programme projects

10. Legal Implications

10.1 None

11. Staffing and other resource implications

11.1 None

12. Equality and Diversity implications

12.1 None

13. List of Appendices

13.1 Appendix 1 – Financial monitoring

13.2 Appendix 2 – Summary of spend profile

13.3 Appendix 3 – Project deliverability and risk assessment

14. List of Background Papers

14.1 None

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

Role	Date
Accountable Body sign off	
Lorna Norris	9/09/2016
On behalf of Margaret Lee	

East Sussex Scheme Summary

SELEP Code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (difference between 2016 Q1 forecast LGF spend and 2016 Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGFO0002	Newhaven Flood Defences	East Sussex CC	East Sussex	9.00	1.50	0.30	0.80	0.80	0.00	65.00%	
LGFO0023	Hailsham/Polegate/Eastbourne Sustainable Transport Corridor	East Sussex CC	East Sussex	3.53	2.10	0.00	0.00	0.00	0.00	-	
LGFO0024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex CC	East Sussex	10.56	8.60	0.60	0.75	0.75	0.00	100.00%	Risk to 2016/17 spend
LGFO0036	Queensway Gateway Road	East Sussex CC	East Sussex	6.00	6.00	1.42	4.58	4.58	0.00	65.61%	
LGFO0066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex CC	East Sussex		1.40	0.50	0.90	0.90	0.00	28.27%	
LGFO0067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex CC	East Sussex		1.70	0.53	1.17	1.17	0.00	0.00%	
LGFO0085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex CC	East Sussex		16.60	6.41	6.19	6.19	0.00	59.42%	Potential to increase LGF spend in 2016/17
LGFO0042	Hastings and Bexhill junction capacity improvements package	East Sussex CC	East Sussex		6.00	0.00	0.00	0.00	0.00	-	
LGFO0043	Hastings and Bexhill LSTF walking and cycling package	East Sussex CC	East Sussex		6.00	0.00	0.00	0.00	0.00	-	
LGFO0044	Eastbourne town centre LSTF access & improvement package	East Sussex CC	East Sussex		6.00	0.00	2.50	2.50	0.00	66.65%	Risk to 2016/17 spend due to delayed programme for delivery
LGFO0073	A22/A27 junction improvement package	East Sussex CC	East Sussex		4.00	0.00	0.00	0.00	0.00	-	

Essex Scheme Summary

SELEP code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and 2016 Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGf00004	Colchester Broadband Infrastructure	Essex CC	Essex	0.53	0.20	0.20	0.00	0.00	0.00		Project Complete
LGf00025	Colchester LSTF	Essex CC	Essex	2.07	2.00	0.91	1.09	1.09	0.00	5.3%	
LGf00026	Colchester Integrated Transport Package	Essex CC	Essex	12.00	5.00	1.53	0.00	0.67	0.67	51.1%	Spend of 2015/16 LGF slippage in 2016/17.
LGf00027	Colchester Town Centre	Essex CC	Essex	5.21	5.00	0.96	4.05	4.04	0.00	55.5%	Delayed programme for delivery and potential LGF slippage in 2016/17.
LGf00028	TGSE LSTF - Essex	Essex CC	TGSE	3.04	3.00	2.13	0.87	0.87	0.00	0.0%	
LGf00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex CC	Essex	23.01	10.00	5.87	2.13	1.23	-0.90	0.0%	
LGf00032	A414 Maldon to Chelmsford RBS	Essex CC	Essex	3.50	2.00	1.00	1.00	1.00	0.00	21.6%	
LGf00033	Chelmsford Station / Station Square / Mill Yard	Essex CC	Essex	4.00	3.00	0.41	1.57	1.00	-0.57	100.0%	Delayed programme for delivery and potential LGF slippage in 2016/17.
LGf00034	Basildon Integrated Transport Package	Essex CC	TGSE	13.81	9.00	1.55	0.00	0.00	0.00	-	
LGf00037	Colchester Park and Ride and Bus Priority measures	Essex CC	Essex	7.50	5.80	5.80	0.00	0.00	0.00	-	
LGf00079	A127 Fairglen Junction Improvements	Essex CC	Essex	19.35	15.00	0.00	0.00	0.00	0.00	-	
LGf00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex CC	Essex	8.96	4.00	0.51	1.10	1.10	0.00	54.5%	
LGf00048	A131 Chelmsford to Braintree	Essex CC	Essex	7.32	3.66	0.00	0.00	0.00	0.00	-	
LGf00049	A414 Harlow to Chelmsford	Essex CC	Essex	7.32	3.66	0.00	0.00	0.00	0.00	-	
LGf00050	A133 Colchester to Clacton	Essex CC	Essex	5.48	2.74	0.00	0.00	0.00	0.00	-	
LGf00051	A131 Braintree to Sudbury	Essex CC	Essex	3.60	1.80	0.00	0.00	0.00	0.00	-	
LGf00063	Chelmsford City Growth Area Scheme	Essex CC	Essex	15.00	10.00	0.00	0.00	0.00	0.00	-	
LGf00064	Chelmsford Flood Alleviation Scheme	Essex CC	Essex	12.30	0.80	0.00	0.00	0.00	0.00	-	
LGf00070	Beaulieu Park Railway Station	Essex CC	Essex	34.00	12.00	0.00		0.00	0.00	-	

Appendix A - Financial Monitoring

As reported in August 2016

Kent Scheme Summary

SELEP code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and 2016 Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGF00003	Kent and Medway Growth Hub	Kent CC	Kent and Medway	15.00	6.00	0.00	2.00	2.00	0.00	68.20%	Risk of LGF underspend in 2016/17.
LGF00006	Tonbridge Town Centre Regeneration	Kent CC	Kent and Medway	2.70	2.40	1.83	0.57	0.57	0.00	34.04%	
LGF00007	Sittingbourne Town Centre Regeneration	Kent CC	Kent and Medway	4.50	2.50	0.34	2.16	1.67	-0.48	79.57%	Delayed spend by third party developers.
LGF00008	M20 Junction 4 Eastern Overbridge	Kent CC	Kent and Medway	5.69	2.20	0.49	1.71	1.71	0.00	0.00%	
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent CC	Kent and Medway	2.05	1.80	0.60	0.20	0.20	0.00	44.67%	
LGF00010	Kent Thameside LSTF	Kent CC	Kent and Medway	8.21	4.50	2.05	0.85	0.85	0.00	91.28%	LGF spend backloaded in 2016/17
LGF00011	Maidstone Gyratory Bypass	Kent CC	Kent and Medway	5.74	4.60	0.70	3.90	3.90	0.00	49.61%	
LGF00012	Kent Strategic Congestion Management programme	Kent CC	Kent and Medway	4.80	4.80	0.86	0.74	0.81	0.07	29.30%	
LGF00013	Middle Deal transport improvements	Kent CC	Kent and Medway	1.55	0.80	0.00	0.80	0.80	0.00	75.00%	
LGF00014	Kent Rights of Way improvement plan	Kent CC	Kent and Medway	1.30	1.00	0.19	0.21	0.21	0.00	97.58%	LGF spend backloaded in 2016/17
LGF00015	Kent Sustainable Interventions programme	Kent CC	Kent and Medway	2.96	2.96	0.14	0.54	0.39	-0.14	66.67%	Reduced LGF allocation from £3m to £2,959,262 to balance overspend on Folkestone Seafrost: onsite infrastructure and engineering works (LGFSE17)
LGF00016	West Kent LSTF	Kent CC	Kent and Medway	9.06	4.90	0.80	1.40	1.40	0.00	100.00%	
LGF00017	Folkestone Seafrost : onsite infrastructure and engineering works	Kent CC	Kent and Medway	0.65	0.50	0.53	0.00	0.01	0.01	0.00%	Complete
LGF00038	A28 Chart Road	Kent CC	Kent and Medway	32.77	10.20	0.89	1.11	1.12	0.00	85.92%	LGF spend backloaded in 2016/17
LGF00039	Maidstone Integrated Transport	Kent CC	Kent and Medway	11.85	8.90	0.00	1.30	0.70	-0.60	55.71%	£600,000 LGF reprofiled from 2016/17 to 2017/18
LGF00040	A28 Sturry Link Road	Kent CC	Kent and Medway	29.60	5.90	0.00	1.00	0.62	-0.38	60.78%	£380,000 LGF reprofiled from 2016/17 to 2017/18
LGF00053	Rathmore Road	Kent CC	Kent and Medway	9.50	4.20	1.56	2.64	2.64	0.00	47.16%	
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent CC	Kent and Medway	0.55	0.30	0.02	0.02	0.02	0.00	100.00%	LGF spend backloaded in 2016/17
LGF00055	Maidstone Sustainable Access to Employment	Kent CC	Kent and Medway	3.00	2.00	0.13	1.87	1.87	0.00	89.99%	LGF spend backloaded in 2016/17
LGF00059	Ashford Spurs	Kent CC	Kent and Medway	10.50	5.00	0.00	2.00	1.88	-0.12	100.00%	LGF spend backloaded in 2016/17
LGF00041	Thanet Parkway	Kent CC	Kent and Medway	16.50	10.00	0.00	0.00	0.00	0.00	-	
LGF00058	Dover Western Dock Revival	Kent CC	Kent and Medway	5.00	5.00	0.00	5.00	5.00	0.00	82.00%	Risk of LGF underspend in 2016/17.
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent CC	Kent and Medway	0.00	3.00	0.00	0.00	0.00	0.00	-	
LGF00062	Folkestone Seafrost (non-transport)	Kent CC	Kent and Medway	22.11	5.00	0.00	4.00	4.00	0.00	100.00%	
LGF00072	A226 London Road/B255 St Clements Way	Kent CC	Kent and Medway	8.50	4.20	0.00	0.00	0.00	0.00	-	

