

ACCOUNTABILITY BOARD

10:00	Friday, 23 February 2018	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
--------------	-------------------------------------	---

Quorum: 3 (to include 2 voting members)

Membership

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

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

For information about the meeting please ask for:

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

Meeting Information

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

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

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

The agenda is also available on the Essex County Council website

Part 1

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

Pages

- 1 Welcome and Apologies for Absence**
- 2 Declarations of Interest**
To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct
- 3 Questions from the Public**
In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the Managing Director of the South East LEP (adam.bryan@essex.gov.uk) by no later than 10.30am seven days before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question.

On arrival, and before the start of the meeting, registered speakers must identify themselves to the member of staff collecting names.

A copy of the Policy for Public Questions is made available on the SELEP website - <http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf>

Email : adam.bryan@essex.gov.uk.

- | | | |
|----------|---|----------------|
| 4 | Minutes | 6 - 10 |
| 5 | Chelmsford City Growth Area Scheme LGF award | 11 - 36 |

6	Gilden Way Upgrades LGF award	37 - 43
7	Kent Strategic Congestion LGF award	44 - 52
8	Kent Sustainable Interventions LGF award	53 - 59
9	Southend Forum Phase 2	60 - 67
10	Hastings Bexhill Movement and Access Package LGF award	68 - 74
11	A289 Four Elms Roundabout LGF award	75 - 81
12	Growing Places Fund Capital Programme Management	82 - 91
13	Growing Places Fund award to No Use Empty	92 - 98
14	Growing Places Fund award to Colchester Northern Gateway	99 - 105
15	Growing Places Fund award to Charleston Centenary	106 - 111
16	Local Growth Fund Project Changes	112 - 125
17	Harlow Advanced Manufacturing and Engineering Centre of Excellence Financial Update	126 - 131
18	Assurance Framework Implementation Plan delivery	132 - 152
19	Date of Next Meeting To note that the next meeting of the Board will be on 16th March at High House Production House. .	
20	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.

21 Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held in Ashford College Kent on Friday, 15 December 2017

Present:

Geoff Miles	Chairman
Cllr Gagan Mohindra	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr David Elkin	East Sussex County Council

ALSO PRESENT Having signed the attendance book

Louise Aitken	SELEP
Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Steven Bishop	Steer Davies Gleave
Adam Bryan	SELEP
Jake Cartmell	Steer Davies Gleave
Kim Cole	Essex County Council
Richard Dawson	East Sussex County Council
Paul Dodson	Essex County Council
Ben Hook	East Sussex County Council
Thomas Kozlowski.	Medway Council
Ian Lewis	Essex County Council
Stephanie Mitchener	Essex County Council
Rhiannon Mort	SELEP
Richard Longman	Thames Gateway Kent Partnership
Lorna Norris	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Lisa Siggins	Essex County Council Democratic Services

1 Welcome and Apologies for Absence

The following apologies were received:

- Councillor Kevin Bentley (substituted by Councillor Gagan Mohindra as a non-voting observer)
- Councillor Keith Glazier (substituted by Councillor David Elkin)
- Councillor John Lamb
- Councillor Rob Gledhill
- Angela O'Donoghue
- Lucy Druesne

2 Minutes

The Minutes of the meeting held on 17th November were agreed as a correct record by the Chairman.

3 Declarations of Interest

Councillor Chambers declared a non-pecuniary interest in respect of item 6 of the agenda, as he is a trustee of the historic dockyard at Chatham.

Councillor Elkin declared a non-pecuniary interest in respect of item 6 of the agenda, as one of areas in question is within his division.

Councillor Mohindra declared a non-pecuniary interest in respect of item 6 of the agenda as he is Chair of governors at Epping Forest College.

4 Public Questions

There were no public questions.

5 STEM, Health and Care at Braintree and Colchester - Colchester Institute LGF award

The Accountability Board (the Board) received a report from Louise Aitken and a presentation from Steer Davies Gleave, the purpose of which was to seek Board approval for the award of £5m of Local Growth Fund (LGF) to be devolved to Essex County Council for delivery of STEM (Science, Technology, Engineering and Maths) provision and Health and Social Care provision at Colchester Institute's Braintree and Colchester campuses respectively.

Resolved:

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

6 Growing Places Fund award to Eastbourne Fisherman Project and

South Essex College Centre for Advanced Engineering

The Board received a report (Appendices 3b and 4 were considered under Exempt items) from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to provide the Board with an update on the progress towards the re-investment of Growing Places Fund (GPF) and for the Board to consider the award of funding to the Eastbourne Fisherman Project and the South Essex College Centre for Advanced Engineering (CAE).

Rhiannon drew the Board's attention to the risk in connection with the repayment of GPF from the Live Margate Project. She explained that Kent County Council need to confirm some outstanding details in this regard, and that an update will be brought to the February 2018 meeting.

Resolved:

1. **To Note** the risk to the GPF repayments from the Live Margate Project
2. **To Approve** the award of £2.000m GPF to enable the delivery of the South Essex College CAE Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this; and
3. **To Approve** the award of £1.150m GPF to enable the delivery of the Eastbourne Fisherman's Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this.

7

M20 Junction 10a LGF Funding Approval

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

In response to a query from Councillor Carter, Steven Bishop from Steer Davies Gleave provided some clarification regarding the methodology used by Highways England.

Resolved:

1. **To Note** that Highways England has provided evidence that a robust Value for Money assurance process has been followed and that the funding decision has been made by the Highways England Investment Decision Committee (IDC) to approve the Project in full.
2. **To Endorse** the Board approval given on 24th February 2017 to award £11.4m LGF to the Construction Phase of the Project, subject to there

being sufficient funds made available to the SELEP by Government for the future year LGF allocation to the Project.

8 2017-18 Revenue Budget Update and 2018-19 Revenue Budget Setting.

The Board received a report from Suzanne Bennett, the purpose of which was to briefly update the Board of the latest 2017/18 forecast revenue spend and present the proposed revenue budget for 2018/19 for consideration and approval if the Board were so minded.

The Board were advised that as there has yet to be confirmation in connection with the core funding, calculations have been made based on assumptions for the current year. It is also assumed that the outcome of the LEP review (which is yet to be published) will lead to an increase in terms of workload. The review is expected to focus on governance and transparency, which will require a full time support post.

Resolved:

1. **To Note** the updated forecast spend against revenue budget for 2017/18;
2. **To Approve** the revenue budget for 2018/19;
3. **To Approve** the specific grant budgets for 2018/19; and
4. **To Confirm** contributions from Local Authority partners in 2018/19

9 Date of Next Meeting

The Board noted that the next meeting will take place on Friday 23rd February 2018.

There being no urgent business the meeting closed at 10.25am.

10 Exclusion of the Public

That the press and public be excluded from the meeting during consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information as specified in paragraph 3 of Schedule 12A of the Local Government Act 1972.

11 Growing Places Fund award to Eastbourne Fisherman Project and South East College Centre for Advanced Engineering (CAE) - Confidential Appendix 3b

- Information relating to the financial or business affairs of any

particular person (including the authority holding that information);

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

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

Chairman

Report to Accountability Board	Forward Plan reference number: FP/AB/123
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	7th February 2018
Title of report:	Chelmsford City Growth Area Scheme LGF Funding Decision
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Chelmsford City Growth Area Scheme (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £10m Local Growth Fund (LGF) to be devolved to Essex County Council for delivery of the Project.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £10m LGF to support the delivery of the Chelmsford City Growth Area Scheme Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

3. Chelmsford City Growth Area Scheme

- 3.1 The Project will deliver a package of schemes to provide additional transportation capacity through enhanced sustainable transport, highway capacity improvements, safety and technology upgrades in Chelmsford.
- 3.2 Chelmsford is undergoing significant growth and it is essential to keep people and goods moving freely and easily around the city. Currently Chelmsford's roads are under a lot of pressure, with only 4% capacity remaining on the highway network during morning and evening peak times, meaning that its sensitivity to incidents is heightened. If nothing is done to improve transport accessibility and provide more options for people to travel around, future growth will lead to gridlock on the city's roads, thereby impacting the city's economy and having a negative effect on the quality of the environment.

- 3.3 Essex County Council has developed a vision of a 'Future Transport Network' for the city, with the intention to make all modes of transport attractive, giving people a real and credible choice in the way they travel to work, to the shops and to their families / friends, and, by so doing, supporting the city's expanding economy.
- 3.4 Encouraging more sustainable travel on foot, by bicycle, and on public transport will reduce the number of cars making short journeys on the road network, improving congestion and air quality for all residents.
- 3.5 Following a series of public consultations and discussions with stakeholders, 28 improvement schemes have been identified within the three key element groups of bus, cycling and highways. When linked together with signage and technology enhancements, the total package will make a step change in responding to the identified transport problems in the City of Chelmsford.
- 3.6 The Project will deliver a package of 16 interventions across Chelmsford, set out in Table 1 below

Table 1 Packages of Interventions

Scheme	Description
Baddow Road Bus Gate	<ul style="list-style-type: none"> - Installing a bus gate on the Baddow Road approach to the Army and Navy Roundabout, to improve bus journey times through the junction and help to tackle air quality issues at this junction
Broomfield Road	<ul style="list-style-type: none"> - Redesign of the junction with Corporation Road - Bus stop improvements - Cycle lane improvements
Chelmer Valley Road	<ul style="list-style-type: none"> - Extension of Chelmer Valley Road Bus Lanes to support the Chelmer Valley Park and Ride
Chelmer Village Way Cycle Route	<ul style="list-style-type: none"> - Extending the existing unsegregated footway/cycleway and improving signage to connect existing cycle routes between Kingsford Drive, Henniker Gate and Chelmer Village Roundabout and the junction of Chelmer Village Way and Howard Drive.
City Centre Cycle Connectivity	<ul style="list-style-type: none"> - Improvements to the cycling connectivity across the city centre, particularly from South to North

Scheme	Description
City Centre Cycle Parking	<ul style="list-style-type: none"> - Provision of additional cycle parking in the town centre and at the railway station
Citywide Signage and Technology	<ul style="list-style-type: none"> - Improvements to the signage and technology across the city
Essex Regiment Way and Pegasus Crossing 1	<ul style="list-style-type: none"> - Improvements in pedestrian, cycle and Bridgeway connectivity between Beaulieu Park and Channels
Great Baddow to City Centre Cycle Route	<ul style="list-style-type: none"> - On and off-road cycling and walking infrastructure between Great Baddow and Chelmsford City Centre
Great Walham to City Centre Cycle Route	<ul style="list-style-type: none"> - New cycle route to connect Great Waltham and Chelmsford City Centre and linking to other existing and proposed cycle routes along its length
New London Road Bus Lane	<ul style="list-style-type: none"> - Improvements to the operation of the bus lane through use of cameras. Options to amend operation hours, extend bus lane and improve signage at Miami Roundabout are also being considered
New Street Cycle Route	<ul style="list-style-type: none"> - Provision of a raised hybrid cycle track along both sides of the road between Anglia Ruskin University at Rectory Lane and Victoria Road.
Parkway Corridor Interventions	<ul style="list-style-type: none"> - Reconfigure traffic lanes between the Army and Navy Roundabout and the Odeon Roundabout to improve traffic flow, improve safety and give priority to buses. - Improved cycle connectivity and safety along Manor Road, between Rochford Road East and Rochford Road West. - New London Road Junction Enhancements - Make the currently temporary left turn segregation on Odeon Roundabout into a permanent solution - and New London Road Junction Enhancements
Pump Lane/ Springfield Road Toucan Crossing	<ul style="list-style-type: none"> - Staggered toucan crossing and widening of footway

Scheme	Description
Tindal Square Pedestrianisation 2	- Closure of Tindal Square to motorised vehicles to enable pedestrianisation and public realm works
Writtle to City Centre Cycle Improvements 2	- Improvements to cycle link between Writtle and Admirals Park in the city centre, including widening and the introduction of lighting along the section of Writtle after Admiral Park

3.7 Essex County Council are aware that some local residents are not supportive of the proposed Baddow Road Bus Gate and are working with those residents to discuss those concerns and issues through a number of public engagement meetings and consultations. The outcome of those meetings will inform the final design and proposal that is taken forward. Any changes to this or the other 15 interventions planned as part of this Project will be returned to the Board for consideration where necessary.

3.8 Seven objectives have been determined for the Chelmsford City Growth Area Scheme:

3.8.1 **Connectivity** – Provide high quality transport improvements and enhance connectivity in Chelmsford for all modes of transport;

3.8.2 **Economic Growth** – Support and facilitate sustainable, economic growth and regeneration;

3.8.3 **Capacity Management** – Reduce congestion and manage traffic distribution across Chelmsford's road network to improve journey time reliability and predictability, maximising the effective capacity through innovative solutions;

3.8.4 **Sustainable Transport Modes** – Encourage increased use of sustainable transport modes and services (bus, cycling, walking) by supporting improved accessibility, travel choice, community cohesion and social inclusion through the integrated public transport network;

3.8.5 **Environment** – Contribute to protecting and enhancing the natural, built and historic environment, to maintain a high quality of life and reduce pollution;

3.8.6 **Safety** – Improve safety on the transport network and enhance / promote a safe and secure travelling environment; and

3.8.7 **Resilience** – Secure and maintain all transport assets to an appropriate standard and ensure that the transport network is available for use.

- 3.9 The intended primary outcomes of the Project are:-
- To improve safety, especially for cyclists
 - To improve sustainable transport, to increase the number of bus passengers, pedestrians and cyclists
 - To improve journey times and reliability for all vehicles
 - To support city centre growth, and the completion of at least 4,350 new homes in North Chelmsford
 - To support economic growth and businesses (jobs and new starts / builds)
 - To provide up to 250 jobs associated with the new retail development, a new hotel and a new school in North Chelmsford

4. Chelmsford City Growth Area Project

- 4.1 The total cost of the Project is estimated at £15m. In addition to the £10m LGF allocation through SELEP. Essex County Council has also confirmed a £5m capital contribution to the Project.
- 4.2 The funding breakdown for the Project is shown in Table 2 below.

Table 2 Chelmsford City Growth Area Scheme Funding Breakdown

Funding source (£m)	Expenditure Forecast				
	17/18	18/19	19/20	20/21	Total
SELEP	0.5	3.0	4.0	2.5	10.0
Essex County Council	0.5	0.0	1.5	3.0	5.0
Total funding requirement	1.0	3.0	5.5	5.5	15.0

5. Outcome of ITE Review

- 5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high to value for money with a medium to high certainty of achieving this.
- 5.2 The economic appraisal has evidenced an initial Benefit Cost Ratio (BCR) of 5.52:1 and an adjusted BCR of 5.60 once wider economic benefits have been considered. This BCR has been calculated following the latest Department for Transport WebTAG guidance.
- 5.3 As a package comprised of smaller interventions, there are some specific components of the Project which do not present value for money individually. This includes some of the cycling and public transport schemes, where there are difficulties in estimating the likely number of users and/or there is currently low usage of this mode of travel. However, the strategic case articulates the dependence of the integrity of the package on the delivery of all aspects of the Project.

- 5.4 The review confirms that a sensible and proportionate methodology has been applied, sufficient information has been provided in the appendices discussing the assessment of alternatives options and the selection process of the preferred option for each scheme.
- 5.5 Whilst the LGF allocation to the Project exceeds £8m threshold, as the Project comprises a package of smaller scale interventions, the Project is exempt from completing a Gate 4 or Gate 5 review of the ITE review process. A further review of the Project Business Case will only be required if triggered through the LGF Change Request process.

6. Compliance with SELEP Assurance Framework

- 6.1 Table 3 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 3 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	Clear rationale for need of intervention is included in the business case. Information is provided about the scope, benefits and current issues for each intervention. The Project objectives consider the wider policy context and are consistent with national and local policy objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	Business case details the expected outputs and outcomes to be achieved for each intervention. ITE review confirms that Transport User Benefits Appraisal (TUBA) has been completed to assess the expected outcomes and outputs of the intervention following WebTAG guidance.
Considers deliverability	Green	A Quantified Risk Assessment

and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		(QRA) is included in the business case, allocating risks on a per scheme basis. A risk management strategy is also outlined in the business case.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	Adjusted BCR estimated is 5.95:1 when evaluated as full package scheme, representing very high value for money. Important to note that a few of the cycling and public transport schemes, on their own, have low BCR values. This is due to current low usage, or difficulty in estimating the likely number of users.

7. Financial Implications (Accountable Body comments)

- 7.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 7.2 In considering allocating funding to this project, the Board should take into account the following:
- 7.2.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
- 7.2.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 7.3 There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

8. Legal Implications (Accountable Body comments)

8.1 There are no legal implications arising out of this decision.

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

9.1 None at present.

10. Equality and Diversity implication

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

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

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

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

11. List of Appendices

11.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

11.2 Appendix 2 – Scheme location summary

12. List of Background Papers

- Business Case for Chelmsford City Growth Area Scheme

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

Role	Date
Accountable Body sign off Suzanne Bennett (On behalf of Margaret Lee)	14/02/18



Independent Technical
Evaluator – Growth Deal
Business Case Assessment
(Q4 2017/18)

Accountability Board Report
February 2018

South East Local
Enterprise Partnership

Our ref: 22790506
Client ref:

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

+44 20 7910 5000
www.steerdaviesgleave.com

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

Contents

1	Independent Technical Evaluation of Q4 2017/18 starting Growth Deal Schemes.....	1
	Overview	1
	Method	1
	Evaluation Results.....	3
	Summary Findings and Considerations for the Board	3
2	Independent Technical Evaluation of Q4 2017/18 Local Growth Fund Allocation Change Requests	8
	Overview	8
	Queensway Gateway Road.....	8
	North Bexhill Access Road	9
	Eastbourne town centre access & improvement package	9
3	Independent Technical Evaluation of Q4 2017/18 Growing Places Fund Schemes	10
	Overview	10
	Evaluation Results.....	10

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

Overview

- 1.1 Steer Davies Gleave 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 final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 23rd February 2018 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the Value for Money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that Value for Money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where Value for Money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Appraisal and Evaluation in Central Government*, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the MHCLG Appraisal Guide¹. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

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

1.8 The five cases of a government business case are:

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

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

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails between November 2017 and January 2018.

Evaluation Results

- 1.11 Table 1.1 below provides the results of our independent technical evaluation of each scheme seeking funding approval on 23rd February 2018 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of revised business cases updated in light of our initial feedback ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.

Summary Findings and Considerations for the Board

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

Recommendations

- 1.13 The following schemes achieve high Value for Money with high certainty of achieving this:
- **A289 Four Elms (£11.1m):** The aim of the scheme is to provide a highway network between junction 1 of the M2 and the Medway Tunnel which can accommodate the likely housing growth on the Hoo Peninsula that has been identified in the emerging Local Plan. The business case analysis provides a proportionate assessment of the scheme costs and benefits which resulted in a strong benefit cost ratio representing very high Value for Money (VfM). The analysis was robustly carried out and delivers high levels of certainty around this VfM categorisation. This scheme was originally approved in 2015 at which point it had a BCR of 4.1:1. Due to a recent WebTAG change to the business user value of time, the monetised journey time benefit of business users brought about by this scheme has increased considerably. This accounts for the majority of the increase in the benefits of the scheme and consequently the increase in BCR.
 - **Gilden Way Upgrading (£5.0m):** The scheme consists of widening and improvements to 1.8km of the existing Gilden Road, to provide access for the new housing development at Harlowbury and to provide a link to the proposed new Junction 7a on the M11. The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high VfM. The analysis was robustly carried out and delivers high levels of certainty around this VfM categorisation.
 - **Bexhill and Hastings Movement and Access Package (£9.0m):** This is Phase 1 of an integrated package of cycling, walking and bus infrastructure, traffic management and public realm improvements, aimed at supporting economic growth across Bexhill and Hastings. A thorough and proportionate approach has been taken to assessing the costs and benefits of the package and this has shown that the scheme represents very high VfM with a high level of certainty.
- 1.14 The following scheme achieves high Value for Money with medium/high certainty of achieving this:
- **Chelmsford Growth Package (£10.0m):** This will deliver a package of schemes to provide additional transportation capacity through enhanced sustainable transport, highways capacity improvements and key safety and technology upgrades for the City of Chelmsford. A thorough and proportionate approach has been taken to assessing the costs and benefits of the component schemes which make up the wider package. The wider package represents very high VfM, however there are individual schemes within the package which represent low VfM. The strategic case articulates the dependence of the integrity of the package on the delivery of the low VfM schemes. Nonetheless, we invite the Accountability Board to consider this before determining whether or not to approve funding for the scheme.

1.15 The following scheme achieves high Value for Money with medium certainty of achieving this:

- **Southend Forum 2 (£6.0m):** The scheme will deliver a 5,308 sqm new building on Council owned land immediately opposite the existing Forum scheme within the Southend Learning Quarter. It will support this key regeneration area as an educational and cultural quarter. The business case analysis has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide high VfM. While there is nothing to suggest that the balance of risk points in either direction, we note that the BCR for the scheme is 2.2:1, and therefore the VfM categorisation will be very sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding for the scheme.

1.16 The South East Local Enterprise Partnership Assurance Framework states that schemes may be eligible for exemption from quantified benefit cost analysis when the cost of the project is below £2.0m and there is an overwhelming strategic case (with minimal risk in the other cases). The following schemes are subject to this exemption and it is estimated that they will achieve high VfM. However, without quantified benefit cost analysis we cannot guarantee this outturn VfM categorisation. Therefore our recommendation is that there is a low/medium certainty of achieving high VfM:

- **Kent Sustainable Interventions Programme (£0.5m):** This programme involves the delivery of smaller schemes designed to complement and maximise the benefits of larger schemes. Due to small-scale nature of the proposed interventions, a quantified assessment methodology has not been used. A qualitative approach in-line with the DfT Appraisal Summary Table has been followed and, based on other schemes and experience, it is estimated that the combination of schemes would represent high VfM.

We are satisfied that an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases. However, we invite the Accountability Board to consider the risk that a lack of quantified benefit cost analysis presents before determining whether or not to approve funding for the scheme.

- **Kent Strategic Congestion Management Programme (£1.0m):** The programme involves improvements to maximise the efficiency of the local highway network as traffic levels increase in line with development. Due to small-scale nature of proposed interventions, a quantified assessment methodology has not been used. To provide an indication of the VfM, a benchmarking exercise was carried out. Based on other schemes and experience, it is estimated that the combination of schemes would represent high VfM.

