

Tuesday 1st December 2020

10am-11:30am

MS Teams Meeting with Dial In Option

AGENDA

Open Meeting			
Item	Subject	Lead	Report Status/Timing
1	Introductions & Apologies	James Leavesley / Sinead Butters	5 mins
2	Declarations of Interest		
3	i. Notes of the previous meeting and any matters arising ii. Electronic decision-making record		
4	SPMG Report to LEP Executive Board 19 th November 2020		
			5 mins
Delivery			
5	Getting Building Fund Update on electronic decision and further actions required i. Shire Hall – Risk Log / Planning Status updates (<i>verbal + paper</i>) ii. Local Sustainable Transport Package (<i>paper</i>) iii. New Enterprise Collaboratory (<i>verbal</i>)	Tim Leese & John Henderson, Staffordshire CC & Secretariat	Information 20 mins
6	Getting Building Fund Business Case Appraisals (a) Summary and Recommendation(s) of the LEP Chief Executive (b) Business Case appraisals: i. i54 Western Extension, South Staffordshire ii. Powering Up Enterprise, Stoke-on-Trent iii. Skills Equipment Fund x 3 projects	Secretariat c/o Mark Parkinson & Hatch Regeneris	Decision 25 mins
7	Getting Building Fund Prioritised Project List and Contingency Project Updates	Secretariat c/o Mark Parkinson	Information 10 mins
8	Getting Building Fund MHCLG Project Change Request Process	Secretariat c/o S. Palphreyman	Information 5 mins
9	Getting Building Fund Approach for reassigning funding to contingency projects	Secretariat c/o Mark Parkinson	Decision 5 mins
10 ^{#1}	Local Growth Fund update: i. Stoke Station Power Upgrade, Stoke-on-Trent ii. Blythe Park Extension, Creswell, Staffordshire Moorlands iii. Stoke Flood Alleviation, Stoke-on-Trent iv. City East Link Road, Stoke-on-Trent	Secretariat c/o Mark Parkinson	Decision 10 mins
^{#1} Time permitting, may be subject to an extraordinary meeting or postponed to 11 th January 2021 SPMG			75 mins
Governance & Finance			
11	Issues and actions to escalate to LEP Executive Board	All	Discussion 5 mins

-	Commercially Confidential Items None other than potentially some aspects of Item 4	-	-
			5 mins
12	Any Other Business	James Leavesley / Sinead Butters	5 mins
13	Next scheduled SPMG Meeting: Tuesday 11 th January 2020, 14:00 – 15:30		

SPMG Membership		
Voting Members	Private/Public Sector	Confirmed Attendance
Caroline Brown (Exec Board Private Sector Director)	Private	Apologies rec.
Sinead Butters (Vice-Chair)	Private	✓
James Leavesley (Chair)	Private	✓
Tony McGovern (CCDC)	Public	✓
Alun Rogers (SSLEP Executive Board Chair)	Private	✓
Jon Rouse (SoTCC);	Public	✓
Quorate: For the SPMG meeting to be quorate no fewer than three voting members (2 private sector directors; 1 public non-exec member) should be present. Ref: Pg. 21, Assurance Framework		
Secretariat support		
Sharon Palphreyman (Programme Manager, SSLEP)	Secretariat	✓
Simon Ablewhite (S151 Officer for the LEP, Accountable finance lead)	Secretariat	Apologies rec.
Mark Parkinson (Chief Executive, SSLEP)	Secretariat	✓
Non-voting: the following representatives may attend in an advisory/observer capacity:		
Clare Hannah, CLGU representative	CLGU	✓
LEP Board Directors (none confirmed)	-	-
Senior non-executive public sector members (none confirmed)	-	-

Enc: n.b. The pdf contains quick links to help navigation to the papers

Paper 1	Minutes of previous meeting 23 rd Nov 2020 / electronic vote	agenda item 3i & 3ii
Paper 2	SPMG Report to LEP Executive Board 29 th Oct 2020	agenda item 4
Paper 3	Shire Hall	agenda item 5i
Paper 4	Local Sustainable Transport Package	agenda item 5ii
Paper 5	CEO Summary and recommendations	agenda item 6a
Paper 6	Appraisal: i54 Western Extension	agenda item 6b i
Paper 7	Appraisal: Powering Up Enterprise	agenda item 6b ii
Paper 8	Appraisal: Skills Equipment Fund x 3 projects	agenda item 6b iii
Paper 9	Prioritised Project List and Contingency Project Updates	agenda item 7
Paper 10	MHCLG Project Change Request Process	agenda item 8
Paper 11	Approach for reassigning funding to contingency projects	agenda item 9
Paper 12	Local Growth Fund update:	agenda item 10

SSLEP Strategic Programme Management Group (SPMG)

Thursday 29th October 2020, 10:00 – 11:30

Virtual meeting via Microsoft Teams link

Notes and Actions

In attendance:

Voting members:

James Leavesley (Chair), Sinead Butters (Vice-Chair), Alun Rogers (SSLEP Executive Board Chair); Caroline Brown (Exec Board Private Sector Director); Tony McGovern (CCDC); Jon Rouse (SoTCC), Simon Ablewhite (SCC, S151 Accountable finance lead), Clare Hannah, CLGU/BEIS representative

Non-voting attendees:

- Simon Ablewhite (SCC, S151 Accountable finance lead), Clare Hannah, CLGU/BEIS representative

Secretariat Support:

- Mark Parkinson (SSLEP CEO), Sharon Palphreyman (Programme manager, SSLEP);

Guests:

- Agenda item 5 – Getting Building Fund - Dan Lindsay (Hatch Regeneris)
- Agenda item 6 – Stoke Flood Alleviation – Rachel Davies and Ian Cook (Environment Agency); Steve Lovatt (SoTCC)

Apologies: None

Item		Action
1	Welcome	
2	<p>Declarations of Interest & Agreed Protocols</p> <p>The meeting was quorate at the start. However, as JR left the meeting at 11:00 and TMcG left the meeting at 11:34, the last 15 minutes of the meeting was NOT quorate.</p> <p>The following declarations of interest were noted, regarding the Getting Building Fund schemes:</p> <ul style="list-style-type: none"> • TMcG is a Governor for South Staffs College (one of the SEF final list schemes) • SB has an interest in PM Training (one of the SEF contingency schemes) 	
3	<p>Progress on actions from the last meeting, 29/09/20</p> <ul style="list-style-type: none"> • <u>Item 7 - JL</u> as Chair has signed off approved minutes from SPMG meetings. Action closed. • A.O.B 1) Redundancy /Employment – the LEP's role. This is picked up 	

	<p>in other meetings/groups. Action closed.</p> <ul style="list-style-type: none"> Finance update – questions were raised at the last meeting – these will be picked up in today’s meeting (item 4). <p>The minutes were agreed as accurate; no comments raised.</p>	
4.	<p>City Deal & Growth Deal: Programmes Overview</p> <ul style="list-style-type: none"> Stoke-on-Trent Flood Alleviation scheme (Steve Lovatt, SoTCC and Ian Cook, Environment Agency). <i>(Note: This was tabled as the first item on the agenda to accommodate external presenters).</i> <p>Steve Lovett provided an introduction to the scheme. A detailed report had been submitted for quarter 2 . Key items were identified and key decisions are required. Outcomes and outputs will be fully achieved and extended but there are some changes to the approach.</p> <p>The EA delivered a presentation to SPMG, demonstrating the proposed new approach. The original approach featured an excavated bypass culvert under Elenora St; however following flooding during the summer an assessment has been done based on a catchment model and found that threshold levels had not been taken into account. This approach will not remediate all the flooding as the mechanism of the flooding has changed. The new approach takes into account the catchment and the threshold levels and an area is now added in to re-naturalise and enhance the channel on the Spode site, adding seating and making a “pocket park”. The new approach is less disruptive to Elenora Rd and to an adjacent business and will be less expensive than an excavated culvert.</p> <p>Whilst agreeing that this looks a better approach, SPMG members asked what the impact would be on cost and on delivery timing. Costs of the new solution are not finalised - further details are required before final costs can be given. Over the next few months the design will be confirmed (in place in January); planning permission is to go in, in the next few weeks. Spend will be monitored by the Environment Agency and they will be responsible for any overspend; this is a fully funded scheme.</p> <p>JR asked whether future maintenance costs would be more than anticipated; Stoke on Trent City Council are responsible as they agreed to maintain the culvert. The EA said that they have a maintenance programme with a budget from Defra.</p> <p>The project will slip by about six months and run throughout the summer but will not require the 12 month closure of the road as in the previous option. There are concerns regarding achieving the £1.2 million LGF spend by the deadline of end of March 2021. £500,000 should have been spent by the end of quarter 2 but none has been spent to date. The EA have issued Stoke on Trent City</p>	

	<p>Council with their standard partnership agreement to be signed. They are looking at ways to spend up front; they could purchase materials and front load some of the spend. The spend profile is uncertain at the moment. It is important to note that this is an Environment Agency project; Stoke on Trent City Council stood in as an accountable body. Stoke on Trent City Council have limited leverage over the Environment Agency. JR also expressed concern around the lack of progress and significant risk regarding spending before the end of March 2021; he is committed to getting the scheme completed but needs assurance that the LGF can be spent. The EA assured the LEP that they are focused on this; the risk of losing the funding is a reputational risk to the EA.</p> <p>SPMG agreed to escalate this to Executive Board as a critical issue. JR feels that we should set a deadline for the EA to bring back a formal timetable for a spend/delivery plan. This will be taken to Executive Board on 19th November and will be added to the issue log for the November board. Papers will need to go out with the Board agenda pack on the <u>12th November</u> so this is the deadline for the EA to submit revised plans and spent profile.</p> <p>If the funding cannot be defrayed by March, SPMG will need to look at alternative schemes.</p>	
5	<p>Financial update **Commercially Sensitive**</p> <p>A report has been prepared by SA to provide assurance to Audit & Finance Committee, covering:</p> <ul style="list-style-type: none"> (a) Query re i54 Western Extension (b) Outstanding LGF contracts – position (c) Q2 spend position on LGF <p><i>(Note: decisions and actions required under this agenda item are detailed under the Electronic Decision Process which followed this meeting).</i></p>	
6	<p>Getting Building Fund Update:</p> <ul style="list-style-type: none"> (a) Summary and Recommendation(s) of the LEP Chief Executive (b) Business Case appraisals – approach and context Dan Lindsay (DL) delivered a presentation detailing the appraisal approach. <p>Business cases for decision:</p> <ul style="list-style-type: none"> i. New Enterprise Collaboratory <p>It was noted that a process for monitoring and evaluating outputs needs to be defined in the funding agreement.</p> <p>Outputs were discussed: Businesses will not be located in the space –</p>	

