

ACCOUNTABILITY BOARD

10:00	Friday, 15 November 2019	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
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Quorum: 3 (to include 2 voting members)

Membership

Mr Geoff Miles
Cllr Kevin Bentley
Cllr Paul Carter
Cllr Rodney Chambers
Cllr Keith Glazier
Cllr Rob Gledhill
Cllr Ron Woodley
Graham Razey
Lucy Druesne

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

For information about the meeting please ask for:

**Lisa Siggins
(Secretary to the Board)**

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Tel: 03330134594

Meeting Information

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

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

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

The agenda is also available on the Essex County Council website

Part 1

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

		Pages
1	Welcome and apologies for absence	
2	Minutes	6 - 12
3	Declarations of interest	
4	Questions from the public	
	Public Questions In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the Managing Director of the South East LEP (adam.bryan@essex.gov.uk) by no later than 10.30am seven days before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question. On arrival, and before the start of the meeting, registered speakers must identify themselves to the member of staff collecting names. A copy of the Policy for Public Questions is made available on the SELEP website - http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf Email (adam.bryan@essex.gov.uk)	
5	Kent and Medway Medical School Phase 1 LGF Funding Decision	13 - 32
6	Grays South LGF Funding Decision - REPORT TO FOLLOW	
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11	Local Growth Fund Capital Programme Update	73 - 96
12	Growing Places Fund Update	97 - 114
13	SELEP Operations and Assurance Framework Update	115 - 158
14	SELEP Finance Update	159 - 167
15	A28 Sturry Link Road Update Appendix 1 will be considered under Exempt items.	168 - 177
16	Discovery Park Growing Places Fund update - REPORT TO FOLLOW Appendix 1 will be considered under Exempt items.	
17	Date of next meeting To note that the next meeting of the Board will be held on Friday 14th February 2020 at High House Production House.	
18	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

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

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

- 19 A28 Sturry Link Road CONFIDENTIAL APPENDIX 1**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 20 Discovery Park Growing Places Fund update
CONFIDENTIAL APPENDIX- APPENDIX TO FOLLOW**
- 21 Urgent Exempt Business**
To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 13 September 2019

Present:

Geoff Miles	Chair
Cllr David Finch	Essex County Council
Cllr Mike Whiting	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Rupert Simmons	East Sussex County Council
Cllr Ron Woodley	Southend Borough Council
Graham Razey	Further Education/Skills representative
Lucy Druesne	Higher Education representative.

ALSO PRESENT

Having signed the attendance book

Marwa Al Qadi	East Sussex County Council
Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Steven Bishop	Steer
Lee Burchill	Kent County Council
Chris Burr	Southend Borough Council
Kerry Clarke	Kent County Council
Helen Dyer	SELEP
Anna Eastgate	Thurrock Council
Sunny EE	Medway Council
Steve Grimshaw	Kent County Council
Jessica Jagpal	Medway Council
Ian Lewis	Opportunity South Essex
Andrew Metcalfe	MAXIM
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Charlotte Moody	Essex County Council (Legal representative for the Accountable Body)
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	KMEP

Dawn Redpath	Essex County Council
Alex Riley	SELEP
John Shaw	Sea Change Sussex
Lisa Siggins	Essex County Council
Tristan Smith	Essex County Council
Cllr Mike Steptoe	Essex County Council
Amy Wharton	SELEP

1 Welcome and Apologies for Absence

The following apologies were received:

- Councillor Paul Carter (substituted by Councillor Mike Whiting)
- Councillor Keith Glazier (substituted by Councillor Rupert Simmons)
- Councillor Rob Gledhill

2 Minutes

The minutes of the meeting held on Friday 7th June 2019 were agreed as an accurate record and signed by the Chair.

3 Questions from the Public

There were none.

4 Declarations of Interest

As a private businessman, Geoff Miles declared a disclosable pecuniary interest in respect of agenda item 11 (Growing Places Fund Update).

He advised of his intention to step out of the room whilst agenda item 11 was discussed and it was confirmed that Lucy Druesne would chair this item.

Councillor Rupert Simmons declared a code interest in respect of agenda item 11 (Growing Places Fund update) as he is a Director of Sea Change. In light of this non-pecuniary code interest, Cllr Simmons remained in the room during agenda item 11 but did not participate in the discussion.

Graham Razey declared, that as CEO of the EKC Group, who have been named as the preferred solution for Ashford College as part of the further education commissioners' recommendations to the education administrators. The £11m grant from SELEP was for the development of a new campus, Ashford College. This asset would transfer to EKC Group if EKC Group agrees a deal with the education administrators.

5 USP College, Benfleet LGF funding decision

The Accountability Board (the Board) received a report from Helen Dyer, SELEP Capital Programme Officer, and a presentation from Steer the purpose which was for the Board to consider the award of £900,000 LGF to the delivery of the USP College Centre of Excellence for Digital Technologies and Immersive

Learning, Benfleet, Essex (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

Resolved:

To Agree the award of £900,000 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money (estimated) with high certainty of achieving this.

6 Bexhill Creative Workspace, East Sussex LGF funding decision

The Accountability Board (the Board) received a report from Helen Dyer, SELEP Capital Programme Officer, and a presentation from Steer the purpose which was for the Board to consider the award of £960,000 LGF to the delivery of the Bexhill Creative Workspace project (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

Resolved:

To Agree the award of £960,000 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

7 Tilbury Riverside Business Centre Expansion LGF Funding Decision

The Board received a report from Rhiannon Mort SELEP Capital Programme Manager, and a presentation from Steer, the purpose of which was for the Board to consider the award of £2.360m LGF to the delivery of the Tilbury Riverside Business Centre Expansion (the Project), Thurrock. This Project has been identified by the SELEP Investment Panel as a priority through the LGF3b pipeline development process.

Resolved:

To Agree the award of £2.360m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

8 Medway City Estate LGF funding decision

The Board received a report from Rhiannon Mort, and a presentation from Steer, the purpose of which was to bring forward the revised scope of the Medway City Estate (the Estate) connectivity improvements project (the Project) for a funding decision by the Board.

Resolved:

1. To Approve the change of scope for the Project which was been assessed by the ITE as presenting high value for money with high certainty of this being achieved.

2. To Note the change of project outputs as details in section 4 of the

report.