We are satisfied an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases. However, we invite the accountability Board to consider the risk that a lack of quantified benefit cost analysis presents before determining whether or not to approve funding for the scheme.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q4 2017/18

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
A289 Four Elms	11.1	Gate 1: 9.9	Amber/ Green	Amber	Amber	Amber/ Green	Green	A reasonable and proportionate methodology has been employed.	There are some clarifications required around the assumptions underpinning the appraisal.	Provision of TUBA outputs would provide greater certainty of the benefits split by journey purpose.
		Gate 2: 10.2	Green	Green	Green	Green	Green	As above	Clarification has been provided of the appraisal assumptions. This now represents a robust analytical exercise.	TUBA outputs have helped in the sense checking of the benefit cost ratio.
Gilden Way Upgrading	5.0	Gate 1: 3.0	Green	Amber/ Green	Green	Amber/ Green	Green	A sensible and proportionate methodology has been carried out.	The analysis is robust with a clear and compliant appraisal using up to date assumptions	The analysis has helped reduce uncertainty. The business case is complete with few amendments required.
		Gate 2: 3.0	Green	Green	Green	Green	Green	As above	As above	As above
Bexhill and Hastings Movement and Access Package	9.0	Gate 1: 2.3	Amber	Red/ Amber	Amber	Amber	Amber/ Green	A more comprehensive option assessment should be carried out to demonstrate the case for the preferred option.	Further information is required to justify the assumptions employed in the economic appraisal.	Quantified risk assessment has not been carried out. This reduces the certainty of the Value for Money of the scheme.
		Gate 2:	Green	Green	Green	Green	Green	Additional option	Clarification has been	A comprehensive QRA

Scheme Name	Local Growth Fund	Benefit to Cost Ratio (VfM)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
Chelmsford Growth Package		2.8						assessment has been provided.	provided of the assumptions underpinning the appraisal. This now represents robust business case analysis.	exercise has been carried out which provides greater certainty around the validity of the 26% risk uplift applied to the costs. This increases the certainty of the Value for Money of the scheme.
	10.0	Gate 1: 6.0	Amber	Amber	Amber/ Green	Amber/ Green	Amber/ Green	A more comprehensive option assessment should be carried out to demonstrate the case for the preferred option.	Further clarification and breakdown in calculations and assumptions is required to increase confidence in the analysis.	Sensitivity testing has not been carried out which reduces certainty around the resilience of the Value for Money,
		Gate 2: 5.6	Green	Green	Green	Green	Green	Additional option assessment has been provided.	Additional information has been provided to increase certainty around Value for Money.	Sensitivity testing has been carried out. The business case now provides sufficient certainty around the Value for Money of the scheme.
	6.0	Gate 1: 2.18	Amber/ Green	Amber/ Green	Green	Amber/ Green	Amber/ Green	More detail is required to justify use of HCA and SFA guided appraisal rather than MHCLG.	Analysis has been carried out in a robust manner. Some small clarifications around appraisal assumptions are required.	Sensitivity testing has not been carried out which reduces certainty around the resilience of the Value for Money,
Southend Forum 2		Gate 2: 2.18	Green	Green	Green	Green	Green	Additional details have been provided to make the case for the preferred appraisal approach. This constitutes a reasonable and proportionate methodology.	Clarity has been provided around appraisal assumptions.	Sensitivity testing has been carried out. The business case now provides sufficient certainty around the Value for Money of the scheme.

Scheme Name	Local Growth Fund	Benefit to Cost Ratio (%)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
Kent Sustainable Interventions Programme	0.5	Gate 1: Not Derived	Amber/ Green	Green	Green	Green	Green	A sensible and proportionate methodology has been applied. The scheme is subject to an exemption from quantitative economic appraisal.	A qualitative approach to economic appraisal has been employed which is typically less robust than a quantitative approach.	A quantitative approach results in less certainty around the Value for Money of the scheme.
		Gate 2: Not Derived	Green	Green	Green	Green	Green	As above	As above	As above
Kent Strategic Congestion Management Programme	1.0	Gate 1: Not Derived	Amber/ Green	Green	Green	Green	Green	A sensible and proportionate methodology has been applied. The scheme is subject to an exemption from quantitative economic appraisal.	A qualitative approach to economic appraisal has been employed which is typically less robust than a quantitative approach.	A quantitative approach results in less certainty around the Value for Money of the scheme.
		Gate 2: Not Derived	Green	Green	Green	Green	Green	As above	As above	As above

2 Independent Technical Evaluation of Q4 2017/18 Local Growth Fund Allocation Change Requests

Overview

- 2.1 The SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- 2.2 In light of the increased costs on the projects below, Steer Davies Gleave have carried out a reassessment of their Value for Money categorisation, comparing the Value for Money upon which the original recommendation to the Accountability Board was made and the current Value for Money of the scheme.

Queensway Gateway Road

- 2.3 East Sussex County Council has submitted a change request to increase in LGF allocation for the Queensway Gateway Road scheme. The change request is for an increase in LGF allocation of £4m. Of this £1m will be transferred from the A22/A27 Junction Improvement scheme and £3m from the Hastings and Bexhill Movement and Access Package.
- 2.4 The £1m diverted from the A22/A27 Junction Improvement scheme is available because when that scheme was originally identified Highways England were exploring a series of interventions along this corridor and additional funding was offered up through LGF to ensure these schemes could go ahead. Highways England have now made their investment announcements for this route and no longer require the additional money but will still be delivering the previously identified interventions for which this money was allocated. £3m of the £4m is no longer required for investment in this area. As such the funding is being reallocated to other schemes facing additional costs, but which aim to deliver similar benefits to A22/A27 Junction Improvement scheme.
- 2.5 The £3m diverted from the Hastings and Bexhill Movement and Access Package has come about due to a reduction in funding requirement for that scheme. This has come about principally through a comprehensive quantified risk assessment which has de risked the project and hence reduce the required cost uplift. This reallocation has, therefore, not had a negative impact on the Value for Money of the Hastings and Bexhill Movement and Access Package.
- 2.6 The original business case, as reviewed by Steer Davies Gleave in March 2015, was based on a scheme cost of £15m, with a BCR of 2.7:1. This represented high Value for Money, with a medium/high level of certainty of that Value for Money. Subsequent design changes and the availability of large quantities of earth being made available from other nearby projects meant that the budget was then reduced to £6m.
- 2.7 An additional £6m is required for completion of the scheme (£4m for LGF and an additional £2m from developer contributions). Therefore the revised cost of the scheme is £12m. This is still significantly below the scheme cost which was originally approved. The benefits of this project have not changed and as a result the revised BCR is 3.4:1.
- 2.8 Given the fact that the scheme is in its delivery phase, uncertainty about the delivery and benefits realisation can be reduced. Therefore, this scheme, with the increase costs considered, represents high Value for Money with high certainty of achieving that Value for Money.

North Bexhill Access Road

- 2.9 East Sussex County Council has submitted a change request to increase the LGF allocation for the North Bexhill Access Road scheme. It is anticipated that the increase in LGF allocation will be £2m. This £2m will be transferred from the A22/A27 Junction Improvement scheme.
- 2.10 The £2m diverted from the A22/A27 Junction Improvement scheme is available because when that scheme was originally identified Highways England were exploring a series of interventions along this corridor and additional funding was offered up through LGF to ensure these schemes could go ahead. Highways England have now made their investment announcements for this route and no longer require the additional money but will still be delivering the previously identified interventions for which this money was allocated. £3m of the £4m is no longer required for investment in this area. As such the funding is being reallocated to other schemes facing additional costs, but which aim to deliver similar benefits to A22/A27 Junction Improvement scheme.
- 2.11 The original business case, as reviewed by Steer Davies Gleave in November 2015, was based on a scheme cost of £16.6m, with a BCR of 2.4:1. This represented high Value for Money, with a medium/high level of certainty of that Value for Money.
- 2.12 An additional £2m is required for completion of the scheme. Therefore, the revised cost of the scheme is £18.6m. The benefits of this project have not changed and as a result the revised BCR is 2.1:1.
- 2.13 Given the fact that the scheme is in its delivery phase, uncertainty about the delivery and benefits realisation can be reduced. Therefore, this scheme, with the increased costs considered, represents high Value for Money with high certainty of achieving that Value for Money.

Eastbourne Town Centre Access and Improvement Package

- 2.14 East Sussex County Council has submitted a change request to increase the LGF allocation for the Eastbourne Town Centre Access and Improvement Package. It is anticipated that the increase in LGF allocation will be £2m. This £2m will be transferred from the Eastbourne and South Wealden Walking and Cycling Package.
- 2.15 The £2m diverted from Eastbourne and South Wealden Walking and Cycling Package is a transfer of provisional funding allocated to the scheme as part of Growth Deal Round 1. This scheme is still at business case development stage. Work is being done to ensure that the same economic benefits which were indicated would be delivered by the scheme during the bidding process, can be delivered at the reduced cost. The revised Value for Money of the Eastbourne and South Wealden Walking and Cycling Package will be assessed when the business case is submitted for independent technical evaluation.
- 2.16 The original business case for Eastbourne Town Centre Access and Improvement Package, as reviewed by Steer Davies Gleave in February 2016, was based on a scheme cost of £6.25m, with a BCR of 4.7:1. This represented high Value for Money, with a medium/high level of certainty of that Value for Money.
- 2.17 An additional £2m is required for completion of the scheme. Therefore, the revised cost of the scheme is £8.25m. The benefits of this project have not changed as a result of this cost increase, but a review of the scheme has meant that large elements of the cycling provision have been removed. This descoping means that the associated benefits will not be delivered. As a result of the cost increase and descoping, the revised BCR is 3.3:1.
- 2.18 Given the fact that the scheme is in its delivery phase, uncertainty about the delivery and benefits realisation can be reduced. Therefore, this scheme, with the increase costs considered, represents high Value for Money with high certainty of achieving that Value for Money

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

Overview

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

Evaluation Results

Summary Findings and Considerations for the Board

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

Recommendations

- 3.6 The following schemes achieve high Value for Money with high certainty of achieving this:
- **Colchester Northern Gateway (£2.0m):** The proposed scheme forms part of the overall Colchester Northern Gateway vision which is to create a high quality, highly sustainable housing, employment, and leisure destination at one of the primary gateways to the town centre. With funding for the majority of the scheme secured and strong alignment with local and national strategic priorities the Colchester Northern Gateway proposal has a compelling strategic case. A robust analytical exercise has taken place to assess the costs and benefits of the scheme. This has shown that the scheme will delivers high Value for Money on the loan investment. While £2m risk and contingency has been factored into the cost schedule there remains the deliverability risk that £3.7m of the overall funding package is yet to be secured and relies on successful bids for external funding. This risk is being mitigated through early engagement with the funding bodies. Moreover, repayment is planned in one tranche at the end of the repayment period and relies upon the revenue from land sales from the employment sites developed as a later phase of the wider Northern Gateway project. This presents a risk to the timely repayment and contribution to a revolving fund. We invite the accountability Board to consider the delivery and repayment risks before determining whether or not to approve funding for the scheme.
 - **Charleston Centenary (£0.1m):** The scheme involves the fit out of the former threshing barn space as a destination café-restaurant. This will be a considerable improvement on Charleston's existing catering facilities. The scheme is in line with SELEP's cultural priorities and the schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure. Proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the scheme represents high Value for Money.

- **NUE Commercial (£1.0m):** The project aims to return long-term empty, commercial properties to use for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres (particularly in coastal areas of Kent), where secondary retail and other commercial areas have been neglected as a result of larger regeneration schemes. There is a clear strategic rationale for the scheme and the schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure. The quantifiable benefits of the scheme support a good economic case for the scheme and the wider impact of bringing back into use long term empty units strengthens the Value for Money case. Proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the scheme represents high Value for Money.

Our offices

Bogotá, Colombia

+57 1 322 1470

colombiainfo@sdgworld.net

Bologna, Italy

+39 051 656 9381

italyinfo@sdgworld.net

Boston, USA

+1 (617) 391 2300

usainfo@sdgworld.net

Denver, USA

+1 (303) 416 7226

usainfo@sdgworld.net

Leeds, England

+44 113 389 6400

leedsinfo@sdgworld.net

London, England

+44 20 7910 5000

sdginfo@sdgworld.net

Los Angeles, USA

+1 (213) 337 6790

usainfo@sdgworld.net

Madrid, Spain

+34 91 541 8696

spaininfo@sdgworld.net

Mexico City, Mexico

+52 (55) 5615 0041

mexicoinfo@sdgworld.net

New York, USA

+1 (617) 391 2300

usainfo@sdgworld.net

Rome, Italy

+39 06 4201 6169

italyinfo@sdgworld.net

San Juan, Puerto Rico

+1 (787) 721 2002

puertoricoinfo@sdgworld.net

Santiago, Chile

+56 2 2757 2600

chileinfo@sdgworld.net

São Paulo, Brazil

+55 (11) 3151 3630

brasilinfo@sdgworld.net

Toronto, Canada

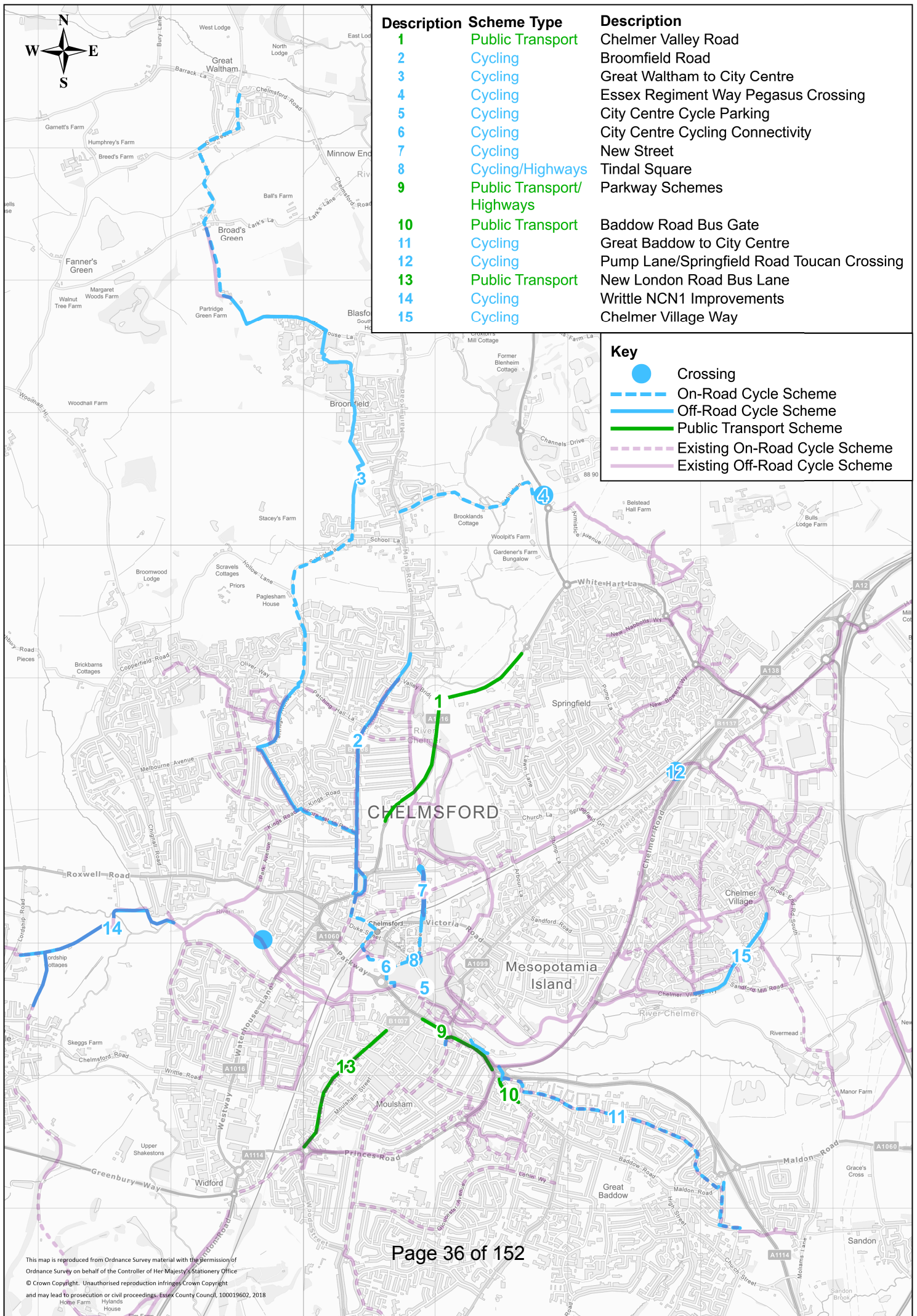
+1 (647) 260 4860

canadainfo@sdgworld.net

Vancouver, Canada

+1 (604) 629 2610

canadainfo@sdgworld.net



Report to Accountability Board	Forward Plan reference number: FP/AB/124
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	22nd January 2018
Title of report:	Gilden Way Upgrades
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Gilden Way Upgrades Project (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £5m Local Growth Fund (LGF) funding to be devolved to Essex County Council for Project delivery.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £5m Local Growth Fund to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

3. Gilden Way Upgrades

- 3.1 Harlow currently has only one connection to the strategic road network, Junction 7 on the M11, accessed via the A414, which is already subject to significant congestion in peak periods.
- 3.2 Constraints have already been placed on the development of the Local Enterprise Zone, which can only be relieved by additional road improvements, primarily by improving access to the M11. As such, there is an urgent need for a new Junction on the M11 between J7 & J8 to enable economic growth within Harlow.
- 3.3 The Project acts as enabling works for the new M11 junction and will also provide capacity for committed developments in and around Harlow.
- 3.4 The Project being considered for an LGF award consists of improvements to the M11 Junction 7a and upgrades to the approach road, Gilden Way.

- 3.5 The initial focus of the LGF Round 3 bid was for the delivery of the Gilden Way upgrades. However, the two interventions are interdependent; with the benefits of each scheme only being achievable if the other is also delivered. As such, the Business Case and Value for Money appraisal has been conducted for the overall M11 Junction 7a and Gilden Way scheme; enabling the LGF to be spent across the overall package.
- 3.6 The Project consists of the widening and improvements to 1.8km of the existing two-way, two lane, Gilden Road, Harlow to provide access for the new housing development at Harlowbury and to provide a link to the proposed new Junction 7a on the M11.
- 3.7 The Project commences at the London Road roundabout and involves widening the existing two-lane road to three lanes. When completed, two of the lanes will take westbound traffic into Harlow and the third lane will take eastbound traffic out of Harlow to a new roundabout on Sheering Road. The proposed widening fits within the existing public road corridor and no part of the improvement works encroaches upon the adjoining properties, or private land.
- 3.8 The Project will lead to the widening and upgrade of the existing footway along Gilden Way to accommodate both pedestrians and cyclists. To ensure the safety of all categories of road users, the proposal includes additional signalised crossings for non-motorised traffic to improve connectivity and the Project will not close or sever any existing Public Rights of Way.
- 3.9 Works will also include reconfiguration of existing junctions, roundabouts and egress points to improve safety and traffic flow efficiency. A signage strategy aimed at preventing rat-running through the residential streets, and, in particular Mulberry Green, without impacting on existing bus routes, will be put in operation. As part of the drive to improve safety, the Project plans to reduce the speed limit from 60mph to 40mph on Gilden Way.
- 3.10 The Project will involve replacement lighting, additional noise barriers and the upgrade of other infrastructure such as kerbs, pavement and road markings. A number of existing underground utilities will need diverting.
- 3.11 The M11 Junction 7a scheme involves the construction of a new westbound carriageway linking the M11 to Sheering Road, the construction of three roundabouts (Sheering Road, East Dumbbell and West Dumbbell), a bridge over the M11 and the slip roads from the M11.
- 3.12 The proposed Project benefits include:
- Providing access improvement in and out of Harlow;
 - Providing journey time, reliability and predictability of travel conditions improvements;
 - Helping relieve congestion in Harlow and on the A414;

- Reducing people forced to ‘rat-run’ through the town centre and residential areas;
- Making Harlow a more attractive location for investment, regeneration and growth; and
- Acting as enabling works for the new junction 7a and any future Harlow Northern Bypass.

3.13 The Project is due to support the delivery of 840 new jobs and 980 homes, through enabling the development of commercial and residential sites in Harlow.

4. Project Funding

4.1 The cost of the Project is estimated at £12.327m.

4.2 The Project funding breakdown comprises a £5m LGF contribution, a £6.33m contribution from Essex County Council and a £1m Harlowbury Development Contribution, which has been secured. The profile of this funding breakdown is set out in Table 1 below.

4.3 In addition, there is a £52.614m contribution to the M11 Junction 7a works from Highways England. This funding contribution from Highways England has been agreed on the assumption that SELEP and Essex County Council provide the funding contribution for the essential link road; Gilden Way.

Table 1 Gilden Way Upgrades Project

£m	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF sought			5.00		5.00
Essex County Council	1.00	2.50	2.83		6.33
Harlowbury Developers			1.00		1.00
Total funding requirement	1.00	2.50	8.83	0.00	12.33

5. Outcome of ITE Review

5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high to value for money with a high certainty of achieving this.

5.2 The economic appraisal has evidenced a Benefit Cost Ratio (BCR) of 3.0:1 This BCR has been calculated following the latest Department for Transport WebTAG guidance.

- 5.3 The BCR value for the Project has been based on a Value for Money assessment for the combined Gilden Way and M11 junction 8 schemes, as the benefits of the two schemes are interlinked and to ensure no double counting of benefits.
- 5.4 The ITE review confirms that a sensible and proportionate methodology has been employed and no substantial risks have been identified through the assessment of the Project Business Case.

6. Compliance with SELEP Assurance Framework

- 6.1 Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The strategic objectives of the Project are identified. Background setting for each of the proposed interventions is included, recognising current problems in the road network and suggesting how conditions will worsen if no action is taken. The business case indicates how the intervention will support the growth of the Enterprise Zone in the vicinity. There's a good linkage between the scheme's objectives and national and local policies.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	Some of the anticipated outcomes stated in the business case include: - improvement in accessibility to and from Harlow - enabling future housing developments around Harlow and employment growth to the east of Harlow

		<p>- reduction in congestion primarily for the A414 corridor.</p> <p>The ITE review confirms that Transport Users Benefits Appraisal (TUBA) has been completed to assess the expected outputs and outcomes of the intervention following WebTAG guidance</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A Quantified Risk Assessment (QRA) exercise included in business case, moreover business case indicates a risk management process on how risks will be identified, recorded and actively managed. Where appropriate, risk owners will be allocated and tasked with eliminating risks.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	BCR is 3.0:1, representing high value for money.

7. Financial Implications (Accountable Body comments)

- 7.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 7.2 In considering allocating funding to this project, the Board should take into account the following:
- 7.2.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
- 7.2.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.

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

8. Legal Implications (Accountable Body comments)

- 8.1 There are no legal implications arising from this decision.

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

- 9.1 None at present.

10. Equality and Diversity implication

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of Appendices

- 11.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

12. List of Background Papers

- Business Case for Gilden Way Upgrades

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

Role	Date
Accountable Body sign off	
Suzanne Bennett	14/02/18
(On behalf of Margaret Lee)	

Report to Accountability Board	Forward Plan reference number: FP/AB/125
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	25th January 2018
Title of report:	Kent Strategic Congestion Management Programme 2018/19 LGF funding decision
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Kent Strategic Congestion Management Programme Business Case which has been through the Independent Technical Evaluator (ITE) process to enable £1m Local Growth Fund (LGF) to be devolved to Kent County Council for scheme delivery.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the allocation of £1m LGF to the Kent Strategic Congestion Management Programme 2018/19 to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving borderline high value for money, but with a low to medium certainty of achieving this.

3. Kent Strategic Congestion Management Programme

- 3.1 The Project is a continuation of improvements being made by Kent County Council to maximise the efficiency of the local highway network as traffic levels increase in line with development.
- 3.2 The Project is being delivered between the financial years 2015/16 and 2020/21, with a total LGF allocation of £4.8m over the 6 years.
- 3.3 LGF funding allocation to this programme of works has been approved on an annual basis, and will be supported by a separate Business Case for each financial year up until 2020/21. Each Business Case provides details on the interventions to be delivered during that financial year to ensure that there is no double counting of Project benefits.