<p>they will make use of the space. It will provide a complimentary addition to the wider Enterprise Zone, filling a gap; it does not displace the existing offer.</p> <p>The impact of Covid and the move to home-working were discussed and what impact will this have. DL felt that this particular project is not an Enterprise Centre but supports registered users and is in collaboration and demonstrates new technologies, so may be very relevant to new working practice post-Covid.</p> <p><i>As part of this discussion, SB asked SPMG to consider all schemes in the GBF programme to ensure that they are able to support post-Covid ways of working; the programme should not support any schemes that are not future-ready. JR agreed that demand for more flexible accommodation is increasing.</i></p> <p>SA noted that at initial EOI stage, this had been put forward as a much larger project, with significantly greater match funding. However, the original amount of match funding was for the wider scheme, not just the Collaboratory element, so this has been readjusted.</p> <p>ACTION: DL will confirm this change to match funding in an email.</p> <p>AR added that Staffordshire University provides an unusual role where people can use the facilities if they don't have their own; this supports businesses to start, where they would not otherwise have been able to.</p> <p>ii. Shire Hall regeneration project – Business Hub</p> <p>This project is to renovate and refurbish Shire Hall. The front would be a venue space; the back will be a business hub. This appraisal is based on the business hub element only; this can be done in isolation, it is now being viewed as two phases. Critical issues include Future High Street (FHS) funding not committed yet; the amount of the award is unknown.</p> <p>£400,000 from FHS fund allocation is hoped for, for the business hub phase. SCC has undertaken to support this and to provide the £400,000 pounds if FHS funding does not materialise (decision due in November). There's a gap in the market for small business spaces that are flexible.</p> <p>Subject to procurement.</p> <p>It is accepted that there are always unknown risks associated with older buildings but the hub is in the newer 1990s part of the building and refurbishment work has already taken place. SPMG felt that approval should be dependent on a further risk assessment being done.</p> <p>JL asked whether the scheme would have the same impact now it has been reduced. DL said broad outputs are largely unchanged compared to the original full submission: jobs created are slightly higher, businesses assisted remain the same, floor space is slightly higher. A few operational jobs will be part of the front (FHS) phase 2 section of the scheme. Planning committee date is expected in November.</p>	<p>DL</p>
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	<p>SB is concerned re the timescale – activity starts on site in June 2021 and is concertina'd up towards the end of the scheme.</p> <p>It was suggested that the scheme's representatives could attend the next SPMG meeting to present risks and to explain planning status.</p> <p>iii. Local Sustainable Transport Package (LSTP)</p> <p>The LSTP consists of six smaller sustainable transport schemes. They all appear to be highly deliverable. There is work to be done in advance of the funding agreement. Some VFM information has now been provided which confirms medium/high scores.</p> <p>The six schemes are phased over the duration of the GBF but could be re-phased or run concurrently to meet GBF deadlines. It was felt that the level of detail in the business case was not high, but this is work that SCC does as part of business as usual.</p> <p>SB asked how we assure ourselves that we are getting <u>value for money</u> (three to six kilometres for £860,000). The cost is because it is 6 different schemes in different places. The output is one of the GBF government requested criteria. The length of pathway should not be seen as the only outcome - there are also other works such as crossing improvements. DL could break this down on a cost per project basis. SB asked how we can compare it to other projects - a benchmarking exercise is required.</p> <p><i>JR has already left the meeting at 11:00 and TMcG left the meeting at this point (11:34) so the meeting is NOT QUORATE from this point on.</i></p> <p>(c) Skills Equipment Fund – approach to appraisals</p> <p>Dan Lindsay has reviewed the SEF appraisal process; this was circulated with the agenda pack.</p> <p>ELECTRONIC DECISION PROCESS</p> <p>As the meeting is no longer quorate, the approvals and recommendations which were to be sought from SPMG cannot be made. JL, as Chair, advised that for consistency all SPMG members should be asked to respond to an electronic vote on all decisions required as outputs of the meeting. SPMG members will be asked to support the 3 schemes above, subject to the caveats as discussed.</p>	
7	<p>Programme Risk Register</p> <ul style="list-style-type: none"> A new issue is to be added to the Risk and Issue log as a result of today's meeting: Stoke Flood Alleviation – no visibility of profiled spend by deadline or delivery plan. A spend profile and plan is to be submitted by the EA to Executive Board on 19th November. 	
8	<p>Issues and actions to escalate to SSLEP Executive Board</p>	

	<ul style="list-style-type: none">Stoke Flood Alleviation (see items 4 and 7. Above).	
	<i>Commercially Confidential Items: Item 5 and potentially some aspects of Item 4</i>	
9	A.O.B <ul style="list-style-type: none">There was no other business	
10	Next SPMG meeting: Tuesday 1st December 2020, 10:00 – 11:30	
	Acceptance of minutes <p>These notes represent an accurate record of the SSLEP Strategic Programme Management Group (SPMG) held on 29th October 2020 via Microsoft Teams.</p> Signed: _____ Date: _____ James Leavesley, Chair of SPMG	

SSLEP Strategic Programme Management Group – electronic decisions required following SPMG meeting 29/10/2020

The SPMG meeting this morning over-ran its extended time due to the amount of business to be processed. This resulted in:

1. Key group members needed to leave the meeting for prior calendar obligations, meaning that SPMG was no longer quorate.
2. Not all papers requiring a decision were covered during the meeting.

The Chair of SPMG determined that, for consistency and transparency, all SPMG members would take part in an electronic decision process in accordance with Appendix 1 of the SSLEP Assurance Framework.

The first decisions that SPMG are formally requested to consider are in agenda item 5 of the SPMG meeting:

Agenda item 5b: Getting Building Fund business case appraisals.

The Hatch appraisal documents and also a SSLEP CEO summary were circulated prior to the meeting, to inform the decision-making process.

Dan Lindsay from Hatch delivered a presentation which included recommendations and caveats, then answered questions raised by SPMG members.

Note: BEIS have advised that initially institutions will be profiled with the outputs as indicated on gov.uk. If necessary, BEIS have indicated that they may need to discuss with us how realistic these are and for the initial monitoring return to provide detail of updated agreed outputs.

Hatch made the following recommendations under **agenda item 5b**:

5b i New Enterprise Collaboratory

- **Recommendation: Suitable for funding**
SSLEP to note:
 - i. Project Costs are subject to procurement
 - ii. Subject to project sponsor submitting a Monitoring & Evaluation Plan to the LEP Secretariat;
 - iii. It was noted that the match funding does not match the figures in the initial submission; Hatch will confirm the reasons for this and SPMG will be informed (*please see update on page 2*).

Comparison to original submission:

New Enterprise Collaboratory

	July Submission	Business Case	Variation
Jobs Created	15	44	29
Jobs Safeguarded	15		-15
Sqm R&D facilities floorspace	30	30	0
Number of businesses or institutions assisted	20	22	2

Other Key output metric	10 new projects developed	10 new products developed and 4 IP registrations	
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The total number of jobs created and safeguarded has increased from the GBF submission to Government in July.

The number of businesses assisted is also marginally higher than the equivalent figure from July.

	Original submission (July)	Business case
Total project cost	£4,783,350	£721,600*
GBF	£500,000	£500,000
Match funding	£4,283,350	£221,600

Note: the large match sum mistakenly put forward originally was for the whole of a programme of work (EU involvement) that was taking place, not just the standalone Collaboratory scheme. It was determined that the University couldn't double-count match funding which was already allocated to the wider programme and they were advised to submit a business case which reflected the standalone position so that it could be appraised on that basis.

*Hatch have provided confirmation that: "In summary, the adjustment to match funding would not have impacted on our prioritisation recommendations and the outputs are not substantially different from the original submission – in fact the gross outputs have increased since the figure quoted to government. We confirmed at the time and the situation has not changed following the submission of the business case".

5b ii Shire Hall Business Hub

- **Recommendation: Suitable for funding**
SSLEP to note:
 - i. Costs are subject to procurement
 - ii. FHSF elements subject to outcome of bid
- SSLEP to confirm:
 - i. Subject to a detailed risk register for the scheme to be submitted to LEP secretariat
 - ii. To come back to SPMG next month to present risks and explain planning status

Comparison to original submission:

Shire Hall – Business Hub

	July Submission	Business Case	Variation
Jobs Created	42	60	18
Additional construction jobs	18	14	-4
Sqm commercial floorspace	12,000*	12,540	540
Number of businesses or institutions assisted	21	21 business spaces	0

The 60 jobs comprise 52 jobs within tenant businesses (up from 42 in the GBF submission to Government in July) and 8 operational jobs.

	Original submission (July)	Business case
Total project cost	£4,680,000	£2,000,000
GBF	£1,600,000	£1,600,000
Match funding	£3,080,000	£400,000

5b iii Local Sustainable Transport Plan

- **Recommendation: Suitable for funding**
- **SSLEP to confirm:**
 - i. Scheme Value for Money. Project sponsor is to submit a 'Benefit-to-Cost Ratio' note to Hatch Regeneris and the LEP Secretariat (to be brought back to SPMG if there any technical concerns, i.e. low score).

Following the meeting, Hatch have advised:

“We can seek clarification regarding the comparison to scheme costs to SPONs benchmarks, however from our perspective the applicant has confirmed that the costs are (predominantly) based on detailed designs and contractor billing. The contractor (Amey) has been appointed through the County Council’s Infrastructure+ Framework which gives us confidence that robust checks are in place in relation to project delivery and costs”.

Comparison to original submission:

Staffordshire Local Sustainable Transport Package

	July Submission	Business Case	Variation
Km of roads, cycling lanes and walkways maintained and built	3.6	3.6	0
KG of CO2 emissions avoided	93 tonnes (over 10 years)	93 tonnes (over 10 years)	0

The submitted outputs are in line with the GBF submission to Government in July.

	Original submission (July)	Business case
Total project cost	£859,000	£859,000
GBF	£651,000	£651,000
Match funding	£208,000	£208,000

The SSLEP CEO recommends to SPMG: that business case approval is granted for the three projects, subject to the conditions listed under each scheme above being discharged prior to contracting.

Agenda item 5c – Skills Equipment Fund – approach to appraisals.

Hatch made the following recommendations :

5c. Skills Equipment Fund – (Staffordshire Skills Capital Fund paper circulated prior to the SPMG meeting) – approach to SEF programme appraisal process.

Recommendations:

Based on the key issues set out in the paper, Hatch made the following five recommendations to SPMG:

- i. The SEF Programme Business Case and supporting information (e.g. SEF Application form and assessment sheets) submitted to SSLEP and Hatch is reviewed by Hatch against the standard criteria. This will confirm what elements of the Business Case assessments will be covered by the SEF application process and what further clarification with applicants may be required.
- ii. This assessment is submitted to the next SPMG meeting on 29 October for approval alongside this paper.
- iii. The SCC Skills Capital Board undertakes its assessment of individual SEF application in the usual way. This process should include any clarifications identified above.
- iv. These Skills Capital Board recommendations are reviewed by Hatch to confirm that they align to the programme level assessment. Hatch can provide a covering note to SPMG to confirm this. This can be considered at the December SPMG.
- v. If individual projects are considered unsuitable for SEF by SCC or Hatch, the funding can be reallocated to contingency SEF projects, subject to a change request agreed with CLGU.

The SSLEP CEO recommends that SPMG approve the five recommendations set out the Staffordshire Skills Capital Fund report provided by Hatch Regeneris under Item 5 c.

Agenda item 4

Governance & Finance Update: Report of the S151 Officer of the LEP (paper circulated prior to the meeting).

*****CONFIDENTIAL – COMMERCIALY SENSITIVE*****

Recommendations from the LEP Secretariat

That SPMG:-

- a) **Note** the current agreed funding package for the i54 WE.
- b) **Confirm the recommended approach** to the two schemes where grant agreements are still not in place:

- i. **Stoke Power Station Upgrade.** It is recommended that the Secretariat inform the scheme promoter that the standard terms and conditions will not be amended and set a deadline of 30th November 2020 for signature of the grant agreement, otherwise the grant offer will be withdrawn and the funding re-directed; and
 - ii. **Blythe Park Extension Infrastructure Project.** It is recommended that the Secretariat inform the scheme promoter that if the contracts are not in place and signed by 30th November 2020, and confirmation is also not received that the spend can be delivered that both the offer of LGD grant (and potentially GPF loan) will be withdrawn.
- c) **Note** that further unused LGF funding could be diverted to the i54 WE scheme, estimated at £1.320m
- d) **Note** the options available to utilise further funding to ensure LGF is fully utilised by 31 March 2021.
- e) **Agree** to give assurance to the Chairman of the Audit and Finance Committee that sufficient contingency provisions are in place to mitigate any risk on failure to achieve full spend on LGF by the deadline.

Appendix 1 – Summary of Decisions - return form

Appendix 1 – return form

SSLEP Strategic Programme Management Group – electronic decisions required following SPMG meeting 29/10/2020

Summary of decisions required:

SPMG member name:

<u>Agenda item</u>	<u>Decision</u>	<u>Member decision</u>	<u>Comments</u>
5bi.	Decision to approve New Enterprise Collaboratory as suitable for GBF funding, subject to: <ol style="list-style-type: none"> i. Noting that Project Costs are subject to procurement ii. Subject to project sponsor submitting a Monitoring & Evaluation Plan to the LEP Secretariat; iii. It was noted that the match funding does not match the figures in the initial submission; Hatch will confirm the reasons for this and SPMG will be informed. 	<u>Approved</u>	Unanimous decision
5bii	Decision to approve Shire Hall Business Hub as suitable for GBF funding, subject to: <ol style="list-style-type: none"> i. Noting that costs are subject to procurement ii. Noting that FHSF elements subject to outcome of bid iii. Subject to a detailed risk register for the scheme to be submitted to LEP secretariat iv. Scheme sponsor to attend SPMG next month to present risks and explain planning status 	<u>Approved</u>	Unanimous decision
5biii	Decision to approve Local Sustainable Transport Package as suitable for GBF funding, subject to: <ol style="list-style-type: none"> i. Scheme Value for Money. Project sponsor is to submit a 'Benefit-to-Cost Ratio' note to Hatch Regeneris and the LEP Secretariat (to be brought back to SPMG if there any technical concerns, i.e. low score). 	<u>Approved,</u> subject to cost benefit analysis	1) the LST package may require further consideration by SPMG if there are any concerns about cost – benefit once full evaluation has been completed.