3. To Note the reallocation of £200,000 LGF from the Strood Town Centre Improvement to the Project.

9 A131 Braintree to Sudbury LGF Funding Decision

The Board received a report from Helen Dyer, and a presentation from Steer, the purpose of which was to bring forward the revised scope of the A131 Braintree to Sudbury Project (the Project) for a funding decision by the Board.

The Board discussed the fact that the S106 contributions as mentioned in the report remain subject to agreement as part of the planning application. It was noted that this is not likely to be determined until December 2019.

Councillor Finch stressed the importance of the improvement to Marks Farm roundabout.

In response to a Member's question, Rhiannon clarified the pipeline funding procedure, if the £1.8m funding allocation to the project requires reallocation

Resolved:

- 1. To Approve** the change of scope for the Project which has been assessed by the ITE as presenting high value for money with high certainty of achieving this, subject to confirmation from Essex County Council by the 31st January 2020, that the S106 contributions are in place to deliver the Project; and
- 2. To Note** the change of project outcomes as detailed in section 6 of the report.

10 Capital Programme Management of the Local Growth Fund

The Board received a report from Rhiannon Mort, the purpose of which was for the Board to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

Resolved:

- 1. To Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2 of the report.
- 2. To Note** deliverability and risk assessment, as set out in Appendix 3 of the report.

11 Growing Places Fund update

Geoff Miles left the room due to his previously made declaration of interest. This item was chaired by Lucy Druesne as the Vice Chair.

The Board received a report from Helen Dyer, SELEP Capital Programme Officer, the purpose of which was to update the Board on the latest position of the Growing Places Fund (GPF) Capital Programme.

Steve Grimshaw from Kent County Council gave a presentation on the delivery of the No Use Empty Project which received funding from the Growing Places Fund.

Resolved:

1. **To Note** the updated position on the GPF programme;
2. **To Approve** the amended repayment schedule for the Sovereign Harbour Project.

12 Discovery Park Growing Places Update Report

The Board received a report from Rhiannon Mort, the purpose of which was to provide the Accountability Board with an update on the delivery of the Discovery Park project (the Project).

Councillor Mike Whiting spoke in support of option 2 and gave an overview of the difficulties that were involved with the project and in particular the change of ownership of the site in question. He stressed the importance of the project to the local area.

The Board proceeded to discuss the issues and the risks detailed in the report. It was stated that this was a difficult issue to resolve given the history of the project, but the Board felt that an opportunity should be given to the new owners to resolve the issues. However, they stressed the importance of the deadline date of 31st January 2020.

Resolved:

1. **To Agree** the updated repayment schedule for the Project, as set out in Table 2 of the report; and
2. **To Note** the intention for Kent County Council to seek a legal charge over the development to ensure the completion of the Project and the timely repayments of the GPF, as per the profile in Table 2 of the report; and
3. **To Agree** that if Kent County Council have not entered into a legal agreement with the project promoter by 31 January 2020, the GPF must be returned in 2019/20 to Essex County Council, as the Accountable Body for SELEP, for investment in new GPF pipeline projects; and
4. **To Agree** that before entering into a legal agreement with the Midos Group for the transfer of the loan, Kent County Council must provide the SELEP Accountable Body with confirmation that:

- 4.1. The £5.3m loan will only be spent on capital; and
- 4.2. the expenditure of the GPF does not constitute as State Aid; and
- 4.3. the GPF will be spent on contracts which are competitively procured in accordance with the UK and EU procurement guidelines and regulations, to the extent reasonably expected by a private sector company.

13 SELEP Operations Update

The Board received a report from Suzanne Bennett Chief Operating Officer, the purpose of which was for the Board to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report included a financial update on the revenue budget by the Accountable Body, an update on risk management and updates on items of governance.

Resolved:

1. **To Note** the current forecast underspend of £301,000 against total revenue budget for 2019/20, and that this is offset by an equivalent reduction in the planned drawdown in reserves;
2. **To Note** the risk register at Appendix A of the report; and
3. **To Note** the update on the LEP Review and Assurance Framework

14 A13 Widening Interim Report

The Board received a report (Appendix 1 was considered under Exempt items) from Anna Eastgate, Thurrock Council, the purpose of which was to provide the Board with an interim update on the A13 widening project (the Project), as a consequence of new information which could affect the delivery of the Project.

Ms Eastgate provided the Board with a verbal update on the current position and explained the issues that had been encountered through the delivery of the project to date. Ms Eastgate explained the various ways in which Thurrock Council are working to address the issues. The Board expressed their support for the project and the efforts made by Thurrock Council.

Resolved:

To Note the interim update report on the A13 widening Project

15 Future meeting dates

The Board noted that the next meetings will take place on Friday 15th November 2019 and Friday 14th February 2020 at High House Production Park.

There being no urgent business the meeting closed at 12.02 pm

16 Exclusion of the Public

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

17 A13 Widening CONFIDENTIAL Appendix 1

The Board considered CONFIDENTIAL APPENDIX 1 to A13 Widening Report which contained information exempt from publication referred to in that report (minute 14 above refers)

Chairman

Forward Plan reference number: FP/AB/240

Report title: Kent and Medway Medical School Phase 1 LGF funding decision	
Report to Accountability Board on 15th November 2019	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 22 nd October 2019	For: Decision
Enquiries to: Howard Davies, howard.davies@southeastlep.com	
SELEP Partner Authority affected: Kent and Medway	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £4m Local Growth Fund (LGF) to the delivery of the Kent and Medway Medical School (the Project).
- 1.2 This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process. A total of £8m LGF has been sought by the University of Kent and Canterbury Christ Church University (the Universities) towards the delivery of the Project. However, at the Investment Panel, the Project was split into two tranches.
- 1.3 The Investment Panel allocated an initial £4m LGF to the Project (tranche 1), based on the amount of unallocated LGF available for investment at the time of the meeting. This initial tranche of LGF is considered within this report.
- 1.4 A further £4m LGF is sought towards the delivery of the Project (tranche 2). The Project therefore remains on the LGF3b pipeline for a second tranche of funding, should additional LGF become available.
- 1.5 The Project will be delivered without the additional 'tranche 2' £4m LGF due to the Universities contractual commitment to central government to complete the Project. However, there are a number of negative consequences which will arise if the full £8m LGF is not secured, as detailed in section four of this report.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £4m 'Tranche 1' LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.
 - 2.1.2. **Note:** A further £4m LGF 'Tranche 2' is sought towards the delivery of the Project should additional LGF become available. This second tranche of funding is identified within the LGF3b pipeline should additional LGF underspend become available.

