

18 July 2016

ITEM: 6

Planning, Transport and Regeneration Overview And Scrutiny Committee

Local Growth Fund Round 3

Wards and communities affected:

All

Key Decision:

Non key

Report of: Matthew Essex, Head of Regeneration and Assets

Accountable Head of Service: Matthew Essex, Head of Regeneration and Assets

Accountable Director: Steve Cox, Director of Environment and Place

This report is public

Executive Summary

This report updates Members on the latest call for project proposals under Local Growth Fund round three. It identifies the process adopted by the South East Local Enterprise Partnership for the preparation of its LGF3 submission; outlines the criteria which will be used to assess proposals; and identifies the Thurrock projects which have been submitted to SELEP.

1. Recommendation(s)

1.1 Members are requested to note the current LGF3 process; support submission of the two Thurrock projects; and comment on the 'aspirational projects included in the project pipeline.

2. Introduction and Background

2.1 Through Growth Deals the Government provides funds (LGF or Local Growth Funds) to local enterprise partnerships or LEPs (partnerships between local authorities and businesses) for projects that benefit the local area and economy. The first wave of Growth Deals was announced in July 2014 and a further £1 billion was invested through a second round of Growth Deals in January 2015.

2.2 Through the first two rounds of LGF funding Thurrock was successful in securing funding to support a number of key initiatives:

- Invest £14.0m in integrated and sustainable transport projects in Thames Gateway South Essex (including £5.0m in 2015/16).

- an integrated transport package for improving access to the London Gateway from Stanford-le-Hope and reconstruction of the A1014 £7.5m
- improvements to the Thurrock cycling network £5.0m
- £5m capital grant from the Local Growth Fund for the development costs of the A13 Widening project. Up to £75m of further funding will be made available from the Local Growth Fund subject to due diligence and alignment with decision-making on the preferred option for the Lower Thames Crossing.
- £5m for the Purfleet regeneration project
- A share of £800,000 of revenue funding in 2015/16 to establish the BEST (Business Essex Southend and Thurrock) Growth Hub providing business support co-ordination.

2.3 In earlier rounds Thurrock also played a lead role in preparing the submission for Thames Gateway South Essex (now South Essex Growth Partnership). Through this submission TGSE secured 34% (£164.25m) of the total LGF funding awarded to the SELEP area (£488.2m).

3. Local Growth Fund Round 3 (LGF3) and Large Local Majors

3.1 On the 12th and 13th April the Government wrote to all LEPs inviting them to submit proposals for the next round of Local Growth Deals (Greg Clark letter, 12th April) and to submit schemes to the Large Local Major Schemes Fund (Robert Goodwill letter, 13th April).

3.2 For LGF £1.8bn is being made available nationally in round 3. DCLG has indicated that the competition is open to every LEP, but that no area is entitled to a particular share of funding. Awards will be made based on the following criteria:

- How new funding will help to increase growth in the area, over and above the impact of the existing Growth Deal. Proposals need to include a specific figure for funding and describe the purpose to which it will be put. Proposals will be assessed in terms of what they deliver in job creation, investment and housing.
- Strong collaboration between SELEP and the local area must underpin proposals and must be owned by both political and business leaders.
- The need for stronger, reformed governance structures implies that proposals that are aligned with mayoral Combined Authorities (or proposed Combined Authorities) will have an advantage.
- Proposals should include a greater level of private sector investment than in previous rounds, as well as match funding from other bodies such as universities.
- Proposals should engage with government's key objectives within the wider local context (such as plans for housing delivery and the area reviews into further education).
- Proposals should outline the systems that are in place to ensure value for money and proper use of public money.

- 3.3 For the Large Local Majors Schemes Fund £324m is available nationally. The aim of this is to provide funding for “exceptionally large, potentially transformative local schemes that are too big to be taken forward within regular local growth fund allocations and could not otherwise be funded. Bids can be for scheme development costs, or if a business case is already complete, for funding to prepare and construct a scheme.”

4. SELEP timelines and approval process

- 4.1 To respond to the call for proposals SELEP has set the following timeline:

Action	Timescale
Consideration of first cut of response at SELEP board	Friday 24 th June
Ministerial Challenge Session on LGF3	Thursday 30 June
Special Senior Officer Group meeting – to finalise the response	Monday 4 th July
Submission of draft final response to SELEP Board members	Friday 8 th July
Approval at pre-AGM special session	Friday 15 th July
Submission to Government	Thursday 21 st July

- 4.2 Feedback from BIS and DCLG, to SELEP, has strongly suggested that our submission needs to clearly demonstrate how it is contributing to the achievement of the priorities articulated in the LEPs Strategic Economic Plan. The SELEP response will, therefore, package the prioritised lists and proposals provided by federated areas into one single overall document. This ‘single list’ will be prioritised by the LEPs Independent Technical Evaluator (ITE) which is Steer Davies Gleave (SDG).