Appendix 1 – return form

			2). It was noted that as there are 6 different locations, costs will be proportionately higher
5c	<p>Decision to approve the five recommendations set out the Staffordshire Skills Capital Fund report provided by Hatch under Item 5 c.:</p> <p>i. The SEF Programme Business Case and supporting information (e.g. SEF Application form and assessment sheets) submitted to SSLEP and Hatch is reviewed by Hatch against the standard criteria. This will confirm what elements of the Business Case assessments will be covered by the SEF application process and what further clarification with applicants may be required.</p>	<u>Approved</u>	Unanimous decision
	<p>ii. This assessment is submitted to the next SPMG meeting on 29 October for approval alongside this paper.</p>	<u>Approved</u>	Unanimous decision
	<p>iii. The SCC Skills Capital Board undertakes its assessment of individual SEF application in the usual way. This process should include any clarifications identified above.</p>	<u>Approved</u>	Unanimous decision
	<p>iv. These Skills Capital Board recommendations are reviewed by Hatch to confirm that they align to the programme level assessment. Hatch can provide a covering note to SPMG to confirm this. This can be considered at the December SPMG.</p>	<u>Approved</u>	Unanimous decision
	<p>v. If individual projects are considered unsuitable for SEF by SCC or Hatch, the funding can be reallocated to contingency SEF projects, subject to a change request agreed with CLGU.</p>	<u>Approved</u>	Unanimous decision

Appendix 1 – return form

4bi	Decision to approve the recommended approach to inform the scheme promoter of Stoke Power Station Upgrade that the standard terms and conditions will not be amended and set a deadline of 30th November 2020 for signature of the grant agreement, otherwise the LGF grant offer will be withdrawn and the funding re-directed.	<u>Approved</u>	JR declared a COI on this scheme and abstained from voting or comment.
4bii	Decision to approve the recommended approach to inform the scheme promoter of Blythe Park Extension Infrastructure Project that if the contracts are not in place and signed by 30th November 2020, and confirmation is also not received that the spend can be delivered that both the offer of LGD grant (and potentially GPF loan) will be withdrawn.	<u>Approved</u>	Unanimous decision
4e	Agree to give assurance to the Chairman of the Audit and Finance Committee that sufficient contingency provisions are in place to mitigate any risk on failure to achieve full spend on LGF by the deadline.	<u>Agreed</u>	Unanimous decision <i>Re-word suggested: SPMG agrees <u>to give assurance</u> to the Chairman of Audit & Finance.</i>

Report to SSLEP Executive Board – 19th November 2020

Getting Building Fund – programme update

Current position of the SSLEP Getting Building Fund 12 final list schemes:

Status	Scheme	Sponsor	GBF allocation
2 schemes have completed Funding Agreement contracts	Keele Innovation Centre 7	Keele University	£6,100,000
	Health Innovation Centre	Staffordshire University	£2,889,500
3 schemes have been approved in principle for funding by SPMG; subject to discharging conditions being met prior to contracting.	New Enterprise Collaboratory	Staffordshire University	£500,000
	Shire Hall Business Hub	Staffordshire County Council	£1,600,000
	Local Sustainable Transport Package	Staffordshire County Council	£651,000
3 Skills Equipment Fund schemes are being appraised by the Skills Capital Board and will then be independently reviewed; this approach was approved by SPMG. Approval for the 3 schemes is to be sought at SPMG 01/12/20	SEF C - Digital Skills Academy	South Staffordshire College	£550,375
	SEF F - Creative and Digital Industries project phase 2	Stoke on Trent College	£250,000
	SEF H - Construction Industry Digital Technologies (CIDT)	Stoke on Trent College	£120,000
2 other schemes have submitted business cases are currently undergoing independent appraisal. Approval to be sought at SPMG 01/12/20, subject to appraisal.	i54 Western Extension	Staffordshire County Council on behalf of a joint venture partnership (<i>Staffordshire County Council, City of Wolverhampton Council and South Staffordshire Council; with support of SSLEP and BCLEP</i>)	£3,000,000
	Powering Up Enterprise	Stoke On Trent City Council	£2,800,000
1 joint venture scheme is likely to be led by a neighbouring LEP – awaiting confirmation from D2N2 LEP that business case is approved	Drakelow Park	D2N2 (Nottingham/Derby)	£5,050,000 allocated in original SSLEP GBF bid; (<i>will be passported to D2N2 once business case is approved</i>)
1 scheme has now been withdrawn as alternative funding has been sourced. Contingency scheme options will be discussed by SPMG at the December meeting.	Corporation Street Economic Development	Tamworth Borough Council (withdrawal confirmed by LEP CEO 10/11/20)	(£190,000)

Summary of the current appraisal, approval and contracting position:

Funding agreement contracts completed	£8,989,500
Business cases approved, subject to conditions; pending contract	£2,751,000
Business cases pending appraisal/approval	£6,720,375
Drakelow Park - pending clarification/agreement of partnership funding approach	£5,050,000
To be reallocated - subject to a government RFC process and SPMG appraisal/approval	£189,125
Total SSLEP GBF allocation	£23,700,000

GBF Outputs

Submission of full business cases has led to some changes in output forecasting, as detailed in the table on the next page. The reasons for this are:

1. JOBS

- I54 Western Extension – 1,700 jobs and 250 construction jobs were included as outputs in the original GBF EOI. However 1,700 jobs represent the total outputs for the entire scheme; half of the outputs will be claimed by Black County LEP and the SSLEP portion of jobs (850) is already being claimed via the Local Growth Deal funding allocated to this scheme. We cannot double-count the outputs. BEIS are aware of this reduction in outputs.

2. COMMERCIAL FLOORSPACE

- Keele Innovation Centre 7 has reduced floorspace as the outputs forecast were reduced in line with a reduction in GBF grant allocated to this scheme in the final submission list.
- Floorspace for i54Western Extension cannot be included (see point 1, above).

3. Number of NEW LEARNERS

- The numbers have changed simply because of the way that the Key Performance Indicators for Skills schemes are reported. The revised forecast outputs are for KPIs recorded at September 2022 only. KPIs for learners are reported after one full academic year. KPIs will also be monitored and reported at 5 academic years.

Note: DRAKELOW PARK

- The SSLEP original submission included a forecast output of 2,000 houses against this scheme. However, the SSLEP GBF allocation for this scheme is likely to be passported directly to D2N2 (who will also claim the outputs); the grant offer letter does not include any outputs for this scheme and none have been forecast by SSLEP.

Current outputs forecast

The table below shows current outputs forecasting against original forecast as detailed in the CLGU Getting Building Fund Grant Offer letter. A baseline report which will include the revised outputs will be submitted to BEIS for review in November. BEIS is aware of the existing reporting arrangements with BCLEP via Local Growth Fund reporting for i54WE and is party to discussions regarding Drakelow Park.

Key Outputs (Grant Offer letter)	Original (Grant Offer letter)	Revised (business case)	Change
Direct Jobs created	2,440	901	Reduced by 1,539 (reduced by 1,700 jobs from i54WE and 10 from the withdrawn scheme but other schemes have increased slightly or Safeguarded jobs have been re-categorised)
Construction jobs created	440	44	Reduced by 250 from i54WE. Construction jobs have not been included in the business cases/appraisals for Keele IC7 or Health Innovation Centre, so are not included here but will be included as they are reported.
Jobs safeguarded	110	6	Reduction of 104 (re-categorised into Jobs Created).
Commercial space unlocked (sqm)	115,000	23,441	Reduction of 100,000sqm for i54WE; Keele IC7 has also reduced by 2,124. Shire Hall has increased by 10,800sqm
New learning space unlocked (sqm)	2,000	2,000	No change
New learners assisted	1,150	648	Revised total reflects KPIs reported at September 2022 only.
Businesses assisted	290	838	The increase is mainly due to this now being included in business case/appraisal for Keele Innovation Centre 7
Roads/cycle lanes/walkways unlocked	4.6	3.6	Reduced by 1km (i54WE)
R&D floorspace	30	30	No change

Revised Outputs by scheme are detailed on the next page

 Stoke-on-Trent & Staffordshire Enterprise Partnership Project Name	Getting Building Fund - position at 10/11/2020												
	Status	Total funding package	GBF Request	Jobs created Apprenticeships	Additional construction jobs	Jobs Safeguarded	Sqm commercial floorspace	Sqm R&D facilities floorspace	Number of businesses or institutions assisted/ or additional employers engaged	Km of roads, cycling lanes and walk ways maintained and built	Area of new or improved learning/ training floorspace	Number of new learners assisted	KG of CO2 emissions avoided
Corporation Street Economic Development	ON HOLD - likely to be withdrawn												
Drakelow Park <i>30ha of land SSLEP GBF allocation will be passported to D2N2 Outputs will be claimed by D2N2</i>	Awaiting D2N2 business case. SSLEP funding may be passported to D2N2.	£15,100,000	£5,050,000	0	0	0	0	0	0	0	0	0	0
Health Innovation Centre, Blackheath Lane, Stafford <i>Reduced local vacancy rates to professional health roles</i>	Business case approved by SPMG. Funding Agreement completed.	£5,779,000	£2,889,500	115	0	0	0	0	0	0	1,230	500	0
i54 Western Extension <i>SSLEP shares the outputs from this scheme with BCLEP. The SSLEP outputs from this scheme are already being claimed by SSLEP via LGF reporting to</i>	Business case received - currently being appraised	£38,500,000	£3,000,000	0	0	0	0	0	0	0	0	0	0
Innovation Centre Seven <i>GVA from employment impact of £17m per annum</i>	Business case approved by SPMG. Funding Agreement completed.	£14,400,000	£6,100,000	115	0	0	2,696	0	612	0	0	0	0
New Enterprise Collaboratory <i>Facilitate 10 new products developed by 2025 in target sectors</i>	Business case received . Approved by SPMG subject to conditions.	£721,600	£500,000	44	0	0	0	30	22	0	0	0	0
Powering Up Enterprise <i>New Businesses starts: yr 1 - 50, yr 2- 80</i>	Business case received - currently being appraised	£4,295,000	£2,800,000	420	30	0	8,745	0	130	0	0	0	0
SEF C - Digital Skills Academy (South Staffs College)	Appraisal approach signed off by SPMG. Skills Capital Board will conduct full appraisal; independent	£1,213,775	£550,375	57	0	0	0	0	43	0	600	32	0
SEF F - Creative and Digital Industries project phase 2 (Stoke on Trent College)	Appraisal approach signed off by SPMG. Skills Capital Board will conduct full appraisal; independent	£349,658	£250,000	30	0	5	0	0	5	0	170	66	0
SEF H - Construction Industry Digital Technologies (CIDT) (Stoke on Trent College)	Appraisal approach signed off by SPMG. Skills Capital Board will conduct full appraisal; independent	£165,000	£120,000	60	0	1	0	0	5	0	0	50	0
Shire Hall regeneration project <i>Historic town centre building brought back into economic use. The new use for the Shire Hall would act as a catalyst for the regeneration of Stafford Town</i>	Business case received . Approved by SPMG subject to conditions	£2,000,000	£1,600,000	60	14	0	12,000	0	21	0	0	0	0
Staffordshire Local Sustainable Transport Package <i>AMAT predicts that 500 new users would save approximately 93 tonnes of CO2 over the 10 year appraisal period</i>	Business case received . Approved by SPMG subject to conditions	£859,000	£651,000	0	0	0	0	0	0	3.6	0	0	93 tonnes of CO2 over the 10 year appraisal period.
Revised Totals		£83,383,033	£23,510,875	901	44	6	23441	30	838	3.6	2000	648	93 tonnes

Report author: Sharon Palphreyman, SSLEP Programme Manager

Date: 10/11/2020

Strategic Programme Management Group**Tuesday 1 December 2020****Getting Building Fund: discharging project conditions:****Summary & Recommendations of the Chief Executive of the LEP****Overview**

1. The Shire Hall project and Staffordshire Local Sustainable Transport Package (LSTP) project were considered by SPMG at the 29 October 2020 meeting. The projects were recommended for approval pending the discharge of a number of conditions relating to outstanding queries associated with the business case appraisals and recommendations of the Chief Executive of the LEP.
2. The Shire Hall project will be progressed by means of a presentation by the project sponsor to SPMG to provide an overview of a more detailed risk register that has been produced, the dependencies of the Future High Street Fund on the project outputs and an update on the planning application process given the listed building status.
3. The LSTP project contained a condition to undertake a technical appraisal of the Benefit to Cost Ratio (BCR) often associated with transport schemes. Hatch Regeneris have provided a technical note that is attached to this agenda pack that indicates the project BCRs perform well.

Recommendations of the Chief Executive, Stoke-on-Trent & Staffordshire LEP**I recommend that:**

- a) SPMG business case approval is granted for the Shire Hall project following receipt and satisfaction of the LEP Secretariat in respect of the final risk register documents, letters of assurances associated with securing the necessary planning consents and alternative funding arrangements should Future High Street Fund not come forward in a timely fashion.
- b) SPMG business case approval is granted for the LSTF project for progression to the contract signing stage.

Contact Details

Report Commissioner: Mark Parkinson
Job Title: Chief Executive, SSLEP

Staffordshire Local Sustainable Transport Package: Assessment Update

Context

The Business Case assessment for the Staffordshire Local Sustainable Transport Package was completed in October 2020.