3. Kent and Medway Medical School Phase 1

- 3.1. The Kent and Medway Medical School (KMMS) will be the first medical school in Kent, providing an innovative centre for medical education and research to develop the health and social care workforce. It will respond to the acute need for medical professionals in an area of rapid housing and population growth and will drive productivity and innovation in the health economy. It will also contribute to the development of the 'medical corridor' envisaged by the Thames Estuary 2050 Growth Commission.
- 3.2. The Project is being delivered as a joint venture between the University of Kent and Canterbury Christ Church University. The two sites are complementary; all students at KMMS will use both sites.
- 3.3. The Project will deliver:
 - 3.3.1. 2,476 sq m of lecture theatre, classroom, anatomy and clinical skills simulation laboratory space at Canterbury Christ Church Universities' Science, Technology, Engineering and Medicine (STEM) facility
 - 3.3.2. 2,320 sq m of lecture theatre, IT suites, seminar rooms, meeting rooms and office space at the University of Kent campus
- 3.4. The Business Case highlights three overarching objectives for this Project:
 - 3.4.1. Growing the Healthcare workforce
 - 3.4.2. Delivering innovation in the Health economy
 - 3.4.3. Driving growth in the life science and medical sector
- 3.5. The key strategic objectives of the Project are to:
 - 3.5.1. Deliver Kent and Medway's first medical school, initially supporting 107 undergraduates per year, rising to 214 from 2029/30, and with additional capacity for postgraduate and Continuing Professional Development (CPD) education
 - 3.5.2. Deliver a new curriculum model to support the Kent and Medway health economy, with much greater exposure to primary care from the start – helping to address the key areas of workforce shortage
 - 3.5.3. Recruit more – and more diverse – people into the health service workforce, through an outreach model that will broaden the medical talent pool
 - 3.5.4. Over time, reduce the workforce challenges that affect the sector
 - 3.5.5. Build a new centre for medical knowledge and research, complementing the established Brighton and Sussex Medical School (with which KMMS is working closely) and the new Anglia Ruskin School of Medicine in Chelmsford, and building strong relationships with University of Kent's and Canterbury Christ Church's research expertise.
- 3.6. Establishing a new medical school requires Government approval. The Government approved an application for KMMS in 2018: this unlocks revenue

funding from 2020/21 for an initial cohort of 107 undergraduate places. However, while the Government will fund new student places as a result of the decision to establish KMMS, there is no Government capital funding available.

- 3.7. The Universities agreed to proceed with the delivery of the Project at risk, on the basis that a mixed funding package would be sought, including University borrowing, corporate and philanthropic sponsorship and public sector contributions. As such Local Growth Fund is sought to reduce the borrowing by the University.
- 3.8. In practice, this means that without LGF, the capital phase will be funded through the delay or cancellation of complementary investments elsewhere within the Universities. The Universities would be required to fund the remaining Project cost through emergency borrowing. This would place a significant burden on KMMS, given that its viability is marginal, especially in the early years. In practice, the absence of LGF funding will lead to higher net costs and (as a result of slower expansion) significantly reduced benefits.
- 3.9. In addition, weaker momentum in building student numbers from a 'standing start' will have a negative impact on the longer term viability of the Medical School and its ability to act as a key driver of a new approach to Kent and Medway's health economy.

4. Options Considered

- 4.1. During the development of the Project a number of options were explored, initially this was 12, but reduced to 3 for the final analysis. These options have been set out within the Business Case, and include:
 - 4.1.1. A do-nothing option would involve no capital expenditure on KMMS which would result in the following outcomes:
 - KMMS would not proceed, at least in the short term.
 - This option would still yield some benefits to the UK health economy.
 - These would most likely be outside of Kent and the SELEP area
 - 'Do Nothing' would not respond specifically to the challenges of the Kent and Medway health economy as outlined above.
 - 4.1.2. A do minimum option (option 2) involves the minimum amount of capital expenditure that would have been needed to enable students to start at KMMS in Canterbury in September 2020. In practice, this means:
 - a temporary solution, making use of existing facilities at University of Kent and CCCU (or hiring temporary accommodation) and postponing further investment to a future date.
 - Would not allow capacity for future growth
 - Would represent minimum viability. For these reasons, it is possible that a 'do minimum' facility would not achieve General Medical Council approval

- This option will deliver an initial cohort of 107 students in 2020, with all undergraduate courses taking 5 years. The initial cohort will consist of 100 home students and 7 international. Due to Government capping arrangements the maximum number of undergraduates at KMMS will be 509, by 2024/2025. Direct jobs created will rise from 16 in 2018/19 to 66.4 FTE in 2025/26.

4.1.3. The recommended option (Option 3) consists of:

- 2,476 sq m of lecture theatre, classroom, anatomy and clinical skills simulation laboratory space at Canterbury Christ Church Universities' Science, Technology, Engineering and Medicine (STEM) facility
- 2,320 sq m of lecture theatre, IT suites, seminar rooms, meeting rooms and office space at the University of Kent campus
- This option was assessed as potentially positive against all the critical success factors at the longlisting stage.
- It most directly achieves the objectives of the CCCU and the University of Kent, being of sufficient scale to attract students and academics, is co-located with other relevant university expertise and clearly combines the complimentary strengths of the universities.
- Directly aligns with the vision for the medical School that the Government supported in approving their bid.
- The most deliverable of the three options. one site has full planning permission and the second site is well advanced in the planning process.
- Direct jobs created will be 16 in 2018/19 rising to 73.22 FTE in 2025/26 and then further increase to 130.7 FTE by 2033/34
- Estimated that the increased capacity will enable the Government to lift the cap allowing KMMS to grow to a maximum of 214 per cohort by 2029/30. This results in a maximum of 1,018 students enrolled at KMMS by 2033/34.

