

**Report to:** Place Scrutiny Committee

**Date of meeting:** 30 September 2022

**By:** Director of Communities, Economy and Transport

**Title:** Project development to support economic growth and regeneration activity in East Sussex.

**Purpose:** To set out the principles and processes applied to project development, selection, governance, management and the ongoing development of a pipeline of project proposals within the Economic Development, Skills and Infrastructure service.

---

**RECOMMENDATIONS:**

- (1) Note the reports contents on the principles and processes applied to project development, selection, governance, management and development of pipeline projects;**
  - (2) Consider the proposal for the Place Scrutiny Committee to receive information on the various externally funded economic growth programmes subsequent to the benefits realisation stage of the programme; and**
  - (3) Note the technical expertise established within the Economic Development, Skills and Infrastructure service which underpins the process for pipeline development and securing external funding enabling the County Council to maximise external investment into the county.**
- 

## **1 Background Information**

1.1. The purpose of this report is to provide the Place Scrutiny Committee with an overview of how economic development projects in the Economic Development, Skills and Infrastructure service, which sits within the Communities, Economy and Transport (CET) directorate, are developed and selected for available funding streams. The report explains what governance practices and processes are put in place to manage, monitor, and measure those outcomes and successes to help inform future activity. In addition, Place Scrutiny Committee have asked how the County Council could develop a pipeline of projects ready for when any new funding becomes available.

1.2. Given the array of projects and programmes covered over many years within this service, this report will mainly focus on examples of how larger major capital investment projects are selected and monitored - many of which having secured external funding through the South East Local Enterprise Partnership (SELEP). The report will also touch on recent revenue-based community renewal projects which the County Council monitors on behalf of the Government Department for Levelling Up, Housing and Communities (DLUHC).

1.3. Over the last ten years East Sussex County Council has been successful in securing in the region of £130m of external capital funding investment from the SELEP. This major investment clearly demonstrates the positive steps taken to consistently meet the Council's two key core priorities of driving sustainable economic growth in East Sussex and making best use of resources now and in the future. Moreover, this has met collective strategic priorities agreed through the County Council's Local Transport Plan (2011 – 2026), the East Sussex Growth Strategy (2014-2020) and more recently the East Sussex Economy Recovery Plan (2020-2022) having successfully implemented programmes and projects with partners that have directly improved local communities and places, skills and the economy in East Sussex.

1.4. Securing just this level of investment would not be possible, were it not for the way in which the County Council identifies, develops, selects, governs and manages economic development projects and programmes. The service benefits from highly knowledgeable, experienced, and skilled technical experts with a proven performance record in developing and delivering business support and economic development, infrastructure, culture, tourism and skills projects and programmes in East Sussex. Through this technical expertise the service has not only been able to consistently maximise strategic partnerships to support investment, but also maintain a level of governance oversight and accountability throughout each project/programme lifecycle, to ensure that core outputs are being delivered and the impacts/outcomes of projects and programmes are being realised once they complete.

1.5. Since 2014 the County Council has also played a pivotal role as the Local Accountable Body (LAB) within the East Sussex area, providing support to the SELEP's Federated structure with Team East Sussex (TES) acting as the de facto local economic growth board for East Sussex. The County Council's role has been to secure and oversee the management and delivery of the funding from various SELEP funded growth programmes, such as the Local Growth Fund (LGF), Growing Places Fund (GPF) and Getting Building Fund (GBF).

1.6. The County Council also develops and continuously improves its own internal governance practices and processes when overseeing open funding calls and monitoring of the East Sussex SELEP funded projects and programmes. The remaining sections of this report provide some examples of what those practices and processes look like, the improvements that have been made to strengthen these measures, leading to the resulting benefits, outcomes, and successes that have occurred when pursuing new external funding streams. In addition, the report explains how the County Council develops a pipeline of projects ready for when any new funding becomes available.