Against most assessment areas the project was considered suitable for GBF funding, however the Business Case did not include an assessment of the economic costs and benefits of the proposals and it was not possible to confirm that the scheme would deliver value for money – a requirement of SSLEP Assurance Framework.

In light of this, our Summary Paper submitted to SPMG **recommended the project for GBF subject to further evidence concerning the VFM of the scheme being provided ahead of SSLEP entering into a funding agreement.** Value for money in this sense would require evidence of a Benefit Cost Ratio in excess of 1.5:1.

Updated Recommendation

Sufficient evidence of the scheme value for money was submitted ahead of the SPMG meeting. Hatch were able to provide a verbal update at that session to confirm that we were satisfied with the approach adopted.

This Update Note provides sets out the basis of our verbal update and confirms that **the Business Case can now be assumed to satisfy the Assurance Framework and it would be appropriate for SSLEP to enter into a Funding Agreement with Staffordshire County Council** for this transport package.

Overview

Staffordshire County Council have provided an updated of the scheme value for money based on the Active Mode Appraisal Toolkit (AMAT) – a Green Book compliant approach for considering the benefits of active transport schemes.

Two of the larger elements of the transport package were assessed as having a combined monetised benefit of £3,962,810. This results in a very high value for money of those two elements of the transport package – achieving BCRs of 21.8:1 and 19.8:1.

The total public sector costs of the proposals is £859,000. Therefore, even if the other elements of the package achieved zero net economic benefits, the BCR for the overall programme would be 4.6:1 – which still represents very good value for money.

Given the relatively small levels of funding required for some elements of the transport package, we consider this to be a proportionate approach and are satisfied that the project will achieve value for money.

Strategic Programme Management Group**Tuesday 1 December 2020****Getting Building Fund project appraisals:****Summary & Recommendations of the Chief Executive of the LEP****Introduction**

1. The papers to support items 6b i, ii, and iii comprise business case appraisals or an explanatory note in respect the following three projects:
 - Item 6b (i) – i54 Western Extension, South Staffordshire
 - Item 6b (ii) – Powering Up Enterprise, Stoke-on-Trent
 - Item 6b (iii) – Skills Equipment Fund x 3 projects

Item 6 b (i) – i54 Western Extension, South Staffordshire

2. The technical appraisals undertaken by Hatch Regeneris provide a recommendation to the LEP Secretariat that the project is suitable for funding.
3. Hatch Regeneris have informed the LEP Secretariat that the submitted completed standard business case proformas are supported by the following appendices:
 - Funding Agreement with SSLEP
 - Economic Impact Statement
 - i54 Strategy Report Feb 2018
 - October 20 - Enquiry Schedule - i54 Western Extension (Confidential)
 - Risk Register
 - Joint Venture Terms of Reference
 - Breakdown of Forecast Spend
4. Should members of the SPMG wish to review copies of the business case proformas or supporting annexes in advance of the scheduled meeting, please contact the LEP Secretariat.

Item 6 b (ii) – Powering Up Enterprise, Stoke-on-Trent

5. The technical appraisals undertaken by Hatch Regeneris provide a recommendation to the LEP Secretariat that the project is suitable for funding, but with several caveats that need further consideration prior to contracting.
6. Hatch Regeneris have informed the LEP Secretariat that the submitted completed standard business case proformas are supported by the following appendices:

- Map of property locations
 - Project Plan for Smithfield Works
7. Should members of the SPMG wish to review copies of the business case proformas or supporting annexes in advance of the scheduled meeting, please contact the LEP Secretariat.

Item 6 b (iii) – Skills Equipment Fund x 3 projects

8. In line with the process agreed at the SPMG meeting of the 29th October 2020, Hatch Regeneris have not completed an assessment of each of the Skills Equipment Fund (SEF) applications as this will duplicate the work of the Staffordshire County Council Skills Capital Board (SCB).
9. Hatch Regeneris have reviewed the SCB paper and can confirm that the recommendations appear to be reasonable and the approach followed aligns with that set out in the previously agreed process. Hatch Regeneris endorse their recommendations on that basis to proceed with the three projects:
- Digital Skills Academy, Cannock and Tamworth (£550,375)
 - Creative & Digital Industries Project, Stoke-on-Trent (£250,000)
 - Digital & Construction Skills Project, Stoke-on-Trent (£120,000)
10. Should members of the SPMG wish to review copies of the SCB recommendations paper in advance of the scheduled meeting, please contact the LEP Secretariat.

Summary of the technical appraisals covered under Item 6 b

11. In respect of the i54 Western Extension, the Strategic, Commercial, Financial and Management Case aspects all score as 'High' with Economic Case aspects as 'Medium'. The Economic case considered by Hatch Regeneris concluded that the project has the potential to deliver good value for money, however further evidence could be provided by the applicant to demonstrate this – particularly the attribution to SSLEP funding. However, Hatch Regeneris do not consider this to be a major risk and have provided a score of 'medium' on this basis.
12. In respect of the Powering Up Enterprise project, all aspects of the business case score as 'Medium' with several caveats and qualifying comments that will require further submission of information prior to progressing the project to contract signing stage. This include:
- a) Confirmation of project objectives for monitoring and evaluation purposes.
 - b) Confirmation that scheme design will reflect local business needs.

- c) Milestones confirmed for the confirmed procurement arrangements and delivery of Phase 1.
 - d) Confirmation of milestones for confirming project costs (linked to detailed design) and arrangements should costs be higher than expected.
 - e) Milestones agreed for identification of a delivery team, completion of detailed design, and development of a premises specific risk registers.
 - f) Confirmation of monitoring and evaluation arrangements – particularly for Clayworks that will not be within the ownership of the applicant.
13. In respect of the Skills Equipment Fund x 3 projects, Hatch Regeneris endorse the recommendation of the Staffordshire County Council Skills Capital Board to proceed with the projects.

Recommendations of the Chief Executive, Stoke-on-Trent & Staffordshire LEP

I recommend that:

- a) SPMG business case approval is granted for the following projects without any further conditions:
 - i. i54 Western Extension
 - ii. SEF - Digital Skills Academy, Cannock and Tamworth
 - iii. SEF - Creative & Digital Industries Project
 - iv. SEF - Digital & Construction Skills Project
- b) SPMG business case approval is granted for the following project with the following condition(s) to be discharged prior to contracting:
 - i. Powering Up Enterprise:
 - The project sponsor submits the information listed in paragraph 12 a to f above to the LEP Secretariat for technical appraisal and reporting the findings back to the SPMG for final approval / discharge of conditions.

Reasons for Recommendations:

1. To ensure the SPMG discharge their responsibilities set out in the Assurance Framework.
2. To demonstrate to Central Government, that the LEP and its partners are capable are managing levels of project risk associated with short term policy interventions such as the Getting Building Fund, to help mitigate the economic impact of the Covid-19 pandemic.

Report Commissioner: Mark Parkinson
Job Title: Chief Executive, SSLEP

Business Case Assessment

Government expects an economic appraisal of a business case to be based on Green Book appraisal methods and take into account departmental specific guidance where appropriate e.g. DfT's WebTAG but where changes in land use is concerned, we would expect analysis consistent with the DCLG Appraisal Guide 2016. The DCLG Appraisal Guide states that interventions around the benefits of changes in land use should be measured using Land Value Uplift, rather than modelling based on jobs and GVA.

Project Name	i54 Western Extension – Plot Preparation and Servicing Works				
Reference					
State Aid (Has state aid compliance been demonstrated?).	The applicant states that the project is Compliant with State aid as no commercial entities are being directly supported by the grant. The grant will be used by public sector partners to provide site infrastructure to develop land which will then be released to competitive offers for developers from end users.				
Brief description of scheme.	<p>The proposed investment will unlock 60 acres land (40 acres developable) which will make up Phase 1 of the i54 Western Extension. The investment will provide part funding of plot preparation works and associated servicing to allow for end users to locate on the development site from early 2022.</p> <p>The enabled serviced land can accommodate a variety of end-user scenarios for B1a and B2 uses, ranging from a single occupier providing 93,500 sqm of employment space to multiple plots providing 77,000 of employment floorspace.</p> <p>The project was fully funded from commitments provided by SSLEP and Black Country LEP. The use of GBF would fall within the previously agreed SSLEP commitment and reduce the need for the scheme to be funded through business rate retention – freeing up future business rate revenues for alternative investments.</p>				
Total Project Cost =	£27,262,000	SSLEP request =	£8,388,000	Grant to capital ratio%	31%
Net GVA/Land Value Uplift/BCR =	Assessor estimates that 'good' VfM is likely	BCR / RoI/LVU=	LVU estimated as £9.9m	Period (years)=	n/a
Outputs	Output	Number*			
	New Business Floorspace	77,000 sqm*			
	Employment (Net, Direct)	1,200			
	Employment (Indirect)	500			
	* A range of floorspace outputs are presented by the applicant based on the end-configuration of the site – which depends on the end users. To ensure the robustness of the VfM assessment, the outputs presented above are based on the 'multiple plot' scenario which provides the lowest level of floorspace and outputs.				

Notes

1. Net GVA gives the value of the additional services and good produced resulting from the project (allowing for leakage, displacement and multiplier effects).
2. The assessment focuses on the benefit cost ratio which looks at the return for investment of the publicly funded investment. A BCR for transport schemes is not directly comparable to a BCR for other schemes.
3. The DCLG Appraisal Guide states that interventions around the benefits of changes in land use should be measured using Land Value Uplift, rather than modelling based on jobs and GVA.

<p>Strategic Case <i>The strategic case sets out the rationale for the proposal. It makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.</i></p>	
<p>Does the proposal support the SEP/LIS or other relevant strategy or plan?</p>	<p>Y</p> <p>The project will build on the joint venture arrangement between Staffordshire County Council and Wolverhampton City Council which has delivered the i54 development. The site is recognised as a priority Strategic Employment Site in the SSLEP SEP.</p> <p>The project also has the potential to provide accommodation for businesses operating in LIS priority sectors, including Applied Materials, Aero Auto, and Medical Technology – from which the applicant notes there is a strong base of economic activity at the existing i54 site.</p>
<p>Does the proposal clearly state which SEP/LIS objectives (or other relevant strategy or plan) are to be delivered? (State which)</p>	<p>Y</p> <p>The business case notes that the project will contribute to the following SEP objectives:</p> <ul style="list-style-type: none"> - Connected County: providing high quality employment sites suitable for the range of business types and sectors that SSLEP is aiming to develop, - Sector Growth: providing an opportunity to promote inward investment. The i54 site has a demonstrated success in attracting high profile companies. - Skilled workforce: the applicant notes the significant skills training opportunities provided by the existing i54 site which will be expanded by this project. <p>The project will also help to address some of the key challenges around productivity and skills levels identified in the SSLEP LIS.</p>
<p>Is the project specifically named in the SEP/LIS or other key plan / strategy?</p>	<p>Y</p> <p>The Western Expansion of i54 is not directly referenced, however the i54 is identified as a Priority Strategic Employment Site in the SEP and LIS.</p>
<p>Does the proposal clearly state what the objective(s) is/are in “SMART” terms? (Specific, Measurable (delivery / achievement can be objectively Monitored), Achievable, Relevant and Time constrained. If not, then is the objective clearly set out so that its achievement can be monitored? <i>(If it cannot be monitored the proposal cannot be judged as good value for money).</i>)</p>	<p>Y</p> <p>The overall objective of the project is to:</p> <ul style="list-style-type: none"> - Unlock the development of the 60 acre site making up the western expansion of the i54 <p>The business case does not specify further objectives, however there is a clear SMART contribution to employment and the wider economic contribution of the proposals are clear.</p>

	<p>In our view a set of concise SMART objectives could be confirmed with the applicant prior to entering into a funding agreement.</p>								
<p>Outputs <i>Should be based on net figures and applicants should attach additionality calculations allowing for leakage, displacement and multiplier effects.</i></p>									
<ul style="list-style-type: none"> - Are the net benefits/outputs clear? - Is there an independent professional valuation of the land? - Is the basis of the additionality calculation clear and considered appropriate? (Are benchmarks used, what evidence is provided to support the identified outputs?) - Are there genuinely unquantifiable costs and benefits associated with a proposal? If so does the proposal clearly explain why quantification cannot reasonably be made? - Are there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact. 	<p>Y</p> <table border="1" data-bbox="826 488 1422 629"> <thead> <tr> <th>Output</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>New Business Floorspace</td> <td>77,000-93,500 sqm</td> </tr> <tr> <td>Employment (Net, Direct)</td> <td>1,200</td> </tr> <tr> <td>Employment (Indirect)</td> <td>500</td> </tr> </tbody> </table> <p>The range of floorspace outputs presented above are based on the alternative scenarios for plots that could come forward on the enabled site. This compares to 100,000 sqm cited in the original GBF submission to government.</p> <p>The smaller floorspace is associated with a multiple plot layout and the higher figure is associated with a single plot scenario. We recommend that the lower figure is used in any funding agreement and that is the basis on which this assessment has been completed.</p> <p>In relation to jobs created, the figures presented above are at the upper end of the level estimated in a supporting independent economic impact statement. That report notes that, while the assessment of gross employment (as presented in the business case) is based on standard HCA employment densities, these are likely to overestimate like level of jobs accommodated for large modern industrial units (which are likely to be highly automated). It estimated that net direct employment is more likely to be in the range of 910 to 1,190 jobs. Indirect jobs are therefore likely to be in the range of 455 to 595.</p> <p>These jobs are still significant and are likely to represent value for money – however SSLEP may wish to adjust the level of employment outputs included in any future funding agreement.</p> <p>These outputs are dependent SSLEP funding, though not necessarily GBF, given existing commitments to fund the project. However, a reasonable case has been provided in the clarification response to justify the substitution of business rate retention funds for GBF – based on the potential to accelerate delivery and the ability to free up business rates for alternative uses in the future.</p>	Output	Number	New Business Floorspace	77,000-93,500 sqm	Employment (Net, Direct)	1,200	Employment (Indirect)	500
Output	Number								
New Business Floorspace	77,000-93,500 sqm								
Employment (Net, Direct)	1,200								
Employment (Indirect)	500								
<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Y</p>								