4.2. The University has committed to fund the recommended option through its own resources and this process is underway. However, the implications of reduced funding from LGF are:

- 4.2.1. The commitment to open the school in September 2020 would require emergency borrowing at a higher net cost, or the deferral of other priorities at the Universities.
- 4.2.2. 100% University funding is very challenging given medium term income sources are constrained.
- 4.2.3. Operational Costs are rising, including higher contributions to pensions from Oct 2019
- 4.2.4. Difficult for institutions to increase their exposure to debt. The university of Kent expects to show a deficit in the next two financial

years. Further borrowing is likely to be more difficult and would come with strict covenants.

- 4.2.5. The provision of £4m of LGF will ease pressure on cash flows at a time when income is significantly constrained but operating costs continue to rise.

5. Public Consultation and Engagement

- 5.1. A number of stakeholders who have involvement with or interest in the Project have been identified in the Business Case.
- 5.2. Table 1 provides a summary of the stakeholders identified.

Table 1 – Stakeholders involved in the Kent and Medway Medical School project

Health Sector Partners	Higher Education Funding Council for England (HEFCE)
Education Partners	Health Education England (HEE)
NHS Trusts	Kent and Medway Sustainability Partnerships
CCG's in Kent and Medway	
Kent and Medway Partnership Board	

- 5.3. A full Stakeholder Engagement Plan has been provided with the business case.
- 5.4. Planning consent has been secured for the delivery of the Project.

6. Project Cost and Funding

- 6.1. The total capital cost of the Project is estimated at £24.84m as set out in Table 2 below.
- 6.2. The KMMS is seeking a £4m LGF contribution towards the delivery of the Project. The remaining cost will be funded by the Canterbury Christ Church University and the University of Kent through a combination of accumulated reserves and borrowing. The use of these funds has been approved through the university's governance arrangements and overseen by the project board and is fully committed as an institutional priority.
- 6.3. The two universities have agreed that Canterbury Christ Church University will act as the conduit for the LGF monies. Both Canterbury Christ Church University and University of Kent will enter into contract with Kent County Council for the delivery of the Project.

Table 2 – Kent and Medway Medical School Capital Spend Profile (£)

	2018/19	2019/20	2020/21	Total
SELEP LGF Tranche 4		4,000,000		4,000,000
University of Kent	634,342	5,493,457	3,472,201	9,600,000
Canterbury Christ Church University	2,015,000	2,908,000	2,317,000	7,240,000
SELEP LGF Tranche 2*			4,000,000	4,000,000
Total	2,649,342	12,401,457	9,789,201	24,840,000

*If funding is not confirmed this will be funded by the scheme promoter as set out in 3.9 above.

7. Outcome of ITE Review

- 7.1. The Business Case has been assessed by the ITE. A reasonable approach to the assessment has been used given that a land value method is not appropriate as the scheme is based on the university campuses which have no other potential use.
- 7.2. Assumptions are clearly stated and rationales provided, giving confidence that the estimates are accurate.
- 7.3. The business case shows a clear and strong strategic case for the project.
- 7.4. Outputs and outcomes are clearly defined and additional assumptions clearly identified. In addition, a Monitoring & Evaluation plan and Benefits Realisation spreadsheets have been provided. It is noted that this work will be undertaken by an independent organisation and money has been set aside to procure this.
- 7.5. A comprehensive review of risks has been undertaken and appropriate mitigations identified.
- 7.7. The preferred option provides “high” value for money with an adjusted BCR of 2.42 and high certainty of this being achieved.

8. Project Compliance with SELEP Assurance Framework

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

Table 3 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Economic Strategy Statement
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	Outputs and outcomes are clearly defined. Factors such as deadweight and displacement have been considered within the Business Case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case sets out clearly the risks and appropriate mitigation identified. A comprehensive risk register is provided.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	The Business Case sets out a preferred option and a 'do minimum' option. The preferred option has a BCR of 2.42

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for 2020/21 remains indicative.
- 9.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 9.3. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body. The expectation is that the contract between Kent County Council and Canterbury Christ Church University and University of Kent will deliver the same levels of assurance under the terms of a Funding Agreement or SLA.
- 9.4. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

10. Legal Implications (Accountable Body comments)

- 10.1. There are no legal implications arising out of this decision. The allocation will be released to the relevant Upper Tier Authority in accordance with the terms and conditions of the SLA already in place. It will be the responsibility of the Upper Tier Authority to ensure that there is a sufficient back to back agreement in place with the College ensuring that the conditions of the SLA are reflected and formulate the basis of any agreement put in place.

11. Equality and Diversity implication

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

- 11.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.
- 11.4. The school has identified an overarching KMMS Equality Impact Assessment Framework which will include four themes:
- 11.4.1. UofK Building Equality Impact Assessment
 - 11.4.2. CCCU Building Equality Impact Assessment
 - 11.4.3. Learning and Teaching Equality Impact Assessment
 - 11.4.4. Outreach & Engagement Equality Impact Assessment

12. List of Appendices

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

13. List of Background Papers

- 13.1. Business Case for the Kent and Medway Medical School Phase 1.

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

Role	Date
Accountable Body sign off	
Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q3 2019/20 Report

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q3 2019/20 Report

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1 Independent Technical Evaluation of Q3 2019/20 Growth Deal Schemes

Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 15th November 2019 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decision on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Central Government Guidance on Appraisal and Evaluation*¹, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the DCLG/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG and DGLG/MHCLG Appraisal Guide.

¹ Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

- 1.7 Individual criteria were assessed and given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each dimension. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.
- 1.8 The five dimensions of a government business case are:
- **Strategic Dimension:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
 - **Economic Dimension:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
 - **Commercial Dimension:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
 - **Financial Dimension:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
 - **Management Dimension:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies.
- 1.9 In addition to a rating for each of the five dimensions, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.
- 1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails during July, August, September and October 2019.

Evaluation Results

1.11 Two outline business cases have been assessed for schemes seeking Local Growth Funding. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

1.12 With all schemes at outline business case stage there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.

High value for money, high certainty

1.13 The following LGF 3b schemes achieve **high value for money** with a **high certainty** of achieving this.

Kent and Medway Medical School (£8m, or two tranches of £4m)

1.14 This project involves developing a new medical school located across two campuses and delivered by Canterbury Christ Church University and the University of Kent, together with local health providers via the Kent and Medway Sustainability and Transformation Partnership. The medical school will provide an innovative centre for medical education and research to develop the health and social care workforce.