- 3.4 To date the Board as approved the award of £2.4m LGF to the Project. Of this £2.4m LGF, £1.8m LGF has been spent to date, including the delivery of the following interventions:
- 3.4.1 HMC Technology Refresh – improvements to CCTV and network coverage of Variable Message Signs (VMS) to improve traffic management;
 - 3.4.2 A225 Princes Road/ Darenth Road Hotspots Junction Improvements Dartford; and
 - 3.4.3 A2500 Lower Road/ Barton Hill Drive Junction Improvements, Sheppey (smaller scale intervention, in advance of the large scale scheme being delivered).
- 3.5 The Project interventions are identified through a methodology of assessing areas or road links that suffer from congestion and unreliability. The strategy uses a number of criteria to score road links that are then assessed in more detail to establish the worst performing links. Hotspot schemes are identified using a methodology derived from data obtained about the road network from a range of sources including journey time reliability, crash record, flow and bus reliability.
- 3.6 The 2018/19 LGF funding allocation to the Project will be used to fund the following five interventions;
- 3.6.1 Watringbury Crossroads;
 - 3.6.2 Tunbridge Wells ITS Implementation;
 - 3.6.3 Elwick Road/ A2042;
 - 3.6.4 MOVA Implementation; and
 - 3.6.5 Dover TAP/ITS Assessment
- 3.7 In addition, a £100,000 allocation has been identified for the forward development of interventions to be implemented in 2019/20, subject to Business Case approval by the Board, including:
- 3.7.1 A2070 Ashford Turbo Roundabout;
 - 3.7.2 A249 Journey Time Management;
 - 3.7.3 Bluewater Traffic Management Plan;
 - 3.7.4 Dover Network Assessment to link with HE; and
 - 3.7.5 Punctuality Improvement Partnership Data Analysis

Watringbury Crossroads

- 3.8 Watringbury Crossroad is a signal controlled junction on the strategic A26 route between Maidstone, Tonbridge and Tunbridge Wells which causes delays and journey time reliability issues during peak hours. The proposed intervention will deliver an additional left turn lane on the south arm of the junction, to improve the capacity of the junction.

Tunbridge Wells Intelligent Transport Systems (ITS) Implementation

- 3.9 The Project intends to improve the efficiency of the use of the existing infrastructure, through implementing ITS measures at various locations on the arterial routes into Tunbridge Wells.
- 3.10 The technology improvements will link the junction technology to the Highways management Centre to improve the traffic management and journey times through these junctions.

Elwick Road/ A2042, Ashford

- 3.11 The A2042 junction with Elwick Road and Victoria Road is a large double junction controlled by traffic signals in the centre of Ashford and in close proximity to Ashford International Railway Station.
- 3.12 The Victoria Road junction complex is congested and has been highlighted as a site suffering from a poor crash record. In the morning and evening peaks there are significant delays from all directions and travellers through the junctions suffer from unreliable journey times. Pedestrians cross the junction to access the international station using the existing crossing have long wait times.
- 3.13 The junction of Elwick Road and Station Road is an urban route in the centre of Ashford and is a strategic connection serving the station, town centre and college. Improvements are required to this junction to support planned new development in the town centre.
- 3.14 The proposed improvements to these two junctions will increase junction capacity, improve safety and help unlock growth in the town centre and the area surrounding the railway station.

MOVA Implementation

- 3.15 Kent County Council, through its Congestion Strategy, has identified Thanet and Tunbridge Wells as areas that particularly suffer from journey time reliability issues. As such, it is intended that traffic signals at specific existing signalised junctions will be upgraded to MOVA junction control.
- 3.16 The MOVA system adjusts the timing of the signals automatically based on the queue length on different arms of the junction using live traffic flow data; helping to improve the efficiency of the junctions and journey time reliability.

Dover TAP/ITS Assessment

- 3.17 Dover Traffic Assessment Project (TAP) is a traffic management approach used to keep Dover town clear of port traffic during peak ferry times at the Port of Dover.

- 3.18 With the planned expansion of the Port of Dover through the Dover Western Docks Revival Project and the redevelopment of Dover Town Centre, Kent County Council intends to conduct an assessment of the impact of TAP on the local road network.
- 3.19 The specific measures to be delivered using LGF in 2018/19 will concentrate on linking the Highways England and Kent County Council traffic management assets, such as traffic signals, to improve the traffic management, along with measures such as improved traffic signs and road markings.
- 3.20 The overall Project objectives and outcomes are defined in Table 1 below.

Table 1 Kent Strategic Congestion Management Programme Objectives and Outcomes

Objective	Outcomes
Alleviate congestion by allowing better flow of traffic	Improve car journey times
Supporting economic development in Kent	Improve journey time reliability
To promote accessibility to jobs and services for all	Increase public transport modal split and reduce public transport journey times
Provide a resilient network that is able to respond to disruption and incidents	Improvement of the ability of the transport system to function during adverse conditions and quickly recover to acceptable levels of service after an event
Improve air quality	Reduce carbon dioxide and other greenhouse gas emissions

4. Funding profile

- 4.1 Table 2 below sets out the funding breakdown for the projects to be delivered in 2018/19.

Table 2 Funding Breakdown

Intervention	Expected Cost (£m)
Wateringbury Crossroads Improvement	0.30
Tunbridge Wells ITS Implementation	0.10
Elwick Road/ A2042	0.15
MOVA Implementation Programme	0.20
Dover TAP/ITS	0.10
Forward Design	0.10
Contingency	0.05
Total	1.00

5. Outcome of ITE Review

- 5.1 The SELEP ITE has assessed the project Business Case through the Gate 1 and Gate 2 process.
- 5.2 As the LGF ask for the intervention falls below £2m LGF, the Project falls within Value for Money Exemption 1. As defined in the SELEP Assurance Framework, this exemption may be applied where a project does not present High Value for Money (a Benefit Cost Ratio of over 2:1); but has a Benefit Cost Ratio value of greater than 1.5:1; or where the project benefits are notoriously difficult to appraise in monetary terms.
- 5.3 Exemption 1 can only be applied where the following conditions are satisfied:
 - (1) The funding sought from SELEP in relation to the project must be less than £2.0m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
 - (2) where there is an overwhelming strategic case (with minimal risk in the other cases); and
 - (3) there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.
- 5.4 The ITE assessment of the Project Business Case confirms that an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases.
- 5.5 The review also confirms that an appropriate methodology has been applied throughout the business case, which reflects the small funding requirement being requested.
- 5.6 However, while it is expected that the programme will offer high value for money, the nature of the benchmarking approach to the economic appraisal, rather than a quantified value for money assessment means that there is greater uncertainty of the Projects Value for Money.
- 5.7 As such, the ITE have stated that there is low/medium certainty of achieving high value for money.
- 5.8 To mitigate this risk, any substantial changes to the project scope, expected project outcomes or cost of the Project will trigger a further review of the Business Case and decision from the Board.

6. Compliance with SELEP Assurance Framework

- 6.1 Table 3 below provides an assessment of the Project Business Case and funding decision against the requirements of the SELEP Assurance Framework.

6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 3 Assessment of the Project Business Case and funding decision against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The strategic objectives of the Project are identified. The context for each of the proposed interventions is included, recognising current problems in each the road network and the planned interventions. The strategic case successfully links the objectives of the interventions with national policies and SELEP policies, primarily: National Infrastructure Plan 2014, South East LEP: Growth Deal and Strategic Economic Plan 2014 and Unlocking Kent's Potential "delivering growth without gridlock".
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Amber	The expected project outputs and outcomes are set out in the Business Case. The overall scheme outputs are: minimising delays, increasing journey time reliability, improved access and capacity issues and decreased congestion levels. Due to the budget needed to carry out quantified economic appraisal interventions the economic case is based on benchmarking exercises comparing similar projects. However the ITE assessment of the Project confirms that an appropriate methodology has been applied throughout the business case, which reflects the small funding requirement being

		requested.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	<p>Project risks have been identified within the Project Business Case and a 10% risk contingency has been applied.</p> <p>The business case indicates that early engagement with scheme contractors will be sought to identify potential threats early on. Additionally, the business case indicates that contractors have a good track record in project delivery and management of risks.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	<p>No Benefit Cost Ratio is provided, as the economic appraisal has been completed through benchmarking the expected BCR of the Project against other comparable schemes. This suggests the interventions will represent high value for money.</p> <p>The Project complies with value for money exemption¹, as set out in the SELEP Assurance Framework.</p>

7. Financial Implications

- 7.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 7.2 In considering allocating funding to this project, the Board should take into account the following:
- 7.2.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.

7.2.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.

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

8. Legal Implications

8.1 There are no legal implications arising from this decision.

9. Staffing and other resource implications

9.1 None at present.

10. Equality and Diversity implications

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

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

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

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

11. List of Appendices

11.1 Appendix 1 - Report of the Independent Technical Evaluator.

12. List of Background Papers

- 12.1 Business Case for Kent Strategic Congestion Management Package 2018/19
- 12.2 Progress against the Growth Deal and approval of Business Case (Kent Strategic Congestion Management 2015/16 approval) Strategic Board Agenda Pack 20th March 2015
- 12.3 Business Case approval (Kent Strategic Congestion Management 2016/17 approval) Accountability Board Agenda Pack 8th April 2016
- 12.4 Kent Strategic Congestion Management Programme LGF Funding Decision 2017/18 Accountability Board Agenda Pack 24th February 2017

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

Role	Date
Accountable Body sign off Suzanne Bennett (On behalf of Margaret Lee)	14/02/18

Report to Accountability Board	Forward Plan reference number: FP/AB/126
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	7th February 2018
Title of report:	Kent Sustainable Interventions Programme 2018/19 LGF funding decision
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Kent Sustainable Interventions Project 2018/19 (the Project) which has been through the Independent Technical Evaluator (ITE) process to enable £0.5m Local Growth Fund (LGF) to be devolved to Kent County Council for scheme delivery.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £0.5m LGF to the Kent Sustainable Interventions Project identified in the Business Case and which has been assessed as achieving high value for money with low to medium.

3. Kent Sustainable Interventions Programme

- 3.1 The Project is a continuation of the improvements being made by Kent County Council to deliver highway and sustainable transport improvements in the local area.
- 3.2 The Project involves the delivery of smaller schemes which are designed to complement larger scale LGF interventions being delivered through the wider Kent Sustainable Interventions Programme (the Programme) and to maximise the benefits delivered through LGF investment.
- 3.3 The Programme will be delivered between the financial years 2015/16 and 2020/21, with a total LGF allocation of £2.856 million over the 6 year period.

- 3.4 To date the LGF funding allocation to the Programme has been approved on an annual basis, supported by a separate Business Case for the award of LGF each financial year.
- 3.5 Originally the Project was allocated £3.0m LGF, with a provisional allocation of £0.5m during each financial year from 2015/16 to 2020/21. To manage overspends on other LGF projects in Kent (Tonbridge Town Centre and Folkestone Seafront - Transport), the total LGF allocation to the Project has been reduced by £0.272m to £2.728m.
- 3.6 The 2018/19 Project Business Case brings forwards the delivery of new interventions for funding through 2018/19 for the award of £0.5m LGF.

4. Kent Sustainable Interventions Project 2018/19

- 4.1 The Project includes three components:

- 4.1.1 Sloe Lane Cyclepath Upgrades
- 4.1.2 A228 Holborough – Proposed Puffin Crossing
- 4.1.3 A2070 Barrey Road – Junction Improvements

- 4.2 The Sloe Lane Cyclepath upgrades in Thanet involves the widening and resurfacing of approximately 0.75miles of existing footpath to provide a new shared footpath/cyclepath, to achieve:

- 4.2.1 Improved accessibility by cyclists;
- 4.2.2 Improved cycle links between local residential, employment, education, retail and services; and
- 4.2.3 Improved route safety for all users.

- 4.3 A228 Holborough Puffin Crossing will provide a new crossing facility to replace the existing informal facility, to:

- 4.3.1 Reduce severance to the local community which results from the heavy traffic flow long this route;
- 4.3.2 Encourage greater local trips by foot as opposed to car; and
- 4.3.3 Improve safety of vulnerable road users.

- 4.4 A2070 Barrey Road Junction Improvements scheme comprises the installation of traffic signals to control the traffic flow between A2070 and Barry Road. The junction will be part signalised, with all movements apart from the A2070 southbound being subject to traffic signal control. The scheme also provides a new shared footway/cycleway facility on the northern side of Barry Road, which will connect to Church Street to the South.

- 4.5 The A2070 scheme intends to:

- 4.5.1 Reduce congestion on Barrey Road;
- 4.5.2 Improve road safety due to signal control; and
- 4.5.3 Improved pedestrian/ cyclist accessibility.

4.6 In addition, £30,000 LGF is sought to support the initial design and feasibility work for interventions to be brought forward for a funding award in the 2019/20 funding award.

4.7 The interventions identified for funding during 2018/19 are intended to meet the following seven objectives:

- 4.7.1 Improve cycling infrastructure/facilities in various Kent locations
- 4.7.2 Improve the health and wellbeing of residents
- 4.7.3 Improve road safety
- 4.7.4 Improve access to education and other facilities;
- 4.7.5 Enhance the local environment around the scheme;
- 4.7.6 Deliver wider social and economic benefits for the community; and
- 4.7.7 Improve the general transport infrastructure.

5. Funding breakdown

5.1 Table 1 below sets out the funding breakdown for the Projects to be delivered in 2018/19.

Table 1 Funding Breakdown 2018/19 Interventions

Intervention	Cost (£m)
Sloe Lane	0.20
A228 Holborough	0.12
A2070 Barry Road	0.15
Forward Design	0.03
Total	0.50

6. Outcome of ITE Review

- 6.1 The SELEP ITE has reviewed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money, with low to medium certainty.
- 6.2 Due to small-scale nature of the proposed interventions, a quantified assessment methodology has not been used. A qualitative approach in-line with the DfT Appraisal Summary Table has been followed and, based on other schemes and experience, it is estimated that the combination of schemes would represent high VfM.
- 6.3 As the Project cost is less than £2m and the Project benefits are difficult to quantify then the Project falls under Value for Money Exemption 1, as set out within the SELEP Assurance Framework.
- 6.4 For a Project to fall under Value for Money Exemption 1 a Project must satisfy the following conditions:

- 6.4.1 The funding sought from SELEP in relation to the Project must be less than £2m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
- 6.4.2 Where there is an overwhelming strategic case (with minimal risk in the other cases); and
- 6.4.3 There are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.
- 6.5 The ITE review of the Business Case confirms that there is an overwhelming strategic case for the Project and that there is minimal risk in the other cases.

7. Compliance with SELEP Assurance Framework

- 7.1 Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 2 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The strategic objectives of the Project are identified. Information is included explaining how interventions will alleviate current issues and help prepare to meet future demands without exacerbating current conditions. Good alignment is demonstrated between the objectives of the proposed interventions with national and local policies.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected Project outputs include maximising large scale Project benefits. Specific outputs from the smaller scale interventions proposed include: increased network safety, user satisfaction, enhancing traffic flow, delivering better environmental outcomes,

		improving conditions for vulnerable groups (cyclists, pedestrians, other), and supporting modal shift from private car towards public transportation and active travel.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case identifies six primary risks for the Project, which are then assigned their corresponding low-to-high classification for likelihood and impact. Risk owners and mitigation proposals are also included.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	The Business Case suggests the interventions to have a very high value for money. The Project falls under Value for Money exemption 1.

8. Financial Implications (Accountable Body Comments)

- 8.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 8.2 In considering allocating funding to this project, the Board should take into account the following:
- 8.2.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
- 8.2.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 8.3 There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

9. Legal Implications (Accountable Body Comments)

9.1 There are no legal implications arising out of this decision.

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

10.1 None at present.

11. Equality and Diversity implication (Accountable Body Comments)

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

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

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

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

12. List of Appendices

12.1 Appendix A - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

13.1 Business Case for Kent Sustainable Interventions Project 2018/19

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

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	14/02/18

Report to Accountability Board	Forward Plan reference number: FP/AB/128
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	6th February 2018
Title of report:	Southend Forum Phase 2
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the inclusion of the Southend Forum Phase 2 (the Project), as part of Southend's Central Area Action Plan (SCAAP), in the SELEP Growth Deal programme and the award £6m Local Growth Fund (LGF) to the Project.
- 1.2 The revised Project has been through the Independent Technical Evaluator (ITE) review process. The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the inclusion of the Project in the Local Growth Fund programme.
 - 2.1.2 **Approve** the award of £6m Local Growth Fund (LGF) to the Project, which has been assessed as presenting high value for money with medium certainty of achieving value for money.

3. Background

- 3.1 Through LGF Round 1 the Southend Central Area Action Plan (non-transport) and was allocated £6.720m LGF, with the project being divided into two distinct phases.
- 3.2 The first phase of works was for the Southend Growth Point Project. This involved works, including the delivery of a new heating and ventilation system in the former central library, to support the more intensive use of the Gallery and Hive Enterprise Centre. The space has provided business space to help support sustainable start-up business and the growth of small businesses in Southend.

- 3.3 These Phase 1 works have now been fully completed, delivering flexible business accommodation for events, networking and training sessions for occupiers and local businesses. The Business Essex, Southend and Thurrock (BEST) Growth Hub team are also now located at the centre.
- 3.4 It was originally intended that the Phase 2 works would include the compulsory purchase and demolition of a derelict building along Victoria Avenue to enable the conversion of the land into new residential units. However, in November 2017 the Board were provided with an update on the Phase 2 project, including a proposed change to the Projects scope.
- 3.5 As a result of public sector investment in the area, the delivery of 280 units at the proposed site is now being taken forward through a private sector led development.
- 3.6 The impact of this private sector led development has not only had a positive impact on housing delivery in sustainable locations, but also negates the need for LGF investment to fund this second phase of development.
- 3.7 As such, Southend Borough Council, have bought forward a proposal for the allocation of the remaining £6m LGF to the Southend Forum Phase 2 Project. This proposal has been prioritised and endorsed by Opportunity South Essex (OSE) Federated Board.

4. Southend Forum Phase 2

- 4.1 The first phase of the Forum scheme was completed in August 2013 and delivered a £27m integrated municipal and academic library and learning facilities within the heart of Southend.
- 4.2 The Forum Phase 1 provides:
 - 4.2.1 Modern teaching, learning, research and study facilities for South Essex College and University (the College), which enables closer co-working and co-operation between the two educational partners;
 - 4.2.2 Resident and student access to a range of books, achieves and resources; and
 - 4.2.3 A café/restaurant; and gallery, which hosts a programme of events, including performances, film screenings and talks.
- 4.3 The Forum provides a focal point for cultural and community based activity; having attracted over 1.75m visitors during the first three years of operation.
- 4.4 Forum Phase 2 will directly capitalise upon the significant success of the Phase 1 Forum scheme and the wider regeneration work in Southend.
- 4.5 The LGF investment in the Phase 2 Project will deliver a 3,535m² Net Internal Area (NIA) College-focused teaching and learning space to include a commercial/public restaurant, community gallery/exhibition space and commercial creative/digital enterprise space, as set out in Table 1 below.

4.6 The objectives of the Project are to:

- 4.6.1 Improve the number and quality of students recruited to the College
- 4.6.2 Co-locate and consolidate the College's facilities
- 4.6.3 Create an inspiring and welcoming, sustainable new building which materially improves the public realm and physical fabric of the town centre to promote continued town centre regeneration and investment
- 4.6.4 Enhance the retention rate of students within the Borough after graduation
- 4.6.5 Expand the current offer of the Focal Point Gallery and create a visual link between Forum 1 and Forum 2 via the Gallery ; and
- 4.6.6 Create new digital/creative workspace to attract a creative business population and audience to the heart of Southend.

Table 1 Project Components

Scheme Component	Size (Net Internal Area- NIA)	Description
Focal Point Contemporary and Community Gallery	525	Contemporary and community art gallery space and associated office, shop, café and project space to expand the existing gallery offer at Forum 1. This will be operated and managed by the Council in conjunction with the existing Focal Point Gallery.
Digital Workspace	400	New creative and digital 'start-up'/co-working space for artists and local creative/digital businesses. This will address the current lack of provision of this type of floorspace and will assist to enhance rates of graduate retention and new business start-up. The space will include co-working space, meeting pods, workstations, an editing suite and a seminar room. This will be operated by the Council.
Waves Student and Public Café and Restaurant	700	South Essex College managed commercial restaurant with associated professional kitchen and storage and an additional skills kitchen for teaching purposes.
Performance Studios	900	4 College managed performing arts studios and 2 associated changing rooms
Music Rehearsal and Performance Space	390	3 College managed music performance studios and 8 music practice spaces. An additional 2 computer music suites, music recording control room and a post-production room will be provided for College use and potentially public and professional use.
College Teaching	620	6 general College teaching rooms and

Space and Shared Communal Areas		associated office, meeting and facilities space. In addition, a communal reception area and facilities management room will be provided.
Total	3,534 (NIA)	

4.7 The Project will deliver the following benefits:

- 4.7.1 3,535m² new high quality and combined education, innovation, cultural and community facility;
- 4.7.2 60 new direct jobs;
- 4.7.3 £34m Gross Value Add (GVA) benefits; and
- 4.7.4 250 net additional learner places.

4.8 The delivery of the Project also forms an important part of the link in enabling a larger scale regeneration project in South Essex.

4.9 The new learning and teaching space provided through the Project will accommodate the learners who currently use poor quality arts teaching space within the South Essex College's Luker Road Campus in Southend. This in turn, unlocks the vacated Luker Road Campus for redevelopment through a College funded investment.

4.10 South East College plan to redevelop the Luker Road site into a modern, high quality teaching space, which will accommodate the displacement of learners from their Basildon Campus. This will enable South East College to dispose of the Basildon Campus, providing land for the delivery of 537 new homes.

4.11 The disposal of the Basildon Campus is conditional upon South East College securing suitable, viable, alternative accommodation for the existing students at the Basildon Campus and is therefore dependent upon the delivery of the Forum Phase 2.

5. Project Funding Profile

5.1 The total Project cost estimate is £17.298m. In addition to the proposed £6m LGF contribution to the Project, Southend Borough Council has committed £2.260m to the Project, with a further £9.038m from South Essex College.

5.2 The funding contributions from Southend Borough Council and South Essex College have been secured and are committed subject to the £6m LGF award to the Project.

5.3 The funding breakdown is set out in Table 2 below.

Table 2 Project Funding Breakdown (£m)

Source	2018/19	2019/20	2020/21	2021/22	Total
SELEP LGF sought	0.500	1.000	4.500	0.000	6.000
Southend Borough Council	0.200	0.260	0.800	1.000	2.260
South Essex College	0.227	0.632	6.283	1.896	9.038
Total	0.927	1.892	11.583	2.896	17.298

6. Outcome of ITE Review

- 6.1 The Project Business Case has been independently assessed through Gates 1 and 2 of the ITE review process, which has confirmed that the Project presented high value for money, with a Benefit Cost Ratio (BCR) value of 2.2:1.
- 6.2 The review confirms that the economic appraisal methodology is thorough and proportionate to the scale of the intervention. The methodology applied to the economic appraisal of the Project has focused on the employment benefits of the Project through the Forum 2, as opposed to the benefits which will be achieved through the Basildon Campus being unlocked for residential development.
- 6.3 Whilst the BCR value is categorised as presenting high value for money, there is only medium certainty of high value for money being achieved, as the BCR is very close to the 2:1 threshold between high and medium value for money.
- 6.4 As such, if there is an increase to the Project cost or a decrease to the outputs/outcomes which are expected be achieved through the intervention then the Project may no longer present high value for money.
- 6.5 To help mitigate this value for money risk, any such changes to the Project which may impact on value for money will be managed through SELEP's Change Request process and a further decision may be sought from the Board.