Medway Scheme Summary

SELEP code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (difference between Q1 forecast LGF spend and Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	Kent and Medway	11.56	11.10	0.5	1.1	0.655	-0.45	80.15%	Reprofiling of £450,000 LGF from 2016/17 to 2017/18
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	Kent and Medway	10.25	9.00	0.2	1.25	1.31	0.06	69.77%	LGF spend backloaded in 2016/17
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	Kent and Medway	7.70	4.00	0.871	0.818	0.818	0.00	73.35%	LGF spend backloaded in 2016/17
LGF00021	Medway Cycling Action Plan	Medway	Kent and Medway	2.90	2.50	0.229	1	1.385	0.39	78.34%	Increase in 2016/17 LGF spend to help mitigate underspend
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	Kent and Medway	2.09	2.00	0.1	0.3	0.3	0.00	21.67%	
LGF00061	Rochester Airport	Medway	Kent and Medway	4.40	4.40	0	1.3	0.3	-1.00	33.33%	Reprofiling of £1m LGF from 2016/17 to 2017/18

Southend Scheme Summary

SELEP Code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and 2016 Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGf00005	Southend Growth Hub	Southend	TGSE	7.09	6.72	0.02	0.70	0.70	0.00	80.06%	LGF spend backloaded in 2016/17
LGf00029	TGSE LSTF - Southend	Southend	TGSE	1.00	1.00	0.80	0.20	0.20	0.00	100.00%	LGF spend backloaded in 2016/17
LGf00081	A127 Kent Elms Corner	Southend	TGSE	5.02	4.30	0.50	3.80	3.80	0.00	78.95%	LGF spend backloaded in 2016/17
LGf00082	A127 The Bell	Southend	TGSE	5.02	4.30	0.00	0.00	0.00	0.00	0.00%	
LGf00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	TGSE	8.00	8.00	0.40	0.30	0.30	0.00	100.00%	LGF spend backloaded in 2016/17
LGf00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	TGSE	7.00	7.00	0.00	1.00	1.00	0.00	90.00%	LGF spend backloaded in 2016/17
LGf00057	Southend and Rochford Joint Area Action Plan (Essex project)	Essex CC	Essex	8.80	3.20	0.00	3.20	3.20	0.00	82.50%	LGF spend backloaded in 2016/17

Thurrock Scheme Summary

SELEP code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and 2016 Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGF00030	TGSE LSTF - Thurrock	Thurrock	TGSE	1.00	1.00	0.80	0.20	0.20	0.00	0.00%	
LGF00046	Thurrock Cycle Network	Thurrock	TGSE	6.00	5.00	0.00	1.75	0.65	-1.10	92.31%	LGF spend backloaded in 2016/17
LGF00047	London Gateway/Stanford le Hope	Thurrock	TGSE	12.50	7.50	0.00	1.00	1.00	0.00	97.00%	LGF spend backloaded in 2016/17
LGF00052	A13 Widening - development	Thurrock	TGSE		5.00	0.00	5.00	5.00	0.00	50.00%	
LGF00056	Purfleet Centre	Thurrock	TGSE		5.00	0.00	5.00	2.50	-2.50	100.00%	LGF spend backloaded in 2016/17 and £2.5m reprofiling from 2016/17 to 2017/18

Held Centrally Scheme Summary

SELEP code	Scheme Name	Promoter	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015/16 (£m)	Q1 2016 Baseline. Planned LGF spend in 2016/17 (£m)	Planned LGF spend for 2016/17 (as reported in August 2016) (£m)	Variance (Difference between 2016 Q1 forecast LGF spend and 2016 Q2 forecast LGF spend) (£m)	% of spend in 2016 Q3 and Q4	Notes
LGF00001	Skills Capital Programme	Held Centrally			22.00	9.92	12.08	12.09	0.00	46%	Increase in 2016 spend forecast by £14,661
LGF00071	M20 Junction 10a	Held Centrally	Kent and Medway		19.70	0.00	0.00	0.00	0.00	-	
LGF00068	Housing Regeneration Project	Held Centrally			2.00	0.00	2.00	2.00	0.00	50%	
LGF00084	A13 Widening	Thurrock	TGSE		75.00	0.00	0.00	0.00	0.00	-	

SELEP

SELEP Capitial Programme Management - Appendix 2 – Summary of Forecast Spend Profile

Financial Monitoring

Quarterly Return (Financials) August 2016

Project Number	SELEP number	Project Name	Promoter	Approval Status	2015/16 (£m)	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	All Years (£m)	Original Allocation (£m)	Difference (£m)
Projects in flight													
LGFSE1	LGF00001	Skills Capital Programme	Centrally held	Approved	9.923	12.077					22.00	22.00	
LGFSE2	LGF00002	Newhaven Flood Defences	East Sussex	Approved	0.300	0.800	0.400				1.50	1.50	
LGFSE3	LGF00003	Kent and Medway Growth Hub	Kent	Approved	0.000	2.000	1.000	1.000	1.000	1.000	6.00	6.00	
LGFSE4	LGF00004	Colchester Broadband Infrastructure	Essex	Approved	0.200	0.000					0.20	0.20	
LGFSE5	LGF00005	Southend Growth Hub	Southend	Approved	0.018	0.702	2.000	2.000	2.000		6.72	6.72	
LGFSE6	LGF00006	Tonbridge Town Centre Regeneration	Kent	Approved	1.833	0.567					2.40	2.40	
LGFSE7	LGF00007	Sittingbourne Town Centre Regeneration	Kent	Approved	0.345	1.674	0.482				2.50	2.50	
LGFSE8	LGF00008	M20 Junction 4 Eastern Overbridge	Kent	Approved	0.488	1.712					2.20	2.20	
LGFSE10	LGF00010	Kent Thameside LSTF	Kent	Approved	2.051	0.849	0.500	0.400	0.400	0.300	4.50	4.50	
LGFSE11	LGF00011	Maidstone Gyratory Bypass	Kent	Approved	0.704	3.896					4.60	4.60	
LGFSE13	LGF00013	Middle Deal transport improvements	Kent	Approved	0.000	0.800					0.80	0.80	
LGFSE14	LGF00014	Kent Rights of Way improvement plan	Kent	Approved	0.193	0.207	0.150	0.150	0.150	0.150	1.00	1.00	
LGFSE17	LGF00017	Folkestone Seafront : onsite infrastructure and engineering	Kent	Approved	0.533	0.008					0.54	0.50	0.04
LGFSE18	LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey Time	Medway	Approved	0.500	0.655	4.945	5.000			11.10	11.10	
LGFSE19	LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	Approved	0.200	1.310	3.940	3.550			9.00	9.00	
LGFSE20	LGF00020	Chatham Town Centre Place-making and Public Realm	Medway	Approved	0.871	0.818	2.311				4.00	4.00	
LGFSE21	LGF00021	Medway Cycling Action Plan	Medway	Approved	0.229	1.385	0.886				2.50	2.50	
LGFSE22	LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	Approved	0.100	0.300	0.800	0.800			2.00	2.00	
LGFSE23	LGF00023	Hailsham/Polegate/Eastbourne Sustainable Transport	East Sussex	Approved	0.000	0.000	2.100				2.10	2.10	
LGFSE25	LGF00025	Colchester LSTF	Essex	Approved	0.911	1.089					2.00	2.00	
LGFSE26	LGF00026	Colchester Integrated Transport Package	Essex	Approved	1.527	0.673	0.000	1.400	1.400		5.00	5.00	
LGFSE27	LGF00027	Colchester Town Centre	Essex	Approved	0.955	4.045					5.00	5.00	
LGFSE28	LGF00028	TGSE LSTF - Essex	Essex	Approved	2.131	0.869					3.00	3.00	
LGFSE29	LGF00029	TGSE LSTF - Southend	Southend	Approved	0.800	0.200					1.00	1.00	
LGFSE30	LGF00030	TGSE LSTF - Thurrock	Thurrock	Approved	0.800	0.200					1.00	1.00	
LGFSE31	LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Road	Essex	Approved	5.870	1.230	2.900				10.00	10.00	
LGFSE32	LGF00032	A414 Maldon to Chelmsford RBS	Essex	Approved	1.000	1.000					2.00	2.00	
LGFSE33	LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	Approved	0.409	1.000	1.591				3.00	3.00	
LGFSE34	LGF00034	Basildon Integrated Transport Package	Essex	Approved	1.546	0.000	1.868	1.868	1.868	1.850	9.00	9.00	
LGFSE35	LGF00036	Queensway Gateway Road	East Sussex	Approved	1.419	4.580					6.00	15.00	-9.00
LGFSE36	LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	Approved	6.800	-1.000					5.80	5.80	
LGFSE42	LGF00038	A28 Chart Road	Kent	Approved	0.885	1.115	1.000	6.000	1.200	0.000	10.20	10.20	
LGFSE44	LGF00040	A28 Sturry Link Road	Kent	Approved	0.000	0.617	1.000	1.000	3.283		5.90	5.90	
	LGF00044	Eastbourne town centre LSTF access & improvement project	East Sussex	Approved	0.000	2.495	0.505	1.500	1.500		6.00	6.00	
	LGF00046	Thurrock Cycle Network	Thurrock	Approved	0.000	0.650	2.350	2.000			5.00	5.00	
	LGF00045	Southend Central Area Action Plan (SCAAP) - Transport	Southend	Approved	0.000	1.000	2.000	2.000	2.000		7.00	7.00	
	LGF00052	A13 Widening - development	Thurrock (retained)	Approved	0.000	5.000					5.00	5.00	
LGFSE45	LGF00053	Rathmore Road	Kent	Approved	1.562	2.638					4.20	4.20	
LGFSE46	LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	Approved	0.022	0.024	0.254				0.30	0.30	
LGFSE47	LGF00055	Maidstone Sustainable Access to Employment	Kent	Approved	0.131	1.869					2.00	2.00	
	LGF00057	Southend and Rochford Joint Area Action Plan (Essex project)	Southend	Approved	0.000	3.200					3.20	3.20	
	LGF00056	Purfleet Centre	Thurrock	Approved	0.000	2.500	2.500				5.00	5.00	
	LGF00061	Rochester Airport - phase 1	Medway	Approved	0.000	0.300	2.100	2.000			4.40	4.40	
	LGF00062	Folkestone Seafront (non-transport)	Kent	Approved	0.000	4.000	1.000				5.00	5.00	
LGFSE49	LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	Approved	0.505	0.895					1.40	1.40	
LGFSE50	LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	Approved	0.530	1.170					1.70	1.70	
LGFSE51	LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	Approved	6.410	6.190	4.000				16.60	5.00	11.60
LGFSE16	LGF00016	West Kent LSTF	Kent	Approved	0.800	1.400	0.700	0.700	0.700	0.600	4.90	4.90	
LGFSE12	LGF00012	Kent Strategic Congestion Management programme	Kent	Approved - 1st and 2nd yr only	0.863	0.809	0.730	0.800	0.800	0.800	4.80	4.80	
LGFSE15	LGF00015	Kent Sustainable Interventions programme	Kent	Approved - 1st and 2nd yr only	0.143	0.393	0.737	0.600	0.586	0.500	2.96	3.00	-0.04
LGFSE9	LGF00009	Tunbridge Wells Jct Improvement Package (formerly - Kent)	Kent	Approved - 1st yr only	0.603	0.197	1.000				1.80	1.80	
LGFSE24	LGF00024	Eastbourne and South Wealden Walking and Cycling Links	East Sussex	Approved - 1st yr only	0.600	0.750	0.500	1.750	2.500	2.500	8.60	8.60	
LGFSE43	LGF00039	Maidstone Integrated Transport	Kent	Approved - Feb 1 yr only	0.000	0.700	2.250	2.350	3.600		8.90	8.90	
LGFSE48	LGF00059	Ashford International Rail Connectivity (Ashford Spurs)	Kent	Accountability Board 16.09.2016	0.000	1.884	3.116	0.000	0.000	0.000	5.00	2.00	3.00
Projects yet to be considered by SELEP Accountability Board													
	LGF00041	Thanet Parkway	Kent	Not approved	0.000	0.000	4.000	6.000	0.000	0.000	10.00	10.00	
	LGF00042	Hastings and Bexhill junction capacity improvements project	East Sussex	Not approved	0.000	0.000	1.500	1.500	1.500	1.500	6.00	6.00	
	LGF00043	Hastings and Bexhill LSTF walking and cycling package	East Sussex	Not approved	0.000	0.000		2.000	2.000	2.000	6.00	6.00	
	LGF00047	London Gateway/Stanford le Hope	Thurrock	Not approved	0.000	1.000	2.000	3.000	1.000	0.500	7.50	7.50	
	LGF00048	A131 Chelmsford to Braintree	Essex	Not approved	0.000	0.000	1.500	1.500	0.660		3.66	3.66	
	LGF00049	A414 Harlow to Chelmsford	Essex	Not approved	0.000	0.000		1.830	1.830		3.66	3.66	
	LGF00050	A133 Colchester to Clacton	Essex	Not approved	0.000	0.000		1.370	1.370		2.74	2.74	
	LGF00051	A131 Braintree to Sudbury	Essex	Not approved	0.000	0.000			0.900		1.80	1.80	
	LGF00058	Dover Western Dock Revival	Kent	Not approved	0.000	5.000					5.00	5.00	
	LGF00060	Westhanger Lorry Park (removed from Programme)	Kent	Not approved	0.000	0.000					0.00	3.00	-3.00
	LGF00063	Chelmsford City Growth Area Scheme	Essex	Not approved	0.000	0.000	1.000	3.500	5.500		10.00	10.00	
	LGF00064	Chelmsford Flood Alleviation Scheme	Essex	Not approved	0.000	0.000		0.800			0.80	0.80	
	LGF00065	Bexhill Enterprise Park - now subsumed within North Bexhill	East Sussex	Not approved							0.00	2.60	-2.60
	LGF00068	Housing Regeneration Project (Coastal Group)	Centrally held	Not approved	0.000	2.000					2.00	2.00	
	LGF00070	Beaulieu Park Railway Station	Essex	Not approved	0.000	0.000	1.250		5.750	5.000	12.00	12.00	
	LGF00071	M20 Junction 10a	Held centrally	Not approved			8.300	11.400			19.70	19.70	
	LGF00072	A226 London Road/B255 St Clements Way	Kent	Not approved	0.000	0.000	0.000	1.100	3.100		4.20	4.20	
	LGF00073	A22/A27 junction improvement package	East Sussex	Not approved	0.000	0.000			2.000	2.000	4.00	4.00	
TOTAL spend forecast					55.711	91.442	71.165	70.868	48.597	19.600	357.38	357.38	
LGF Funding allocation					69.450	82.270	68.175	72.365	45.002	28.422			
Funding swaps to local partner programmes - Option 4 mitigation					-12.660	12.660							
Skills carry-forward					-1.080	1.080							
Difference					0.000	-4.568	2.990	-1.497	3.595	-8.822			
LGFSE38	LGF00080	A127 Capacity Enhancements Road Safety and Network	Essex (retained)	Approved - DfT	0.513	1.100	0.500	0.400	1.400		3.91		
LGFSE39	LGF00081	A127 Kent Elms Corner	Southend (retained)	Approved - DfT	0.500	3.800					4.30		
LGFSE41	LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (retained)	Accountability Board 16.09.2016	0.400	0.300	0.300	1.000	3.000	3.000	8.00		
LGFSE37	LGF00079	A127 Fairglen Junction Improvements	Essex (retained)	Not approved	0.000	0.000			4.750	10.250	15.00		
LGFSE40	LGF00082	A127 The Bell	Southend (retained)	Not approved	0.000	0.000	0.860	3.440			4.30		
	LGF00084	A13 Widening	Thurrock	Not approved			50.000	25.000			75.00		