1.15 The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out on the basis of (now superseded) guidance from the Homes and Communities Agency (now Homes England). A convincing argument has been provided to justify the use of this approach over the Land Value Uplift (LVU) methodology now recommended by MHCLG. In summary, since the scheme is based across two university campuses the land has no other potential use or application.

1.16 Reasonable assumptions have been used to populate the scheme appraisal and therefore the scheme delivers high levels of certainty for this value for money categorisation.

Southend Town Centre Interventions Project

1.17 This project includes a package of six interventions designed to improve uptake of retail units and make improvements to the public realm in the town centre to restore vibrancy to the area. These include:

- Installation of footfall cameras;
- Provision of a 0% loan grant to encourage businesses to take up vacant ground floor units and redevelop vacant upper floor units;
- Provision of a 75:25 shop façade grant to encourage businesses to invest in external shop improvements;
- Improvements to public realm and wayfinding outside both Southend Victoria and Central stations to draw visitors to the High Street and seafront.
- Wayfinding improvements leading Southend Central station visitors north through to a redeveloped public space; and
- Shop façade improvements along Clifftown Road.

1.18 In total, Southend Borough Council is seeking £1.5m of LGF funding to complement £1.0m of local match funding. At present, however, the project has only been allocated £867,708 of LGF funding. The remaining £632,292 LGF will only be available if LGF underspend is identified. In the meantime, Southend Borough Council have agreed to underwrite the funding risk if the remaining LGF required to deliver the project is not made available.

- 1.19 The project is supported by a strong strategic case, despite a number of constraints that may affect the suitability of the preferred option. These are well documented and covered by a detailed risk management strategy.
- 1.20 Reasonable assumptions have been used to populate a version of the (now superseded) framework recommended by the Homes and Communities Agency (now Homes England) Additionality Guide. Benefits are based upon the GVA impacts of additional and safeguarded jobs.
- 1.21 The resultant economic case represents high value for money, which is robust across a range of suitable sensitivity tests.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q3 2019/20

Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Outline business cases										
Kent and Medway Medical School	8.00 (or two tranches of 4.00)	Gate 1: 2.42 (preferred option of £8.00m LGF investment)	Green	Amber	Green	Amber	Amber	A reasonable approach has been adopted using MHCLG guidance. Justification for not using land value as a measurement of benefit in the business case has been made.	The methodology has been applied accurately. Justification for some assumptions in the Economic Case required.	Certainty would be improved with the application of some sensitivity tests surrounding the value for money of options.
		Gate 2: 2.42 (preferred option of £8.00m LGF investment)	Green	Green	Green	Green	Green	As above.	Justification has been provided which gives confidence that the approach is robust.	Additional sensitivity tests have provided additional confidence in the value for money of the scheme.
Southend Town Centre Interventions Project	0.868 (with remaining 0.632 subject to underspend)	Gate 1: 5.1	Green	Amber	Amber	Red	Amber	The value for money assessment is based on the GVA impacts of additional and safeguarded jobs. This is reasonable given the scale of funding requested.	Assumptions are clearly outlined with appropriate rationale. There are some assumptions with regards to inflation that need to be better explained.	Certainty would be improved with the application of some sensitivity tests for both the preferred option and the do minimum option
		Gate 2: 5.1	Green	Green	Green	Amber	Green	As above.	All assumptions now well documented.	Additional sensitivity tests undertaken which provide greater confidence in the relative value for money of options.

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V2.0 Draft for Review

Date

23 October 2019
25 October 2019
30 October 2019

Forward Plan reference number: FP/AB/241

Report title: Southend Town Centre Interventions Project LGF funding decision	
Report to Accountability Board on 15th November 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 31 st October 2019	For: Decision
Enquiries to: Helen Dyer, Helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Southend-on-Sea	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £867,708 LGF to the delivery of the Southend Town Centre Interventions project (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 Southend-on-Sea Borough Council initially submitted a Business Case seeking £1.5m LGF funding towards the delivery of the Project. At the Investment Panel meeting on 28th June 2019, it was agreed that the Project would receive an initial LGF allocation of £867,708, subject to Board agreement. The remaining balance of £632,292 will be allocated to the Project, in line with the agreed prioritised pipeline of LGF projects, should further LGF funding become available as a result of funding being returned to SELEP.
- 1.3 The Business Case for the Project has been reviewed by the SELEP Independent Technical Evaluator (ITE) and the Project has been assessed as presenting high value for money with high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £867,708 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

3. Southend Town Centre Interventions Project

- 3.1. The Project seeks to support the regeneration and revitalisation of Southend town centre. Whilst the town centre remains very popular and receives large numbers of visitors, it faces several challenges that need to be addressed to

ensure that the town centre becomes a vibrant, diverse and thriving town centre of the future.

- 3.2. The key challenges facing Southend town centre include: increasing levels of vacant retail space, diffuse land ownership (limiting direct public sector intervention), poor messaging about the town centre and issues with public safety.
- 3.3. The Project aims to address these issues through delivery of a number of interventions:
 - 3.3.1. Installation of footfall cameras within the existing CCTV system throughout the High Street to count and report footfall and to influence investment, events and opening hours;
 - 3.3.2. Availability of a 0% loan to encourage businesses within the wider Southend Central Area to take up vacant ground floor units and redevelop vacant upper floor units (note: this element of the Project will not be supported by the £867,708 LGF funding allocation being considered in this report);
 - 3.3.3. Availability of a 75/25 shop façade grant to encourage businesses within the wider Southend Central Area to invest in external shop improvements, in terms of design, cleanliness and safety;
 - 3.3.4. Improved public realm and wayfinding outside both Southend Victoria and Central Stations to draw visitors to the High Street and the seafront;
 - 3.3.5. Wayfinding improvements leading Southend Central station visitors north through a redeveloped public space between the Forum and proposed Forum 2 developments;
 - 3.3.6. Shop façade improvements along Clifftown Road, which acts as a gateway leading Southend Central station visitors towards the High Street.
- 3.4. Other elements of the scheme will include introducing business led activities in vacant units in the town centre, and improvements to lighting and green infrastructure.
- 3.5. The delivery of the Project will create 31 jobs connected to the return of vacant retail units to use. The Project will increase visitor numbers and footfall in the town centre generating wider economic benefits through increased visitor spend. In addition, following delivery of the Project there is expected to be a reduction in reported anti-social behaviour and crime in the town centre.
- 3.6. It is expected that delivery of the Project will return 1,086sqm of employment workspace to use and will provide increased residential provision through

better use of existing vacant space. Ultimately the Project seeks to change the perception of Southend town centre, so it is seen as a place to visit.