7. Compliance with SELEP Assurance Framework

- 7.1 Table 3 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework

Table 3 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The strategic objectives of the Project are clearly identified. There is a section that explicitly draws out the relevant SEP objectives and how the objectives of the scheme contribute to them. These relate to addressing skills needs, supporting high priority sectors, and supporting the development of new homes.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out clearly in the Business Case. Deadweight has been considered suitably with 'do nothing' scenario and outcomes clearly described. Displacement has been considered suitably in terms of displacement of jobs from elsewhere, and in terms of this scheme assisting displaced learners from other college buildings.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	An extensive risk register is provided as part of feasibility study although it is only outline at this stage. Detailed risks and associated risk mitigation and ownership will be developed as the scheme is progressed through the RIBA stages.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	BCR of 2.2:1 is provided, which demonstrates high value for money.

8. Financial Implications (Accountable Body comments)

- 8.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 8.2 In considering allocating funding to this project, the Board should take into account the following:
- 8.2.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
- 8.2.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 8.3 There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

9. Legal Implications (Accountable Body comments)

- 9.1 There are no legal implications arising out of this decision.

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

- 10.1 None at present.

11. Equality and Diversity implication

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

12. List of Appendices

12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- Business Case for Southend Forum Phase 2
- Capital Programme Update Report to the Board - 17th November 2017

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

Role	Date
Accountable Body sign off	
Suzanne Bennett	14/02/18
(On behalf of Margaret Lee)	

Report to Accountability Board	Forward Plan reference number: FP/AB/129
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	8th February 2018
Title of report:	Hastings and Bexhill Movement and Access Package
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Hastings and Bexhill Movement and Access Package (the Project), which has been through the Independent Technical Evaluator (ITE) review process, to enable £9m Local Growth Fund (LGF) to be devolved to East Sussex County Council for delivery of the Project.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the LGF award of £9m, reduced from £12m LGF, to the Hastings and Bexhill Movement and Access Package Project, as identified in the Business Case and which has been assessed as presenting high value for money with high certainty of value for money being achieved.

3. Background

- 3.1 The Project was originally allocated funding through LGF Round 1 as two separate projects; Hastings and Bexhill junction capacity improvements Package and the Hastings and Bexhill walking and cycling Project . Each of the two projects was allocated £6m LGF.
- 3.2 In March 2017 the Board agreed to the amalgamation of the two projects into one scheme, for the purposes of business case development and project delivery, titled the Hastings and Bexhill Movement and Access Package (MAP) and with a total combined LGF allocation of £12m.
- 3.3 East Sussex County Council and Team East Sussex (TES Federated Board) are proposing that the total LGF contribution to the Project is reduced to £9m.

- 3.4 The total cost estimate for the Project has been reduced from the original £12m to £9m through the more detailed analysis of Project risk, in a Quantified Risk Assessment (QRA), which has reduced the Project contingency included within the Project cost estimate, without impacting the outputs and benefits which the Project is expected to deliver.

4. Hasting and Bexhill Movement and Access Package

- 4.1 The Project is an integrated package of cycling, walking and bus infrastructure, traffic management and public realm improvements, aimed at supporting economic growth and planned growth across Bexhill and Hastings.
- 4.2 The Project will deliver improvements to junction capacity to reduce local congestion, increase the extent of the cycle network across the two towns to support greater connectivity between key destinations and support the growing appetite for cycling for everyday journeys.
- 4.3 Measures to enhance the attractiveness of the two town's public realm will be delivered, which will encourage inward investment, alongside supporting and encouraging more people to walk, by creating safer access and permeability. This will be integrated alongside delivering high quality public transport infrastructure and information on key corridors of movement, supporting greater accessibility and journey comfort.
- 4.4 These works will kick-start a much wider programme of change in movement and access across the two towns and set the precedence for future transport infrastructure improvements. This is crucial as both Bexhill and Hastings move towards embracing greater sustainable development and the growing opportunities to maximise the use of technology and communication to enable 'smart mobility'.
- 4.5 Specifically the Project will deliver the following outputs (with further detail in Table 1 below):
- 4.5.1 New and improved cycling and walking infrastructure, including cycle routes, pedestrian crossings and cycle parking at rail stations across both towns;
 - 4.5.2 Improved public transport infrastructure, including Bus Stop Clearways/High Access Kerbs (bus stop poles)/Bus Shelters and the provision of Real Time Passenger Information on key corridors of movement;
 - 4.5.3 Improvements to traffic management at key junctions on the road network within Bexhill and Hastings; and
 - 4.5.4 Improvement to the public realm in Bexhill – London Road and Hastings Town Centre.

Table 1 Project interventions

Scheme Element	Overview of Scheme Measure
1. Cycling and Walking Infrastructure, Hastings and Bexhill	<ul style="list-style-type: none"> • Cycle Routes – on and off road, including improved signage and markings • Cycle parking and counters – providing safe and secure parking for cyclists • Pedestrian Crossings – to provide safer crossing areas • Safety Zones – to support access to education
2. Public Transport, Hastings and Bexhill	<ul style="list-style-type: none"> • Bus Accessibility Improvements, including:- Bus Stop Clearways Real Time Passenger Information High Access Kerbs Bus Shelter Improvements
3. Traffic Management, Hastings and Bexhill	<ul style="list-style-type: none"> • Junction Improvements – improving safety and reducing congestion • Traffic Signals – improving safety and reducing congestions • Variable Message Signs – providing real time information regarding parking space availability, and messages on town centre events
4. Public Realm, Bexhill	<ul style="list-style-type: none"> • Shared space between road users • Improvements to pedestrian and cycle access to key destinations including town centres and stations • Improved wayfinding • 20mph town centre zone • Streetscape improvements including upgraded street furniture

4.6 The overall intention of the Project is to implement these transport measures in Bexhill and Hastings which will release the opportunity for, and contribute to, local economic growth by enabling efficient connections to neighbouring settlements, and would support sustainable access to key local services including employment, education, health services, shopping and recreational facilities in these areas, alongside supporting the tourist economy.

4.7 The Project will support a reduction in reduce car journeys in the two towns by providing smarter and sustainable choices (e.g. through improved walking and cycling infrastructure) and improving technology to encourage greater use of

sustainable transport (e.g. through electronic signage, to reduce vehicle dwell times and greater access to information, increasing bus patronage through the provision of Real Time Passenger Information RTPI, and the use of data to inform smart ticketing.)

5. Funding Profile

- 5.1 The total Project cost will be fully funded through LGF. However, there is an opportunity to spend up to a further £990,967 on the Project through developer contributions. Of this amount, £363,968 has been received to date and a further £626,999 has been identified as potentially available.
- 5.2 The delivery of the Project is not dependent on these developer contributions coming forward or being committed to the Project, but creates the opportunity for further complementary investment in the programme.

Table 2 Project Funding Breakdown (£m)

	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF sought	1.352	2.000	2.200	3.448	9.000
Total Project Cost	1.352	2.000	2.200	3.448	9.000

6. Outcome of ITE Review

- 6.1 An ITE assessment of the Project Business Case has been undertaken, which demonstrated that the Project presented high value for money, with a Benefit Cost Ratio (BCR) value of 2.86:1.
- 6.2 The economic appraisal has been conducted following a range of appraisal methodologies, including:
- 6.2.1 DfT Active Mode Appraisal Toolkit
 - 6.2.2 Average Accident Savings
 - 6.2.3 Fare box revenue increase; and
 - 6.2.4 Valuing Urban Realm Toolkit
- 6.3 The ITE review confirms that the appraisal methodologies have been applied accurately and local data has been used to provide greater certainty of the expected benefits for each component of the Project.
- 6.4 For LGF Projects with a total LGF allocation of over £8m and/or with a high project risk, there is normally a requirement for a full business case to be developed for the Project once detailed design work has been completed and the total construction cost has been confirmed through a tender process for the award of the construction contract. However, the SELEP Assurance Framework states that when a Project comprises of a package of interventions and no element within the Project exceeds £8m then there is no requirement

for a Full Business Case to be completed for the Project. As such, there is no requirement for a Full Business Case to be complete for the Project, for further review by the ITE.

7. Compliance with SELEP Assurance Framework

7.1 Table 3 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.

7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 3 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The strategic objectives of the Project are identified. The Business Case sets out the links to national and local policy objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and have been considered for each of the four elements of the Project.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	Project risks have been assessed in a Quantified Risk Assessment (QRA) and a Risk Management Strategy has been included as part of the Business Case. It is intended that the Project will be delivered through the existing contract between ESCC and Costain/ CH2M.
A Benefit Cost Ratio of at least 2:1 or comply	Green	A BCR of 2.8:1 has been calculated, which demonstrated

with one of the two Value for Money exemptions		high value for money.
--	--	-----------------------

8. Financial Implications (Accountable Body comments)

- 8.1 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 8.2 In considering allocating funding to this project, the Board should take into account the following:
- 8.2.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
- 8.2.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 8.3 There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

9. Legal Implications (Accountable Body comments)

- 9.1 There are no legal implications arising from this decision.

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

- 10.1 None at present.

11. Equality and Diversity implication

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

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

12. List of Appendices

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- Business Case for Hastings and Bexhill Movement and Access Package

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

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	14/02/18

Report to Accountability Board	Forward Plan reference number: FP/AB/130
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	20th January 2018
Title of report:	A289 Four Elms Roundabout
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the amended A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements Project (the Project).
- 1.2 The Project has previously been approved by the Board but a revised Business Case has been prepared for the Project owing to the substantial change to the Projects scope from a road bypass scheme to junction improvements.
- 1.3 The revised Project has been through the Independent Technical Evaluator (ITE) review process. The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the change of Project of scope from a road bypass scheme to junction improvements. The revised Project has been assessed as presenting high value for money with high certainty of value for money being achieved.
 - 2.1.2 **Approve** spend of up to £3.5m Local Growth Fund (LGF) on the development of the Project in advance of the full Business Case being approved by the Board.
 - 2.1.3 **Note** the intention to develop a Full Project Business Case to be considered by the Board for the remaining £7.6m LGF allocation to the Project.

3. A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements Project

- 3.1 The Project focuses on a section of the A289 corridor which links the M2 Junction 1 with the Medway Tunnel. The A228 is the sole route linking the Hoo Peninsula with Strood. The A289 connects with the A228 at the Four Elms roundabout, which is a key traffic interchange in Medway.
- 3.2 The Hoo Peninsula has been identified as an area of growth in the emerging Medway Local Plan. Due to the limited transport infrastructure available to the residents of the Hoo Peninsula, any growth in the area will have an immediate and direct impact on traffic flows on the A289.
- 3.3 Currently the route is used by approximately 5,000 vehicles per hour in the peak periods. There are two key points along the corridor which cause significant delays for traffic using the route – the Four Elms roundabout and the Sans Pareil roundabout.
- 3.4 The aim of the Project is to provide a highway network between the M2 Junction 1 and the Medway Tunnel which can cater for the likely housing growth on the Hoo Peninsula that has been identified in the emerging Local Plan. In doing so, the Project will support the delivery of 5,284 new homes and 9,628 new jobs.
- 3.5 The Project will offer improved journey time reliability, reduced journey times (through reducing delays) and improved journey quality for all modes of travel including pedestrians and cyclists. The reduction in delays will also contribute to an improvement in air quality, which is particularly important given that Four Elms Hill, which leads to Four Elms roundabout, falls within an Air Quality Management Area.
- 3.6 The specific interventions to be delivered through LGF investment in the Project include:
 - 3.6.1 Increased capacity and full signalisation (including pedestrian crossing facilities) at Four Elms roundabout;
 - 3.6.2 Free flow slip road from Wainscott Bypass to Four Elms Hill;
 - 3.6.3 Additional lanes on Wulfere Way between Sans Pareil and Four Elms roundabout;
 - 3.6.4 Free flow slip road from Frindsbury Hill to Wulfere Way;
 - 3.6.5 Realignment of Wainscott Road junction (from Sans Pareil roundabout to Frindsbury Hill);
 - 3.6.6 Additional exit lane onto Berwick Way for right turning traffic; and
 - 3.6.7 Enforced reduced speed limit along the entire route.

4. Previous Funding Decision by the Board

- 4.1 The Project was originally approved by SELEP Strategic Board in March 2015, prior to the Accountability Board being established. This funding decision

awarded £11.1m LGF towards a large scale scheme, comprising a large bypass road scheme to realign the A289, with a total Project cost of £18.697m.

- 4.2 The Project was to be supported by £7.129m local S106 funding from the Lodge Hill site. However the decision by Medway Council to award planning approval to the development was called in by the then Secretary of State for the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government). Subsequently, the developers have withdrawn the planning application and as such, the S106 contribution to the Project is no longer forthcoming.
- 4.3 Accordingly, without S106 contribution being available, a scaled back and lower cost proposal for the Project has been developed to fit with the available funding.
- 4.4 It is proposed that the bypass road scheme is replaced within the new proposal to increase highway capacity through the delivery of the interventions set out in paragraph 3.6 above.
- 4.5 The revised Project still seeks to achieve the Project benefits in tackling congestion to unlock development on the Hoo Peninsular and part of Medway City.
- 4.6 Whilst the delivery of 5,000 homes at the Lodge Hill site is no longer forthcoming, alternative sites are being considered within Medway Council's Local Plan. The delivery of the Project is required to support the delivery of residential and employment at the alternative sites within Medway.

5. Project Funding

- 5.1 The revised total Project cost is £11.564m, which includes £1.6m LGF spend on the Project to date. This spend by Medway Council has been incurred following the Board approval of the original scheme in March 2015.
- 5.2 Medway Council have confirmed that this initial spend on the Project is not an abortive cost and supports the delivery of the Project which is now being taken forward.
- 5.3 Medway Council have been able to secure smaller scale S106 contributions from other development sites. These S106 contributions including £0.202m from Liberty Park and £0.262m from Damhead Creek Power Station. The profile of this funding breakdown is set out in Table 1 below.

Table 1 Project Funding breakdown (£m)

£m	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF sought	0.500	1.100		1.601	4.000	3.899	11.100
S106 – Liberty Park	0.142	0.060					0.202
S106- Damhead Creek Power Station				0.262			0.262
Total funding requirement	0.642	1.160		1.863	4.000	3.899	11.564

6. Outcome of ITE Review

- 6.1 An ITE assessment of the Project Business Case was undertaken for the original larger scale scheme proposal, which demonstrated that the Project presented high value for money, with a Benefit Cost Ratio (BCR) value of 4.1:1.
- 6.2 A review of the amended Outline Business Case has been completed for the revised Project, through the Gate 1 and Gate 2 process. The review has confirmed that the revised Project achieves very high to value for money with a high certainty of achieving this, with a BCR value of 10.2:1.
- 6.3 The economic appraisal which has been undertaken for the Project is compliant with the Department for Transport (DfT) WebTAG guidance, for the appraisal of transport projects. In part, it is expected that the increase in the BCR value for the Project, relative to the original scheme, is likely to be the result of changes to the DfT WebTAG guidance since the previous business case was prepared for the project.
- 6.4 As the LGF allocation to the project is over the £8m threshold, a full Business Case is expected to come forward following the completion of detailed costings and design work, to ensure that the project cost has not escalated and that the value for money remains high. The full Business Case is currently scheduled to be considered by the Board in 2019/20.
- 6.5 In advance of the full final funding decision by the Board, the Board is asked to approve the award of £3.5m LGF to the revised Project. This includes the £1.6m LGF which has been spent on the Project to date, along with £2m LGF to support the further development of the Project, including the development of the planning application, land acquisition and detailed design work, in advance of the full Business Case being brought forward.

7. Compliance with SELEP Assurance Framework

- 7.1 Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.

- 7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	<p>The outline business case identifies the current problems and why the scheme is needed.</p> <p>The objectives presented align with the objectives identified in the Strategic Economic Plan.</p>
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	<p>The expected project outputs and outcomes are set out in the outline Business Case and detailed in the economic case.</p> <p>The ITE review confirms that Transport Users Benefits Appraisal (TUBA) has been used to assess the expected outputs and outcomes of the intervention following WebTAG guidance.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	<p>The ITE questioned the deliverability and experience of the team during the initial review. Following the resubmission of the outline business case this demonstrates clear experience in delivering similar schemes and team with experience in delivering highway schemes.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	<p>A BCR has been calculated as 10.2:1, which indicates very high value for money.</p>

8. Financial Implications (Accountable Body comments)

- 8.1 The £3.5m that is being requested now in advance of Full Business Case (FBC) sign off will be paid on the basis that it will need to be repaid should the FBC not receive approval by Accountability Board when it is submitted for consideration. Medway Council will bear the risk of having to fund these abortive costs.
- 8.2 Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed, however, funding for this project is included in the indicative LGF Programme allocations provided by HM Government for future years.
- 8.3 In considering allocating funding to this project, the Board should take into account the following:
 - 8.3.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
 - 8.3.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 8.4 There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

9. Legal Implications (Accountable Body comments)

- 9.1 There are no legal implications arising out of this decision.

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

- 10.1 None at present.

11. Equality and Diversity implication

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

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

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

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

12. List of Appendices

12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- Business Case for A289 Four Elms Roundabout to Medway Tunnel

(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	14/02/18
(On behalf of Margaret Lee)	

Report to Accountability Board	Forward Plan reference number: FP/AB/139
Date of Accountability Board Meeting:	23 rd February 2018
Date of report:	13 th February 2018
Title of report:	Growing Places Fund update
Report by	Rhiannon Mort, SELEP Capital Programme Manager Amy Beckett, Programme Manager, SELEP
Enquiries to	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1. To update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme.

2. Recommendations

- 2.1. The Board is asked to:

- 1) **Approve** the principle of applying Local Growth Fund (LGF) on a temporary basis to GPF projects, if required, to mitigate any cash flow issues which may occur within financial years as a result of delayed GPF repayment, subject to the conditions set out in paragraph 6.8;
- 2) **Approve** the delayed GPF loan repayment for the North Queensway Project, as per revised schedule set out in Table 1;
- 3) **Approve** the revised GPF loan repayment for the Live Margate project, as per the revised schedule set out in Table 2; and
- 4) **Note** the updated position on the GPF programme

3. SELEP Growing Places Fund investments

- 3.1. In total, £49.210m GPF was made available to SELEP, of which £48.705m GPF has been allocated to date. These allocations include loan investments in 13 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups; as agreed by the Strategic Board.
- 3.2. The loan repayment schedule for each GPF projects is agreed within the credit agreement in place between Essex County Council, as Accountable

Body, and the lead County/ Unitary Authority for each project. A copy of the expected repayment schedule is set out in Appendix 2.

- 3.3. Repayments are now being made on these initial GPF investments, with £6.155m, having been repaid to date, and a further £2.752m is forecast to be repaid by the end of 2017/18 (excluding the delayed repayments set out below).
- 3.4. Based on repayment schedule agreed for each GPF Project within the credit agreement, a further eight projects have been prioritised by the Strategic Board for investment using the recycled GPF through GPF Round 2.
- 3.5. The allocation of GPF to these new projects was on the condition that funding would only be award to these projects by the Board if sufficient GPF was available through the repayments of GPF loans from Round 1 projects
- 3.6. The SELEP Secretariat has been made aware of risks to the following projects repayment schedule for the North Queensway and Live Margate GPF Round 1 Projects.

4. North Queensway, East Sussex

- 4.1. A £1.5m GPF loan was award to the North Queensway project through the first round of GPF investments. GPF was awarded to forward fund junction improvements and preliminary site infrastructure works at the North Queensway site.
- 4.2. These works have been completed in full and GPF repayments are due to be made through commercial activity at the North Queensway site which has been unlocked by the project.
- 4.3. To date, £1m GPF has been repaid. However in March 2017 the Board agreed a delay to the repayment of the remaining £0.5m GPF loan to delays in commercial activity coming forward at the site.
- 4.4. In March 2017 the Board were made aware of the opportunity for two tenants to locate at the site. The income generated for the take up of the commercial sites would enable the repayment of the GFP loan. However, the first tenant has identified an alternative larger site to locate its businesses activity. The second tenant will be locating at the site but this has been agreed as part of the funding package to relocation the business to enable the completion of the North Queensway Gateway LGF project. As such, these potential funding sources to repay the loan have not come to fruition.
- 4.5. Further marketing work is now being undertaken for the North Queensway site, with interest having been received through these latest marketing efforts. However, as a result of the slow market take up the site then a further slippage to the repayment of GPF repayment is sought by East Sussex County Council, in advance of the let of commercial space or land sales providing a funding source to repay the GPF loan.

To allow sufficient time for an appropriate funding stream to be established to repay the GPF, approval is sought from the Board to delay the repayment of GPF from 2017/18 to 2019/20, as set out in Table 2 below.

Table 1 North Queensway GPF Repayment Schedule (£000)

	Paid to date	2017/18	2018/19	2019/20	Total
Previous	1,000	500	0	0	1,500
Revised	1,000	0	0	500	1,500
Movement	0	-500	0	500	0

5. Live Margate

- 5.1. The Live Margate project was awarded £5m GPF through the first round of GPF awards. The Live Margate project targets derelict or problem buildings in Margate for refurbishment into family homes. The first phase of the project has been managed by Kent County Council through investment of £3.5m of its own capital funds to date.
- 5.2. Specific sites have been identified for investment through the second phase of the project which will invest the £5m GPF loan, with £1.6m GPF having been transferred to Kent County Council to date.
- 5.3. Following the refurbishment of these properties, the GPF loan will be repaid to SELEP through the sale of the properties.
- 5.4. Whilst the original credit agreement set out the repayment of the loan from 2018/19, a revised repayment schedule has been proposed to align with the updated schedule for the investment and sale of the identified residential properties.
- 5.5. The Board is asked to agree the amended repayment schedule for GPF repayments to commence in 2020/21, as set out in Table 3 below.
- 5.6. Subject to the revised repayment schedule being agreed by the Board, a Deed of Variation or Addendum to the credit agreement will be prepared and agreed between Kent County Council and Essex County Council, as SELEP Accountable Body.