Appendix 3 - Project deliverability and risk assessment

				Risk & Deliverability Assessment										Overall Risk Assessment							
Project Number	SELEP number	Project Name	Promoter	Public & Stakeholder Acceptability - Assessment	Comment	Feasibility - Assessment	Comment	Planning Risk (securing of powers & consents) - Assessment	Comment	Certainty of total cost estimate	Comment	Affordability / Certainty of local funding sources	Comment	VIM Risk - Assessment	Comment	Complexity / Dependence / Flexibility of Scheme Assessment	Comment	Showstopper Risk	Comment	Programme risk	Comment
LGFSE1	LGF00001	Skills Capital Programme	Centrally held	L		L		L		M	Risk of £14.661 overspend.	L		L		L	Being implemented	L		L	
LGFSE2	LGF00002	Newhaven Flood Defences	East Sussex	L		L		L		L	Capped contribution to Environment Agency led project.	L		L		L		L	Being implemented	L	
LGFSE3	LGF00003	Kent and Medway Growth Hub	Kent	L		L		L		L		L		L		L		L		M	Risk of LGF spend slippage into 2017/18
LGFSE5	LGF00005	Southend Growth Hub	Southend	M	Delay due to Clean Air Act, but issue has been resolved.	L		L		L		L		L		L		L	Being implemented	M	Backloaded spend in 16/17
LGFSE6	LGF00006	Tonbridge Town Centre Regeneration	Kent	M	Risk around Phase 2 - Scheme 4 and possible loss of parking for cycle scheme	L		L		L		L		L		L		L	Being implemented	L	On target to spend within 16/17, capital receipts contribution may go into 2017/18.
LGFSE7	LGF00007	Sittingbourne Town Centre Regeneration	Kent	L		L		M	The detail of the land swap has been agreed with Network Rail but the legal documentation has not been completed.	L		L		L		L	3rd party delivery	M	Risk may increase if planning permission is refused, or major objection to S278 works	M	Backloaded spend in 16/17 and some reprofiling into 17/18
LGFSE8	LGF00008	M20 Junction 4 Eastern Overbridge	Kent	L		L		L		L		L		L		L		L	Being implemented	L	On target
LGFSE9	LGF00009	Tunbridge Wells Jct Improvement Package (formerly A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	L		M	Business case required for additional schemes			M	Most recent cost estimate for proposed improvement has increased. Options to be reviewed.	L		M	Change to scope will need to go through ITE	L		L		M	Change of scope could delay progress. Now forecasting LGF spend of £200k in 2016/17 and £1m in 2017/18.
LGFSE10	LGF00010	Kent Thameside LSTF	Kent	L		L		L		M	Currently looking at new schemes i programme to progress following decision to reduce Bob Dunn way scheme	L		L		L		L	Package of measures being implemented	M	Backloaded spend in 16/17
LGFSE11	LGF00011	Maidstone Gyratory Bypass	Kent	L		L		M	Legal agreement still outstanding awaiting final signature by MDC	L		L		L		L		L	Being implemented	L	On target to spend LGF within Q2 and Q3 of 16/17, with spend of local contribution in Q4.
LGFSE12	LGF00012	Kent Strategic Congestion Management programme	Kent	L		M	Need to produce Business Case and define scope for remaining of allocation to 2020/21	L		M	Require new schemes to be forward designed	L		M	As BCs provided by year, ITE unable to confirm VIM	L		L	2016/17 schemes being implemented	L	2016/17 LGF spend is ahead of programme.
LGFSE13	LGF00013	Middle Deal transport improvements	Kent	L		L		L		L		L		L		L	3rd party delivery	M	Requires S278 agreement and funding agreement.	M	LGF spend is currently at zero as awaiting signed funding agreement, profiled for LGF spend in Q2, Q3 and Q4 of 2016/17
LGFSE14	LGF00014	Kent Rights of Way improvement plan	Kent	L		L		L		L		L		L		L		L	Being implemented	L	On target with spend forecast for Q3 and Q4
LGFSE15	LGF00015	Kent Sustainable Interventions programme	Kent	M	Risk around consultation (cycle elements)	L		L		M	Currently unable to profile spend for remainder of programme, as scope has yet to be confirmed.	L		M	As BCs provided by year, ITE unable to confirm VIM	L		L	Being implemented	M	Underspend likely in 2016/17 until further schemes come forward
LGFSE16	LGF00016	West Kent LSTF	Kent	M	Consultation on Swanley Master Plan may prevent 2017/18 scheme for Swanley station	L		L		L		M	Match funding for Swanley station improvements may be removed	L		L		L	Being implemented	L	2016/17 On target with spend forecast for Q3 and Q4, but programme of works for 2017/18 to be assessed.
LGFSE18	LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network improvements	Medway	L	Informal consultation completed, but full consultation as part of planning.	L		M	Planning application to be submitted in September.	L	Reduced total costs of project due to reduced match funding	L	Total project cost has been reduced to match funding available	M	Business Case to be reassessed.	L		L		M	Delay to the programme, as a result of revised scale of project.
LGFSE19	LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	L		L		L	No planning required	L		L		L		L		L	Being implemented	L	
LGFSE20	LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	L		L		L	No planning required	L		L		L		L		L	Being implemented	L	
LGFSE21	LGF00021	Medway Cycline Action Plan	Medway	L		L		L		L		L		L		L		L	Being implemented	L	
LGFSE22	LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	L		L		L		L		L		L		L		L	Being implemented	L	
LGFSE23	LGF00023	Halsham/Polegate/Eastbourne Sustainable Transport Corridor	East Sussex	M	Public consultation due at end of Q3/beginning of Q4.	L		L	No land acquisition. No planning required.	L	tbc, but should be scalable	L		L	Business Case to be brought forward for ITE review at end of 2016/17.	L		L	To be implemented 17/18	L	
LGFSE24	LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	L		L		L		L		L		L		M		M	Delay to scheme, but not a showstopper risk.	M	Risk of delay to programme due to Knotweed being found alone arrosed route.
LGFSE25	LGF00025	Colchester LSTF	Essex	M	Risk around consultation (cycle elements)	L		L		L		L		L		L		L	Being implemented	L	Slippage from 15/16 to 16/17, but should be able to spend within 16/17.
LGFSE26	LGF00026	Colchester Integrated Transport Package	Essex	M	Risk around consultation	L		L		L	tbc, but should be scalable	L		L		L		L	Being implemented	L	LGF spend was deferred to 16/17, so programme risk should be mitigated through longer scheme development phase
LGFSE27	LGF00027	Colchester Town Centre	Essex	H	Delay caused by consultation re: Lexdon Rd Bus Lane element	L		M		L		L		M		L		L	Some risk around scheme element (Lexdon Rd).	M	Potential programme delay and risk to 2016/17.