4. Options Considered

- 4.1. The Council, in conjunction with representatives from the Business Improvement District and stakeholders from local community safety teams, conducted a review in August 2019 of potential options to address the key issues in Southend town centre. The review considered a long list of options to address these issues and scored each option against the critical success factors. The outcome of the options appraisal is set out in Table 1.

Table 1: Long list of options for the Southend Town Centre Interventions project

Problems to address	Long List of options	Strategic fit and meets business needs	Potential value for money	Supplier capacity and capability	Potential affordability	Potential achievability
High levels of retail/ commercial unit vacancies	Direct ownership interventions	X				X
	CPO property to offer for discounted rents or alternative uses	X				
	Business rates discount scheme	X				X
	Take up of vacant units by private sector	X	X		X	
	Direct usage of vacant sites on the High Street for community purposes	X	X	X	X	X
	Footfall cameras within existing CCTV	X	X	X	X	X
Negative perceptions of safety amongst town centres users	Public realm and way finding outside Southend Victoria and Central stations to encourage movement to the High Street and through the primary shopping areas	X	X	X	X	X
	Public space between Forum and Forum 2 to maximise the use of this space	X	X	X	X	X
	Build new public space to host events	X				
Poor public realm and 'look and feel' factors deterring inward investors	0% loan fund to take up vacant units and redevelop upper floors	X	X	X	X	X
	75/25 shop façade grant	X	X	X	X	X
Significant levels of illegal and/or anti-social activity	Outreach programme	X				X
	Increased Police presence	X				X
	CCTV and security measures	X	X	X	X	X

- 4.2. A number of options identified in the long list were discarded for a variety of reasons including:
- 4.2.1. the Council does not have the ownership or rights to implement a number of the options, such as 'direct ownership interventions';
 - 4.2.2. the Council or other organisations are already implementing similar schemes elsewhere; and
 - 4.2.3. the cost of implementation of some options is prohibitively expensive or would require significant change to the local taxation and/or planning process.
- 4.3. Two options were short-listed and taken forward for further analysis.
- 4.3.1. **Option 1 – Do Nothing** – under this option there would be no further investment in Southend Town Centre, however, the Council currently has a wider programme of works underway which will have an impact (albeit small) on vacancy rates and footfall in the town centre. The programme includes: Cool Towns, Town Centre Redevelopment Improvement Project, Southend Central Area Transport Scheme (S-CATS), Sustainable Urban Neighbourhoods Research and Implementation Support in Europe (SUNRISE). Better Queensway and capital works to deliver new cameras and security measures.

This programme of works is already underway, and it is therefore acknowledged that this option would still provide minimal positive impacts in terms of footfall and vacancy rates.
 - 4.3.2. **Option 2 – Do Something** – under this option a range of additional measures would be implemented alongside the existing wider programme of works. These additional measures would deliver their own benefits, as well as maximising the potential of the wider programme of works as footfall will be directed to these areas in the town centre.

This option would involve the delivery of a number of measures including: installation of footfall cameras within the existing CCTV system throughout the High Street, to count and report footfall and to influence investment, events and opening hours; improved public realm and wayfinding outside both Southend Victoria and Central stations to draw visitors to the High Street and seafront; and focused shop façade improvements along Clifftown road, which acts as a gateway leading Southend Central station visitors south and eastwards to the High Street.
- 4.4. The preferred option is Option 2 – Do Something. The interventions proposed under this option have been specifically chosen in order to achieve the objectives of improving the perceptions of safety and improving occupancy

rates in the town centre and have been developed after considerable business and public engagement.

- 4.5. Whilst Option 1 – Do Nothing would still provide some positive impacts in terms of footfall and vacancy rates due to the existing wider programme of works in the town centre, Option 2 – Do Something has the potential to both maximise the benefits of the existing programme of works and to deliver additional benefits through the delivery of a wider range of interventions.

5. Public Consultation and Engagement

- 5.1. Through the development of the Project there has been significant engagement with Southend BID (the Business Improvement District Company for Southend), the Community Safety Partnership and the Focal Point Gallery. In addition, significant business engagement has been undertaken by the Sunrise project as part of the Southend Central Area Action Plan (SCAAP) Transport Package project and by Southend BID as part of the development of the Project.
- 5.2. Over the lifetime of the Project multiple promotional, information and engagement events will need to be arranged. The co-ordination, management and organisation of these events will be the responsibility of the project team.
- 5.3. Drafting and release of promotional and media material in relation to the Project will be managed through a combination of the Southend-on-Sea Borough Council and Southend BID media teams with input from the Focal Point Gallery. Throughout the Project Southend BID will focus on business communications, with a particular focus on face-to-face communications and use of their established media channels.
- 5.4. A number of key stakeholders are identified in the Business Case. Table 2 provides a summary of the stakeholders identified.

Table 2 – Stakeholders involved in the Southend Town Centre Interventions project

David Amess MP	Southend-on-Sea Borough Council Portfolio Holder
Southend-on-Sea Borough Council Ward councillors	Southend Business Partnership
Southend BID	Southend Community Safety Partnership
SELEP	Town centre businesses
Southend-on-Sea Borough Council officers	Focal Point Gallery
Tourist and visitor services	

- 5.5. A comprehensive Stakeholder Management Plan will be prepared by the Project Team following award of the LGF funding.

6. Project Cost and Funding

- 6.1. The total capital cost of the Project is estimated at £2.5m, as set out in Table 3 below.
- 6.2. During the LGF3b prioritisation process Southend-on-Sea Borough Council submitted a Business Case seeking £1.5m LGF funding towards the delivery of the Project. At the Investment Panel meeting on 28th June 2019, it was agreed that the Project would receive an initial LGF allocation of £867,708, subject to Board agreement. The remaining balance of £632,292 will be allocated to the Project, in line with the agreed prioritised pipeline of LGF projects, should further LGF funding become available as a result of funding being returned to SELEP.
- 6.3. Southend-on-Sea Borough Council are therefore currently seeking a £867,708 LGF contribution towards the delivery of the Project. The remaining cost will be funded by Southend-on-Sea Borough Council through their capital programme. Should the remaining LGF balance of £632,292 become available this will release that element of the Council contribution to the Project, subject to Board agreement in relation to the award of the additional LGF funding.
- 6.4. £1m of the funding contribution from Southend-on-Sea Borough Council has been secured within their capital programme, however, the additional investment is subject to approval in November 2019.
- 6.5. The Council has also set-aside £20,000 of revenue funding to cover monitoring and evaluation costs. These costs will only be accrued if the project progresses.