Table 2 Live Margate GPF Repayment Schedule (£000)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Previous	1,000	1,000	1,000	1,000	1,000			5,000
Revised			1,000	1,000	1,000	1,000	1,000	5,000
Movement	-1,000	-1,000				1,000	1,000	

6. Impact on GPF Cash Flow

- 6.1. The delays to the repayments set out in sections 4 and 5 above will reduce the amount of GPF available for re-investment. However, a proportion of contingency was applied when considering the amount of GPF available for reinvestment.
- 6.2. The GPF cash flow position has been updated based on the forecast GPF drawdown for Round 1 and 2 projects and to take account of the amended repayment schedules for the North Queensway and Live Margate Projects.
- 6.3. Based on the updated cash flow position, there is sufficient GPF available to fund all Round 1 and 2 projects, subject to repayments being made on GPF projects as set out in Appendix 2. However, the amendments to the GPF repayment schedules set out in Section 4 and 5 above exacerbates the risk of within year GPF cash flow issues. GPF project promoters seek to drawn down their allocation in Q1 of each financial year, but repayments are not made until Q4 this creates a potential in year GPF cash flow issue.
- 6.4. If further delays are experienced to GPF repayments, this cash flow risk may result in project delays, as GPF projects will be unable to drawn down their GPF allocation until sufficient GPF is repaid.
- 6.5. To mitigate the cash flow risk for within financial years, the Board are asked to agree the principal of 'borrowing' LGF from the LGF slippage held centrally by SELEP to fund GPF projects, if a GPF cash flow issue materialises through further delay to GPF repayments.
- 6.6. At this stage, the Board are only being asked to consider and agree to the principle of managing the GPF cash flow risk through funding swaps between the GPF and LGF programmes, should further slippages to GPF repayments materialise. No funding swaps between the LGF and GPF programmes would be made without Board approval.
- 6.7. If the Board agree to the principle, the Board would be asked to consider the swap of funding between SELEP two capital programmes (LGF and GPF) on a case by cases basis, as the risk materialises.
- 6.8. The Board are asked to consider and agree to the principle of using LGF spend on GPF projects, should any GPF cash flow issues arise, based on the following conditions:
 - 1) The LGF would be returned to the LGF Programme during the duration of the LGF programme for spend on LGF project included in the Growth Deal Programme, through GPF loan repayments. The repayment of LGF would be prioritised over the reinvestment of GPF in new projects; and
 - 2) Spend of LGF on GPF projects would be approved by the Board on a case by case basis. To inform the Board's decision making, the Board will be made aware of the LGF cash flow position at the point of decision

making and to ensure that the spend of LGF on GPF projects does not adversely affect the LGF cash flow position; and

- 3) The swap of funding between the LGF and GPF programmes would only be applied where there is sufficient evidence, made available to the Board, that there will be no impact on LGF programme delivery.

7. Growing Places Fund Project Delivery to Date – GPF Round 1 Projects

- 7.1. Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,081 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 3 below.

Table 3 Monitoring of GPF Round 1 project outputs

Name of Project	Outputs defined in Business Case		Outputs delivered to date	
	Jobs	Homes	Jobs	Homes
Priory Quarter Phase 3	440	0	74	0
North Queensway	865	0	74	0
Rochester Riverside	402	450	0	0
Chatham Waterfront	211	115	0	0
Bexhill Business Mall	125	0	150	0
Parkside Office Village	169	0	120	0
Chelmsford Urban Expansion	2,105	0	365	0
Grays Magistrates Court	200	0	89	0
Sovereign Harbour	299	0	180	0
Workspace Kent	198	0	29	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	9
Totals	9,144	2,081	1,081	9

- 7.2. To date, the expected benefits of GPF investment in enabling the delivery of new homes have not materialised or have not been reported through the update reporting to SELEP on Round 1 projects. However, for specific projects, such as the Rochester Riverside Project, progress has been made during the last quarter towards the delivery of homes as a result of GPF investment.
- 7.3. Following planning consent having been granted for the Rochester Riverside development by Medway Council in October 2017, construction works are due to start of site in Q4 2017/18. This development is expected to deliver up to 1,400 dwellings, with the £4.41m GPF loan investment in the Project

through GPF Round 1 having been used to fund site infrastructure such as the access road and public space works.

- 7.4. A GPF project delivery update and risk assessment is shown in Appendix 1 for each Round 1 project. As GPF Round 2 projects come forward for approval by the Board and credit agreements are established for these projects, update reports will also be sought for GPF Round 2 projects.

8. Financial Implications (Accountable Body Comments)

- 8.1 The application of LGF on a temporary basis to cover cash flow gaps in GPF funding is allowable under the terms and conditions of the LGF grant determination. It should be noted that this approach would extend the impacts of the risks of GPF non-repayment to the LGF Programme. However, it is currently considered unlikely that cash flow issues for the GPF programme should arise as the advice of the Accountable Body to take a prudent approach to likelihood of repayments has been applied.
- 8.2 It should be noted that this is the second revision to the scheduling of the North Queensway project repayments. It is advised that the partners and delivery organisations explore other methods of repayment, such re-financing, to ensure that repayment is not delayed further.
- 8.3 It is advised that partners review their reporting processes as it is our view that the numbers of homes delivered is currently understated.

9. Legal Implications (Accountable Body Comments)

- 9.1 Changes to repayments schedules will require amendments to be made to credit agreements between the sponsoring authority and Essex County Council as Accountable Body. Deeds of variation will be issued if the Board approves those changes requested.

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

- 10.1 None

11. Equality and Diversity implications (Accountable Body Comments)

12. List of Appendices

- 12.1 Appendix 1 – Growing Places Fund Project Summary
- 12.2 Appendix 2 – Growing Places Fund Repayment Schedule

13. List of Background Papers

- 13.1 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	
Suzanne Bennett	14/02/18
On behalf of Margaret Lee	

Growing Places Fund Update Appendix 1 - Summary Position GPF Round 1 Projects

Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. However a single occupier has now been found for the remainder of the building and terms have been agreed. Once fully let the building is still forecast to host the 440 jobs in the business case.	The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. However a single occupier has now been found for the remainder of the building and terms have been agreed. Once fully let the building is still forecast to host the 440 jobs in the business case.			Tenancy agreement for full occupation of the building has now been agreed. Occupancy to begin in April 2018. This should allow for sufficient refinancing to ensure repayments are made. There is a 1 year rent free period as part of the deal and therefore risk of insufficient income to meet full 18/19 repayment.	Tenancy agreement for full occupation of the building has now been agreed.		
North Queensway	East Sussex	Construction of a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000 sqm (gross) of high quality industrial and office premises	GPF invested, project complete and repayments are being made			Further delays anticipated in repayment of these funds due to slow take up in land sales. 1 new business to begin development in March 2018 which it is anticipated will catalyse interest in the other plots.	1 of the identified tenants now requires a larger facility than can be provided on this site. Although good new for the local economy and job creation this plot will now require further marketing.	Planning applications that are brought forward for this site could be impacted by the blanket development objection in place by Wealden District Council due to environmental concerns regarding the Ashdown Forest.	
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principle access road, public space and site gateways.	Project is progressing Well. Countryside were chosen as the developer March 2016 and the Development Agreement was agreed in March 2017. Permission to grant planning was given at Committee in October 2017 and the S106 is out for signature which will be completed by the end of January 2018 enabling Countryside to begin on site. There is a ground breaking event planned for the 22 February 2018.						
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for Chatham Waterfront Development.	River Walk - Improvements to approximately 600m of pedestrian footpath have been made including the installation of lighting, new pavement, new handrail, street furniture and tree planting. Chatham Big Screen - Installation of a large digital screen for local and national news, events, entertainment and culture, adjacent to Chatham Waterfront Development Site. Sun Pier pontoon, phase 1 - Improvement works to Sun Pier Pontoon, improving access and interaction with the River, and providing the required infrastructure for future connectivity such as a river taxi service. The scheme has received outline planning for 115 units over 6 storeys with ground floor commercial space with a commuted sum towards affordable housing				Chatham Waterfront has already reduced the number of homes to be delivered. Medway Council are working with the developer to see if we can get these increased through the detailed planning process.		
Bexhill Business Mall	East Sussex	The delivery of 2,490 sqm managed workspace facility.	GPF invested, project complete and repayments are being made				Building 100% let and currently housing 129 jobs, which is less than originally anticipated, however this does provide space for the occupant to grow over time.		
Parkside Office Village	Essex	Initial phase of business space targeting SMEs as part of a 42 acre business and R&D park on the University of Essex campus in Colchester	GPF invested, project complete and repayments are being made, these will be completed at the end of 2017/18						
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	GPF invested, project complete and GPF has been repaid in full.	N/A	N/A	N/A	N/A	N/A	N/A

Growing Places Fund Update Appendix 1 - Summary Position GPF Round 1 Projects

Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Grays Magistrates Court	Thurrock	The project to convert the Magistrates Court to business space was part of a wider Grays South regeneration project which aimed to revitalise Grays town centre	GPF invested, project complete and repayments are being made. The refurbished building is now in use and having a positive impact in the town centre.					The only significant risk to the project now is a significant economic down turn which impacted on occupancy. Currently however demand across the borough is strong and targets are being achieved	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2345sqm of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2345sqm of high quality office space. This is currently 77% let with over 171 enquiries received since opening.				180 jobs from 77% occupancy is still short of the anticipated 299 jobs		
Workspace Kent	Kent	Contribution to a challenge fund co-financed by Kent County Council and GPF, to which private developers and organisations in the public and third sectors can apply for loan funding matched with other sources of investment to bring forward business premises that would otherwise not be developed in the current economic circumstances.	GPF invested, project complete and repayments expected to start.	There is a risk to defrayment of funds.	Awaiting applications for remaining funds		Job numbers - due to delay in project build		
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Delivery package 1 is well into deliver with the majority of risks closed out. Procurement for the send package is about to start with a view to getting on site early next financial year.	N/A	N/A	N/A	N/A	N/A	N/A
Discovery Park	Kent	The proposal is to redevelop the site and create the opportunity to build up to 250 houses in the next 2-5 years. Discovery Park is in a good position to take advantage of the growing market in Housing and Commercial rental and optimise the available land on its site. In order to prepare the site to a very high standard according to the new environmental and planning requirements which takes in to account potential flooding the business needs to undertake considerable infrastructure work where the majority of the proposals funds will be spent.	The legal agreements are being finalised between Kent County Council and Discovery Park (South) Ltd. The initial outline planning permission for both infrastructure and housing has been approved. There are specific conditions for the final permission yet to be finalised.						
Live Margate	Kent	A self sustaining cycle of investment and re-investment that will regenerate the housing market in Margate through the development of existing homes dominated by poor quality, multi occupied, poorly managed private homes and replacing it with a quality balanced mixed tenure offer	"Phase 2" properties have been identified and sensitive negotiations are underway with the private owners." It is envisaged that these properties will be secured in 2018/19 with the resultant objectives met thereafter.	Acquisition of targeted properties to commence. Professional assessment of property values and development potential is being conducted.		Amended repayment schedule as detailed in the report.			
Revenue admin cost drawn down	n/a		n/a						
Harlow EZ Revenue Grant	n/a		n/a						
Totals									

South East LEP
Growing Places Fund Repayment Schedule

£000's

		Total Allocation	Total Invested to Date	Total Repaid to Date	2017/18 total	2018/19 total	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	Total
Name of Project	Upper Tier												
Revenue admin cost drawn down	n/a	2	2						-				-
Harlow EZ Revenue Grant	n/a	1,244	717		-	-	-	-	-				-
Round 1 Projects													
Priory Quarter Phase 3	East Sussex	7,000	7,000	65	65	735	735	5,400	-				7,000
North Queensway	East Sussex	1,500	1,500	1,000	-	-	0.500	-	-				1,000
Rochester Riverside	Medway	4,410	4,410	-	110	130	1,650	2,520	-				4,410
Chatham Waterfront	Medway	2,999	2,999	-	-	-	1,000	1,000	999				2,999
Bexhill Business Mall	East Sussex	6,000	6,000	225	300	500	4,975	-	-				6,000
Parkside Office Village	Essex	3,250	3,250	1,620	1,630	-	-	-	-				3,250
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000	-	-	-	-	-				1,000
Grays Magistrates Court	Thurrock	1,400	1,400	500	300	300	300	-	-				1,400
Sovereign Harbour	East Sussex	4,600	4,600	25	200	300	475	400	3,200				4,600
Workspace Kent	Kent	1,500	1,437	220	147	147	447	507	31				1,499
Harlow West Essex	Essex/Harlow	3,500	1,500	1,500	-					2,000			3,500
Discovery Park	Kent	5,300	-	-	-	-	408	1,624	1,738	1,530			5,300
Live Margate	Kent	5,000	-	-	-			1,000	1,000	1,000	1,000	1,000	5,000
Sub Total		48,705	35,815	6,155	2,752	2,112	9,991	12,451	6,968				46,958
Round 2 Projects													
Colchester Northern Gateway	Essex	2,000	-	-					2,000				2,000
Charleston Centenary	East Sussex	120	-	-		26	28	36	30				120
Eastbourne Fisherman	East Sussex	1,150	-	-			900		250				1,150
Centre for Advances Automotive an	South Essex	2,000	-	-					2,000				2,000
Fitting Rigging House	Medway	800	-	-			150	200	200	250			800
Javelin Way Development	Kent	1,597	-	-					1,597				1,597
Innovation Park Medway	Medway	650	-	-				50	600				650
No Use Empty Commercial	Kent	1,000	-	-				500	500				1,000
Total		58,022	35,815	6,155	2,752	2,138	11,068	13,237	14,145	250	-	-	56,275

Report to Accountability Board	Forward Plan reference number: FP/AB/131
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	18th January 2018
Title of report:	Growing Places Fund award to No Use Empty
Report by:	Amy Beckett, SELEP Programme Manager Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of a Growing Places Fund (GPF) Loan to the No Use Empty Commercial Property Programme (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the award of £1m GPF by way of a loan to enable the delivery of the Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this, on the basis that it is repaid by 31st March 2022.

3. No Use Empty Commercial Property Project

- 3.1 Kent County Council (KCC) launched its 'No Use Empty' (NUE) campaign in 2005 as part of its Public Sector Service Agreement (PSA2) targets, to examine better ways of delivering services, and particularly at working more effectively with district councils.
- 3.2 The primary aim of the initiative was to improve the physical urban environment in Kent by bringing long-term empty properties (defined as empty for over 6 months) back into use as quality housing accommodation.
- 3.3 The initiative originally focused on the following districts: Thanet, Dover, Shepway and Swale, as research found the majority of empty properties (over 3,000) were located here. In January 2008, due to the success of the scheme KCC expanded the initiative to include all 12 Kent district councils.
- 3.4 NUE scheme has a proven track record returning more than 5,000 empty homes back into use across Kent to the decent homes standard. NUE has attracted £23m leverage for an investment of £17m (recycled loans) to date.

- 3.5 The Project to be funded using the GPF loan funding is for the No Use Empty Commercial Property scheme, which will run alongside the residential part of the NUE residential scheme.
- 3.6 The Project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres (particularly in coastal areas of Kent), where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.
- 3.7 By bringing empty commercial properties back into use, the Project will:
- 3.7.1 Support economic growth through new commercial activity: attracting new business rates, and creating and safeguarding jobs;
 - 3.7.2 Increase the number of new homes available as a result of mixed use development: generating new council tax receipts and attracting Government New Homes Bonus; and
 - 3.7.3 Support wider regeneration, in particular assisting in the vitality and viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and support community safety and cohesion.
- 3.8 The Project will achieve these objectives by providing short-term secured loans (up to 3 years) to bring long-term empty commercial properties back into use, using the management and systems that are already in place for the existing NUE scheme.
- 3.9 Whilst the existing NUE scheme is primarily focused on empty residential properties, it has provided loans for a number of successful mixed commercial/residential projects: this has demonstrated the demand for and the potential of a further scheme focused on commercial premises.
- 3.10 The Project will be managed by KCC, who will manage the application process for each individual commercial property and ensure that the relevant financial checks are completed.

4. Project Cost and Funding

- 4.1 As the list of individual commercial properties to be bought back into use has not yet been identified, the total project cost cannot be confirmed at this time. However, based on the experience from delivering the existing programme, the Project is expected to cost around £2.650m.
- 4.2 Subject to the Board approving the GPF loan award to the Project, the processes will commence to identify the individual properties to be developed through the Project.

- 4.3 Following the initial launch of the Project, follow up work will be undertaken to identify any further properties which can be supported through the Project and to maximise the GPF investment, in line with the funding profile set out in Table 1 below.
- 4.4 The remaining funding contributions will include £0.3m from KCC to cover the cost of delivering the programme and an estimated £1.350m from the private sector through each property owner's contribution to the Project. These private sector contributions will be confirmed at the point of application to KCC.
- 4.5 As such, the expected funding profile is set out in Table 1 below.

Table 1 No Use Empty Funding profile (£m)

Source	2017/18	2018/19	2019/20	2020/21	Total
GPF (public)		0.500	0.500		1.000
Kent County Council		0.150	0.150		0.300
Private Sector fund (TBC)		0.675	0.675		1.350
TOTAL	0.000	1.325	1.325		2.650

- 4.6 To meet with SELEP's criteria for GPF loan award, the programme must demonstrate that at least a 30% local funding contribution towards the delivery of the Project.
- 4.7 As the private sector local funding contribution will be confirmed through the process of applications being submitted to KCC, the exact amount of private sector match has not yet been confirmed.
- 4.8 Based on KCC's experience of operating the NUE residential scheme, it is anticipated that a £1.35m private sector contribution will be achieved, as set out in Table 1 above. However, as the £1.35m private sector funding contribution has not yet been secured, the confirmed £0.3m contribution to the Project by KCC provides the match funding required to comply with GPF eligibility criteria.
- 4.9 The GPF repayment schedule is shown in Table 2 below. If the Board approves the award of £1m GPF to the Project, the repayment schedule will also be included in the loan agreement between the SELEP Accountable Body and KCC.
- 4.10 KCC will enter into loan agreements with the property owners to set out the required repayment schedule. Based on experience from the NUE residential scheme, it is expected that following the property refurbishment and the property having been brought back into use, the property owners will re-finance the property to raise the capital for loan repayments.

- 4.11 The existing NUE residential scheme has a proven track record and has operated a recycling loan fund for more than 10 years. It has successfully recovered £10.6m of loans.
- 4.12 The legal charge documents which have been developed for the NUIE residential scheme gives Kent County Council the right to take control and sell the property if there is no repayment, but this action has not been required to date.

Table 2 No Use Empty GPF repayment schedule (£m)

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment			£0.5m	£0.5m		£1m

5. No Use Empty Outcome of ITE review

- 5.1 The assessment of the Business Case for the Project confirms that the project demonstrates high value for money with high certainty of value for money.
- 5.2 The economic appraisal has been conducted based on the expected land value uplift to be achieved through the LGF investment. A very high Benefit Cost Ratio (BCR) has been calculated for the project at 4.05:1.
- 5.3 The ITE has stated that there is a clear strategic rationale for the scheme and the schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure. The quantifiable benefits of the scheme support a good economic case for the scheme and the wider impact of bringing back into use long term empty units strengthens the Value for Money case.
- 5.4 The review also confirms that proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the project represents high value for money.

6. Project Compliance with SELEP Assurance Framework

- 6.1 Table 3 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 3 SELEP Secretariat assessment against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project is aligned to SELEP's objectives, including supporting the economy of coastal communities, job creation and economic growth.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>It is estimated that, based on the experience of delivering the NUE residential scheme, the Project will enable the delivery of 28 new homes and 18 new jobs.</p> <p>The economic appraisal has given consideration to displacement, leakage and deadweight.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The Business Case sets out clear development phases for the project.</p> <p>A risk register, along with risk owners and mitigation measures, have been included as part of the Business Case. A contingency has been included in the project cost breakdown.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Project demonstrates a very high BCR of 4.05:1, for the cost of GPF investment relative to the project benefits (using the SELEP BCR assessment spreadsheet). This is higher than the original BCR included in the main Business Case of 2.53:1 (which presented high value for money).

7. Financial Implications (Accountable Body comments)

- 7.1 Currently the take-up of the project is unknown. Provision should be made for KCC to return funds to SELEP if all monies aren't allocated and under contract by 31st March 2020. If the allocation phase of the Project is allowed to extend that would necessarily extend the repayment profile that would potentially create a risk to the viability of the fund.

8. Legal Implications (Accountable Body comments)

- 8.1 The Accountable Body will have in place a loan agreement with KCC which will provide for the repayment schedule set out in Table 2. Any changes to the Project or the repayment schedule will require further approval by the Board.

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

- 9.1 There are no staffing or other resource implications arising from this decision.

10. Equality and Diversity implication

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of Appendices

- 11.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

12. List of Background Papers

- 12.1 Business Case for No Use Empty

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

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	14/02/18

Report to Accountability Board	Forward Plan reference number: FP/AB/132
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	18th January 2018
Title of report:	Growing Places Fund award to Colchester Northern Gateway
Report by:	Amy Beckett, SELEP Programme Manager Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of a Growing Places Fund (GPF) Loan to the Colchester Northern Gateway Project (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the risk relating to the remaining funding contributions to the Project
- 2.1.2 **Approve** the award of £2m GPF by way of a loan to enable the delivery of the Colchester Northern Gateway identified in the Business Case and which has been assessed as presenting high value for money and high certainty of achieving this, on the basis that it will be repaid by 31st March 2022.

3. Colchester Northern Gateway Project

- 3.1 Colchester Northern Gateway, part of the overall Colchester Northern Gateway vision, sets out to create a high quality, highly sustainable housing, employment and leisure development. The development has been identified as important within the Essex Economic Growth Strategy.
- 3.2 The Project includes;
- 3.2.1 The relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes;
- 3.2.2 On-site infrastructure improvements facilitating the development of the Sports and Leisure Hub on the A12 north greenfield land, which includes the relocated Rugby club facility;

- 3.2.3 Associated on-site and off-site highway improvements, in particular at A12 Junction 28, to facilitate cycle and pedestrian access to the site and improve connectivity between the residential and employment land to the south of the A12 and the sports facility to the north ; and
- 3.2.4 The delivery of new homes which can act as a catalyst to the remaining employment land adjacent, which together with the proposed heat network and ultrafast connectivity (funded separately), will enhance the marketability of the whole Gateway.
- 3.3 The GPF investment will be used to bridge the cash flow funding gap to enable the relocation of the Colchester Rugby Club to a new mixed sports facility situated to the north of the A12. As such, the GPF investment will unlock the land for the delivery of at least 560 new homes, including an older persons living and health complex.
- 3.4 Specifically, the GPF will be used to help over the funding of the following infrastructure works:
 - 3.4.1 Highway improvements on Junction 28 of the A12 to satisfy Highways England and Essex County Council safety requirements;
 - 3.4.2 Works to provide the new entrance into the new sports and Rugby club site; and
 - 3.4.3 Onsite enabling infrastructure works to include soil movement across the site, utilities and drainage
- 3.5 Without GPF investment in the Project, the relocation of the Rugby Club will not be carried out in a timely manner, meaning sites allocated for housing, elderly care, commercial and office building will not be available for development until other possible funding sources are found and would therefore be delayed.

4. Project Cost and Funding

- 4.1 The total project cost is estimated at £24.1m, with a GPF allocation of £2m; presenting 8.3% of the total Project cost.
- 4.2 The remaining funding contributions will include the use of capital receipts from the sale of Council assets, Grants and other funding contributions, New Home Bonus and Colchester Borough Council's temporary use of their reserves. The funding profile for these contributions is set out in Table 1.
- 4.3 In addition, the Project is expected to stimulate a further £53.5m private investment in private housing and £129.5m for the older people's accommodation.