	<p>There are no dependencies regarding the delivery of the project – all packages of work will be procured by November 2020.</p> <p>The main dependency regarding the delivery of outputs relates to the potential disposal of sites and the end users. These are considered in the business case:</p> <ul style="list-style-type: none"> - Any disposal will be subject to the Joint Venture partners undertaking an assessment process to ensure that identified end users meet the economic and wider social value criteria expected. SSLEP may wish to confirm these arrangements (and the basis of the assessment) in the funding agreement. - The potential demand from end users is supported by a market assessment by JLL indicating that he proposals should be 'well received in the market'.
<p>Are the strategic risks clear?</p>	<p>Y</p> <p>The application is supported by detailed risk register which includes reasonable mitigations.</p> <p>The project is at an advanced stage of development and procurement is in place.</p>
<p>Are there any dependencies on this project and what impacts could they have on the project?</p>	<p>N</p> <p>The project is ready to proceed.</p>
<p>Are there any lessons learned from previous experience in this area (across the SSLEP area and wider) and if so how are these being applied? What best practice is being applied?</p>	<p>N</p> <p>No lessons learnt have been provided in the Business Case.</p>
<p>Has consultation taken place that supports the proposal?</p>	<p>Y</p> <p>The proposals have planning permission and have been agreed by the Cabinets of Staffordshire County Council and City of Wolverhampton in January 2019.</p> <p>The Business Case also set out the high level details of a community involvement and consultation exercise completed Feb-March 2018.</p>
<p>Are there clear stakeholders that are supporting the project?</p>	<p>Y</p> <p>The Business Case sets out that a broad range of relevant partners were involved in the options appraisal and are involved as Steering Group Members, potential anchor tenants or referral agencies. These include the LEP, Growth Hub, Borough and Town Councils, and the Chamber.</p>

Strategic Case Assessment Summary

High: *Strong strategic fit / supports SEP/LIS/Key Strategies and accelerates job creation, business investment and site development.*

- Schemes that are specifically mentioned in the SEP/LIS as strategically important and/or
- Genuinely transformational outputs at a scale to make significant impact sectorally / spatially.

Medium: *Good strategic fit. Project supports growth but lead to medium scale improvements/outputs.*

Low: *May have strong elements but overall case is weak e.g. unclear strategic fit, projects with strategic fit but leads to small scale improvements/outputs.*

High

There is a strong strategic rationale for these investment proposal and the links between the proposed activity and identified outputs are clear.

While the project is fully funded by SSLEP and Black County LEP, the rationale from SSLEP's perspective for seeking GBF is clear. There will also be some benefits to the project from accelerated delivery.

The Economic Case

The economic case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal. Ensure that the benefits of the development have been calculated in accordance with Green Book and Departmental Guidance e.g. Land Value Uplift – DCLG Appraisal Guidance 2016, DfT WebTAG.

Project Additionality / Cost Benefit Analysis

- Is the additionality and supporting documentation convincing?
- Do outputs represent value for money, based on previous projects and known benchmarks as applicable?

Yes

Additionality

The project is supported by an Economic Impact Statement which includes an assessment of additionality based on reasonable assumptions.

As noted above, the level of gross and net (direct) outputs may overstate the level likely to come forward, given the high level of automation that would be associated with potential occupiers.

The level of outputs remain significant, however SSLEP may wish to adjust the level of outputs proposed in the funding agreement to reflect the Economic Impact Assessment report. (1,300 gross jobs and 910 net (direct) jobs).

Value for Money

The Business Case sets out that land value uplift will be in the order of £9.9 million, which represents an acceptable value for money on the total SSLEP contribution. However, this is a financial assessment of potential land values and may understate the true economic benefits of the proposals.

Furthermore, the economic impact report states that the GVA associated with onsite employment is likely to be in the order of £90 million. While this is likely to overstate the net impacts (from the perspective of the MHCLG Appraisal Guide) we expect that the scheme has the potential to deliver good value for money based on standard assessment approaches.

<p>Options Analysis <i>Options analysis starts from a list of all reasonable alternatives including a <u>do nothing option</u> (the so called counterfactual) or if doing nothing is not possible a do minimum option.</i></p>	
<p>- Is it clear why the initial list of options has been reduced to the preferred option? - Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)?</p>	<p>Y A variety of options are set out for the site and a clear rationale is provided for the selection of the preferred option.</p>
<p>Is the rationale for choosing the preferred option clear? If the preferred option does not represent the best value for money of the options considered are the decisive factors that influenced the decision clear and justifiable?</p>	<p>Y See above – clear rationale for selecting the preferred option is provided.</p>
<p>Risk Management - Have all appropriate risks been considered? - Are the risk management arrangements credible, and are the risk management costs also built in? - Does the proposal identify the major risks that could impact on the economic case and contain appropriate mitigation?</p>	<p>Y A detailed risk register has been provided in support of the application (as part of the clarification process) which demonstrates that advanced stage of development. We also note that procurement is expected to complete for all work packages in November 2020. This should be confirmed with the applicant, however once complete this will help to mitigate a number of the key delivery risks. A clear overview of the strategic risks is set out in the Business Case.</p>
<p>Optimism Bias <i>Optimism bias decreases as the project firms up, risk management becomes more detailed and costs are firmed then</i></p>	
<p>- Does the proposal contain an allowance for Optimism Bias? - Is the level of optimism bias included sensible in relation to the stage reached in preparing the business case? - Has this been calculated?</p>	<p>No account has been taken of OB in the economic case by the applicant as 'contracts have been let and are well underway'.</p>
<p>Distributional Impacts - What % of project impacts are outside the SSLEP area and how has this figure been arrived at? - Does the project have different impacts on different sections of society/are there any re-distributional impacts?</p>	<p>The site is located within the SSLEP region, but close to the border with Black Country LEP areas, so there will be some leakage outside the region. The precise figure has not been estimated in the business case. However, the outputs accruing to the SSLEP region are likely to be significant given the overall scale of benefits.</p>

<p>Economic Case Assessment Summary High: Strong case across the board. High additionality. Alternate options identified / considered and preferred option logically identified. Risk management robust. Optimism bias clearly accounted for. Distributional impacts clear/which impacts will fall outside area. Land value uplift calculated and identified. General – BCR 10% above comparator data Transport – BCR higher than 2 Medium: Good strategic fit. Project supports growth but lead to medium scale improvements. General – BCR is within 10% of comparator data Transport – BCR higher than 1.5 - 2</p>

Low: Unclear strategic fit. Projects with strategic fit but lead to small scale improvements.
General – BCR is below 10% of comparator data
Transport – lower than 1.5

Medium

Based on the evidence provided, we are satisfied that the project has the potential to deliver good value for money, however further evidence could be provided by the applicant to demonstrate this – particularly the attribution to SSLEP funding. We do not consider this to be a major risk and have provided a score of ‘medium’ on this basis.

The selection of the preferred option is clearly set out and we have confidence over the additionality of outputs. However, please note, that the outputs reports in the Business Case are at the upper end of the range provided in the supporting Economic Impact Report, and SSLEP may wish to adjust the level included in any future funding agreement.

The Commercial Case

The commercial case is concerned with issues of commercial feasibility and sets out to answer the question “can the proposed solution be effectively delivered through a workable commercial deal or deals?” Has Land value uplift been calculated and accounted for – who benefits from the uplift?

Is the relationship with any private sector partners that will also deliver clear?	Y The project will be delivered through the Joint Venture arrangements similar to the existing i54 South Staffordshire Employment Site. The partners include Staffordshire County Council, City of Wolverhampton Council and South Staffordshire Council. All procurement is complete and the applicant has confirmed that contracts are underway at the time of this assessment.
Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds	Y Procurement is in line with SCC’s standard approaches (using their Framework’s where appropriate).
Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?	Y Procurement is complete and contracts are underway.
Are personnel / TUPE implications fully explained and addressed?	Not relevant to this assessment.
Are any in house costs clear and proportionate?	Y There are no in-house costs specified in the bid.
Who will own the assets after the project is completed?	The land will be sold to a developer or agent in the end use occupier market who will acquire the serviced plots and progress to construction and operation of the facilities. The disposal of development plots is made subject to a legal agreement which requires the acquiring body to undertake development within a prescribed period. The disposal of plots is also subject to the Joint Venture partners undertaking an assessment process to ensure that identified end users meet the economic and wider social value criteria.

	The process for capturing outputs will be consistent with the existing i54 project.
Does the risk assessment adequately consider and address any procurement risks?	Y No further procurement is required.

Commercial Case Assessment Summary

High: Strong case across the board. Procurement methodology is appropriate / robust with a full timescale. Asset ownership and management clear. Risk management effective. In house costs considered proportionate.

Medium: Overall the commercial case is well constructed and convincing. However, specific elements are not strong /require improvement.

Low: May have strong elements but overall case weak e.g. procurement methodology and timescale not clear, not clear on asset or risk management or in house costs considered disproportionate.

High

The project is at an advanced stage. Planning is secured, a joint venture partnership is in place and procurement is complete.

The project is supported by a detailed project plan. Contractor mobilisation is complete and the project is scheduled to complete in July 2021 – providing some scope for slippage in the GBF timescales.

The Financial Case

The financial case is concerned with issues of affordability, financial viability/sustainability and sources of budget funding. It covers the lifespan of the scheme and all attributable costs.

Are all the lifetime costs identified? i.e. anything obvious missing, any blank lines or provisional sums.	Y The site will be disposed to an operator once the project is complete.
Have all lifetime costs and issues of financial sustainability been fully considered	Y – see above
Has all the matched funding been secured or is there a funding gap?	Y The project has committed funding of up to £20 million from SSLEP and Black Country LEP. Since the initial funding commitment, efficiency savings have been made and the overall project budget has reduced to £27 million (from £38.5 million), This has reduced the ask from SSLEP and Black County LEP to £8.388 million each. The remaining funding will be from SSLEP Business Rate retention (£1.9 million) and borrowing funded by future capital receipts (£10.5 million). The Cabinets of Staffordshire County Council and City of Wolverhampton Council have agreed to use prudential borrowing for the 'cash flowing' of the i54 Western

	Extension project at their respective Cabinet meetings in January 2019.
Is the strategy for securing the funding package reasonable and appropriate?	Y- see above
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Y The costs have not been verified by the assessor, but are based on detailed design and a competitive procurement process. On this basis it is reasonable to consider that they deliver value for money. Furthermore the total cost has reduced significantly since the original proposal and funding request.
Has Land Value Uplift been calculated – has it been accounted for in the development appraisal – who gets the benefit – should SSLEP/Public Sector partners participate in uplift?	Y At a high level. The level of uplift is not sufficient to fund the infrastructure and future capital receipts have been considered in the funding mix.
Is the level of contingency appropriate?	Y All contractors have been procured. In clarification the applicant states that a contingency allowance of £1.081m has been made with an additional circa £3m allowance for utilities/services to the site. There are further allowances of circa £350k made for roads across the development plot and services across the development plot.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	N This is not specified in the business case.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y Ultimately any cost overrun will be the responsibility of the Joint Venture Partnership.
Are there any particular cost elements that are particularly price sensitive and could impact on the project viability if there is a significant change? (Price sensitivity)	N No such costs have been identified in the submission Not procurement is complete which minimises this risk.
Contingent liabilities - Does the proposal explain and estimate any contingent liabilities that may result from the proposal? - Does the project sponsor adequately explain how these will be managed and any costs met?	N This has not been considered in the submission
Monitoring and Evaluation - is there financial provision for monitoring and evaluation	Y Monitoring arrangements have been set out and are consistent with the existing i54 site. Given the proposed land disposal at the end of the project, it is essential that the approach is confirmed and built into the funding agreement.