Project Number	SELEP number	Project Name	Promoter	Public & Stakeholder Acceptability - Assessment	Comment	Feasibility - Assessment	Comment	Planning Risk (securing of powers & consents) - Assessment	Comment	Certainty of total cost estimate	Comment	Affordability / Certainty of local funding sources	Comment	VfM Risk - Assessment	Comment	Complexity / Dependence / Flexibility of Scheme - Assessment	Comment	Showstopper Risk	Comment	Programme risk	Comment
LGFS28	LGFO0028	TGSE LSTF - Essex	Essex	L		L		L		L		L		L		L		L	Being implemented	L	Slippage from 15/16 to 16/17, but should be able to spend within 16/17.
LGFS29	LGFO0029	TGSE LSTF - Southend	Southend	L		L		L		M	Potential overspend but SBC to cover	L	No match funding	L		L		L	Being implemented	L	
LGFS30	LGFO0030	TGSE LSTF - Thurrock	Thurrock	L		L		L		L		L		L		L		L	Being implemented	L	
LGFS31	LGFO0031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	M		M		M		M		L		M		M	Delay in procurement. Complex project being procured for Design and Build	M	Risk until tender exercise is completed later in the year (Nov)	M	Backloaded spend in 16/17
LGFS32	LGFO0032	A414 Maldon to Chelmsford BBS	Essex	L		L		L		L		L		L		L		L	Being implemented	L	
LGFS33	LGFO0033	Chelmsford Station / Station Square / Mill Yard	Essex	M	Delays due to complexity	L		L		L		L		L		H	Complex delivery involving Essex County Council, Network Rail and Train Operating Companies. Delays to forecourt works	M	Complex project	M	Potential delivery risk due to complexity. Risk of slippage in 2016/17.
LGFS34	LGFO0034	Basildon Integrated Transport Package	Essex	L		L		L		L		L		L		M		L	Being implemented	L	No LGF spend forecast until 17/18
LGFS35	LGFO0036	Queensway Gateway Road	East Sussex	L	Consultation complete	L		L	Judicial review threat no longer present	L		L		L		L		L	Judicial review threat no longer present	M	Backloaded spend in 16/17
LGFS42	LGFO0038	A28 Chart Road	Kent	L		L		L		L		M	Developer Payments from 2015/16 still outstanding & S278 Agreement not signed due to Form of Bond disagreement	L		L		L	Being implemented	L	2016/17 On target, but with majority of spend forecast for Q4
LGFS43	LGFO0039	Maldstone Integrated Transport	Kent	M		M	Need to produce BC for phase 2 of LGF allocation	L		L		M		M	As BC only provided for Phase 1, ITE unable to confirm VfM	L		L	Being implemented	M	Decision on S106 in August 2016/17 and delay may affect ability to deliver scheme in 2016/17 with Gyratory works also taking place. Will need to replace works programme for 2016/17 with possible contributions helping to deliver final scheme in 2017/18
LGFS44	LGFO0040	A28 Sturry Link Road	Kent	L		L		M	Planning permission required	M		M	Developer match funding required	L		L		M	Heads of terms still to be signed off for match funding. Network Rail involved in project, as the new road crosses the railway.	M	2016/17 LGF spend reduced from £1m to £0.00k, due to revised programme for land purchase.
tb1	LGFO0041	Thanet Parkway	Kent	M	Subject to detail in BC. Require positive support from DfT Rail (as Franchisee)	L	Project is feasible	M	Planning permission required	H	Latest cost estimate is significantly above £10m LGF allocation, no currently a funding gap exists. Further design/cost work on-going	H	Funding gap	M	VfM uncertain	M	tb1	H	Current funding gap	H	Key risk issues currently unresolved - implications for programme.
tb2	LGFO0042	Hastings and Bexhill junction capacity improvements package	East Sussex	L	Within highway	L		L		L	tb1, but should be scalable	L		L	VfM uncertain, but probably good VfM	L		L		L	No LGF spend forecast until 17/18
tb3	LGFO0043	Hastings and Bexhill LSTF walking and cycling package	East Sussex	M	To be completed	L		L		L	tb1, but should be scalable	L		L	VfM uncertain, but probably good VfM	L		L		L	No LGF spend forecast until 18/19
tb4	LGFO0044	Eastbourne town centre LSTF access & improvement package	East Sussex	M	Design to be revisited due to stakeholder comments	L		L		L		L		L		L		L		M	Consultation > potential delay risk.
tb5	LGFO0045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	M		L		L		L	tb1, but should be scalable	L	No match	L	Business Case approved for £1m LGF in April 2016. Future years to be approved.	L	tb1	L		M	Backloaded spend in 16/17
tb6	LGFO0046	Thurrock Cycle Network	Thurrock	M		L		L		L	tb1, but should be scalable	L		L	Business Case approved for £1.8m LGF in April 2016. Future years to be approved.	L		L		M	Consultation > delay risk and request to reprofile £1.1m
tb7	LGFO0047	London Gateway/Stanford le Hope	Thurrock	M	Subject to detail in BC	L		L		M	Risk linked to complexity	L		M	VfM uncertain	L / M	Low for Phase 1. M for Phase 2 (Station refurb)	L		M	Phase 1 planning on spending in Q4 of 16/17 > tight programme. Phase 2 more complex and greater inherent risk.
tb8	LGFO0048	A133 Chelmsford to Braintree	Essex	L	Within highway	L		L		L		L		L	VfM uncertain	L		L		L	No LGF spend forecast until 17/18
tb9	LGFO0049	A414 Harlow to Chelmsford	Essex	L	Within highway	L		L		L		L		L	VfM uncertain	L		L		L	No LGF spend forecast until 18/19
tb10	LGFO0050	A133 Colchester to Clacton	Essex	L	Within highway	L		L		L		L		L	VfM uncertain	L		L		L	No LGF spend forecast until 18/19
tb11	LGFO0051	A133 Braintree to Sudbury	Essex	L	Within highway	L		L		L		L		L	VfM uncertain	L		L		L	No LGF spend forecast until 19/20
tb12	LGFO0052	A13 Widening - development	Thurrock (retained)	H	Likely to be contentious	L	tb1	M	Subject to detail in BC	M	Large-scale project with risk of cost over-run	L		M	Business Case for full project to be developed	M		M	Approval process for drawing down funds	M	Consultation > delay risk
LGFS45	LGFO0053	Rathmore Road	Kent	L		L		L		L		L		L		L		L	Being implemented	L	2016/17 On target with majority of spend forecast for Q3 with completion by end of 2016
LGFS46	LGFO0054	A28 Sturry Rd Integrated Transport Package	Kent	L		L		L		L		L		M	Change to scope may need to go through ITE	L		L	Delay to scheme to 2017/18	L	
LGFS47	LGFO0055	Maldstone Sustainable Access to Employment	Kent	L		L		L		M	Total cost may come in higher than estimate due to complexity of work	L		M		M	Works may need to be carried out from River and so construction constraints	L	Being implemented, awaiting tender process	M	On target to spend majority LGF within Q3 and Q4 of 16/17, with Maldstone BC contribution in Q4 and possibly early 2017/18
tb13	LGFO0056	Purfleet Centre	Thurrock	L	Subject to detail in BC	L		L	Subject to detail in BC	L	Subject to detail in BC	L		M	VfM uncertain	M	tb1	L		M	LGF to fund land acquisition in 16/17 and risk of slippage into 2017/18
tb14	LGFO0057	Southend and Rochford Joint Area Action Plan (Essex project)	Southend	M		M		M		L	Uncertain but SBC to fund underspend.	L	SBC match	M	VfM uncertain	M	tb1	M	Management risk	M	Management potentially complex between Essex/Southend. Backloaded spend in 16/17
tb15	LGFO0058	Dover Western Dock Revival	Kent	L	Developer led, within developer land.	L	tb1	L	tb1	H	Funding eligibility uncertain, as question whether scheme delivers net additionality (or would have been delivered anyway).	L		M	VfM uncertain	L	3rd party delivery	H	Funding eligibility risk	H	Planned to spend in 2016/17, but risk that this will now not happen without approved business case
LGFS48	LGFO0059	Ashford Spurs	Kent	M	Subject to detail in BC	M	Project is feasible. However, should seek assurance that HS1 services would stop at Ashford if infrastructure provided.	M	Subject to detail in BC	H	Cost increase from £5m to £10.5m. Currently a funding gap to be provided as part of LGF3 bid.	M	Awaiting outcome of LGF Round 3 funding bid.	M	VfM uncertain	H	Mix of funding parties, NR delivery, and HS1 operator.	H	Funding risk, dependant on LGF3 bid	H	Funding risk, Business Case coming to Accountability Board in Sept
tb17	LGFO0061	Rochester Airport	Medway	M	Planning decision was challenged. Judicial review has delayed project.	L		H	Planning approval is required from Medway Council and also has to be permitted by Tonbridge & Malling (subsequent to Medway)	M		L	Rochester Airport Ltd managing project.	L		M		M	Planning issues and delay to delivery	M	Delay to the programme and risk of £1m slippage in 2016/17.