Table 1 Colchester Northern Gateway Funding profile (£m)

Source	2017/18	2018/19	2019/20	Total
GPF	0.000	1.350	0.650	2.000
Capital Receipts (Council assets sites receipts)	0.443	1.576	14.381	16.400
Grants and Contributions	1.450	1.750	0.500	3.700
Colchester Borough Council New Homes Bonus	0.750	0.750	0.500	2.000
Colchester Borough Council (Internal borrowing/ temporary use of reserves)		13.755	(13.755)	0.000
TOTAL	2.643	19.181	2.276	24.100

- 4.4 The £2m New Homes Bonus contribution has been confirmed by Colchester Borough Council Cabinet. However, whilst the sources of the 'Grants and Contributions', which are expected to total £3.7m, have been identified, they have not yet all been secured.
- 4.5 The proposed 'Grants and Contributions' include funding from sporting bodies. To date, discussions have taken place with County and England Cricket Boards, the Rugby Football Union and British Cycling. However these organisations consider funding applications after the planning stage and as such, currently no funding contributions have been confirmed from these sources.
- 4.6 The Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) have recently announced the award of £5.5m for the Colchester Northern Gateway through its Housing and Infrastructure Fund (HIF).
- 4.7 The HIF will be spent on further site enabling works, including the provision of vehicle, cyclist and pedestrian access to the site on the land to the south of the A12, as part of the wider Colchester Northern Gateway development.
- 4.8 The successful award of HIF to the Colchester Northern Gateway Project does not in itself bridge the £3.7m funding gap, but will help bring forward infrastructure in other parts of the site to help enable to wider Northern Gateway development.
- 4.9 Value engineering work is also being completed to help reduce the Project costs and potential to increase capital receipts through the sale of assets at higher values than originally anticipated. Any reductions to the Project cost or increase in capital receipts will help to mitigate the risk presented by the funding gap.
- 4.10 Until the funding gap is bridged, this presents a Project risk which the Board is asked to consider as part of its funding decision.

- 4.11 If insufficient funding is secured to complete the Project in its entirety, the delivery of the Project outcomes in terms of housing and commercial space is put at risk. This in turn creates a risk to the repayment of the GPF loan and could reduce the amount of GPF available for investment through future rounds of GPF allocations.

5. Project GPF repayment

- 5.1 The GPF repayment schedule is shown in Table 2 below.
- 5.2 It is intended that the GPF loan will be repaid through land sales from the employment sites which will come forward later in the programme of the Northern Gateway development.
- 5.3 Colchester Borough Council is adopting an “infrastructure first” approach to the delivery of the wider land in its ownership at the Northern Gateway. Whilst the relocation of the Rugby Club, subsequent housing and older persons living and health complex developments are scheduled for the next three years, it is anticipated that these developments, alongside the infrastructure first approach, will also act as a catalyst to the future development of the rest of the employment land. As capital receipts flow in from the release of employment sites then the GPF will be repaid.
- 5.4 If the Capital Receipts from the employment land are not realised in line with the proposed repayment schedule to meet the requirements of the repayment schedule, the application to SELEP for GPF sets out the intention for the funding to be repaid through alternate land receipts or through re-financing by Colchester Borough Council.

Table 2 Colchester Northern Gateway GPF repayment schedule (£m)

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment				£2m		£2m

6. Colchester Northern Gateway Outcome of ITE review

- 6.1 The assessment of the Business Case confirms that the Project demonstrates high value for money with high certainty of value for money being achieved through GPF investment.
- 6.2 The economic appraisal has been conducted following a Gross Value Added (GVA) approach, based on the number of new jobs created through the project. A very high Benefit Cost Ratio (BCR) has been calculated for the project at 31:1.

6.3 The ITE has stated that there is a strong alignment of the Project with local and national strategic priorities the Colchester Northern Gateway proposal has a compelling strategic case.

6.4 The ITE review also confirms that a robust analytical exercise has taken place to assess the costs and benefits of the scheme.

7. Compliance with SELEP Assurance Framework

7.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.

7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project is aligned to SELEP's objectives to support the delivery of new jobs and houses.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are set out in the Business Case, including the delivery of 237 jobs, along with indirect jobs.</p> <p>The economic appraisal has given consideration to displacement and leakage within the assessment.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		A risk register, along with risk owners and mitigation measures, have been included as part of the Business Case. A contingency has been included in the project cost breakdown.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Business Case demonstrates a very high BCR of 31:1, for the cost of GPF investment relative to the project benefits

8. Financial Implications (Accountable Body comments)

- 8.1 There is currently a funding gap on this project. It is unclear at what proportion of the £3.7m grants and contributions have been secured and at on what profile. It is imperative that the project sponsor provide this detail so the impact of the risk can be fully appraised. The Board should continue to be updated on the status of the grants and contributions until the gap is met.
- 8.2 It was agreed with Board that interest on loans would be charged at the prevailing PWLB rate less 2 percentage points at time of decision or at 0%, whichever is greater. At the time of writing the relevant PWLB rate is 0.91%, therefore it is highly likely that the loan will be made at 0%.
- 8.3 Currently there is sufficient funding available to make the investments as detailed above. However, this is based upon repayments being made in a timely manner by other projects. The Accountable Body is not able to fund any gaps in cash flow and other provision will need to be either from within the SELEP funds, by partner or delivery organisations or by delaying planned investments.

9. Legal Implications (Accountable Body comments)

- 9.1 The lead partner for this project is ECC, therefore a full legal agreement cannot be put in place as ECC also acts as Accountable Body. However, a dummy agreement will be constructed to ensure terms are clear to the relevant parts of the authority and a back-to-back agreement with Colchester Borough Council will be made.

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

- 10.1 There are no staffing and other resource implications arising from this decision.

11. Equality and Diversity implication

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

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

12. List of Appendices

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- Business Case for Colchester Northern Gateway

(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	14/02/18
(On behalf of Margaret Lee)	

Report to Accountability Board	Forward Plan reference number: FP/AB/133
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	7th February 2018
Title of report:	Growing Places Fund award to Charleston Centenary
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of Growing Places Fund (GPF) to the Charleston Centenary Project (the Project).

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £120,000 GPF to enable the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

3. Charleston Centenary Project

- 3.1 Charleston Museum, situated seven miles outside of Lewes, hosts a collection of artwork and artefacts of unique cultural and historical significance.
- 3.2 Visitor numbers and revenue generation are currently constrained by the attraction's short season and opening hours (five afternoons a week, six months of the year). This is due to the need to limit the traffic through the house for preservation purposes and a lack of suitable alternative spaces for hosting visitors.
- 3.3 The Charleston Trust Centenary Project aims to address this deficiency in order to enhance Charleston's economic and cultural role. A key target of the project is achieving a sustainable financial position.
- 3.4 The £7.6m Centenary Project will raise the attraction's annual capacity from 35,000 to 50,000 visitors by extending the visitor season through the refurbishment and construction of new spaces. This will include a new gallery and collection store, a café-restaurant, an auditorium and a research studio.

- 3.5 To date £4.5m has been raised from private contributions, with a further £2.7m from public sector bodies including the Heritage Lottery Fund. While construction work is nearing completion, additional funds need to be raised to fit-out of the new-build and refurbished buildings and to complete the new courtyard space. Completing the Centenary Project will unlock significant revenue streams for the Trust but after many years of extensive fundraising, all current potential sources of funding have been exhausted.
- 3.6 Completion of the overall Centenary Project will allow the Trust to: display a greater amount of its collection; attract touring works; expand its education and learning programme; host screenings, lectures and performances; and to grow its commercial operations, including the retail of local crafts, ceramics and fabrics. This broader offering will attract greater visitor numbers to Charleston for cultural, educational and leisure purposes and extend East Sussex's cultural tourism offer.
- 3.7 The £120,000 from the SELEP GPF is required to create a café-restaurant in the Threshing Barn on the farmhouse's estate.
- 3.8 The new catering operation will support additional employment, return a considerable surplus to the Trust and improve Charleston's capacity to host large events, group visitors and school trips. The visitor experience will be of a higher standard than is currently achievable and the additional spend captured by the cafe-restaurant will support the Trust's cultural, educational and financial objectives.

4. Project Cost and Funding

- 4.1 The total project cost is estimated at £7.643m, with a GPF allocation of £120,000; presenting just 2% of the total Project cost.
- 4.2 The remaining funding contributions have been secured from various Trusts and Foundations, Philanthropists and Public Bodies, including the Heritage Lottery Fund, Arts Council England and South Downs Sustainable Communities Fund.
- 4.3 A majority of the Project has been completed, with the main construction works having been undertaken during the summer months of 2017.
- 4.4 The source of the remaining £0.280m funding contribution to the Project is to be confirmed by the Project promoters. Until the source and certainty of this contribution is confirmed, this presents a risk to the Project completion and to the realisation of the stated project benefits.

The project sponsors are asked to confirm the source and certainty of funding as soon as possible. In the interim, SELEP secretariat will work with the sponsors to identify the potential impact of the gap in funding and possible approaches to mitigate.

Table 1 Charleston Centenary Funding profile (£m)

Source	Pre 2017/18	2017/18	2018/19	Total
GPF		0.120		0.120
Trusts and Foundations	2.487			2.487
Philanthropists	1.636			1.636
Public Sector Bodies	2.717			2.717
To be confirmed			0.280	0.280
Local Growth Fund Coast to Capital		0.400		0.400
TOTAL	6.840	0.520	0.280	7.640

5. Project GPF repayment

- 5.1 The GPF repayment schedule is shown in Table 2 below. If the Board approves the award of £120,000 GPF to this project, the repayment schedule will also be included in the credit agreement between the SELEP Accountable Body and Essex County Council.
- 5.2 It is intended that the GPF loan will be repaid through Charleston's commercial operation. The viability of GPF loan repayments have been demonstrated through the cash flow position, which is aligned with the Charleston Centenary Business Plan.
- 5.3 The GPF loan will be repaid over four years to align with the Trusts financial projections for the café- restaurant's income generation.

Table 2 Charleston Centenary GPF repayment schedule

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment	£26,250	£27,500	£36,250	£30,000	£0	£120,000

6. Outcome of ITE review

- 6.1 The assessment of the Business Case for the Charleston Centenary Project confirms that the project demonstrates high value for money with high certainty of value for money.
- 6.2 The economic appraisal has been conducted following a Gross Value Added (GVA) approach, based on the number of safeguarded jobs and new jobs created through the project. A very high Benefit Cost Ratio (BCR) has been calculated for the project at 77.4:1.
- 6.3 The ITE review has confirmed that a proportionate and sensible economic appraisal modelling has been carried out. This has demonstrated that the scheme represents high value for money.

7. Charleston Centenary Project Compliance with SELEP Assurance Framework

- 7.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project is aligned to SELEP's objectives and helps build on the regions strengths including the creative, cultural & media sector and the visitor economy.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are set out in the Business Case, including new construction and operational jobs.</p> <p>The economic appraisal included in the project business case has given consideration to displacement, leakage and deadweight.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The project has secured planning consent (where required) and project contractors/consultants have been appointed.</p> <p>A risk register, along with risk owners and mitigation measures, have been included as part of the Business Case. No cost contingency has been included in the cost estimate; however, a majority of the project costs have already been incurred.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Business Case demonstrates a very high BCR of 77.4:1, for the cost of GPF investment relative to the project benefits

8. Financial Implications (Accountable Body comments)

- 8.1 There is currently a funding gap on this project. It is imperative that the project sponsor provides details on potential sources and certainty of funding so the impact of the risk can be fully appraised. The Board should continue to be updated on the status of the grants and contributions until the gap is met.
- 8.2 It was agreed with Board that interest on loans would be charged at the prevailing PWLB rate less 2 percentage points at time of decision or at 0%, whichever is greater. At the time of writing the relevant PWLB rate is 0.91%, therefore it is highly likely that the loan will be made at 0%.
- 8.3 Currently there is sufficient funding available to make the investments as detailed above. However, this is based upon repayments being made in a timely manner by other projects. The Accountable Body is not able to fund any gaps in cash flow and other provision will need to be either from within the SELEP funds, by partner or delivery organisations or by delaying planned investments.

9. Legal Implications (Accountable Body comments)

- 9.1 The Accountable Body will have in place a loan agreement with East Sussex County Council which will provide for the repayment schedule set out in Table 2. Any changes to the Project or the repayment schedule will require further approval by the Board.

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

- 10.1 There are no staffing and other resource implications arising from this decision.

11. Equality and Diversity implication

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

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

12. List of Appendices

- 12.1 Appendix 1 – Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- 13.1 Charleston Centenary Business Case

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

Role	Date
Accountable Body sign off	
Suzanne Bennett	14/02/18
(On behalf of Margaret Lee)	

Report to Accountability Board	Forward Plan reference number: FP/AB/134 FP/AB/135 FP/AB/136
Date of Accountability Board Meeting:	23 rd February 2018
Date of report:	12 th February 2018
Title of report:	Local Growth Fund Project Changes
Report by	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to update the SELEP Accountability Board (the Board) on the delivery of specific Local Growth Fund (LGF) projects in East Sussex and to seek the Board's approval for changes to the LGF allocations between Growth Deal Projects in East Sussex.
- 1.2 The project and budget changes proposed within this report have been endorsed by Team East Sussex Federated Board at its meeting on 11th December 2017.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the reallocation of £2m from Eastbourne and South Wealden Walking and Cycling to Eastbourne Town Centre Movement and Access Package (MAP)
 - 2.1.2 **Approve** the revised project scope for the Eastbourne Town Centre MAP
 - 2.1.3 **Approve** the reallocation of £2m from A22/A27 Junction Improvements to North Bexhill Access Road
 - 2.1.4 **Approve** the reallocation of £1m from A22/A27 Junction Improvements to Queensway Gateway Road
 - 2.1.5 **Approve** the reallocation of £3m from Hastings and Bexhill Movement and Access Package to Queensway Gateway Road

3. Context

- 3.1 Through the freedom and flexibilities which SELEP was awarded in the 2017/18 LGF Grant Award Letter, the Board has the flexibility to make changes to its Growth Deal programme. This includes the opportunity for the Board to make changes to project LGF allocations and to add or remove projects from SELEPs Growth Deal programme, subject to all LGF investments demonstrating value for money through the Independent Technical Evaluation (ITE) Business Case review process and supporting the delivery of the SELEP Strategic Economic Plan.
- 3.2 On the 22nd September 2017, the Board approved the process for managing project underspends and introducing new projects into the LGF programme. The intention of this process is to maximise the impact of LGF investment in delivering the outcomes stated in our Strategic Economic Plan and Growth Deal with Government.
- 3.3 The process also identifies the potential for the Board to re-allocate funding between LGF projects, subject to:
 - 3.3.1 Federated Board endorsement; and
 - 3.3.2 All LGF investment continuing to present high value for money through the Independent Technical Evaluator (ITE) review of project business cases.
- 3.4 Through the Board agreeing the recommendations of this report, the Board is prioritising the additional LGF allocations to three existing LGF projects (namely Eastbourne Town Centre Walking and Cycling, North Bexhill Access Road and Queensway Gateway) over the opportunity to spend these LGF allocations on new LGF projects which would increase the benefits achieved towards the delivery of SELEP's Strategic Economic Plan.
- 3.5 The Board are reminded that Service Level Agreements are in place between the SELEP Accountable Body and each Upper Tier Authority, through which each local partner agrees to meet any increases in the LGF projects total cost which are identified following approval of the LGF award to the project by the Board.
- 3.6 If the Board choose not to agree the recommendations of this report, East Sussex County Council are required to meet the cost of project overspends by alternative means, such as through their own capital investment in the projects. East Sussex County Council has confirmed that this is not a viable option.

4. Eastbourne Town Centre Movement and Access Package

- 4.1 In total, the Eastbourne Town Centre Movement and Access Package (MAP) is currently allocated a total of £6m LGF.
- 4.2 On the 8th April 2016, the Board approved the award of £3m to the Phase 1 of works on Eastbourne Town Centre. These works include improvements to Terminus Road/ Cornfield Road, including:
 - 4.2.1 Public realm measures;
 - 4.2.2 Bus and rail interchange; and
 - 4.2.3 Improved provision for pedestrian and cyclists in this corridor
- 4.3 The objective of the phase 1 works is to maximise the economic benefits achieved through the improvement and extension of the Arndale Shopping Centre, which is undergoing a multi- million pound private sector investment.
- 4.4 The extension of the Arndale Centre provides an opportunity to develop and deliver town centre improvements on Terminus Road and Cornfield Road to: enhance the attractiveness and quality of the pedestrian environment; to make it more accessible and welcoming; and to address the needs of bus operators.
- 4.5 Due to the independency of these town centre improvements with the development of the Arndale Centre, the phase 1 improvements need to be complete in time for the re-opening of the shopping centre at the end of 2018.
- 4.6 The ITE review of the Business Case for phase 1 of the Eastbourne Town Centre MAP project during 2015/16 demonstrated high value for money with medium to high certainty of achieving this; with a BCR value of 4.56:1.
- 4.7 Following public consultation on the original design it became clear that local bus service providers were not satisfied with the initial proposal to relocate the bus stops in Cornfield Road, due to the limited pedestrian space for access to the bus stops and for bus manoeuvring. This led to a redesign of the scheme and a broadening of the scope to include the relocation of the eastbound bus stops to Gildredge Road with the westbound stops remaining in Cornfield Road; to provide a safer alternative.

- 4.8 There have also been a number of public realm enhancements made to the original design, such as improved bus shelters, street furniture and way-finding. However, as a result of the changes to the design and due to project budget constraints it is proposed that the cycle improvements detailed in the Business Case should be postponed; to be brought forward at a later date should an appropriate funding source be identified.
- 4.9 The cycle improvements which were set out in the original Business Case included the provision of improved cycle parking, signage and routing to be introduced along Terminus Road, between Ashford Road and Cornfield Road, where cycling is currently prohibit.
- 4.10 Despite the proposal to remove the cycling improvements from the scope of the Eastbourne Town Centre MAP phase 1 project, the revision to the design of the bus/ rail interchange and the improved quality of the public realm works has increased the total project cost of the phase 1 works from £3m to £5m.
- 4.11 As such, East Sussex County Council seeks to re-allocate £2m from the Eastbourne and South Wealden Walking and Cycling Package to the Eastbourne Town Centre Package. This would reduce the funding allocation to the Walking and Cycling Package, but leave the remaining £3m allocation to the Eastbourne Town Centre MAP phase 2 available to complete the second phase of the project
- 4.12 The ITE has completed a further review of the value for money case for the Eastbourne Town Centre scheme. In light of the project cost increase and the reduction in project benefits due to the removing of the cycle improvements, the BCR value for the project has reduced. However the project continues to present high value for money, with a revised BCR value of 3.3:1.

5. Impact on the Eastbourne and South Wealden Walking and Cycling Package

- 5.1 The Eastbourne and South Wealden walking and cycling package is intended to deliver a number of routes and complementary measures that are interdependent and will support an expanding walking and cycling network.
- 5.2 The package focuses on enabling walking and cycling for short local journeys, or as part of longer journeys, between residential areas to key trip attractors in Eastbourne and Hailsham and the smaller settlements of Polegate, Willingdon and Stone Cross in the South Wealden area, along with linking to development sites identified in the respective adopted Local Plans coming forward in the near future.

- 5.3 The Eastbourne and South Wealden Walking and Cycling Package is currently allocated a total of £8.6m LGF, with £2.6m LGF having been approved by the Board to date towards the delivery of seven specific interventions. The detailed scope of the future phases of the project has yet to be determined.
- 5.4 Whilst the reallocation of £2m from the Eastbourne and South Wealden Walking and Cycling Package to the Eastbourne Town Centre Package will not affect the delivery of the first phase of the Eastbourne and South Wealden Walking and Cycling Project, it will reduce the funding available to support the future phases of this project.
- 5.5 As such, it is expected that the outputs and outcomes achieved through future phases of the Eastbourne and South Wealden Walking and Cycling Package will reduce as a result of the £2m reduction in the projects budget.
- 5.6 East Sussex County Council has, however, commissioned consultants to undertake a transport study of the town centre and wider area. This study has indicated that investment in the town centre through the Eastbourne Town Centre scheme, will achieve greater economic benefits than investment within the wider Eastbourne area, through the Eastbourne and Wealden Walking and Cycling Project. These findings have been used to inform the recommendation to the Board to re-allocate £2m from the Eastbourne and South Wealden Walking and Cycling Package rather than decreasing the LGF allocation to the remaining phases of the Eastbourne Town Centre project.

6. North Bexhill Access Road

- 6.1 The North Bexhill Access Road project is for the delivery of a 2.4km single carriageway road link between the A269 Ninfield Road and the Bexhill- Hastings Link Road.
- 6.2 The road forms part of the key infrastructure investment in the A21/A256 Hasting Bexhill Growth Corridor and serves a strategic purpose in linking Bexhill in the west and the A21 to the east of the designated growth corridor.
- 6.3 By relieving congestion on the A269 and improving traffic flows onto the Bexhill-Hastings Link Road, the North Bexhill Link Road will help distribute existing traffic flows and new traffic generation from proposed employment and housing developments in North Bexhill.
- 6.4 The project was originally allocated £7.6m through LGF Round 1. However during the early years of the programme, an additional £9m LGF was allocated to the project from the Queensway Gateway project, increasing the total LGF allocation to the project to £16.6m.
- 6.5 The project was approved by the Board in November 2015, as presenting high value for money with a medium to high certainty of achieving this, with a BCR value of 2.4:1.

- 6.6 The delivery of the North Bexhill Access Road project has been delivered in phases, with the construction of the initial section of road, between Bexhill- Hastings Link Road to the Road Bridge across the Combe Haven having now been completed.
- 6.7 Whilst the remaining phases of the project have experienced delays due to bad weather over the winter months which have slowed works on site and additional works being required to deliver the project, the project is due to complete in May 2018.
- 6.8 Additional costs have been incurred on the project due to:
- 6.8.1 The discovery of a large amount of illegally dumped asbestos which required removal;
 - 6.8.2 The diversion of utilities. The undergrounding of powerlines and the fibre optic cable have greatly exceeded initial expectations even with value engineering undertaken. Original budget cost estimates were provided by both UK Power Networks (UKPN) and BT Openreach to underground or divert existing lines along the alignment of the new road. When more detailed designs have been undertaken by the utility providers these costs have increased substantially. There have also been a number of unexpected private water and electricity feeds used by local farmers that the developer has had to divert or replace;
 - 6.8.3 The need to mitigate the impact of the road development on nearby residents, including additional noise bunds having been added to the design and the movement of earth material to new locations along the road where mitigation is required; and
 - 6.8.4 Extensive additional works having been included within the design to ensure a minimal impact on the local environment, and wildlife and their habitats. The additional cost incurred has meant that the development will meet the highest ecological standards, ensuring conservation of the local area and proliferation of local plant species.
- 6.9 The impact of these additional works has increased the total project cost by £2m.
- 6.10 As such, East Sussex County Council seeks to re-allocate £2m LGF from the A22/A27 Junction Improvements Scheme to the North Bexhill Access Road. This would increase the total LGF allocation to the North Bexhill Access Road project to £18.6m.
- 6.11 The ITE has completed a further review of the value for money case for the North Bexhill Access Road Project, in light of the £2m increase in the project cost.
- 6.12 The increase in costs has reduced the BCR value for the project from 2.4:1 to 2.1:1. As such, the project continues to present high value for money but is closer to the 2:1 threshold for high value for money. However, as the project is near completion, the level of risk associated with the delivery of the project has reduced and, as such,

there is high certainty of value for money being achieved through the delivery of the project.