5. Thurrock project proposals

- 5.1 Working with partners in the South Essex Growth Partnership we have prepared a project pipeline comprising three elements:
- List 1 – projects which have already secured funding and are either being implemented or are in the final stages of planning;
 - List 2 – Projects which have a compelling commercial business case and require funding to secure implementation; and
 - List 3 – Aspirational projects. Projects which require a business case to be developed.
- 5.2 The ‘list 2’ projects have been used to form the basis South Essex LGF3 submission. This list comprises 14 business cases and in order to help prioritise the list an independent assessment was completed which

considered proposals against three criteria ambition and rationale; value for money including jobs, housing and leverage; and delivery and risk. From this assessment two projects have been selected for inclusion:

The Grays South project - aims to create a new quarter within the town centre based around a boulevard underpass linking two new public squares bounded by a series of mixed use developments (including the new College campus), incorporating a new rail station. The project comprises four interlinked elements:

- Creation of an 8m wide pedestrian underpass to replace the existing pedestrian level crossing;
- Creation of new public squares at both ends of the underpass to create new public realm that provides a high quality arrival point and meeting place;
- Integration of public and private transport; and
- Redevelopment of plots created around the public squares to include ground floor convenience retail, cafés and restaurants with residential and office accommodation in upper floors.

The LGF request is £10.84m and the total project cost £41.64m. The project is specifically highlighted in the LEPs Strategic Economic Plan SEP and stems from studies developed jointly with Network Rail under a memorandum of understanding.

Lakeside Transport Hub - the proposal will create a brand new district from what are currently separate areas. By pulling all the various transport strands together it will produce a single focal point for local people and visitors, whilst also providing easy links between retail, leisure, residential and work spaces. An integrated transport hub is seen as a key anchor for sustainable growth as, without intervention, the retail area may stagnate. In delivering the project, the proposal for funding states that the £14.23m LGF bid will lever over £12.9m of additional funding from partners in the basin.

5.3 There are no Thurrock projects submitted for the Large Local Major Transport Schemes Fund.

6. Aspirational projects

6.1 Thurrock also has a number of projects on the 'aspirational projects' list and these will form the basis of any future funding round. Thurrock projects on this list are:

- Purfleet (Phase 2) - Purfleet Centre will generate over 2,300 new homes and a 600,000 sq ft film and television studio complex all set around a new town centre providing a range of local facilities including a supermarket, primary school, health centre and leisure facilities.
- Thurrock Rail Package – a large programme of rail related measures including everything from dualling of the Ockendon line through to station enhancements and level crossing works that can be drawn from for

individual applications over future years. Early priorities likely to be Grays South (underpass) and East Tilbury.

- Thameside Towns Portfolio – A programme of measures to augment the Housing Zone designation to bring forward sites in Purfleet, Grays and Tilbury. Funding to be used to acquire strategic sites adjacent or proximate to existing Council/public sector landholdings and service sites with high abnormal costs to kick-start housing delivery.
- Cycling – A scalable package of interventions to open up the River Thames frontage for cycling/walking linked to the Growth and Heritage, Arts and Culture programmes.
- World Class logistics – skills facility primarily at London Gateway but with access points across SELEP. Development of an appropriate and complete curriculum and facility to deliver a internationally focussed academy/college for Transport and logistics.
- Smart Cities - in respect of digital technology, business skills and energy.

7. Issues, Options and Analysis of Options

- 7.1 The bidding timescale and process for LGF3 is determined nationally and through the SEGP and SELEP we will respond to the call for proposals. Each of the individual projects within the submission has been independently assessed against consistent criteria to determine a priority order.

8. Reasons for Recommendation

- 8.1 The report updates Members are requested on the process to prepare and submit the SELEP submission for LGF3; identifies the Thurrock projects included within that submission; and offers the opportunity to comment on those projects included in the 'aspirational projects' pipeline.

9. Consultation (including Overview and Scrutiny, if applicable)

- 9.1 The project proposals included in the LGF3 submission have been identified through the Thurrock Economic Growth Strategy. This strategy was the subject of extensive consultation. There has also been extensive consultation with interested parties to inform business case development.

10. Impact on corporate policies, priorities, performance and community impact

- 10.1 If the LGF3 submission is successful resources will be secured to help implement key strategic intervention projects. These projects will bring significant economic impact and positively impact on the physical environment improving perceptions of place.

11. Implications

11.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer

There are no financial implications at this stage.

11.2 **Legal**

Implications verified by: **David Lawson**
Deputy Head of Legal

There are no legal implications at this stage.

11.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**
Community Development Officer

The Growth Deal has the potential to provide significant funding for local projects realising a range of social and economic advantages for our residents and local businesses. Full community equality impact assessments will be completed prior to the implementation of any proposal outlined in this report to with a view to mitigating risks affecting groups with protected characteristics and enhancing the benefits wherever possible.

11.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

12. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

13. **Appendices to the report**

- none

Report Author:

Tim Rignall
Economic Development Manager
Environment and Place