Project Number	SELEP number	Project Name	Promoter	Public & Stakeholder Acceptability - Assessment	Comment	Feasibility - Assessment	Comment	Planning Risk (securing of powers & consents) - Assessment	Comment	Certainty of total cost estimate	Comment	Affordability / Certainty of local funding sources	Comment	VIM Risk - Assessment	Comment	Complexity / Dependence / Flexibility of Scheme - Assessment	Comment	Showstopper Risk	Comment	Programme risk	Comment
tbc18	LGF00062	Folkestone Seafont (non-transport)	Kent	L		L		L		L		L		L		M	Being delivered by third party	L		M	Project is being delivered by third party
tbc19	LGF00063	Chelmsford City Growth Area Scheme	Essex	M	tbc	L	tbc	L	tbc - but expect to be within highway.	L		L		L	VIM uncertain, but probably avoid VIM	L	tbc	L		L	No LGF spend forecast until 17/18. Consultation > possible delay risk
tbc20	LGF00064	Chelmsford Flood Alleviation Scheme	Essex	M	tbc	M	tbc	M	tbc	M	tbc	L		M	tbc	M	tbc	L		M	tbc - need to understand risk and cause of recent delay better.
LGFSE49	LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	L		L		L		L		L		L		L		L		L	
LGFSE130	LGF00067	Sovereign Harbour (aka Strategic Site Investment Package)	East Sussex	L		L		L		L		L		L		L		L		L	
	LGF00068	Housing Regeneration Project (Coastal Group)	Held Centrally	M	tbc	M	tbc	M	tbc	M	tbc	M	Needs to go through ITE	M	tbc	M	tbc	M	Needs to go through ITE before spend in 16/17. Risk of delay to programme.	M	
tbc22	LGF00070	Beaulieu Park Railway Station	Essex	M	Need to secure stakeholder and political buy-in	M	tbc	M	tbc	H	Complex rail project	H		M	VIM uncertain	H	Complex delivery - CCC, NRI and Developer (MOU signed between parties).	M	Complex. Delay could also mean implementation post LGF programme period.	H	Complex rail project
tbc23	LGF00071	M20 Junction 10a	Centrally held	M		L	tbc	M	Subject to detail in BC	M	HCA centrally held funding (part of LGF). Issue of whether developer contributions can be secured to fund / finance the HCA contribution. Resolution pending.	M	Risk on the timing of developer contributions	M	VIM uncertain	M	Funding via HCA to Ashford, HE and Developer involvement. However, funding and delivery route agreed.	M	Subject to HCA funding issue	M	Subject to HCA funding issue
tbc24	LGF00072	A226 London Road/B255 St Clements Way	Kent	L		L		L		L		L	Match funding secure	M	VIM uncertain	L		L		L	Works advanced to 2016/17. Potential to accelerate programme.
tbc25	LGF00073	A22/A27 junction improvement package	East Sussex	M	tbc	M	Feasibility work to be completed.	L	To be completed.	M	Currently unknown.	L		L	tbc	L	tbc	L	tbc	L	No LGF spend forecast until 19/20
LGFSE37	LGF00079	A127 Fairglen Junction Improvements	Essex (retained)	M	tbc	L		M	tbc	M	Some cost uncertainty	L		M	VIM uncertain	L	tbc	L	tbc - but unlikely to be showstopper risks	M	DfT / HE processes and planning present programme risks
LGFSE38	LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (RCCL)	Essex (retained)	L		L		L		L		L		L		L		L	Being implemented	L	
LGFSE39	LGF00081	A127 Kent Elms Corner	Southend (retained)	L		L		M	Transfer of private land to Highway	M	Final cost uncertainty, as bridge will be included. This will be covered from A127 Essential Bridge and Highways Maintenance or SBC	L	£0.8m from maintenance.	L		L	Scheme option selection underway	L		M	Backloaded spend in 16/17
LGFSE40	LGF00082	A127 The Bell	Southend (retained)	M	Scheme options to commence	L		M	tbc	M	Some cost uncertainty because of early stage of design, but covered locally if there is overpend.	L	SBC match funding	M	VIM uncertain	L	tbc	L		L	No LGF spend forecast until 17/18
LGFSE41	LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (retained)	M	tbc	L		M	tbc but not expected	M	Some cost uncertainty. Flexibility to change package.	L	No match	M	Business Case for £1m to be considered by Accountability Board.	L	tbc	L		M	Backloaded spend in 16/17
LGFSE51	LGF00085	North Beahill Access Road and Beahill Enterprise Park	East Sussex	L	Consultation complete	L		L	Judicial review threat no longer present	L		L		L		L		L		L	Accelerated spend in 2016/17 and potential to increase LGF spend in 2017/18 too.

END

Report to Accountability Board	Forward Plan reference number: FP/AB/050
Date of Accountability Board Meeting: 16th September 2016	
Title of report: Skills Capital Fund Approval	
Report by: Adam Bryan, Managing Director	
Enquiries to : adam.bryan@essex.gov.uk	

1. Purpose of report

- 1.1 To present recommendations regarding three projects submitted under the auspices of the Skills Capital Building Projects and Equipment fund. As requested by board members at the special Accountability Board on 24th June 2016, two projects were resubmitted for consideration. A third project, erroneously overlooked during the last bidding round, has also been subject to assessment.

2. Recommendations

- 2.1 On the recommendations of the Assessment Group and the independent appraisal, the Board is asked to:
- 2.1.1 Approve the allocation of £116,783 from the fund to the Harlow College, E-Hub - for supporting Enterprise and Entrepreneurship
 - 2.1.2 Approve the allocation of £223,798 from the fund to Canterbury College, Swale Campus Construction Extension – to meet local and regional skills needs around the construction sector; subject to an acceptable outcome from the completion of an independent technical/financial appraisal of the project.
 - 2.1.3 In considering approval of 2.1.2 above, the board is asked to note the following:
 - 2.1.3.1 The bid does not meet the match funding requirement of 50% as it is requesting funding at 90% of the total cost; and
 - 2.1.3.2 The bid does not meet the minimum score required for a compelling case of 130/144 with a score of 82.
- 2.2 The Board is also asked to agree that any overspend arising from an over-allocation of the Skills Capital pot is funded by headroom in the broader Local Growth Fund programme and managed as part of the overall approach to LGF capital programme management. It should be noted that an approval of 2.1.2 to the amount requested will result in an over-allocation of the fund of £14,661.
- 2.3 Decline the application for funding of £112,159 by the Creative Skills, Touring Technical Theatre Masterclasses on the basis of it not meeting the minimum scoring threshold for funding of 72, with a score of only 18 out of 144.

3. Background

3.1 The South East Local Enterprise Partnership (SELEP) was awarded £22m for skills capital building projects and equipment in 2015 as part of the wider Local Growth Fund (LGF). To date the following allocations have been made, and are summarised in Appendix A:

- Round 1 - £16,099,440
- Round 2 - £620,540
- Round 3 - £3,411,405
- Round 4 - £1,542,695
- Total - £21,674,080

3.2 Therefore, £325,920 is as yet unallocated. Board members will notice the discrepancy between the £340,581 requested above and this available figure. There is a small amount of working headroom in the broader SELEP LGF programme and it is recommended that this proposed over allocation (£14,661) is funded from this headroom in the LGF programme. The headroom, however, is not in the current financial year, and as such it is intended that this is managed as part of SELEP's capital programme management procedures, which report regularly to the Accountability Board and are fully in Government's sights, to ensure that funds available in the current year are not overcommitted.

3.3 Bidding has now ended and the bids have been assessed in line with the agreed evaluation process by the Assessment Group. The group consisted of representatives from each Employment and Skills Board.

4. Assessment Findings

4.1 Two bids were re-submitted on the advice of the Accountability Board on 24th June 2016. These bids had previously been supported by the federated areas and had previously been reviewed by the SFA. These were the Creative Skills bid and the Canterbury College bid, the latter bid now using a different and more descriptive project name to reflect adaptations to the project undertaken in light of feedback from the previous round.

4.2 A third bid, from Harlow College, was submitted to the Assessment Group and was subjected to an additional independent technical appraisal of its financial case and its overall business case. This bid was previously submitted to the fourth round of the Skills Capital Fund but was not assessed due to an administrative error on SELEP's part. It is therefore correct that it is subject to the same process as the other bids submitted as part of the April call for projects.

4.3 The Assessment Panel assessed the bids as below:

Organisation	Details	Requested	% of project	Score* (/144)	Recommendation/Notes
Harlow College: <i>E Hub</i>	Facility focused on development of entrepreneurship and e-skills needed for growth economy. One stop shop for business start-up and business planning support as well as mentoring. Links to Chambers and	£116,783	50	114	Approve – subject to final independent appraisal which has subsequently taken place and scored acceptably.