## **2 Supporting Information**

### ***Project Identification, governance, monitoring and evaluation***

2.1 The County Council's role is limited when it comes to evaluating and approving business cases for the various SELEP capital funded projects, due to the decision-making being undertaken by the SELEP Accountability Board. However, once a funding call is launched the Council undertakes several key activities to develop and select projects and ensure governance remains in line with the SELEP Local Assurance Framework, including:

- Supporting Team East Sussex (TES), the de facto local growth board for the county and federated area board of SELEP, to publicise the open funding call on the Council's website, via multiple Council communication channels, through TES and TES subgroups (Business East Sussex, Culture East Sussex, Developers East Sussex, Environment East Sussex, Skills East Sussex), and other public and private partner channels to encourage all project applicants and partners to come forward and apply;
- carrying out local level engagement with scheme promoters and undertaking a 'sifting' of Expressions of Interest to evaluate if applicants meet the initial funding criteria;
- supporting the SELEP Independent Technical Evaluator (ITE) in their review of business cases by undertaking additional financial due diligence and assurance checks on project applicants, carried out by the County Council's Finance/Treasury officers and signed off by the County Council's Chief Finance/Section151 Officer;
- appointing independent consultants where necessary to determine how each project application meets the technical and strategic objectives and importantly the criteria set for each funding stream by SELEP's Strategic Board or mandated by central Government (an example of the criteria which was used for assessing applications for the LGF Round 3 funding is set out on the SELEP Website, under Table 2 Eligibility Criteria and Table 3 Assessment Criteria: Open call for LGF 3B projects - The South East Local Enterprise Partnership [www.southeastlep.com](http://www.southeastlep.com) );
- providing County Council officer technical expertise, including from those who are programme/project management trained with associated qualifications gained through the County Council's in-house Project Management training as well as external accreditation, to help inform any initial project prioritisation, ensuring local strategic priorities are being considered.

2.2 Once the projects have been approved for funding by the SELEP Accountability Board, East Sussex County Council as the LAB enters a back-to-back contractual arrangement to manage the funds. This means the Council enters into one Service Level Agreement (SLA) with SELEP to receive the funds for the specific programme, and then into a further contract agreement, containing equivalent provisions to the SLA Agreement, with the project delivery partner. The decision making and approval for entering into both the SLA and the subsequent contract agreements are taken to the County Council's Lead Member for Strategic Management and Economic Development (LM SMED) to determine.

2.3 The back-to-back contract agreement schedules include among others the financial profile, milestones and the outputs/impacts and outcomes committed to in the approved project business case. As a result of the decision making by the LM SMED delegated authority to enter into each projects legal loan/grant contract agreements between the County Council and the scheme promoter(s) is given to the Director of CET and the Chief Finance Officer/Section151 Officer.

2.4 County Council officers then carry out regular progress and performance monitoring of each SELEP funded project across the different funded programmes, collating and retaining monitoring forms, claim forms/invoices, attending regular project progress meetings and returning that information to SELEP for inclusion in update board reports, as well as providing a quarterly report and 'dashboard summary' of all the SELEP funded projects to TES at its quarterly meetings. Records of the minutes and papers are all published online - [Meetings & Minutes - The South East Local Enterprise Partnership \(southeastlep.com\)](https://www.southeastlep.com)

2.5 This detailed reporting schedule ensures that risks can be managed and that the terms of the back-to-back contract agreement are being adhered to. It also gives County Council officers the ability to draw on the clauses contained in the grant agreement when appropriate and provide early support to project deliverers who may be experiencing risks and issues such as delays, by guiding them through the different processes available, such as submitting SELEP project change requests (PCR).

2.6 As stated in 2.2 and 2.3 above, ensuring that there are robust governance processes in place to monitor the effective delivery of economic growth funded projects is vital. Increasingly we are seeing external funding providers and UK Government departments wanting local authorities to provide more evidence of clear governance systems in place, prior to awarding funding, and throughout programme delivery itself. Equally we are required to provide evidence that projects have delivered on all their intended benefits and outcomes once the project has completed.

2.7 In April 2021, the County Council was designated as a Lead Authority for the UK Community Renewal Fund (UKCRF), a £220m UK Government revenue-based funding programme designed to help local areas prepare for the introduction of the UK Shared Prosperity Fund. UK Government reserved the right to check the bid submission process followed by the designated authorities and so the County Council utilised its Internal Audit function from the outset to establish a record that our Lead Authority roles/responsibilities were administered appropriately. This practice of establishing robust governance arrangements and applying lessons learnt across new and existing programmes has proven valuable and evidenced by the assurances given to DLUHC officials who have determined that East Sussex County Council does not need to be selected for external auditing on the UKCRF programme as we have demonstrated our governance processes.