Table 3 – Southend Town Centre Interventions Project Capital Spend Profile (£)

	2019/20	2020/21	Total
SELEP LGF	285,000	582,708	867,708
Southend-on-Sea Borough Council – capital funding	200,000	1,432,292	1,632,292
Southend-on-Sea Borough Council – revenue funding		20,000	20,000
Total	485,000	2,035,000	2,520,000

7. Outcome of ITE Review

- 7.1. The ITE review indicates that the Project is supported by a strong strategic case. A number of constraints have been identified which may affect the suitability of the preferred option, including physical constraints and the lack of capacity within the private sector to address the challenges of the High Street, however, these constraints are well documented and covered by a detailed

risk management strategy which sets out appropriate mitigation measures including:

- 7.1.1. Lack of available development space and infrastructure along and around the High street has been mitigated through the Project focussing on refurbishment of existing premises and/or improvement of predetermined spaces so 'unknowns' have been removed;
- 7.1.2. Lack of private sector engagement in addressing the challenges of the High Street has been mitigated through development of the project proposals in full consultation with Southend BID. The private sector were also a key partner in the recent town centre task force which developed the 'Reimagining the Town Centre' recommendations which the Project seeks to address.
- 7.2. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits and results in a strong Benefit Cost Ratio (BCR) representing high value for money.
- 7.3. Reasonable assumptions have been used to assess the gross and net additional employment impacts of the preferred option, which have been used to complete a version of the framework recommended by the Homes and Communities Agency Additionality Guide. The project benefits are based upon the GVA impacts of additional and safeguarded jobs. The analysis was robustly carried out and delivers high levels of certainty around this value for money categorisation.

8. Project Compliance with SELEP Assurance Framework

- 8.1. Table 4 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 4 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy. The objectives presented align with those identified in the Economic Strategy Statement.

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Displacement, leakage and deadweight have been taken into account in the economic assessment.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 4.91:1 has been calculated which indicates high value for money.

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for 2020/21 remains indicative.
- 9.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 9.3. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 9.4. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

10. Legal Implications (Accountable Body comments)

- 10.1. There are no legal implications arising out of this decision. The allocation will be released to Southend-on-Sea Borough Council in accordance with the terms and conditions of the SLA already in place.

11. Equality and Diversity implication

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

12. List of Appendices

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

13. List of Background Papers

- 13.1. Business Case for the Southend Town Centre Interventions Project.

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

Southend Town Centre Interventions Project LGF funding decision

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

Report title: Innovation Park Medway Update Report	
Report to Accountability Board on 15 November 2019	
Report author: Rhiannon Mort SELEP LGF Capital Programme Manager and Jessica Jagpal Medway Council Senior LGF Programme Co-ordinator	
Date: 30.10.2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com or Jessica Jagpal, Jessica.jagpal@Medway.gov.uk	
SELEP Partner Authority affected: Medway Council	

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the delivery of the Innovation Park Medway project (the Project).

2. Recommendations

- 2.1. The Board is asked to:

2.1.1. **Note** the update on the delivery of the Project;

2.1.2. **Agree one of two options:**

Option 1 – **Agree** to pause LGF spend on Phase 2 of the Project until Highways England's position in relation to the Local Development Order (LDO) for the Project has been confirmed; or

Option 2 – **Note** the risk to Medway Council of abortive LGF spend on the Phase 2 project, if the LDO is not approved to enable the delivery of the Project. If LGF spend on the project becomes an abortive revenue cost, this must be repaid to SELEP by Medway Council under the terms of the Service Level Agreement with the SELEP Accountable Body.

2.1.3. **Agree** that a further update report must be provided to the Board in February 2020, to either consider the award of funding to the Project or consider reallocation of the £1.519m LGF through the LGF3b process.

3. Innovation Park Medway

- 3.1. The Innovation Park is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone.

- 3.2. The vision for Innovation Park Medway is to attract high GVA businesses focused on the technology, engineering and knowledge intensive sectors. These businesses will deliver high value jobs in the area and contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.
- 3.3. Innovation Park Medway consists of two parcels of land, either side of Rochester Airport. The northern site is currently part of Rochester Airport and is in use as one of the two operational runways at the airport. The southern site is south of Innovation Centre Medway and is currently partially used as an overflow car park for the Innovation Centre but is primarily an unused site.
- 3.4. A substantial amount of funding has been identified for investment across the Innovation Park Medway site by SELEP through Local Growth Fund (LGF) and Growing Places Fund (GPF). A total of £10.269m SELEP funding has been allocated to the Project, as set out in Table 1 below.

Table 1 SELEP funding allocation – Innovation Park Medway

	Status	LGF spend to date (to end of Q2 2019/20)	Total LGF allocation
Rochester Airport Phase 1	Approved June 2016 (change of scope agreed June 2018)	£0.660m	£4.400m
Innovation Park Medway Northern Site (Phase 2)	Approved February 2019	£0.158m	£3.700m
Innovation Park Northern Site – Extended Enabling Infrastructure (Phase 3)	Awaiting approval Due to be considered February 2020	No spend to date	£1.519m
Innovation Park Southern Site GPF loan	Approved September 2018	£0.046m	£0.650m
Total		£0.864m	£10.269m*

*Of which £8.750m has been approved to date.