Financial Case Assessment Summary

High: Strong case across the board. Costs basis strong (e.g. tenders / professionally estimated, full costs included including appropriate contingency), handling of liabilities clear, financial provision for monitoring and evaluation. Value for money against outputs clear. Lifetime costs assessed and financially viable.

Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.

Low: May have strong elements but overall case weak e.g. procurement methodology and timescale not clear. Not clear on asset or risk management. In house costs considered disproportionate.

High

Project is at an advance stage and the financial arrangements are clear and in place.

Procurement is complete, which mitigates a number of the more significant financial risks.

The Management Case

The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.

Is there a delivery plan with clear & detailed milestones?

Y

A detailed project plan is provided in the Business Case. Key dates include:

Contractor mobilisation	Complete
Spread topsoil	Dec 20
Pumping, utilities and drainage	Mar 21
Eastern Footway	Apr 21
Main Access Road	Apr 21
Contract Complete	July 21

Given the proposed end date, there is scope for slippage in the GBF programme period.

Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)

Y

The project will be delivered on the basis of Staffordshire County Council Project Management strategic process contained within the corporate toolkit and Prince II Project Management Principals.

Are risk management arrangements acceptable given the scale of the project?

- Is there an effective risk register with mitigating actions?
- Are there any risks which could have a disproportionate impact on the project?

Y

Detailed risk register provided with the submission.

Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)

Y

The Joint Venture partners are signatories to a Joint Venture agreement for the i54 site – which has been amended to include the Western Extension.

	<p>A Business Rates Retention and Distribution Collaboration Agreement has been agreed between South Staffordshire Council, Staffordshire County Council and City of Wolverhampton.</p> <p>The proposals for investment in the project by the local government joint venture partners have been agreed by the Cabinets of Staffordshire County Council and City of Wolverhampton in January 2019.</p>
<p>Evaluation - Are the evaluation proposals proportionate and acceptable? (Larger scale projects should be independently sourced) Do they accord with national LGF guidance issued by HMG?</p>	<p>Partially</p> <p>Arrangements are in place for the monitoring of outputs. Given the scale of total public investment, SSLEP may wish to explore more formal evaluation of the investment.</p>

Management Case Assessment Summary

High: Strong case across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered within proposed timescales. Evaluation appropriate and accords with national guidelines. Full approvals.

Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.

Low: May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.

High

Project management arrangements appear robust and appropriate.
A detailed risk register has been provided as part of the clarification process.
SSLEP may wish to explore more formal arrangements for evaluation.

Business Case Assessment Summary

Project Name	i54 Western Extension – Plot Preparation and Servicing Works
Reference	
Programme Management Team Assessment Summary	
<p>High: Strong case across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered within proposed timescales. Evaluation appropriate and accords with national guidelines. Full approvals.</p> <p>Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p>Low: May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.</p>	
Strategic Case	High
Economic	Medium
Commercial	High
Financial	High

Management	High		
Recommendation	The project is suitable for funding		
Assessor	Daniel Lindsay, Hatch	Date	18/11/20
Verification	Daniel Lindsay, Hatch	Date	18/11/20

To Be Completed After PAG/SPMG: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

To Be Completed After Executive Board: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

Business Case Assessment

Government expects an economic appraisal of a business case to be based on Green Book appraisal methods and take into account departmental specific guidance where appropriate e.g. DfT's WebTAG but where changes in land use is concerned, we would expect analysis consistent with the DCLG Appraisal Guide 2016. The DCLG Appraisal Guide states that interventions around the benefits of changes in land use should be measured using Land Value Uplift, rather than modelling based on jobs and GVA.

Project Name	Powering Up Enterprise				
Reference					
State Aid (Has state aid compliance been demonstrated?).	<p>The Business Case states that, while there is potential State aid for end users, the City Council (applicant) will structure the project and contractual terms to ensure that the end users do not accrue a benefit. The City Council will provide regular evidence that all state resources are passed to beneficiary companies and this will fall within each SME's de minimis allowance.</p> <p>SSLEP should reflect these arrangements in any future funding agreement.</p>				
Brief description of scheme.	<p>The project will fund the refurbishment of six premises within Stoke on Trent into new start-up / enterprise space.</p> <p>GBF will be used to undertake the capital works at each of the properties within the portfolio, including stripping out work and internal refurbishment, subdivisions as necessary, updating M&E in addition to property specific fit outs. At one of the sites (Clayworks) element of the GBF Programme will assist in the fit-out costs from shell and core to Cat B i.e. ready for operational managed workspace occupation.</p> <p>The premises will provide a combination of hot-desk, incubator space, and business space – a total of 8,745 sqm gross across all premises.</p>				
Total Project Cost =	£4,295,000	SSLEP request =	£2,800,000	Grant to capital ratio%	65%
Net GVA/Land Value Uplift/BCR =	Benefit Cost Ratio = 8:1	BCR / RoI/LVU=	Very Good VfM	Period (years)=	10
Outputs	Output	Number*			
	New Business Floorspace	8,745 sqm			
	New Business Created	130			
	Jobs Created / Safeguarded	420			
	Construction Jobs	30			

Notes

1. Net GVA gives the value of the additional services and good produced resulting from the project (allowing for leakage, displacement and multiplier effects).
2. The assessment focuses on the benefit cost ratio which looks at the return for investment of the publicly funded investment. A BCR for transport schemes is not directly comparable to a BCR for other schemes.
3. The DCLG Appraisal Guide states that interventions around the benefits of changes in land use should be measured using Land Value Uplift, rather than modelling based on jobs and GVA.

Strategic Case <i>The strategic case sets out the rationale for the proposal. It makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.</i>									
Does the proposal support the SEP/LIS or other relevant strategy or plan?	Y The SSLEP SEP recognises Stoke on Trent as a core city and recognises the need to support and enhance commercial activity in the city centre. Under Connected County the SEP also recognises the importance of investing in premise, including 'upgrading existing premises, which are not currently viable but are prioritised for employment use for other reasons'. The SEP also notes that the region is underperforming in enterprise with low rates of business start-ups.								
Does the proposal clearly state which SEP/LIS objectives (or other relevant strategy or plan) are to be delivered? (State which)	Y The project has the potential to contribute to the Place, Ideas, and Business Environment objectives of the LIS. It also supports the Stoke on Trend and start-up / enterprise led objectives of the SEP.								
Is the project specifically named in the SEP/LIS or other key plan / strategy?	N No specific reference in either document, but there is a strong rationale for supporting a project with these objectives.								
Does the proposal clearly state what the objective(s) is/are in "SMART" terms? (Specific, Measurable (delivery / achievement can be objectively Monitored), Achievable, Relevant and Time constrained. If not, then is the objective clearly set out so that its achievement can be monitored? <i>(If it cannot be monitored the proposal cannot be judged as good value for money).</i>)	Partially While the objectives are not clearly set out in the business case, there are a number of objectives that can be taken from the business case. These include: <ul style="list-style-type: none"> - Refurbishment of office spaces suitable for start-up enterprises - Business creation - Jobs creation SSLEP should confirm a core set of objectives with the applicant prior to entering into a funding agreement to aid the monitoring of the scheme.								
Outputs <i>Should be based on net figures and applicants should attach additionality calculations allowing for leakage, displacement and multiplier effects.</i>									
<ul style="list-style-type: none"> - Are the net benefits/outputs clear? - Is there an independent professional valuation of the land? - Is the basis of the additionality calculation clear and considered appropriate? (Are benchmarks used, what evidence is provided to support the identified outputs?) - Are there genuinely unquantifiable costs and benefits associated with a proposal? If so does the proposal clearly explain why quantification cannot reasonably be made? - Are there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact. 	Y <table border="1"> <tbody> <tr> <td>New Business Floorspace</td> <td>8,745 sqm</td> </tr> <tr> <td>New Business Created</td> <td>130</td> </tr> <tr> <td>Jobs Created / Safeguarded</td> <td>420</td> </tr> <tr> <td>Construction Jobs</td> <td>30</td> </tr> </tbody> </table> The gross outputs for the scheme are set out above. Further evidence of the rationale for these outputs has been provided in the clarification response and the	New Business Floorspace	8,745 sqm	New Business Created	130	Jobs Created / Safeguarded	420	Construction Jobs	30
New Business Floorspace	8,745 sqm								
New Business Created	130								
Jobs Created / Safeguarded	420								
Construction Jobs	30								

	<p>employment densities appear to be reasonable given the nature of provision proposed.</p> <p>While the applicant states that a value for money assessment has considered the additionality of these outputs (including deadweight and displacement), we understand that the figures above are gross. Given the level of investment sought, the level of outputs appear reasonable even allowing for significant additionality discounts.</p>
<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Y</p> <p>There are limited dependencies concerning project delivery. However, the projects are at an early stage of development and it will be necessary to assemble a delivery team, undertake a detailed analysis of each of the properties, and undergo procurement, before works on the premises can commence.</p> <p>Prior to entering into a funding agreement, SSLEP should be satisfied that suitable arrangements are in place to progress this work, including the identification of a delivery team.</p>
<p>Are the strategic risks clear?</p>	<p>Y</p> <p>Note above – projects are at an early stage of development and preliminary work is required on all but one of the premises. However, given the portfolio nature of the proposals it is likely that risks can be managed at a programme level.</p>
<p>Are there any dependencies on this project and what impacts could they have on the project?</p>	<p>N</p> <p>See above.</p>
<p>Are there any lessons learned from previous experience in this area (across the SSLEP area and wider) and if so how are these being applied? What best practice is being applied?</p>	<p>N</p> <p>No lessons learnt have been provided in the Business Case.</p>
<p>Has consultation taken place that supports the proposal?</p>	<p>N</p> <p>No consultation has taken place – the City Council note that this is not required as the site (with the exception of Clayworks) are in their ownership.</p> <p>However, the business case does provide evidence of market demand within the city and there is the potential for the detailed assessments of each property to consider the market requirements in greater detail.</p>
<p>Are there clear stakeholders that are supporting the project?</p>	<p>Y</p> <p>The only external stakeholder is Genr8 who will operate the Clayworks premises.</p>

<p>Strategic Case Assessment Summary</p> <p>High: <u>Strong strategic fit</u> / supports SEP/LIS/Key Strategies and accelerates job creation, business investment and site development.</p> <ul style="list-style-type: none"> - Schemes that are specifically mentioned in the SEP/LIS as strategically important and/or - Genuinely transformational outputs at a scale to make significant impact sectorally / spatially. <p>Medium: <u>Good strategic fit</u>. Project supports growth but lead to medium scale improvements/outputs.</p> <p>Low: May have strong elements but overall case is weak e.g. <u>unclear strategic fit</u>, projects with strategic fit but leads to small scale improvements/outputs.</p>	
<p>Medium</p> <p>Strong rationale for investments made in the business case. While identified outputs are strong given the scale of investment sought, these are gross impacts. However the net impacts and focus on start-up is likely to make a strong contribution to future enterprise in the city.</p> <p>Projects is at an early stage of development and as it progresses, we would expect to see further evidence regarding how they are designed to respond to local business and enterprise needs.</p>	
<p>The Economic Case</p> <p><i>The economic case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal. Ensure that the benefits of the development have been calculated in accordance with Green Book and Departmental Guidance e.g. Land Value Uplift – DCLG Appraisal Guidance 2016, DFT WebTAG.</i></p>	
<p>Project Additionality / Cost Benefit Analysis</p> <ul style="list-style-type: none"> - Is the additionality and supporting documentation convincing? - Do outputs represent value for money, based on previous projects and known benchmarks as applicable? 	<p>Partially</p> <p>The number of businesses supported and jobs created are considered to be gross. The applicant states that the project outputs are likely to be highly additional – however the assumptions have not been provided it is not possible to verify them.</p> <p>Given the description of the project, it is possible that reasonable levels of displacement could occur across the SSLEP region and a more detailed consideration should be provided regarding deadweight – considering whether sites are likely to remain vacant or whether space would be taken up by other businesses.</p> <p>However, while the level of additionality is unclear, the gross level of outputs are significant given the level of funding sought and value for money would be maintained even if large additionality discounts are applied. On this basis we are confident that the project has the potential to deliver value for money, however SSLEP should confirm the basis on which this can be monitored through the delivery of the project.</p>
<p>Options Analysis</p> <p><i>Options analysis starts from a list of all reasonable alternatives including a <u>do nothing option</u> (the so called counterfactual) or if doing nothing is not possible a do minimum option.</i></p>	
<ul style="list-style-type: none"> - Is it clear why the initial list of options has been reduced to the preferred option? - Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)? 	<p>Partially</p> <p>The preferred option is a portfolio approach of properties. To some extent this is based on accommodation that is available for refurbishment.</p>

	Alternative options are set out at a high level, which provide some justification for the preferred option.
Is the rationale for choosing the preferred option clear? If the preferred option does not represent the best value for money of the options considered are the decisive factors that influenced the decision clear and justifiable?	Partially See above – further evidence could be provided to set out the economic value of alternative options.
Risk Management - Have all appropriate risks been considered? - Are the risk management arrangements credible, and are the risk management costs also built in? - Does the proposal identify the major risks that could impact on the economic case and contain appropriate mitigation?	Y A high level risk register has been provided which sets out the strategic delivery risks. As the project is at an early stage of development, there will be a number of uncertainties affecting delivery, however the portfolio nature of the proposals should help to manage this to some extent. (see recommendations in the commercial case). The risks to the economic assessment appear manageable.
Optimism Bias <i>Optimism bias decreases as the project firms up, risk management becomes more detailed and costs are firmed then</i>	
- Does the proposal contain an allowance for Optimism Bias? - Is the level of optimism bias included sensible in relation to the stage reached in preparing the business case? - Has this been calculated?	Optimism Bias has not been considered, however this is not expected to have a significant impact on the economic assessment.
Distributional Impacts - What % of project impacts are outside the SSLEP area and how has this figure been arrived at? - Does the project have different impacts on different sections of society/are there any re-distributional impacts?	Not specified in the Business Case, but the benefits are expected to accrue to the SSLEP Region.