2.8 Similarly, as the County Council will be liable for any expenditure that the UK Government determines to be ineligible for UKCRF until the programme concludes in January 2023, initial financial appraisals were carried during the application stage to ensure that project sponsors had the financial standing and sufficient capacity to deliver their proposed project. All organisations passed the financial tests, but several additional conditions were applied to projects once the back-to-back grant contract agreements were introduced, to further mitigate any risks to the County Council.

2.9 It is these proactive measures, in addition to the existing governance structures in place to oversee new external funding streams, which enables the County Council to respond robustly and transparently for requests for any information made by funding providers, the public, SELEP or UK Government.

2.10 Furthermore, to provide as much information about funded and economic development projects as possible, County Council officers ensure that key information regarding each SELEP external funding programme is presented to the TES board via quarterly updates. Information regarding all externally funded projects and programmes is also provided within the County Council's Plan and Portfolio Plan, State of the County Report and to the Lead Member for Economy and to the Lead Member for Strategic Management and Economic Development as required.

### ***Partnership working and pipeline development***

2.11 In addition to overseeing existing funding programmes, the County Council must continue to ensure that it is positioned with a strong pipeline of projects ready to come forward for external funding when it becomes available. Working with our existing partners and networks as stated above, we have already developed project pipelines and delivered activities to support the economy of East Sussex. Although routinely bound to the terms of each external funding assessment criteria as they are set out, County Council officers across the service make sure that we stay aligned to emerging policies and strategies being developed at a national level, whilst also ensuring we deliver against the County Council's strategic priorities to continuously advance a pipeline of investments that will support our local economy within the resources we have available.

2.12 This approach has already been successfully demonstrated through both the East Sussex Growth Strategy (2014-2020) and more recently the TES Economy Recovery Plan (2020-2022) (please see the full report presented to recent [Place Scrutiny meeting 18 July 2022](#)). As such by working in close partnership with District and Borough authorities, Higher and Further Education institutions, we have been able to collectively secure additional investment from the Levelling Up Fund, Stronger Towns Fund, Future High Streets, Bus Service Improvement Plan, Emergency Active Travel, Culture Recovery Fund, European Social fund, European Regional Development Fund, and various Business Support programmes. It has also proven highly successful in working together with partners to support skills and employment in the County through directing funds such as the Adult Education Budget, and the forthcoming National Training Budget and the UK Shared Prosperity Fund investment plans.

2.13 Looking ahead and with many of our existing SELEP funded programmes due to complete in the coming years, it will be important to assess the impacts these projects have had within East Sussex. The Place Scrutiny Committee would be well placed to review information on the various externally funded economic growth programmes subsequent to the benefits realisation stage of the programme completing.

## **3 Conclusion and Reasons for Recommendations**

3.1 East Sussex County Council has a demonstrable track record of securing major capital investment in East Sussex through external funding providers such as the South East Local Enterprise Partnership. The County Council officers within the Economic Development, Skills and Infrastructure service have been adept at maximising strategic partnerships to support investment, overseeing the development and delivery of complex projects and programmes, while also sustaining and continuously improving approaches to governance practices, to ensure the benefits and outcomes across the programmes are delivered in East Sussex.

3.2 Working with a diverse range of partners, project pipelines have been developed and delivered to support the economy of East Sussex which has successfully secured in the region of £130m of major capital investment from SELEP alone over the last ten years. The County Council is ideally placed to continue developing and implementing robust processes to maintain accountability and effectively measure the outcomes and successes that will help inform future activity.

3.3 The Place Scrutiny Committee is therefore asked to note the reports contents on project development, selection, governance, management and development of pipeline projects; consider the proposal for the Place Scrutiny Committee to review information on the various externally funded economic growth programmes subsequent to the completion of the benefits realisation stage of the programme; and note the technical expertise established within the Economic Development, Skills and Infrastructure service which underpins the process for pipeline development and securing external funding, enabling the County Council to maximise external investment into the county.

**RUPERT CLUBB**  
**Director of Communities, Economy and Transport**

Contact Officer: Richard Dawson, Head of Service, Economic Development, Skills, Culture & Infrastructure Service  
Tel. No. 07917 210721  
Email: [Richard.Dawson@eastsussex.gov.uk](mailto:Richard.Dawson@eastsussex.gov.uk)

LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

[East Sussex Growth Strategy 2014-20 \(PDF\)](#)

[East Sussex Economy Recovery Plan \(webpage\)](#)

[SELEP Assurance Framework \(PDF\)](#)