	Harlow Enterprise Zone.				
Canterbury College: <i>Swale Campus Construction extensions</i>	153m2 of extended constructions skills facilities, enabling provision in bricklaying, carpentry, multi-trades and sustainable techniques to meet local and regional skills needs	£223,798	90	82	Approve – subject to final independent appraisal
Creative & Cultural Skills: <i>Touring Technical Development Masterclasses</i>	Touring masterclasses providing advice, taster sessions and industry insights for technical careers in music and theatre industries.	£112,158	50	18	Refuse – scored less than the required threshold

* Acceptable: 72+/144, Compelling 130+/144

- 4.4 Two bids have been assessed as acceptable and it is recommended that they should receive their requested allocation. The Skills Funding Agency has not been able to undertake a full review of the re-submitted Canterbury College application, so a fully independent financial review is currently being undertaken and may be available in time for the Accountability Board meeting. The bid from Harlow College has already been subject to a separate independent assessment of its financial aspects and it scored acceptably.
- 4.5 Canterbury College have offered 10% match funding for their project, when the expectation in the agreed process was for 50%; to receive a greater than 50% funding level, bids were expected to score sufficiently to meet the minimum agreed threshold for a compelling case of 130/144, however, the bid only scored 82. The Assessment Panel were minded to recommend it for funding on the basis of the clear need for that facility for Kent-based learners and the urgent requirements of the construction sector to which the project clearly responds. It also demonstrated a step-change from the original bid and a striking cognisance of local skills challenges, including NEET levels and the precise positive impact that the project would have here.
- 4.6 While not scoring to an acceptable level for SELEP skills capital funding and therefore not recommended for funding, the Creative Skills bid clearly had merit in its own field and the Assessment Panel were firmly of the mind that it would be a strong candidate for other types of funding. The Assessment Panel recommended that SELEP should work to support the applicant in seeking funding from elsewhere, given the obvious merits of the project and its alignment with a key sector of activity.
- 4.7 The robust process to evaluate the bids has been taken in line with the Assurance Framework, previous advice from the SFA and with the help of an independent technical evaluation. Allocations have been made in line with the previous approach adopted by the Accountability Board, though the Canterbury College project's request for 90% funding should be discussed by the board given its relative score and the availability of funding.

5. Financial Implications

- 5.1 A total of £340,581 is currently requested for approval in this report, some of which is subject to additional requirements being met. The potential overspend arising from this (£14,661), as set out in Appendix A, will be managed within SELEP's overall LGF Programme Management, according to the requirements of the Assurance Framework and the expectations of Government.
- 5.2 In the first instance, the over-programming will be offset by underspend on the 2016/17 skills allocation where this occurs. If this does not occur, the overspend will be offset by any slippage against the rest of the capital programme and accommodated by the headroom on the fund in future years. Any requirement for transfer of funding to balance this will be reported to the Accountability Board and may be subject to approval by the Government.

6. Legal Implications

- 6.1 Grant approved as part of this report will be transferred to the respective college under a grant agreement from the Accountable Body; this agreement will ensure that the requirements for utilising the grant for new capital expenditure in line with the respective bids, and the match funding and other requirements are adhered to as appropriate.

7. Staffing and other resource implications

- 7.1 Resources will be required to monitor spend and the achievement of targets as agreed with the bidders. This will be delivered within individuals' current workloads.

8. Equality and Diversity implications

- 8.1 None

9. List of Appendices

- 9.1 None; included in body of report.

(available at www.essex.gov.uk if not circulated with this report)

10. List of Background Papers

- 10.1 Full bid documents

(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	9/9/2016

Skills Projects funded from the Local Growth Fund

Total Available LGF		LGF Allocation	Match Funding	% Match Provided
£22,000,000		£	£	
Approved Capital Development Schemes				
Harlow advanced manufacturing and engineering centre of excellence	Harlow College	2,500,000	5,000,000	67%
Hadlow College Group - Ashford College, Kent	Hadlow Group	9,800,000	6,858,523	41%
STEM training at Braintree College, Essex	Colchester Institute	3,640,000	1,960,000	35%
Refurbished science facilities - Sussex Downs College, East Sussex	Sussex Downs College	159,440	323,142	67%
Total		16,099,440	14,141,665	
Approved Capital Equipment Schemes (Round 1)				
Science Hub	Writtle College	38,806	78,788	67%
AMEC - Equipment	Harlow College	346,572	703,645	67%
Centres for Excellence for Advanced Industrial Technologies and Engineering Manufacture	South Essex College	73,475	149,176	67%
STEM Skills Training Equipment	Colchester Institute	161,687	161,687	50%
Total		620,540	1,093,296	
Approved Capital Equipment Schemes (Round 2)				
Extension to construction facilities in Folkestone	East Kent College	1,360,000	118,000	8%
Specialist Equipment for STEM Centre	Sussex Downs College	74,914	74,914	50%
North Kent Dealership Centre	North Kent College	141,850	141,850	50%
Digital Labs for the Construction, Health and Social Care and Science Sectors	Harlow College	350,000	350,000	50%
Raising Essex STEM Skills to Higher Levels	Colchester Institute	52,304	52,304	50%
Growing apprenticeship and skills training in engineering	Plumpton College	88,474	95,848	52%
Advanced Construction, Infrastructure and telecomms	Procat College	306,421	309,422	50%
Creating a Centre of Excellence for logistics	South Essex College	27,407	27,407	50%
Science to support the Health Professions	South Essex College	148,972	148,972	50%
Specialist Equipment Ashford phase 1a	Hadlow Group	427,500	522,500	55%
Health Science Laboratory, Medway	Mid Kent College	235,063	235,062	50%
Engineering Skills Growth Hub (Swale Skills Equipment)	Mid Kent College	198,500	198,500	50%
Total		3,411,405	2,274,779	
Round 4				
Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction	Chelmsford College	57,490	57,491	50%
Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further & Higher Education	Hadlow Group	447,000	373,000	45%
Foundation Learning (Princess Christians Farm Campus) – Enhancing Specialist Facilities	Hadlow Group	385,000	580,000	60%
Transport & Logistics Skills Hub	Mid Kent College	82,000	45,000	35%
Thameside Jetty	North Kent College	64,500	64,500	50%
Science and Engineering for Tree Management	Plumpton College	140,000	140,000	50%
Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills	South Essex College	366,705	366,705	50%
		1,542,695	1,626,696	
Total allocated to date		21,674,080	19,136,435	47%
Total Unallocated to date		325,920		
New Funding Requests				
E-Hub - for supporting Enterprise and Entrepreneurship	Harlow College	116,783	116,783	50%
Swale Campus Construction Extension	Canterbury College	223,798	24,866	10%
Total Funding Requested		340,581	141,649	
Funding Shortfall		-	14,661	

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	16 th September 2016
Date of report:	7 th September 2016
Title of report: Memorandum of Understanding (MOU) for Enterprise Zones	
Report by	Adam Bryan
Enquiries to	adam.bryan@essex.gov.uk

1. Purpose of report

The purpose of this paper is to inform the Accountability Board of the requirement for Local Authorities, LEPs and central Government to agree a Memorandum of Understanding (MOU) for North Kent Innovation Zone by the end of September 2016, and to seek approval for the Managing Director of the SELEP to approve the final MOU.

2. Recommendations

2.1 The Board is asked to:

- 2.1.1 Note the requirement for Local Authorities, LEPs and central Government to agree a North Kent Innovation Zone MOU by 26th September 2016;
- 2.1.2 Recommend that SELEP, via the Accountable Body enter into the North Kent Innovation Zone MOU; and
- 2.1.3 Agree to delegate to the SELEP Managing Director authority to finalise the terms and conditions of the final MOU for North Kent Innovation Zone, which will commit SELEP to support and assist development and delivery of the Enterprise Zone.
- 2.1.4 Agree to delegate authority to the SELEP Managing Director and Accountable Body authority to sign the MOU once a final MOU has been prepared and agreed by all parties.

3. Background

- 3.1 During 2015/16, North Kent Innovation Zone was granted Enterprise Zone status by the Secretary of State for Communities and Local Government.
- 3.2 Following that application process, there is now a need to have in place an MOU for new Enterprise Zones. The MOU is the instrument by which Government seeks confirmation of local partners' commitment to delivering the enterprise zone and its outputs. In return for which Government commits to the regulatory measures that give effect to the enterprise zone incentives (for occupiers) and retention of business rates (for local authorities).

- 3.3 The MOU will set out a number of commitments of all parties, and will reaffirm the Government's commitment to the establishment of Enterprise Zones, and local authorities access to business incentives. The MOU will confirm the SELEP ability to benefit from a number of business incentives including:
- 3.3.1 Permitting the Relevant Local Authorities to retain 100% of any business rate increase which accrues for a period of 25 years from the commencement date of the Enterprise Zone, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities;
- 3.3.2 Central government will reimburse the cost incurred by Relevant Local Authorities in providing a 100% business rates discount for a period of up to five years, to any business which sets up operations within the Enterprise Zone site before 31 March 2022, and is able to receive the support within the State Aid De Minimis threshold (or other limitation applicable by law);
- 3.3.3 As an alternative to the reimbursement of business rates, and up until 31st March 2020, Central Government will reimburse the Relevant Local Authorities the cost of allowing businesses occupying an Enterprise Zone sites within an Assisted Area to count 100% up to €125 million of their first years' expenditure on qualifying plant and machinery assets against taxable income as an Enhanced Capital Allowance; and
- 3.3.4 The Local Enterprise Partnership and Relevant Local Authorities can together agree to other local authorities benefitting from the benefits of the Enterprise Zone during the term
- 3.4 A draft template of the Enterprise Zone Memorandum of Understanding for the North Kent Innovation Zone is provided in Appendix 1. However, amendments are required to the MOU prior to final approval. These amendments will include changes to bring the MOU in line with the bid document and to ensure the MOU complies with Local Authorities own legal requirements.
- 3.5 In addition to the business incentives, the MOU sets out certain expectations from relevant local authorities and LEPs, in return for which Government gives certain undertakings. These are summarised in Table 1 below.