Economic Case Assessment Summary

High: Strong case across the board. High additionality. Alternate options identified / considered and preferred option logically identified. Risk management robust. Optimism bias clearly accounted for. Distributional impacts clear/which impacts will fall outside area. Land value uplift calculated and identified.

General – BCR 10% above comparator data
Transport – BCR higher than 2

Medium: Good strategic fit. Project supports growth but lead to medium scale improvements.

General – BCR is within 10% of comparator data
Transport – BCR higher than 1.5 - 2

Low: Unclear strategic fit. Projects with strategic fit but lead to small scale improvements.

General – BCR is below 10% of comparator data
Transport – lower than 1.5

Medium

While the Business Case is set out at a high level, sufficient evidence has been provided (including in the clarification responses) to provide assurances that the project can deliver good value for money.

This relies on at least some of the sites remaining vacant for the foreseeable future and the City Council have provided supporting evidence that supports this assertion. While the net outputs may be overstated, good VfM can be sustained with considerable discounts to the headline outputs.

The Commercial Case

The commercial case is concerned with issues of commercial feasibility and sets out to answer the question “can the proposed solution be effectively delivered through a workable commercial deal or deals?” Has Land value uplift been calculated and accounted for – who benefits from the uplift?

<p>Is the relationship with any private sector partners that will also deliver clear?</p>	<p>Y</p> <p>The primary private partner is Genr8 which will oversee the Clayworks enterprise space.</p> <p>Genr8 are the private sector developers delivering Smithfield Works. Genr8 owns (via a long leasehold interest) the premises initially proposed to be used for Smithfield Works (Clayworks Lower ground/ground floor). Genr8 will be responsible for the delivery of Smithfield works in an investor, development management/project manager capacity and will operate Smithfield Works. OBI, a privately owned Manchester based office agency and Mounsey Surveyors, an independent property consultancy based in Stoke-on-Trent, will be the joint marketing agents for the managed office space at Smithfield Works.</p>
<p>Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds</p>	<p>Y</p> <p>Any City Council procurement will adhere to the City Council’s standing orders and governance standards. It is not proposed to impose any procurement requirements upon Genr8 and that they will utilise this ‘normal’ process for procuring delivery, both in terms of any professional services as well as the capital contract itself.</p> <p>The City Council state that advice will be sought early on regarding how best to package up the procurement contracts.</p>
<p>Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?</p>	<p>N</p> <p>A detailed programme is not available at this stage. The city council state that they have ‘<i>an internal procurement team able to aid the drafting and tendering of relevant tenders and contracts. Phase 1 will consist of commissioning professional services to develop designs, specifications and costs for each of the properties. A costing plan and spend profile will be forwarded to the LEP once finalised so as to initially confirm the total costs for each property within the portfolio, and secondly provide the necessary milestone</i></p>

	<p><i>and defrayment information which demonstrates that the schemes can be delivered by the March 2022 deadline.'</i></p> <p>Clear milestones for the delivery of Phase 1 should be confirmed by SSLEP as a condition of any funding agreement.</p>
Are personnel / TUPE implications fully explained and addressed?	Not relevant to this assessment.
Are any in house costs clear and proportionate?	<p>N</p> <p>The project will generate revenue.</p> <p>A very high level Commercial Feasibility and Sustainability assessment is provided in the Business Case which indicates that the centres will breakeven with a 60% occupancy rate. Given the level of supporting evidence, it has not been possible to verify these assumptions.</p>
Who will own the assets after the project is completed?	Stoke on Trent City Council will own 5 of the premises. Genr8 will own and operate Clay House.
Does the risk assessment adequately consider and address any procurement risks?	<p>Partially</p> <p>If projects costs are higher than expected, the City Council indicate that this will be managed through: (i) balancing costs across the portfolio of premises, and (ii) reducing the proposed spec to bring costs in line with expectations.</p>

Commercial Case Assessment Summary

High: Strong case across the board. Procurement methodology is appropriate / robust with a full timescale. Asset ownership and management clear. Risk management effective. In house costs considered proportionate.

Medium: Overall the commercial case is well constructed and convincing. However, specific elements are not strong /require improvement.

Low: May have strong elements but overall case weak e.g. procurement methodology and timescale not clear, not clear on asset or risk management or in house costs considered disproportionate.

Medium

The project is at an early stage of development and many of the commercial arrangements (notably in relation to procurement) are to be confirmed.

However, the portfolio nature of the proposals should aid the management of risk and, as part of the clarification process, the applicant has set out the approach for taking this work forwards. SSLEP should confirm clear interim milestones with the applicant to ensure that this work is delivered in line with the GBF programme and defrayal of funding should be dependent on detailed assessments of each property being in place and evidence of a formal procurement process.

The Financial Case

The financial case is concerned with issues of affordability, financial viability/sustainability and sources of budget funding. It covers the lifespan of the scheme and all attributable costs.

Are all the lifetime costs identified? i.e. anything obvious missing, any blank lines or provisional sums.

Y

	A very high level Commercial Feasibility and Sustainability assessment is provided in the Business Case which indicates that the centres will breakeven with a 60% occupancy rate. Given the level of supporting evidence, it has not been possible to verify these assumptions.
Have all lifetime costs and issues of financial sustainability been fully considered	Y – see above
Has all the matched funding been secured or is there a funding gap?	Y Match funding from SoTCC and Genr8 is confirmed at this stage. It should be noted that part of the private sector match relates to operational costs and SSLEP should confirm whether this is considered acceptable match for the purposes of GBF.
Is the strategy for securing the funding package reasonable and appropriate?	Y- see above
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Partially Detailed cost breakdowns are not provided and it has not been possible to verify the level of costs assumed. However, the City Council state that estimates are based on the following: <ul style="list-style-type: none"> - Clayworks: fully costed specification - Spode: Older detailed cost estimate, uprated for inflation - Smithfield: costs are informed by advice from office agents, cost consultants, and advice from a fit out contractor. Other site costs are estimated on a cost per sqf basis drawing on cost data from the sites listed above. This assumption has not been provided in the business case or clarification responses.
Has Land Value Uplift been calculated – has it been accounted for in the development appraisal – who gets the benefit – should SSLEP/Public Sector partners participate in uplift?	N/A
Is the level of contingency appropriate?	Y The City Council indicate that contingency of 10% has been assumed.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	N This is not specified in the business case.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y

	In the clarification response the City Council state that they will ultimately fund any additional cost if the overrun fall outside the contingency level and it is not possible to value engineer the proposals.
Are there any particular cost elements that are particularly price sensitive and could impact on the project viability if there is a significant change? (Price sensitivity)	Partially The applicant notes that <i>unknown costs will be clarified as part of Phase 1.</i> <i>Spode and Longton Town Hall are heritage buildings and although both are well understood by the City Council it has to be accepted that there can be unforeseen costs that emerge when refurbishing buildings of this nature. In the main, due to past work and maintenance, the majority to the works will be focussed on internal fit out rather than any structural works or works associated with any external aesthetics.</i>
Contingent liabilities - Does the proposal explain and estimate any contingent liabilities that may result from the proposal? - Does the project sponsor adequately explain how these will be managed and any costs met?	N This has not been considered in the submission
Monitoring and Evaluation - is there financial provision for monitoring and evaluation	N A reference is made to further evaluation of the projects (in relation to match funding) but the approach is not set out. This should be confirmed with SSLEP – including the requirement to monitor the outputs associated with Claywork (operated by Genr8).

Financial Case Assessment Summary

High: Strong case across the board. Costs basis strong (e.g. tenders / professionally estimated, full costs included including appropriate contingency), handling of liabilities clear, financial provision for monitoring and evaluation. Value for money against outputs clear. Lifetime costs assessed and financially viable.

Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.

Low: May have strong elements but overall case weak e.g. procurement methodology and timescale not clear. Not clear on asset or risk management. In house costs considered disproportionate.

Medium

Premises are at different stages of development and the majority only have high level assessments. The applicant has provided some further detail in the clarification responses and indicated which premises are at a more advance stage of development.

The portfolio approach will provide some means of mitigating financial risk in the programme, however this may impact on the delivery of outputs (for example if some sites do not come forward or come forward in a constrained way).

While the financial risks may be manageable over the programme, SSLEP should agree interim milestones for the further development of the proposals as a condition of any future funding agreement and ensure that there is greater certainty over costs linked to a clear delivery plan and procurement strategy before funding is defrayed.

The Management Case <i>The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.</i>	
Is there a delivery plan with clear & detailed milestones?	<p>Partially</p> <p>The delivery timetable is set out at a very high level. A clearer delivery plan with interim milestones should be provided to SSLEP as a condition of any future funding agreement.</p> <p>Note also that some private sector match funding will continue beyond March 2022. This has been confirmed as acceptable by SSLEP and BEIS.</p>
Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)	<p>Y</p> <p>The project will be delivered by the Internal Property Team drawing on City Council Processes. Given the nature of the proposals, this approach is reasonable.</p> <p>Genr8 will deliver Clayworks, but overseen by the City Council. SSLEP should confirm how this will work in practice and how issues concerning delivery will be managed between the three parties. For example, will SoTCC act as the accountable body for this funding?</p>
<p>Are risk management arrangements acceptable given the scale of the project?</p> <p>- Is there an effective risk register with mitigating actions?</p> <p>- Are there any risks which could have a disproportionate impact on the project?</p>	<p>Partially</p> <p>A high level risk register is provided in the Business Case and some further risks are acknowledged in the clarification responses.</p> <p>As detailed plans are worked up for each premises, SoTCC should provide SSLEP with a detailed update on programme and site level risks.</p>
Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)	<p>Y</p> <p>The city council has confirmed in the clarification process that relevant approvals from the Cabinet Committee are in place.</p>
<p>Evaluation -</p> <p>Are the evaluation proposals proportionate and acceptable? (Larger scale projects should be independently sourced)</p> <p>Do they accord with national LGF guidance issued by HMG?</p>	<p>No</p> <p>See above- arrangements for evaluation are to be confirmed.</p>

<p>Management Case Assessment Summary</p> <p>High: Strong case across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered within proposed timescales. Evaluation appropriate and accords with national guidelines. Full approvals.</p> <p>Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p>Low: May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.</p>
<p>Medium</p> <p>Level of evidence is proportionate given the stage of development and nature of the proposals, however the applicant should provide a detailed delivery plan, programme and site level risk assessments, and an evaluation plan as a condition of any future funding agreement.</p>

Business Case Assessment Summary

Project Name	Powering Up Enterprise		
Reference			
Programme Management Team Assessment Summary			
<p>High: Strong case across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered within proposed timescales. Evaluation appropriate and accords with national guidelines. Full approvals.</p> <p>Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p>Low: May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.</p>			
Strategic Case	Medium, subject to: <ul style="list-style-type: none"> - Confirmation of project objectives for monitoring and evaluation purposes - Confirmation that scheme design will reflect local business needs. 		
Economic	Medium		
Commercial	Medium, subject to: <ul style="list-style-type: none"> - Milestones confirmed for the confirmed procurement arrangements and delivery of Phase 1. 		
Financial	Medium, subject to: <ul style="list-style-type: none"> - Confirmation of milestones for confirming project costs (linked to detailed design) and arrangements should costs be higher than expected. 		
Management	Medium, subject to: <ul style="list-style-type: none"> - Milestones agreed for identification of a delivery team, completion of detailed design, and development of a premises specific risk registers. - Confirmation of monitoring and evaluation arrangements – particularly for Clayworks that will not be within the ownership of the applicant. 		
Recommendation	The project is suitable for funding subject to the conditions specified above.		
Assessor	Daniel Lindsay, Hatch	Date	18/11/20
Verification	Daniel Lindsay, Hatch	Date	24/11/20

To Be Completed After PAG/SPMG: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

To Be Completed After Executive Board: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

Staffordshire Skills Capital Fund: Update

Context

In October 2020, Hatch assessed the Business Case for the Staffordshire Skill Equipment Fund provided by Staffordshire County Council.