7. Impact on the A22/A27 Junction Improvements Project

- 7.1 The A22/A27 Junction Improvements project was allocated £4m LGF through LGF Round 1, but has not drawn down any funding to date due to uncertainty around Highways England's investment proposal for the corridor.
- 7.2 Highways England has now confirmed its preferred option, for the delivery of a package of smaller scale interventions on the A27 East of Lewes, which will be funded from the £72m allocation of the Government's Road Investment Strategy (RIS) 2015 – 2020. As such, the full £4m LGF contribution is no longer required and it is proposed that a package of complementary measures will be delivered along the local road network, using £1m LGF.
- 7.3 Team East Sussex Federated Board has stated their strong preference for Highways England's offline dual carriageway option. However, in Highways England's view, the proposed range of smaller measures providing short to medium term improvements, gives the best value for money at this time.
- 7.4 The proposed reduction to the LGF investment in the A22/A27 Junction Improvements Project would enable the reallocation of £2m to the North Bexhill Access Road and £1m LGF to the Queensway Gateway Project, discussed in section 8 below.

8. Queensway Gateway

- 8.1 The Queensway Gateway scheme comprises a single carriageway road link between A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store.
- 8.2 The road will connect the Bexhill Hastings Link Road (BHLR) to the A21; redistributing traffic from the BHLR and The Ridge heading towards the A21 and providing access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.
- 8.3 The new road allows land to be released around the road for employment development, as set out within Hastings Local Plan 2004 and Hastings Planning Strategy. Specifically, the road opens up the development potential of key sites south of The Ridge.
- 8.4 Whilst the Queensway Gateway project is currently allocated £6m, there have been cost increases to the Project due:

- 8.4.1 Project delays experienced through the planning process as a result of two applications for judicial view of the planning application;
 - 8.4.2 Challenging ground conditions during winter 2016/17, resulting in lost days during the land remedial works;
 - 8.4.3 The need to relocate Bartlett's SEAT car showroom; and
 - 8.4.4 The requirement for additional utility works to be undertaken.
- 8.5 The original project cost included the provision of a compensation cost for the relocation of Bartlett's SEAT car showroom at the eastern end of the proposed road alignment, based on the dealership being able to finance the bulk of their relocation costs. However, the dealership has not been able to secure the necessary funding to fully finance this move so additional funding has been required to enable this relocation.
- 8.6 However, the additional utility works have had the greatest impact on the project budget. The Southern Water strategic fresh water main that serves much of St Leonards runs across the site half way up the western hill where the construction of the embankment was due to take place.
- 8.7 In the original project budget forecast it was anticipated that the fresh water pipe would simply be diverted by Southern Water at minimal cost. However, upon further investigation due to the material make-up of the pipe, realignment was not possible and Southern Water insisted upon the inclusion of an accessible concrete archway under the embankment.
- 8.8 Whilst progress on the delivery of the project continues and is due to be completed in January 2019, to enable the completion of the project East Sussex County Council seeks an additional £4m LGF allocation, through the reallocation of £1m LGF from the A22/A27 Junction Improvements Project (set out in section 7 above) and £3m LGF from the Hastings and Bexhill Movement and Access Package.
- 8.9 In addition, Sea Change East Sussex, as project delivery partners, will be contributing up to £2m to support the completion of the project.
- 8.10 The original Business Case for the Queensway Gateway Road project was prepared based on a scheme cost of £15m, with a BCR value of 2.7:1. As such, whilst the project cost has escalated since the award of LGF in March 2015, the current total revised project cost of £12m is significantly below the original £15m estimate.
- 8.11 With the revised total project cost of £12m, the Queensway Gateway Road project therefore continues to present high value for money, with a BCR value of 3.4:1.

9. Impact on the Hasting and Bexhill Movement and Access Package

- 9.1 The Hastings and Bexhill Movement Access Package has been allocated a total of £12m LGF. A Business Case has been brought forward for the award of £9m LGF to the project and is considered for this funding award under Agenda Item 10.

- 9.2 Whilst the Business Case was originally developed for a £12m LGF allocation, a Quantified Risk Assessment has been completed for the project which has calculated a cost contingency for the project based on the key project risks. In doing so, this has reduced the risk cost included in the financial case for the project and indicated that the project can be delivered within the remaining £9m LGF budget.
- 9.3 If there is insufficient budget available to complete the full scope of works set out in the Business Case then the first measures to be removed from the scope of the project will be those measures which offer the lowest BCR value. These have been identified as the traffic management measures, including:
- 9.3.1 Variable message parking signs in Hastings;
 - 9.3.2 Improvements to pedestrian crossing on Dorset Road, Bexhill;
 - 9.3.3 Bethune Way/Elphinstone Road Junction Improvements, Hastings;
 - 9.3.4 Improvements to A269 Ninfield Road junction with Watermill Lane and Wrestwood Road, Bexhill;
 - 9.3.5 Battle Road pedestrian crossing; and
 - 9.3.6 Cooden Drive/ Westcourt Drive Traffic Signals
- 9.4 Any changes to the scope of the Hastings and Bexhill Movement and Access Package as a result of budget constraints, or any other reason, will be subject to a further decision from the Board.

10. Summary LGF Budget Impact

- 10.1 The overall impact of the proposed budget changes are summarised in Table 1 below. Appendix 2 sets out the revised LGF spend forecast for each of the projects' impacted by the proposed changes in this report.

Table 1 Summary of proposed changes to project LGF allocations

Project	Currently LGF budget	Proposed increase/ decrease in LGF budget	Updated LGF budget
Eastbourne Town Centre MAP	£6,000,000	£2,000,000	£8,000,000
Eastbourne and Wealden Walking and Cycling	£8,600,000	(£2,000,000)	£6,600,000
North Bexhill Access Road	£16,600,000	£2,000,000	£18,600,000
A22/A27 Junction Improvements	£4,000,000	(£3,000,000)	£1,000,000
Queensway Gateway Road	£6,000,000	£4,000,000	£10,000,000
Hastings and Bexhill MAP (to be approved)	£12,000,000	(£3,000,000)	£9,000,000

Total	£53,200,000	£0	£53,200,000
-------	-------------	----	-------------

11. Lessons Learnt

- 11.1 East Sussex has fed back on the lessons learnt through their experience of delivering the Eastbourne Town Centre MAP, North Bexhill Access Road and Queensway Gateway Projects to date. These 'lessons learnt' include the need for:
- 11.1.1 Sufficient provision of contingency when delivering dynamic construction projects.
 - 11.1.2 Greater scrutiny and involvement with project delivery, including representation on project boards and steering groups to ensure project management processes are robust and followed
 - 11.1.3 The development of an East Sussex County Council internal governance panel to monitor progress of schemes and provide additional programme technical support when required.
- 11.2 In addition SELEP has put more robust processes in place to help reduce the risk of project cost escalation above the forecast project cost. This includes:
- 11.2.1 The inclusion of an appropriate project contingency cost. For larger case project, with a value of over £5m there is a requirement for the project to provide a Quantified Risk Assessment, which is considered as part of the ITE Business Case review process prior to LGF award; and
 - 11.2.2 Additional 'Gates' have been introduced to the ITE Business Case review process for projects of high risk and/or high value (LGF allocation of over £8m). This ensures that the Board are aware of the total expected project cost, which is informed by detailed design work and has been informed by the construction contractor tender process, prior to the award of the final construction contract.

12. Financial Implications (Accountable Body Comments)

- 12.1 There is a net nil financial impact of the proposed LGF reallocations between the projects set out above, however, the impact of using LGF to meet increased project costs for no additional benefits by reducing the scope of alternative schemes, means that overall the anticipated value of the LGF programme is reduced.
- 12.2 Under the terms of the SLA in place with East Sussex County Council for delivery of the Local Growth Fund, project overspends are the responsibility for the Council to manage; where they are seeking to re-prioritise LGF to meet cost overruns, it is a requirement of the SELEP assurance framework that the proposal demonstrates best value for money overall.
- 12.3 East Sussex County Council have sought to meet the cost overruns through alternative funding sources, but where this has not been possible, as set out above, they have concluded that overall the best value for money option is to ensure completion of those scheme through reallocating funding from alternative, lower priority schemes.
- 12.4 Any funding agreed by Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government; Funding allocations beyond 31st March 2018 have yet to be confirmed, however, funding for the Projects set out above is included in the indicative LGF programme allocations provided by HM Government for future years.
- 12.5 In considering approving the funding changes set out in this report, the Board should take into account the following:
- 12.5.1 The significant amount of slippage within the overall programme previously reported to Accountability Board in December 2017, this is currently forecast to be £39m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
- 12.5.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £11.5m; it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 12.6 It is recognised that there are inherent risks with the delivery of large projects such as those set out in this report; whilst efforts have been made to ensure that lessons are learnt from these projects, it is recommended that a greater focus is given to risk management and reporting across the entire LGF programme giving an opportunity for shared learning and continuous improvement in delivery.

13. Legal Implications (Accountable Body Comments)

13.1 There are no legal implications arising from this decision.

14. Staffing and other resource implications

14.1 None

15. Equality and Diversity implications

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

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

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

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

16. List of Appendices

16.1 Appendix 1 Agenda Item 4 Report of the Independent Technical Evaluator

16.2 Appendix 2 – Updated Project Spend Forecast

17. List of Background Papers

17.1 Eastbourne Town Centre MAP Business Case

17.2 North Bexhill Access Road Business Case

17.3 Queensway Gateway Business Case

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

Role	Date
------	------

Accountable Body sign off Lorna Norris On behalf of Margaret Lee	14.02.2018
--	------------

Appendix 2 - Revised LGF Spend Forecast (£m)
Jan-18

SELEP number	Project Name	Original LGF allocation	Updated Spend Forecast							LGF spend to date*	Remaining LGF spend forecast
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	All Years		
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	8.600	0.600	0.370	1.630	0.735	1.765	1.500	6.600	2.280	4.320
LGF00036	Queensway Gateway Road	6.000	1.419	1.121	5.000	2.460			10.000	4.869	5.131
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	16.600	6.410	4.600	5.590	2.000			18.600	13.225	5.375
LGF00042	Hastings and Bexhill Movement and Access Package	12.000	0.000	0.000	0.384	1.973	3.195	3.448	9.000	0.000	9.000
LGF00044	Eastbourne town centre LSTF access & improvement package	6.000	0.000	0.550	0.505	3.945	1.000	2.000	8.000	0.835	7.165
LGF00073	A22/A27 junction improvement package	4.000	0.000	0.000				1.000	1.000	0.000	1.000
Total		53.200	8.429	6.641	13.109	11.113	5.960	7.948	53.200	21.208	31.992

* Spend to end of Q3 2017/18

Report to Accountability Board	Forward Plan reference number: FP/AB/137
Date of Accountability Board Meeting:	23rd February 2018
Date of report:	1st February 2018
Title of report: Harlow College HAMEC (Harlow Advanced Manufacturing & Engineering Centre) skills capital round one underspend	
Report by:	Louise Aitken
Enquiries to:	Louise.aitken@essex.gov.uk

1. Purpose of report

- 1.1 To seek Accountability Board (the Board) decision for utilisation of an underspend arising from a VAT rebate associated with the Harlow Advanced Manufacturing and Engineering Centre (HAMEC) project.

2. Recommendations

- 2.1 To **agree** that Harlow College can submit a business case to utilise the underspend of £234,815 arising from a VAT rebate from the HAMEC Project, that was received in December 2017, on alternative broader projects. Any funding approval is subject to a full Business Case being provided and approved by the Board at a future date. Any business case would need to meet the requirements of the SELEP Assurance Framework.
- 2.2. To agree that the Accountable Body will issue a formal request for the underspend of £234,815 to be returned if any business case put forward by Harlow College is unsuccessful.

3. Background

- 3.1 Harlow College received £2.5m of Local Growth Funding through the first round of skills capital funding (2015-17) for the HAMEC project. This was towards the total project costs of £7.5m, of which Essex County Council contributed £2m. The centre has been completed and is now up and running and exceeding targets. With the involvement of employers and the increase in opportunities the College has seen growth in both fulltime students and apprentices following a manufacturing route.
- 3.2 In December 2017, Harlow College was advised by HMRC that the construction phase of the project was VAT refundable based on the premise's current usage. This arose from a decision taken by Harlow College Board of Governors to examine whether the College could reclaim the VAT paid on a number of capital building programmes that had taken place on the Harlow

College campus since 2001. HMRC judged that the purpose of the HAMEC is currently predominantly non-business focused. This has resulted in a VAT release on spend of £1,022,667. Accordingly, based on percentage contributions to the overall project, the SELEP skills capital total VAT release is £234,815.

- 3.3 Although SELEP's LGF contribution to the HAMEC project as a whole was 33% (£2.5m of a £7.5m project), VAT is only repayable against the construction costs of the project, which totalled £5,113,337. Harlow College contributed £3m towards the construction phase through a bank loan and the SELEP contribution was £1,174,076 or 22.9% of those construction costs. Applying 22.9% to the total VAT rebate of £1,022,667 means the SELEP proportion of the rebate would be £234,815.
- 3.4 Under the terms of Harlow College's Grant Agreement, they are required to return any grant in the event of an underspend.
- 3.5 The SELEP Assurance Framework requires that a decision is required of the Board to re-purpose the grant.
- 3.6 The College has already confirmed that they would be able to utilise this VAT rebate to add value and additionality to the HAMEC and related projects and to deliver against the SELEP Skills Strategy and Essex Employment and Skills Board priorities.
- 3.7 Through the work the College are doing with their employer advisory group they have identified a need to invest and develop sliding head technology with full scale bar feeds which will add another dimension to the computer numerical control (CNC) skills being learnt by students and will support manufacturing employers using sliding head technology with their skills and recruitment needs. Further to this, the College's intention for the centre is to keep abreast with new and emerging technologies, which in turn will require additional ongoing investment. To this end, the College is currently in discussion with employers and suppliers in relation to the potential additionality of CNC injection moulding technology, CNC press breaks, folding and cutting machines.
- 3.8 Additionally the College is exploring redeveloping some of the space within HAMEC, along with an additional external construction for the development of off-site manufactured, engineered housing. The proposals are expected to enable increased learners to access the facility, addressing the growing skills shortages in engineering.
- 3.9 Harlow College have also outlined that their own proportion of the VAT return is to be used for this project and the Technical and Professional Skills Centre

at Stansted Airport (which was awarded £3,500,000 Local Growth Funding in May 2017), and which is in its construction phase. This is incurring unforeseen costs which will add additional value to the overall project and which Harlow College is endeavouring to fund. These additional costs are currently estimated at £472,537, not all of which can be met through the project contingency. These new and unforeseen costs are as a result of planning and security requirements for: water attenuation, extension of a footpath (to meet strict airport lighting requirements), additional lighting, additional perimeter security measures. As well as the cost of the works, all of these incur additional design and planning costs.

- 3.10 Recruitment activities suggest that the engineering pathway being offered at Stansted Airport College will very likely be oversubscribed, placing significant pressure on the practical workshop resource. To overcome this, Harlow College is planning to put back an external hangar and storage facility that was within the original plan and planning submission, but which had to be value engineered out of the scheme in order to bring the project back within the available budget. The inclusion of the hangar will add further costs to the project, but will enable the centre to meet the emerging demand and support engineering employers based at the airport.
- 3.11 Harlow College are working with Essex County Council separately with regards to the underspend associated with their contribution to the HAMEC project. Any decision will be subject to Essex County Councils own governance processes.

4. Options

Option 1- Approve Harlow College submission of a business case for the utilisation of the HAMEC project underspend resulting from VAT return to their broader projects. (recommended Option)

- 4.1 The Board are asked to agree that Harlow College can submit a business case for the utilisation of the HAMEC project underspend resulting from VAT return of £234,815 on alternative projects which would deliver against the SELEP Skills strategy and Essex Employment and Skills Board priorities. This will primarily be to add value to the HAMEC. Harlow College will utilise their proportion of the VAT return for adding value to the Technical and Professional Skills Centre at Stansted Airport.
- 4.2 The process for utilising underspend has been used historically by the Board in other instances where underspend has been identified, and is in line with the SELEP Assurance Framework and Government expectations.
- 4.3 Should this option be approved, a full Business Case will be prepared setting out the full details of the Project to benefit from the underspend and submitted to the SELEP Independent Technical Evaluator. Thereafter a report will be brought back to the Board for consideration and approval of the funding decision.

Option 2 - Return the underspend to SELEP

- 4.4 SELEP has considered whether in this instance the identified underspend of £234,815 should be returned to SELEP, for use on alternative skills projects, prioritised by the Essex Business Board. This would allow for other skill providers to bid for the funding through a competitive bidding process.
- 4.5 The business case for any Project prioritised through this process would need to meet the requirements of the SELEP Assurance Framework.
- 4.6 This is not the recommended option at this time. In line with previous decisions, SELEP would look to allow the respective college the opportunity to utilise the underspend in the first instance. Only if this is not possible, and the supporting business case does not meet the requirements set out in the Assurance Framework, would it seek to have the underspend returned.

5. Financial Implications

- 5.1 This underspend will result in £234,815 of available LGF Skills funding; a decision on how to utilise this is therefore required, in line with the SELEP Assurance Framework.
- 5.2 In particular, any business case brought forward for utilisation of the funding will be expected to demonstrate high value for money. Also, in line with the skills capital process that was approved by the Board in June 2016, an element of match funding of the investment would be expected.

6. Legal Implications

- 6.1 The Grant Agreement that Essex County Council, as the Accountable Body for SELEP, has in place with Harlow College, sets out the requirement for grant to be returned in the event of an underspend or over-claim.
- 6.2 Any future approval for Harlow College to retain the LGF Grant will be supported by a separate Grant Agreement with the Accountable Body.
- 6.3 HMRC have informed Harlow College that they would need to notify them if their Board of Governors decide to change the use of the HAMEC building during the next 10 years. In the event of a change of use, through, for example, increasing the proportion of commercial work undertaken by the College or bespoke training offered to employers, this could result in the building coming into the scope of VAT. Should this happen Harlow College could be requested to repay some or all of the VAT.
- 6.4 The HAMEC building is funded by the SELEP and others on the basis of the current usage. If Harlow College chose to change the usage at a future date to a more commercial basis, it is at this point that they will need to reconsider

the VAT position. The SELEP and its partners will not be part of that decision making process, and therefore the SELEP would not be liable for any future VAT payments.

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

7.1 None at present.

8. Equality and Diversity implications (Accountable Body Comments)

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

9. List of Appendices

9.1 None

10. Background Papers

11.1 [Insert to previous decision report for the original award]

(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	14/02/18

(On behalf of Margaret Lee)	
-----------------------------	--

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	23rd February 2017
Date of report:	14th February 2017
Title of report: Assurance Framework Implementation Update, including next steps on implementing requirements of the Mary Ney Review of LEP Governance and Transparency.	
Report by:	Adam Bryan, Managing Director
Enquiries to:	adam.bryan@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this paper is to make the Accountability Board (the Board) aware of:
- 1.1.1 The progress which has been made by the SELEP team and the federal areas in implementing the changes necessitated by the 2017 Assurance Framework;
 - 1.1.2 Progress made by the SELEP team in implementing the recommendations of the Review of Local Enterprise Partnership Governance and Transparency by Mary Ney (Non-Executive Director, MHCLG) which was released to LEPs on 26th October 2017; and
 - 1.1.3 Plans for the implementation of the 2018 Assurance Framework.

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the progress to date in implementing the 2017 SELEP Assurance Framework;
 - 2.1.2 **Note** the progress made in delivering the Mary Ney recommendations to the 28th February deadline; and
 - 2.1.3 **Agree** the approach for implementing further changes in accordance with the 2018 Assurance Framework.

3. Assurance Framework Implementation Update

- 3.1 It is a requirement of Government that SELEP agrees and implements an Assurance Framework that meets the revised standards set out in the LEP National Assurance Framework.
- 3.2 The purpose of the Assurance Framework is to ensure that SELEP has the necessary systems and processes in place to manage delegated funding from central Government budgets effectively. The expectation is that the practices and standards which are necessary to provide Government and local partners and the public with assurance that decisions over funding are proper, transparent, and deliver value for money, are fully implemented.
- 3.3 Whilst a majority of the requirements of the Assurance Framework are fully embedded in the activities of the SELEP team, Strategic Board, Accountability Board, Federated Areas and local partners, an Assurance Framework Implementation Plan is in place to ensure that any gaps can be addressed. This is a regular item for the Accountability Board.
- 3.4 Appendix 1 provides a summary version of work required to implement the 2017 Assurance Framework for SELEP and charts progress to date.
- 3.5 The summary provided in Appendix 1 sets out the substantial progress which has been made by the SELEP team and local partners in ensuring that the requirements of the Assurance Framework are being fully implemented. Federated Boards have been working to agree their updated Terms of Reference, to meet the requirements of the SELEP Assurance Framework.
- 3.6 Sound progress has been made on areas which were previously highlighted as being slow to progress. Namely - all federated boards have their available information posted on the SELEP website; the Social Enterprise working group has identified a group chair and SELEP board member; and the release of the LEP communications strategy will coincide with the launch of the Strategic Economic Plan, which, on the advice of the Strategic Board, will now land in June.
- 3.7 The SELEP Managing Director wishes to express the importance of the Assurance Framework and the LEP's perceived response to the Mary Ney recommendations and would appeal to all members of the board to ensure that all officers are fully cognisant of the paramount importance of implementing Government's recommendations through the LEP and its supporting boards.

4. Implementing the recommendations of the Review of Local Enterprise Partnership Governance and Transparency

- 4.1 DCLG released the *Review of Local Enterprise Partnership Governance and Transparency* on 26th October. Amongst others, the review had been undertaken in consultation with 8 LEP Directors, including SELEP's.

- 4.2 DCLG have advised that they have accepted all Mary Ney's recommendations, that they will form part of the next revised National Assurance Framework for LEPs, and that LEPs should work to implement changes without delay. This excerpt from Simon Ridley's (DG, Decentralisation and Growth, DCLG) letter to LEP chairs is particularly apposite:

I am writing to you to advise that the department has accepted all of the recommendations of the review. All of the recommendations of Mary's review will be included in a revised National LEP Assurance Framework. As you know, DCLG and BEIS Ministers are currently undertaking a wider review into strengthening the role of LEPs, which is likely to require further changes to the Framework. Therefore we will not be amending the National LEP Assurance Framework until the broader review into strengthening LEPs has been completed. After this point, we will publish a consolidated revision to the National LEP Assurance Framework.

To ensure the necessary improvements are made before then, we will write to all LEPs in November 2017 to set out: the new requirements on LEP governance and transparency; and the steps we are taking to ensure that they are consistently and fully implemented. We will also be inviting all LEP Chief Executives to discuss the recommendations, further details will follow.

- 4.3 This was followed by the publication of best practice guidance for LEP Governance and Transparency in January which added further clarity to Government's requirements.
- 4.4 Put simply, **all LEPs have to implement Mary Ney's recommendations by 28th February**. The table below indicates progress made to date and the senior SELEP officer present at the Accountability Board will provide an up to date verbal appraisal given the timings.