Table 1 Summary of expectations from Local Authorities/LEP's and Government's committed undertakings

Local Enterprise Partnership/Local Authority commitments	DCLG commitments
OPERATION <ul style="list-style-type: none"> • Provide maps and confirmation regarding the location, incentives sought and commencement dates for each site. • Submit a 5-year delivery plan setting out how the EZ will be set up and operated. • Secure expertise needed to establish and operate the EZ. • Provide DCLG with a named contact 	<ul style="list-style-type: none"> • Permit Local Authorities to retain 100% of business rate growth for 25 years from the commencement date of the EZ on the condition that this is spent on the Local Enterprise Partnership's growth priorities. The expectation is that this will initially be to fund development required on the EZ. • Reimburse 100% of the discount in

regularly notifying DCLG on progress.	business rates (provided by the local authority on which the Enterprise Zone is sited) to businesses that occupy an Enterprise zone site before 31 March 2022 for a period of 5 years up to the maximum state aid <i>de minimise</i> threshold.
GOVERNANCE <ul style="list-style-type: none"> • Agree a governance structure. • Enter into agreements with each local authority with Enterprise Zones covering key delivery issues including arrangements for fast-track planning and other approvals, use of business rates retained by the local authority, collection and reporting of monitoring data etc.... • Provide DCLG with copies of board papers and the opportunity to attend meetings. 	<ul style="list-style-type: none"> • Provide a named contact for the Enterprise Zone to advise on establishing the zones and resolving issues arising in relation to Government procedures and support.
COMMUNICATIONS <ul style="list-style-type: none"> • Develop and implement plans for marketing the Enterprise Zone • Use the national EZ logo on marketing materials and signage. 	<ul style="list-style-type: none"> • Promote Enterprise Zone programme and good practice via press releases, website, Twitter account, LinkedIn group etc.... • Provide senior leaders of LEPs/EZs with the opportunity to meet to discuss progress, challenges and good practice with senior government officials and Ministers.
MONITORING: <ul style="list-style-type: none"> • Collect data on employment, business activity etc., and report quarterly to DCLG in an agreed format. 	<ul style="list-style-type: none"> • Advise on data monitoring and arrangements for returning monitoring data. • Publishing summaries of national and regional Enterprise Zone activity, which allows local areas to judge their own performance.

3.6 There is insufficient time for the Accountability Board to meet and agree the final draft North Kent Innovation Zone MOU prior to submission to the Department for Communities and Local Government during the week commencing 26th September 2016. As the MOU is required to be signed off by the Secretary of State for Communities and Local Government, each local authority involved in the Enterprise Zone, the Accountable Body, and SELEP, it is important to seek approval to the SELEP entering into the MOU prior to the final MOU being in place, with appropriate delegations to the Accountable Body and Managing Director to finalise the MOU and sign on the SELEP behalf, provided they are satisfied as to the content of the MOU.

4. Financial Implications

4.1 The agreement of the North Kent Innovation Zone MOU does not in itself provide any financial commitment. However, there will be an ongoing cost to SELEP Secretariat in monitoring the development of the Enterprise Zone and the outcomes achieved.

5. Legal Implications

- 5.1 In signing the MOU the SELEP Accountable Body will become a party to the agreement and are agreeing to the conditions of the MOU.

6. Staffing and other resource implications

- 6.1 The additional monitoring of the development of the Enterprise Zone and outcomes will be picked up by the SELEP Secretariat.

7. Equality and Diversity implications

- 7.1 None

8. List of Appendices

- 8.1 Appendix 1 – Draft Memorandum of Understanding Template

9. List of Background Papers

- 9.1 None

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

Role	Date
Accountable Body sign off	
Lorna Norris	13/09/16
On behalf of Margaret Lee	

Enterprise Zone Memorandum of Understanding

THIS AGREEMENT is dated [] 2016

PARTIES

1. **THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT** whose principal address is 2 Marsham Street, London, SW1P 4DF (**Secretary of State**);
2. Each of the local authorities for the area of the Enterprise Zone, whose names and principal addresses are listed at Schedule 1 (together the **Relevant Local Authorities**)
3. The Local Enterprise Partnership for the area of the Enterprise Zone, whose names and principal addresses are listed at Schedule 2 (where a local enterprise partnership does not have corporate status then the Accountable Body who acts as the representative is listed) (together with the **Local Enterprise Partnership**)

BACKGROUND

- A The Secretary of State has the power to declare an area to be an Enterprise Zone.
- B. Enterprise Zones are single or multiple sites designated for business development which may offer business rate discounts or enhanced capital allowance for new businesses locating on the sites. Enterprise Zones are on sites which would ordinarily not be expected to generate significant business growth nor generate any business rates without incentives and /or dedicated local stakeholder support. Any increase from business rates income which arise from the development of an Enterprise Zone site will not be affected by business rates reform, reset or redistribution for a period of 25 years.
- C. A local enterprise partnership is a voluntary partnership between local authorities and businesses to help determine local economic priorities and lead economic growth within their local area. This includes arrangements for the establishment and operation of Enterprise Zones. As some local enterprise partnerships are not corporate bodies, a local authority may act as an accountable body on their behalf.
- D. In agreement with the Local Enterprise Partnership local authorities responsible for all or part or all of an Enterprise Zone use any increase in business rates they collect from each Enterprise Zone site to support the further development of the Enterprise Zone and neighbouring areas.
- E. Taking account of the application included within the attached schedule and other representations made by the Local Enterprise Partnership, the Secretary of State with the agreement of the Chancellor of the Exchequer offers the Local Enterprise Partnership and Relevant Accountable Bodies the right to set up and establish arrangements for the operation of the Enterprise Zone subject to the terms and conditions set out within the other paragraphs of this Memorandum of Understanding. To allow all parties to review their interests, in the first instance this Memorandum of Understanding extends to 2020.

IT IS AGREED THAT:

1 DEFINITIONS

In this Memorandum of Understanding the following words and phrases shall have the following meanings:

“Accountable Body” means a local authority organisation(s) responsible for one or more aspects of the operation of the Enterprise Zone in line with plans agreed with the Local Enterprise Partnership.

“Application” means the application for enterprise zone status submitted to the Secretary of State by the Local Enterprise Partnership on [18th September 2015] (which may be amended from time to time after the date of this Memorandum of Understanding) and includes each of the representations at Schedule 3 of this Memorandum of Understanding (in the event of conflicting statements, Schedule 3 and then the latest validly made variation shall take priority).

“Enterprise Zone” means one or more sites which under the Regulations (as amended from time to time) are able to offer specific business incentives and permitted by the Secretary of State to market themselves as such.

“Regulations” means 'Capital Allowances (Designated Assisted Areas) Order 2016', 'Non-Domestic Rating (Designated Areas) Regulations 2016', and 'Non-Domestic Rating (Rates Retention) Regulations 2013'.

“Relevant local authorities” means a local authority on which all or part of an Enterprise Zone is situated and as a consequence collects business rates from businesses in operation on that site.

“Term” means the earlier of 31 March 2020 or the date of the Secretary of State, each of the Local Enterprise Partnership or each of the Relevant Local Authorities giving written notice to the other parties to this Memorandum of Understanding of its intention to terminate the Enterprise Zone status under clause 5.

2 AGREEMENT TO SET UP AND OPERATE AN ENTERPRISE ZONE

Having relied upon the representations made by the Local Enterprise Partnership in the Application, the Secretary of State offers the Local Enterprise Partnership and the Relevant Local Authorities the right to set up and operate the Enterprise Zone for the Term, subject to the terms of this Memorandum of Understanding, including the right to benefit from the following business incentives:

- Permitting the Relevant Local Authorities to retain 100% of any business rate increase which accrues for a period of 25 years from the commencement date (this being [START DATE]) of the Enterprise Zone, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities;
- Central government will reimburse the cost incurred by Relevant Local Authorities in providing a 100% business rates discount for a period of up to five years, to any business which sets up operations within the Enterprise Zone site before 31 March

2022, and is able to receive the support within the State Aid De Minimis threshold (or other limitation applicable by law);

- As an alternative to the reimbursement of business rates, and up until 31st March 2020, Central Government will reimburse the Relevant Local Authorities the cost of allowing businesses occupying an Enterprise Zone sites within an Assisted Area to count 100% up to €125 million of their first years' expenditure on qualifying plant and machinery assets against taxable income as an Enhanced Capital Allowance (**ECAs**)
- The Local Enterprise Partnership and Relevant Local Authorities can together agree to other local authorities benefitting from the benefits of the Enterprise Zone during the Term provided they have entered into an inter-party agreement as set out in 3.2 (a) and meet the relevant requirements in the regulations. In this situation, notice shall be given to the Secretary of State of the arrangement.

3. TERMS AND CONDITIONS

3.1 The Relevant Local Authorities and the Local Enterprise Partnership agree, having undertaken due investigation, that at the date of this Memorandum of Understanding:

- (a) The statements within the Application are accurate;
- (b) they are not aware of any information which is likely to materially undermine the ability of the Local Enterprise Partnership and the Relevant Local Authorities to deliver the Enterprise Zone in accordance with the Application and achieve the outputs; and
- (c) they are not aware of any information, which is likely to significantly delay the Local Enterprise Partnership in delivering the Enterprise Zone in accordance with the Application or achieving the outputs.

3.2 The Relevant Local Authorities and Local Enterprise Partnership confirm, having undertaken due investigation, that:

- (a) they have obtained or shall use all reasonable endeavours to promptly obtain necessary approvals, authorisations, consents, exemptions, licences, permits, permissions (including planning permission) or registrations necessary to deliver the Enterprise Zone in accordance with the Application;
- (b) they have or will secure the expertise and capacity to set up and operate the Enterprise Zone in accordance with the Application;
- (c) they will undertake all the steps to set up and operate the Enterprise Zone and confirm that each of these shall be achieved compliantly (including but not limited to achieving compliance with applicable procurement, state aid, planning law and all rules relating to the collection and distribution of business rates, discount, and use of business rates for investment); and

- (d) they will deliver the relevant incentives at Schedule 4 for the period set out in the Application and this Memorandum of Understanding.