The Business Case set out the approach for delivering a programme of investment using Getting Building Fund, in line with the approach previously adopted for LGF and subsequently agreed with the Cities and Local Growth Unit.

Our assessment considered the approach set out by SCC to be consistent with the approach adopted for other GBF investments and in line with SSLEP's Assurance Framework. The Fund was recommended on this this basis, however in our covering per we also recommended that **the Skills Capital Board recommendations are reviewed by Hatch to confirm that they align to the programme level assessment. Hatch can provide a covering note to SPMG to confirm this. This can be considered at the December SPMG.**

Update

In line with our previous recommendations Hatch have not completed an assessment of each of the SEF applications as this will duplicate the work of the SCC Skills Capital Board.

However, we have had the opportunity to review the Skills Capital Board recommendations paper and can confirm that the recommendations appear to be reasonable and the approach followed aligns with that set out in our recommendations paper. Based on the evidence provided, **the conclusions of the SCB appear reasonable and we are happy to endorse their recommendation on that basis.**

Strategic Programme Management Group

Tuesday 1 December 2020

Getting Building Fund:
Prioritised Project List and Contingency Project Updates

Introduction

1. A summary of the status of the prioritised project list prior to this SPMG meeting is presented as Figure 1.

Figure 1: Getting Building Fund prioritised list status update

LEP Ref No.	Description	Business case submitted	Appraisal complete	Approved by SPMG	Contract Signed	Delivery underway #1
2	Innovation Centre Seven Newcastle-under-Lyme (£6.1M)	●	●	●	●	
6	Health Innovation Centre Stafford (£2.89M)	●	●	●	●	
3	New Enterprise Collaboratory Stoke-on-Trent (£500,000)	●	●	◐		
10	Shire Hall Regeneration Project Stafford (£1.6M)	●	●	◐		
11	Staffordshire Local Sustainable Transport Package (£651,000)	●	●	◐		
7	Skills Equipment Fund Digital Skills Academy, Cannock and Tamworth (£550,375)	●	●			
8	Skills Equipment Fund Creative & Digital Industries Pjct, Stoke-on-Trent (£250,000)	●	●			
9	Skills Equipment Fund Digital & Construction Skills Pjct, Stoke-on-Trent (£120,000)	●	●			
4	'Powering Up Enterprise' Stoke-on-Trent (£2.8M)	●	●			
5	I54 Western Extension South Staffordshire (£3M)	●	●			
1	Drakelow Park Burton-upon-Trent (£5.05M)					
12	Corporation Street, Enterprise Centre Tamworth (£190,000)	N/A	N/A	N/A	N/A	N/A

#1 Onsite construction type activity (not project management/authorisations/licencing, etc)

2. The Corporation Street, Enterprise Centre project (Ref no.12 in Table 1) has been withdrawn by the applicant after they secured alternative arrangements/funding for the project. The Secretariat has subsequently been in dialogue with MHCLG

regarding the change process to reallocate the funding to other projects on the LEPs Contingency List. The change process is explained in a separate item on this agenda (Item 8).

3. A summary of the status of the contingency project list prior to this SPMG meeting is presented as Figure 2.

Figure 2: Getting Building Fund contingency list status update (ranked by cost £)

LEP Ref No.	Description	Grant Ask/ Cost £	Business case submitted	Appraisal complete	Approved by SPMG
13	PM Training – Cleveland Future Skills Hub (£1,000,000)	£1M	 #1		
14	East Gate Regeneration Stafford (£695,000)	£695K			
15	Cornhill Enterprise Centres Leek, Staffordshire Moorlands (£575,000)	£575K			
16	Church Street Gaming Hub Stoke-on-Trent (£450,000)	£450K			
17	Gigabit Voucher Scheme Stoke-on-Trent (£450,000)	£450K			
18	Skills Equipment Fund JCB (£173,000)	£173K			
19	Four Ashes Enterprise Centre South Staffordshire	Withdrawn			

#1 Proposed to be moved from original Skills Equipment Fund classification to the general contingency list after initial assessment

4. Only one of the projects (No.18 in Table 2) fits within the unallocated grant funding of £190,000 following the withdrawn scheme (See Table 1).

Report Commissioner: Mark Parkinson
Job Title: Chief Executive, SSLEP

Strategic Programme Management Group**Tuesday 1 December 2020****Getting Building Fund:****MHCLG Project Change Request Process****Overview**

1. The LEP Secretariat are in dialogue with the Communities and Local Government Unit (CLGU) to understand their emerging project change request process. Details are still being worked up, but based on the LEP Secretariat previous experiences, we can speculate that it may involve:
 - **The change request process:** Should a project drop out of the GBF programme, each institution will need to complete a change request form, documenting the details of the project no longer being supported and providing details of the project they propose to substitute with.
 - **The level of change:** this is likely to require notification to the CLGU through a standard proforma change request form.
 - **Dealing with matters of significant changes to the original project specification:** LEPs would need to discuss with their Accountable Bodies what constitutes as significant change and viewed in line with their own risk frameworks.
 - **Substitution of a different project for the one currently earmarked for funding:** this will generally be acceptable if it was on the original GBF list that was submitted in July. There will be the requirement to complete a change request form and forward to CLGU for the requisite approvals. The LEP produced a contingency list which would meet these criteria. The Skills Equipment Fund is an example of a wider 'approved' programme which could make it easier to bring in specific new projects.
 - **Exceptional circumstances:** it may be possible for the LEP to substitute a project that wasn't on the original submission list if it is demonstrable that it is a vitally strategic project that meets the parameters / criteria and is deliverable in line with the timings of the GBF.

Report Commissioner: Mark Parkinson**Job Title:** Chief Executive, SSLEP

Strategic Programme Management Group**Tuesday 1 December 2020****Getting Building Fund:****Approach for reassigning funding to contingency projects****Introduction**

1. Details relating to the Getting Building Fund (GBF) project updates (including contingency projects) and the change request process set out by the funding sponsor (MHCLG) are provided in Item 7 and Item 8 of this meeting agenda pack.
2. The withdrawal of a project due to it successfully attracting alternative private sector funding has provided the opportunity to reallocate up to £190K to a project on the GBF contingency list.

Options

3. It is considered that the SPMG have four main options on how to proceed;
 - Option A: Allocate the funding to the only project on the contingency list that broadly matches the grant allocation (i.e. Skills Equipment Fund, JCB).
 - Option B: Invite the promoters of the six contingency projects to advise them of the potential availability of grant of up to £190K; and to ascertain if they wish to accept a reduced GBF grant to deliver the outputs set out in their original submission.
 - Option C: Rerun some form of new mini-competition for the funding, although given the timescales involved with GBF and the value of the grant on offer, this is likely to present a challenging proposition to administer and reputational risk will need further consideration.
 - Option D: Review again in January 2021 when SPMG will have more clarity over the progress around contracting milestones for the other GBF projects. This will mean SPMG can be satisfied there is a low risk of other projects declaring an underspend that could have otherwise funded other projects on the contingency list.

Recommendations of the Chief Executive, Stoke-on-Trent & Staffordshire LEP**I recommend Option B in that:**

4. The LEP Secretariat formally write to the promoters of the remaining six contingency projects to advise them of the potential availability of grant of up to £190K; and to ascertain if they wish to accept a reduced GBF grant to deliver the outputs set out in their original submission. A response will be requested within 15 days to enable

Hatch Regeneris to undertake technical appraisals and make recommendation to the SPMG at a target meeting for January 2020.

5. This approach would also allow Option D to be considered by SPMG in January 2021.

Report Commissioner: Mark Parkinson
Job Title: Chief Executive, SSLEP

Strategic Programme Management Group**Tuesday 1 December 2020****Local Growth Fund update****Summary & Recommendations of the Chief Executive of the LEP****Introduction**

1. The following three schemes were considered by the SPMG at the 29th October 2020 meeting and it was resolved that formal notifications were to be made by the LEP Secretariat to the scheme promoters to demonstrate that their projects were deliverable, or the Local Growth Fund grant funding allocations would be withdrawn:
 - i. Blythe Park Extension, Cresswell, Staffordshire Moorlands
 - ii. Stoke Station Power Upgrade, Stoke-on-Trent
 - iii. Stoke Town Centre Flood Alleviation, Stoke-on-Trent
2. In addition, the following scheme has been subject to a delayed spend profile and highlighted at the Executive Board on the 19th by the Audit & Finance Committee Chair:
 - iv. City East Link Road, Stoke-on-Trent

Blythe Park, Cresswell, Staffordshire Moorlands

3. Following the issue of the formal notification, there has been an intensive series of meetings between the legal teams of the developer and local highways authority to resolve the outstanding S278 planning condition matters and enter into a contract with the SSLEP for delivery of the scheme by financial year end. The LEP Secretariat have been party to some of these discussions and it is considered that there is still a reasonable prospect of a positive resolution.
4. It is considered that these final negotiations should be allowed to run their course over the next few weeks and that a final recommendation report is brought back to SPMG in January 2020 with a resolution to withdraw and reallocate the offer of LGF grant funding if the contract and assurances are not in place by then.

Stoke Station Power Upgrade, Stoke-on-Trent

5. Following the issue of the formal notification, there has been an intensive series of meetings between the legal teams of the developer and LEP Accountable Body (Staffordshire County Council) to resolve the outstanding matters and enter into a contract with the SSLEP for delivery of the scheme by financial year end. The LEP

Secretariat have been party to some of these discussions and is very close to a positive conclusion.

6. It is considered that these negotiations should be allowed to run their course over the next few days and that a final recommendation report is brought back to SPMG in January 2020 with a resolution to withdraw and reallocate the offer of LGF grant funding if the contract and assurances are not in place by then.

Stoke Town Centre Flood Alleviation, Stoke-on-Trent

7. Following the update and discussion with the Environment Agency (and scheme sponsor/accountable body in Stoke-on-Trent City Council) at the SPMG meeting of the 29th October 2020, a suite of project documents have recently been provided to the LEP Secretariat that set out a revised project schedule and spend profile.
8. The project schedule includes two (of several) key milestones before the engineering work can commence on site. These include undertaking an intrusive geo-environmental/technical site investigation and submission of a planning application to the Local Planning Authority before 15th December 2020.
9. It is considered that the LEP Secretariat monitor progress on these two key project milestones and that a recommendation report is brought back to SPMG in January 2020 with a resolution to withdraw and reallocate the offer of LGF grant funding if sufficient reassurances are not in place by then.

City East Link Road, Stoke-on-Trent

10. The project is underway and is a complex scheme involving land assembly and phasing arrangements. A revised spend profile is required to demonstrate to the SPMG that the LGF grant funding will be drawn down before the end of the financial year and appropriate contract amendments are in place to reflect this.
11. The LGF funding cannot be extended past the end of the financial year and it is recommended that that this position is reiterated by issuing a letter from the LEP Secretariat to provide a clear audit trail between the LEP, Accountable Body and project sponsor. The letter will explain that the revised spend profile and supporting project management documentation will need to be provided by the 15th December 2020.
12. It is recommended that an update report is brought back to the SPMG meeting scheduled for the 11th January 2020, with a resolution to withdraw and reallocate the offer of LGF grant funding if sufficient reassurances are not in place by then.

Recommendations of the Chief Executive, Stoke-on-Trent & Staffordshire LEP

I recommend that:

- a) SPMG postpone the withdrawal and reallocation of LGF grant funding until further consideration of the SPMG meeting in January 2020, with specific requirements to:
 - i. Blythe Park: Funding agreement contract signed with LEP and appropriate delivery reassurances (i.e. project schedules, partner commitments).
 - ii. Stoke Station Power Upgrade: Funding agreement contract signed with LEP.
 - iii. Stoke Town Centre Flood Alleviation: Evidence that the Intrusive Ground Investigation and Planning Application is submitted to the Local Planning Authority before 15th December 2020.
 - iv. City East Link Road, Stoke-on-Trent: a letter is issued by the LEP Secretariat to the project sponsor setting out the date of the 15th December 2020 to submit the updated spend profile and supporting project management documents that outline specific site activity/works. In addition, the necessary LGF grant contract amendments will have been advanced.

Reasons for Recommendations:

1. To ensure the SPMG discharge their responsibilities set out in the Assurance Framework.
2. To demonstrate to Central Government, that the LEP and its partners are capable are managing levels of project risk associated with medium term policy interventions such as the Local Growth Fund, to help deliver the ambitions of the LEPs Strategic Economic Plan.

Contact Details

Report Commissioner: Mark Parkinson
Job Title: Chief Executive, SSLEP