Summary of Recommendations made by the Mary Ney Review	Assessment of the SELEP position
Board Member Remuneration	
LEP board members are generally not remunerated albeit the role and expectations of time commitment have increased as the workload of LEPs has developed. A number of private sector participants in this review referred to the ethos of making a public service contribution. It is important that this ethos is supported and that proposals to achieve good governance are proportionate.	No SELEP board members are remunerated, however, the Strategic Board Chair does receive an allowance of £20,000 per annum plus expenses (in line with the agreed approach). We have stated levels of remuneration and non-remuneration on the website.
Culture and Accountability	
It is recommended that the National Assurance Framework requires a brief formal assurance	This was prepared for the 2017 Annual Conversation and is

statement on an annual basis from the leadership of the LEP (i.e. the Chair and CEO), on the status of governance and transparency within their organisation and which can be explored in greater detail during the Annual Conversation process with government. This statement to be published on the website.	available on the website
It is recommended that the current National Assurance Framework requirement for LEPs to have a code of conduct, which all board members and staff sign up to, should explicitly require the Nolan Principles of public life to be adopted as the basis for this code.	While this was incorporated in the existing Terms of Reference, the Strategic Board has since agreed a Code of Conduct policy.
<p>The National Assurance Framework should be explicit that the code of conduct for board members should address:</p> <ul style="list-style-type: none"> • the way in which the board conducts business; • the role of the board member; • dealing with conflicts of interest; • declarations of interest and transactions, gifts and hospitality; • policy on fees and expenses. 	The code of conduct to be updated and published separately on the SELEP website.
Structure and Decision Making	
<p>It is recommended that the National Assurance Framework draws explicit attention to the importance of LEP decision-making structures accommodating these separate components of good governance and that they form an essential part of assurance and ensuring probity:</p> <ul style="list-style-type: none"> • A clear strategic vision and priorities set by the Board which has been subject to wide consultation against which all decisions must be judged; • Open advertising of funding opportunities; • A sub-committee or panel with the task of assessing bids/decisions • Independent due diligence and assessment of the business case and 	<ul style="list-style-type: none"> • Strategic fit with the extant SEP is a requirement of all funded projects. • Details for all opportunities are made available on the website • Investment Panel being established • This requirement is met by the ITE

<ul style="list-style-type: none"> value for money; Specific arrangements for decisions to be signed off by a panel comprising board members from the local authority, in some cases including a power of veto; Section 151 officer line of sight on all decisions and ability to provide financial advice; Use of scrutiny arrangements to monitor decision-making and the achievements of the LEP. 	<ul style="list-style-type: none"> The Accountability Board are responsible for this Already a requirement of the SELEP Assurance Framework; Existing call-in arrangements may require strengthening.
<p>Local assurance frameworks should set out that ALL decisions must be subject to the normal business case, evaluation and scrutiny arrangements; there must be a written report with the opportunity for the Section 151 officer to provide comments, that the conflicts of interest policy will apply to decision makers regardless of whether there is a formal meeting, and that decisions should be recorded and published in the normal way, regardless of how they are taken. It is recommended that the National Assurance Framework includes requirements in relation to this.</p>	<p>This recommendation reinforces the existing expectations in the SELEP Assurance Framework</p>
<p>Conflicts of Interest</p>	
<p>It is recommended that the National Assurance Framework sets out specific requirements on the principles which each LEP must incorporate into its conflicts of interest policy and how it is implemented which includes:</p> <ul style="list-style-type: none"> All board members taking personal responsibility for declaring their interests and avoiding perceptions of bias. This should be evidenced by producing and signing of their register of interests and publication on the website. Use of a bespoke proforma for collection and publication of the information which ensures all categories of interest are systematically considered. Categories of interest to include 	<ul style="list-style-type: none"> Dols are sought from board members at each meeting. Board members are currently completing the Government's Register of Interests template.

<p>employment, directorships, significant shareholdings, land and property, related party transactions, membership of organisations, gifts and hospitality, sponsorships. Interests of household members to also be considered.</p> <ul style="list-style-type: none"> Action in response to any declared interests applies to any involvement with the work of the LEP and is to be recorded. 	
<p>It is recommended that the National Assurance Framework requires LEPs to include in their local statements how scenarios of potential conflicts of interest of local councillors, private sector and other board members will be managed whilst ensuring input from their areas of expertise in developing strategies and decision-making, without impacting on good governance.</p> <p>There is also a need to consider the position of public sector members on LEP Boards in the context of the changing role of local authorities and their increased involvement in commercial enterprises and alternative delivery mechanisms.</p>	<p>The SELEP Conflicts of Interest policy has been strengthened to reflect this requirement.</p> <p>SELEP will need to consider re the practical application of such conflicts of interest e.g. where LEP funding allocations may enhance the value of LA land investments.</p>
Complaints	
<p>It is recommended that the National Assurance Framework requires the publication of a whistleblowing policy and arrangements for confidential reporting of allegations of untoward concerns by third parties/ the public.</p>	<p>This has been developed and agreed by the Board.</p>
S151 Officer Responsibilities	
<p>It is recommended that further clarity is provided in the National Assurance Framework on the role of Section 151 officers and it is suggested that this be developed in consultation with CIPFA. This will need to consider the mechanisms the Section 151 officer uses to fulfil their role, their requirements in terms of access to decision-making bodies, ability to provide written and verbal financial advice, role of their transactional services, operation of normal checks and balances in approving expenditure, management of risk of fraud and corruption,</p>	<p>The Accountable Body is currently engaged in a dialogue with CIPFA about the expectations of the s151 role.</p>

<p>monitoring of programme spend against resources, treasury management and borrowing, role of internal audit and external auditors and provision of an audit opinion for the LEP, visibility of reporting arrangements to both the accountable body and the LEP, production of accounts, inter-relationship with the LEP's own accounts, if relevant. The clarification of the role of the Section 151 officer could also consider the scope for the LEP CEO and the Section 151 officer to provide a formal joint Annual Governance statement which is reported to the LEP Board. It is also recommended that the National Assurance Framework sets a requirement for the Section 151 to provide a report to the Annual Conversation on their work for the LEP and their opinion with a specific requirement to identify any issues of concern on governance and transparency.</p>	
<p>It is recommended that government give some thought to what flexibility might be available to smooth funding allocations to LEPs over a longer period.</p>	<p>This is a key issue for SELEP to continue to lobby government for implementation</p>
<p>Transparency</p>	
<p>It is recommended that the National Assurance Framework provides additional guidance on expectations on publication of agendas, meeting papers and decisions.</p>	<p>The Assurance Framework has been updated to reflect the LEP governance and transparency guidance.</p>
<p>In order to achieve greater transparency of financial data and granularity on the detail of decisions and performance of funded programmes, co-operation and agreement between the LEP and the Section 151 officer on how best to provide financial data is needed. It is recommended that more explicit guidance would be helpful and that this should be developed as part of the work on the role of the Section 151 officer referred to above.</p>	<p>While SELEP acts with complete transparency around financial data, the implementation of this recommendation is subject to the outcome of the ongoing conversation between CIPFA and Accountable Bodies nationally.</p>
<p>It is recommended that LEPs report on Scrutiny arrangements in their annual assurance statement during the Annual Conversation process.</p>	<p>This was reported at the 2017 Annual Conversation and will be strengthened over the course of 2018. Accountability Board decisions are subject to call in already.</p>
<p>Government Oversight and Enforcement</p>	
<p>It is recommended that the annual</p>	<p>The new AC guidance is</p>

conversations have strengthened focus and designated time to examine the performance of LEPs in relation to governance and transparency and to discuss the assurance statements and the report of the Section 151 officer.	welcomed and ensured a rigorous and helpful conversation in December 2017.
It is recommended that a risk based approach should be used to identify LEPs where a deep dive on governance and transparency would be of assistance. It is further recommended that this deep dive is undertaken by someone with no direct involvement with the specific LEP.	Noted
It is recommended that government sets out in the National Assurance Framework its approach to considering delay or withholding of funding for non-compliance so that LEPs have a clear and early understanding of the matters they need to address and the timescale to be met. In considering delay or withdrawal of funding from a LEP, government should consider the impact on the programme and the arrangements for projects to continue where appropriate under alternative mechanisms.	SELEP need to keep this recommendation under review as it is taken forward by Government in order that it can respond to any additional requirements arising.
Best Practice	
It is recommended that government continue to support the work of the LEP Network and discusses with them how best to take this forward.	SELEP is closely engaged with the LEP Network on these matters.

5. Looking forward: implementing the 2018 Assurance Framework

- 5.1 We have taken the decision to update the 2017 Assurance Framework according to the Mary Ney recommendations and, at the time of writing, we expect to shortly receive a quorate vote for its approval and the approval of the five additional or updated policies required by the review – Whistleblowing, Confidential Reporting of Complaints, Code of Conduct, Register of Interests and Subsistence and Hospitality.
- 5.2 The SELEP team and the Accountable Body have a series of meetings scheduled to discuss the implementation of the further changes that are required to take SELEP beyond the Mary Ney recommendations and firmly establish our approach as best practice.
- 5.3 We will develop a refreshed single implementation plan which will revert to forthcoming meetings of the Accountability Board reflecting our journey of continuous improvement.
- 5.4 We expect to see the outcome of the national LEP Review in May which will provide further clarity on the expectations of LEPs moving forward.

Resultantly we might expect an impact on the totality of the SELEP structure (including the specific expectations of Federated Boards and working groups), including considerations around the possible incorporation of all LEPs.

6. Accountable Body comments

- 6.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 6.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 6.3 The SELEP Secretariat have been advised by the Accountable Body to identify and prioritise the key actions required to ensure that the Assurance Framework is fully implemented and embedded into the day to day operation of the SELEP.
- 6.4 In particular, key areas to be addressed include:
 - 6.4.1 Ensuring that an agreed approach to the prioritisation of funding is in place for all funding streams which can be used to support the development and maintenance of a pipeline for future investment aligned to the requirements of the SELEP Strategic Economic Plan.
 - 6.4.2 Ensuring that Federated Board papers and governance processes are in place for all Federated areas; it is noted from the implementation plan where these are outstanding that they will be in place by the 28 February 2018.
 - 6.4.3 Ensuring that, where appropriate, additional support is provided to the Federated Areas and the working groups to ensure that they are able to demonstrate compliance with the Assurance Framework.
 - 6.4.4 Ensuring that the delivery of the Growth Deal can be actively monitored and evaluated by the Strategic Board and other key stakeholders, including the public through the provision of regular updates to the Board and on the SELEP website.
- 6.5 It is noted from the implementation plan included in Appendix 1, that where outstanding actions were unable to be met, as intended, by the end of 2017, that plans are in place to address these.
- 6.6 The SELEP Secretariat has a role in supporting the Accountable Body to meet its responsibilities that have been identified and agreed within the Assurance Framework. In particular, these responsibilities include ensuring appropriate governance, transparency and value for money with regard to the use of funding allocated to SELEP and ensuring implementation of the Assurance Framework by SELEP.
- 6.7 The Accountable Body welcomes the recommendations arising from the Mary Ney review, in particular those in relation to providing additional clarity with

regard to providing greater detail on the expectations of the role of Section 151 officers in the National Assurance Framework.

- 6.8 It is the intention of the Accountable Body to continue to support SELEP in implementing the refreshed assurance framework refresh and to engage actively, where possible, with Government and others with regard to the development of any further guidance and requirements arising from recommendations of the Mary Ney review.

7. Financial Implications (Accountable Body Comments)

- 7.1 Government has advised in its 2017/18 Grant Offer Letter that the use of all Local Growth Funding will need to fulfil the following requirements:
- 7.1.1 It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
 - 7.1.2 It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.
 - 7.1.3 That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
 - 7.1.4 You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.
- 7.2 The implementation plan set out in Appendix 1 is intended to demonstrate that the requirements of the SELEP Assurance Framework are being implemented as certified by the S151 Officer of the Accountable Body to the MHCLG. The 2017/18 LGF grant payment was made on this basis and it is therefore essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full – this will support the certification that required by the S151 Officer of the Accountable Body to the MHCLG for 2018/19.
- 7.3 The Grant Offer Letter for 2018/19 has yet to be received from Government, however, the Local Enterprise Partnership governance and transparency guidance published by HM Government set out the new requirements of LEPs to publish on their websites their updated Assurance Framework and the policies set out in paragraph 5.1 above by 28 February 2018 – it is noted that the SELEP has arrangements in place to ensure compliance with these requirements.

8. Legal Implications (Accountable Body Comments)

- 8.1 The outstanding items on the Assurance Framework must be seen as a priority in order for the S.151 Officer to provide sign off that she is satisfied that the SELEP are operating within the remit of the national Assurance Framework.
- 8.2 Going forward, training will be available to all members of the SELEP Board in order to understand the new requirements of the SELEP Assurance Framework and associated policies, particularly under the Conflict and Declarations of Interest aspects of the review, and this will take place in early 2018/19.

9. Staffing and other resource implications

- 9.1 None at present.

10. Equality and Diversity implications

- 10.1 None at present.

11. List of Appendices

- 11.1 Appendix 1 – SELEP Assurance Framework Implementation Plan progress update

12. List of Background Papers

- 12.1 SELEP Assurance Framework
- 12.2 Local Enterprise Partnership governance and transparency: Best Practice Guidance – HM Government January 2018

(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	14/02/2018
(On Behalf of Margaret Lee)	

Appendix 1 SELEP 2017 Assurance Framework Implementation Plan progress update

Summary	Requirement	Responsibility	Priority	Status	Action Required	RAG
Business Cases						
Value for Money	SELEP will identify a named individual with overall responsibility for ensuring value for money for all projects and programmes.	Accountability Board is responsible for ensuring value for money of all projects and programmes	M	Complete	In advance of each Accountability Board the Chair is provided with a briefing which sets out the Chair's responsibilities to ensure decisions taken by the SELEP Accountability Board present high value for money. This includes the scrutiny of decisions coming forward at the Board meeting, with a particular focus on those decisions to award funding	G
Scrutiny	SELEP will identify a named individual (which may be a different person) responsible for scrutiny of and recommendations relating to each business case	Accountability Board Chair is responsible for the scrutiny of recommendations relation to each business case	M	Complete	In advance of each Accountability Board the Chair is provided with a briefing which sets out the Chair's responsibilities to ensure decisions taken by the SELEP Accountability Board present high value for money. This includes the scrutiny of decisions coming forward at the Board meeting, with a particular focus on those decisions to award funding	G

Change Requests	A copy of the Change Request Template is available on the SELEP website	SELEP	M	Complete	A copy of the Template is available on the 'How we Award Funding' section of the SELEP website. In addition, a report was presented to SELEP Accountability Board on the 26 th May which set out the Change Request process. Local partners are implementing the practice of bringing forward a Change Request using the SELEP template. These Change Requests are also shared with Central Government, for their record	G
Business Case Template	All Strategic Outline Business Cases will use the Business Case Template	Federated Areas	H	Complete	On the 16th August the new SELEP Business Case was issued to all partners. Local partners are implementing the practice of using the SELEP Business Case template for the development of Business Cases. The new template is being used to develop Strategic Outline Business Cases for GPF submissions.	G
Equality Act	The standard business case template includes space for promoters to explain how work is within Equality Act 2010	SELEP	M	Complete	A copy of the new SELEP Business Case template is available on the SELEP website in the 'How we Award Funding' section. The Business Case seeks confirmation that an Equality Impact Assessment will be completed as part of the project and how the findings of this assessment will be considered as part of the projects development. In addition, the S151 officer letter which is required from the lead County Council / Unitary Authority provides confirmation that the project will be delivered in accordance with the Equality Act 2010	G

Social Value	A section is to be included in the standard business case template for promoters to set out how they will maximise social value.	SELEP	M	Complete	As above, the new SELEP Business Case template asks scheme promoters to provide details on how the procurement for the scheme increases social value in accordance with the Social Value Act 2012 (e.g. how in conducting the procurement process it will act with a view of improving the economic, social and environmental well-being of the local area and particularly local businesses);	G
Federal board approval	The business case template to include confirmation of approval by the Federal Board.	SELEP	H	Complete	Each Business Case put forward for funding allocation is required to demonstrate endorsement of the project by the Federated Board	G
Gate 2 BC publication	The Gate 2 Outline Business Case for the project will be published on the SELEP website at least one month in advance of the Accountability Board meeting.	SELEP / Federated Areas	H	Complete	Business Cases are uploaded alongside the meeting date and meeting Forward Plan at least one month in advance of the funding decision being taken.	G
Gate 4 & 5 BC publication	Projects completing a Gate 4 and 5 review, the full business case will be published at least one month in advance of the Accountability Board meeting	SELEP / Federated Areas	H	Complete	Business Cases are uploaded alongside the meeting date and meeting Forward Plan at least one month in advance of the funding decision being taken.	G

VfM reporting	Value for money section to be reflected in the standard reporting template for Accountability Report funding approvals and changes.	SELEP	H	Complete	A section is included in each report to SELEP Accountability Board for the award of funding, which sets out details of the projects value for money assessment and the ITE's recommendation on the projects Value for Money.	G
s151 sign off	The business case template to be amended to include confirmation of assurances from the Section 151 officer of the promoting authority that Value for Money is true and accurate.	SELEP	H	Complete	The Business Case template contains an Appendix which sets out a S151 officer letter to be submitted alongside the Business Case to provide assurance that the information contained within the Business Case is true and accurate.	G
Prioritisation						
Prioritisation Process	Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board	SELEP and Federated Areas	H	Each Federated Area has followed the prioritisation process agreed by Strategic Board for the prioritisation of GPF Projects, during July and August 2017. It is urgent that this is addressed across the whole spectrum of SELEP funding	On the 9 th June 2017, the Strategic Board agreed the approach to the prioritisation of projects for Growing Places Fund (GPF). This approach has now been followed by each of the Federated Areas, with each Board having met to discuss and each Federated Board has agree their priority projects to be put forward for GPF, in accordance with the prioritisation process. This sets a clear expectation of the process for future rounds of allocating funding.	R

Implementing the prioritisation approach	A process for implementing the prioritisation methodology will be agreed by the Strategic Board	SELEP	H	Process has been agreed for GPF and needs to be applied more widely	Process will be agreed with Strategic Board, based on the requirements for awarding funding set out in the SELEP Assurance Framework for other streams of funding.	A
Single list	A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	H	Planned	A single list of priorities will be identified as part of the GPF bidding process. This list will be published on the SELEP website once it has been agreed at the Investment Panel meeting. In addition, the LGF Round 3 single list of priorities (and available on the SELEP website), sets out a list of SELEP priority projects for investment, in advance of the new Strategic Economic Plan and Infrastructure and Investment Plan being agreed by the Strategic Board.	A
Board Governance						
Pan-LEP	Any pan-LEP priority projects will be reviewed by the Strategic Board	SELEP	M	Part complete	A process was detailed within the GPF prioritisation process (agreed at the Strategic Board meeting on the 9 th June 2017) for both the GPF revenue and GPF capital funding for the consideration of pan – LEP projects. Process will be agreed with Strategic Board, based on the requirements for awarding funding set out in the SELEP Assurance Framework.	A

Policy publication	A section to be added to the website to address issues of governance, for example: the policy for public questions; conflicts of interest; communications and complaints to the LEP	SELEP	H	Complete	All agreed policies are available online and the newly approved ones will be online ahead of 28th February	A
Key decisions	All key decisions are published on the Forward Plan and available on the SELEP and upper tier authorities websites	SELEP	H	Complete	All key decisions are reported with the Forward Plan and all material is made available for local publishing	A
Minutes	Draft minutes of all meetings are publicly available on SELEP website no more than 10 days after the meeting	SELEP	M	Complete by 28th February	According to the Government's new requirements, draft minutes will be made available five working days after all future board meetings	A
Reporting	Accountability Board reports where funding is sought or changes are to be agreed will include a reporting table to confirm requirements are met.	SELEP	M	Complete and ongoing	A table is included in each report to SELEP Accountability Board for the award of funding which sets out the SELEP team's assessment of the projects eligibility for funding against the requirements of the Assurance Framework.	G
Investment phasing	The phasing of investments will be reflected in report templates for funding requests to Accountability Board.	SELEP	M	Complete and ongoing	A table is included in each report to SELEP Accountability Board for the award of funding which sets out the profile over which the funding is sought and the phasing of match funding contributions to the project.	G

Paper publication	A link to Accountability Board papers to be available for all upper tier authorities	SELEP	H	Complete and ongoing	A copy of the SELEP Accountability Board Agenda Pack is circulated once it has been published by Essex County Council, as SELEP Accountable Body. This is then available for partners to publish in addition	G
Social Enterprise member	Appoint an additional strategic board member from the Social Enterprise group that is to be established.	SELEP	M	Complete	A representative of the Social Enterprise Group has been nominated to be the additional Strategic Board member. They are due to attend the March 2018 Strategic Board	G
Assurance Framework refresh	Refresh of Assurance Framework to be a standing item to the last Strategic Board meeting of each calendar year	SELEP	M	Planned	This is currently with the Strategic Board for approval.	G
SELEP collateral						
Comms strategy	Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	M	Planned in line with SEP launch	An interim role (to cover maternity leave) has been appointed to in order to lead work on the SELEP website and develop a SELEP Communication Strategy, in partnership with Federated Areas.	G
Declarations of Interest						

Dol	Declaration of interest to be noted from outset of each meeting	Board members	H	This is an ongoing requirement which is met at the quarterly strategic board meetings	At the start of each Strategic board, Accountability Board and Federated Board meeting Board members are required to state any Declarations of Interest in relation to decisions to be taken at that meeting. Declarations are included in the meeting minutes and held as part of the record of the meeting. Furthermore, in light of recommendations from the Mary Ney report, the SELEP team has circulated the Government's new Register of Interests template which all Strategic Board members are to complete and will be published on the website ahead of 28 th February	A
Dol	All members of Strategic or Accountability Board are required to complete a Declaration of Interest form	SELEP/Board members	H	Ongoing. Updated form to be completed February 28 th 2018	Following on from the Mary Ney recommendations the declaration of interest template has been sent to all board members for completion.	A
Dol	Declaration of Interest forms to be published on website	SELEP	H	Ongoing. Updated form to be uploaded by February 28 th 2018	Following on from the Mary Ney recommendations the declaration of interest template has been sent to all board members for completion.	A
Dol Annual Review	All declarations of interest reviewed annually	SELEP	H	Planned	This is planned in line with the Mary Ney recommendations and will be completed every February.	G
Specific to local areas						

Federated board material online	Federated Boards will publish their meeting details and minutes on either their own or SELEP's website	Federated Areas	H	All federated board meeting papers are not yet available despite the November 2017 deadline	All meeting dates for Federated Boards are available on the SELEP website. All available information pursuant to the Federated Boards is available on the SELEP website as according to the Mary Ney recommendation and 28/2 deadline.	R
Recruitment	Federated Boards to determine and evidence own recruitment process for membership.	Federated Areas	M	Part complete. To be fully completed by February 28 th 2018	The process has been agreed with the Kent and Medway Economic Partnership (KMEP), Team East Sussex (TES) and Opportunity South Essex (OSE) Terms of Reference for the recruitment of new board members.	A
Updated ToR	Each group requested to ensure that the terms of reference has been updated to reflect the requirements of the Assurance Framework	Federated Areas	H	Part complete. To be fully completed by February 28 th 2018	Updated Terms of Reference have been agreed by KMEP, TES and OSE.	A
Monitoring local implementation of the AF	SELEP secretariat to work with Federated Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	H	Post 28th February meetings to be scheduled	Conversations between the LEP and leads officers from the federated boards have happened regularly and informally over the past few months. There are plans in place for a meeting of the four lead officers, SELEP MD and the Accountable Body to discuss things further post 28th February	A
Working Groups	Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	M	Ongoing	A member of the SELEP team will be attending each of the Working Groups to help identify any gaps in the publication of information on the website.	A