3.3 The Relevant Local Authorities and the Local Enterprise Partnership agree to:

- (a) organise and promote a governance group for the Enterprise Zone which is able to make strategic and operational decisions. This shall include representatives of each relevant local authority and shall meet at least quarterly ("**Governance Group**"); and
- (b) enter into Memorandum of Understandings with each other which set agreed objectives and priorities for the Enterprise Zone as well as terms necessary to give effect to this Memorandum of Understanding (for example, provisions covering the use of business rates retained by local authorities and how local authorities will use their general power of competence to support the Enterprise Zone, including but not limited to Compulsory Purchase Orders, simplified planning regimes, development orders, Joint Ventures and borrowing to support investment and arrangements for the provision of monitoring data). Where during the Term, new local authorities become involved in the Enterprise Zone or the legal status of Local Enterprise Partnerships and local authorities involved in the Enterprise Zone changes, the Secretary of State requires that the Local Enterprise Partnership uses all reasonable endeavours to enter into new Memorandum of Understandings under this clause. Copies of these Memorandum of Understandings should be sent to the Secretary of State within 50 days of execution.
- (c) to use government subsidies provided for the Enterprise Zone (including the subsidy provided under this Memorandum of Understanding and the Regulations) for the objectives of the Enterprise Zone and in compliance with relevant laws.

3.4 Implementation Plan

The Local Enterprise Partnership in consultation with the Relevant Local Authorities shall design and submit to the Secretary of State a 5 year implementation plan (which sets out the major steps and the individual(s) and organisation(s) who will be responsible to set up, operate and deliver the objectives and priorities which have been agreed for the Enterprise Zone) no later than 31st March 2017.

3.5 The **Cities and Local Growth Unit** shall support:

- (a) the set up and delivery of the Enterprise Zone (in particular through the contact for the Enterprise Zone, which is [redacted] (E-mail: **Telephone:** [redacted]) (who shall advise on the procedures for establishing the zones and resolving issues, which may arise in relation to government funding or legal arrangements. The Local Enterprise Partnership and Relevant Local Authorities shall be informed if there is a change in the Cities and Local Growth Unit team contact.

- (b) Enterprise Zones by providing information on the Enterprise Zone to the market via press releases, its national Enterprise Zone website, Twitter account and other media; and
- (c) Collaboration, by inviting senior leaders from all England's Enterprise Zones to meet to discuss progress, challenges and good practice with senior government officials and Ministers

this support shall be provided up until 31 March 2020 and may be renewed or subject to alteration after that date.

3.6 The Relevant Local Authorities and Local Enterprise Partnership shall:

- (a) send the Cities and Local Growth Unit contact the details of the primary point of contact ("**Local Enterprise Zone Contact**", a named representative agreed with the Local Enterprise Partnership) for the Enterprise Zone within 20 Working Days of entering into this Memorandum of Understanding. The Cities and Local Growth Unit contact shall be informed if there is a change in the Local Enterprise contact.
- (b) authorise the Local Enterprise Contact to discuss progress of the Enterprise Zone with the Cities and Local Growth Unit contact either in face-to-face or telephone meetings at least once a quarter. Such meetings shall be two-way enabling both parties to understand progress of the Enterprise Zone. Share information about the wider Enterprise Zone network and any issues which might adversely affect the planned progress of the Enterprise Zone.
- (c) take all reasonable steps to allow the Cities and Local Growth Unit team contact (or another team member in their place) to attend the Governance Group meetings (as mentioned at clause 3.5(a) including providing information on the date and location of meetings and sending papers which will be discussed. The Cities and Local Growth Unit team contact shall be entitled to decide whether they attend in an observer capacity or as a participant at the Governance Group meeting.

3.7 Marketing

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to

- (a) promote the Enterprise Zone;
- (b) share with the Secretary of State a marketing plan for the Enterprise Zone within six months of entering into this Memorandum of Understanding; and
- (c) use DCLG and Enterprise Zone logos within marketing communications and signage.

3.8 Monitoring

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to complete the management information at

Schedule 5 within 21 Working Days of the commission from DCLG, which will be quarterly at the end of January, April, July and October.

4. CHANGES

All changes to the text of the application or this Memorandum of Understanding must be approved by the Secretary of State in writing prior to the relevant change being deemed to be effective. Until such time as a change is made in accordance with this clause, the parties shall, continue to perform this Memorandum of Understanding in compliance with its terms before such change.

5. TERMINATION

- (a) The Secretary of State shall be entitled to suspend or withdraw the right of any or all of the Local Enterprise Partnership and / or the Relevant Local Authorities to market an Enterprise Zone if, acting reasonably, the Secretary of State is of the view that a party has acted in a way which significantly damages the reputation of the Enterprise Zone Programme or if there has been a material breach of this Memorandum of Understanding.
- (b) The Relevant Local Authorities and Local Enterprise Partnership with the Memorandum of Understanding involved in delivering the Enterprise Zone is entitled to ask for the Enterprise Zone status to be rescinded by submitting notice in writing.

6. GOOD FAITH AND COOPERATION

Each party covenants with the others that they shall act with the utmost good faith towards the other, shall comply with reasonable requests for information in relation to the Enterprise Zone submitted from time to time and will not do anything which would deliberately put the other in breach of its obligations under this Memorandum of Understanding.

7. MISCELLANEOUS

Nothing in this Memorandum of Understanding shall constitute a partnership or joint venture between any of the parties.

ACCEPTANCE

This Memorandum of Understanding has been entered into on the date stated at the beginning of it.

Signed for and behalf of

SECRETARY OF STATE FOR)

COMMUNITIES)

AND LOCAL GOVERNMENT)

Authorised Signatory: _____

Print Name: _____

1. Local Enterprise Partnership Accountable body signs here

Signed for and in agreement with

LOCAL ENTERPRISE PARTNERSHIP BY THE ACCOUNTABLE BODY

[Insert AUTHORISED BODY DETAILS]

Authorised Signatory: _____

Print Name: _____

(Add more as required)

Signed for and in agreement with

Name of Local Authority

[Insert LOCAL AUTHORITY DETAILS]

Authorised Signatory: _____

Print Name: _____

.....

Signed for and in agreement with

Name of Local Authority

[Insert LOCAL AUTHORITY DETAILS]

Authorised Signatory: _____

Print Name: _____

.....

The following parties are aware of the requirements of this Memorandum of Understanding (including the Application) and shall support and assist development and delivery of the Enterprise Zone throughout the Term, but due to not having the required legal personality

[LOCAL ENTERPRISE PARTNERSHIP]

Authorised Signatory:

Print Name:

[LOCAL ENTERPRISE PARTNERSHIP]

Authorised Signatory:

Print Name:

SCHEDULE 1 - RELEVANT LOCAL AUTHORITIES

SCHEDULE 2 – LOCAL ENTERPRISE PARTNERSHIP

SCHEDULE 3 KEY INFORMATION ON [INSERT NAME] ENTERPRISE ZONE / EXTENSION [FROM NAME OF LOCAL ENTERPRISE PARTNERSHIP APPLICATION]

General	
Name of Enterprise Zone	
Name of Local Enterprise Partnership	
Relevant local authorities	

Fill out information from the application form Q C.8 What is the Local Enterprise Partnership's agreed approach, with the relevant local authorities, about how the retained rates will be used to support development on the Enterprise Zone?

Briefly explain your financial or investment plan for how (for example, through borrowing or development of a recycling fund) and when the retained rates will be used.

Fill out information from the application form Q E 1. Please describe the governance arrangements for the proposed Enterprise Zone, clearly setting out the name and job title of the Senior Responsible Officer for delivery of the Zone, the governance structure and explain how progress will be owned by the Local Economic Partnership Board.

Fill out information from the Application form from Q E.2 capacity and skills you will make available to deliver the Enterprise Zone on a day-to-day basis, including the job titles and names of each of the staff members in the Local Enterprise Partnership and the relevant local authorities and the total costs of this staff team.

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Q E3 will you gather data that will allow the Local Enterprise Partnership and local authorities to monitor progress of the Enterprise Zone, for example this could include on delivering new jobs, business, and investment?

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Q E5 Briefly set out your plan for marketing the sites to occupiers and/or investors, in the case of multiple site zones being clear if they will be marketed in clusters or in stages.

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SCHEDULE 4 – SITES AND INCENTIVES

Proposed Sites	EZ	District / Local authority Ward	ECA	BRD	BRR

SCHEDULE 5 – MANAGEMENT INFORMATION

Q1* What was the value of the retained rates that were reinvested in the Enterprise Zone in the last financial year?

Q2* What was the value of the retained rates that were reinvested in the LEP area in which the Enterprise Zone is situated, including the amount in Q1, in the last financial year?

Q3* What was the value of the borrowing against retained rates undertaken by the LEP accountable body or the EZ local authority in the last financial year?

Q4 What was the change in the number of newly created jobs, excluding construction jobs, on the Enterprise Zone in this quarter?

Q5 What was the change in the number of newly created construction jobs on the Enterprise Zone in this quarter?

Q6 What was the change in the number of jobs that were safeguarded on the Enterprise Zone in this quarter?

Q7 Was a Local Development Order introduced on the zone or a part of the zone this quarter?

Q8 What was the change in the number of businesses that started trading on the zone this quarter?

Q9 What was the value of any new public sector capital investment on the zone this quarter? Do not include borrowing against retained rates.

Q10 What was the value of any new public sector revenue investment on the zone this quarter?

Q11 What was the value of any new private sector investment on the zone this quarter (excluding non-monetary investment)?

Q12 What was the value of any new private sector non-monetary investment on the zone this quarter, e.g. use of facilities, staff?

Q13 What area of land was reclaimed and made ready for development on the zone this quarter?

Q14 What commercial floorspace was constructed on the zone in this quarter?

Q15 What commercial floorspace was refurbished on the zone this quarter?

Q16* "What was the market rate for leasing commercial floorspace on the Enterprise Zone as of the current date?"

Q17 What land sales were there on the zone this quarter?