4. Rochester Airport Phase 1

- 4.1. In June 2016, the Board awarded £4.4m LGF, to the delivery of the Rochester Airport Phase 1 project. This investment will change the configuration of Rochester Airport, whilst also delivering improvements to the airport infrastructure to help safeguard the future of the airport.
- 4.2. The Rochester Airport Phase 1 enabling works are required to enable the Innovation Park northern site (Phase 2 and 3) and GPF project, at the southern site, to progress. The Phase 1 works both release the land required for development on the northern site and free the southern site from current Civil Aviation Authority flightpath safeguarding restrictions, through the closure of one of the two existing runways.
- 4.3. To date, there have been substantial delays to the Project and slippage to spend of LGF. However, Phase 1 of the Project is now underway. The contractor to deliver the Rochester Airport Phase 1 works are setting up their site compound and the archaeology works are underway. The new three phase electrics have been supplied to site and the contractors have begun their service provision trenching. Southern Water are also preparing to make their connection for a new supply. Refurbishments to Hangar 3 are underway. The Civil Aviation Authority has approved the layout and design of the control tower, and orders have been placed with companies to deliver the hangars and control tower and hub building.
- 4.4. In the last detailed update to the Board on the delivery of Rochester Airport Phase 1, it was stated that construction works were due to take place between April 2019 and March 2020. If any further delays were encountered with the delivery of the Phase 1 works, there would be an increased deliverability risk for both these works and later phases of the Innovation Park project, given the proximity of the end of the Growth Deal period. It was mentioned in the report that progress on the Project would be closely monitored and the Board would be updated should any further delays be encountered.
- 4.5. To date, £0.660m LGF has been spent on this first phase of the project to the end of Q2 2019/20, of the £4.4m LGF allocation to Phase 1. The latest update from Medway Council confirms that the Phase 1 works are expected to complete in March 2020, but are dependent on progress with the archaeological works.
- 4.6. The Phase 2 works are dependent on the closure of the second runway as part of the Phase 1. As the second runway has now been closed, the timing of the Phase 2 works is no longer dependent on the completion of Phase 1.

5. Innovation Park Phase 2

- 5.1. In February 2019, the Board approved the award of £3.7m LGF to the Innovation Park Northern Site (Phase 2) which will deliver the enabling infrastructure required to bring forward development on this section of the innovation park. This includes the delivery of:

- 5.1.1. access road, with associated footpath, cycle path and public realm improvements;
 - 5.1.2. lighting and directional signage;
 - 5.1.3. new drainage piping and soakaways;
 - 5.1.4. new water main for potable water;
 - 5.1.5. electricity – ring main and secondary substation;
 - 5.1.6. gas main provision;
 - 5.1.7. trenching for and provision of fibre cabling;
 - 5.1.8. site surveys; and
 - 5.1.9. associated capital project consultancy.
- 5.2. The enabling infrastructure will support the delivery of the Masterplan, which has been developed for the Innovation Park Medway site.
- 5.3. The Masterplan for Phase 2 has been adopted, subject to approval from Highways England (HE). A Local Development Order (LDO) is also under development for the delivery of the Masterplan. Public consultation has been completed on the LDO and comments have been considered. However, concerns raised by HE have delayed the adoption of the LDO, as set out in section 6 below.
- 5.4. A Development and Investment Plan for the Innovation Park Medway site was approved by Medway Council Cabinet and Full Council in June and July 2019. The agreed Development and Investment Plan sets out the proposed development of the site, with marketing consultants having been appointed to manage this process.
- 5.5. The contractor for Phase 2 has been appointed and detailed design for both phases of the northern site as well as the southern site (LGF3 and LGF3b), is in progress ready for submission via the LDO, once the LDO has been adopted. Medway Council are expecting to adopt the LDO in January 2020, if Highways England's concerns can be addressed (as detailed in section 6 below).
- 5.6. At the point of funding approval, in February 2019, it was expected that infrastructure works would start on site in September 2019 and would complete in December 2020. If the LDO can be approved in January 2020, it is expected that works will commence on site in April 2020 and complete in March 2021. Any further delays to the adoption of the LDO beyond April would cause delays to the start of the delivery of Phase 2. The start of Phase 1 works has enabled the closure of the runway which therefore has no negative impact on the delivery of Phase 2.

Growing Places Fund

- 5.7. The Board has also approved the award of £650,000 Growing Places Fund (GPF) to the delivery of the Innovation Park Medway southern site enabling works project. This investment will bring forward enabling works on the southern site of the Innovation Park, which will make the site more attractive to businesses looking to relocate and expand in Medway.
- 5.8. The delivery of the commercial space associated with the GPF loan is also dependent on the Masterplan and LDO being adopted for the Innovation Park Medway site.
- 5.9. The GPF loan was expected to be drawn down in two instalments; £120,000 in 2018/19 and £530,000 in 2019/20. The loan is due to be repaid in two instalments; £50,000 in 2020/21 and £600,000 in 2021/22. To date, £0.046m GPF has been drawn down.
- 5.10. The GPF loan is due to be repaid through the use of income generated through the development of the site following the completion of infrastructure improvements and business rates income from companies within the Enterprise Zone. As such, the delays to the agreement of the LDO and the delivery of the Project presents a risk to GPF spend and repayment.
- 5.11. To help mitigate this risk, Medway Council intends to twin track the physical delivery of the GPF Project and the marketing of the site to businesses.

6. Local Development Order (LDO)

- 6.1. An LDO is being developed for the delivery of the Innovation Park Medway Masterplan. When Phase 2 of the Project was approved by the Board in February 2019 it was expected that the LDO would be approved in July 2019.
- 6.2. Approval of the LDO is subject to statutory consultees' approval; in particular, Medway are awaiting approval from Highways England (HE). HE has an interest in the Project in terms of the traffic impact on M2 Junction 3. HE raised queries regarding the trip generation methodology and requested further modelling, beyond the scope of the Medway Strategic Transport Assessment (STA). This issue has been addressed by Medway Council and a full response has been provided to HE. Medway are awaiting confirmation of acceptance from HE on this. The Innovation Park Medway is included within the Local Plan and as such, approval of the Local Plan STA would encompass Innovation Park Medway (IPM).
- 6.3. There has been considerable delay to Medway's adoption of the LDO to date, due to an absence of responses from HE, extended delays in response times, and a lack of commitment from HE to work with Medway Council in owning a solution to deliver IPM.

7. Next steps in resolving issues with LDO

- 7.1. A meeting with HE has now been scheduled with Medway Council for 12 November 2019. Prior to this meeting, a briefing note is to be issued which will set out exactly what needs to be achieved. This includes seeking commitment from HE to work with Medway to enable successful delivery of IPM, a works programme for delivery of both the Medway Local Plan and IPM, and a formal letter of assurance from HE to alleviate any risk to the SELEP Local Growth Fund funding for the Project.
- 7.2. Geoff Miles in his capacity as both Vice Chair of the SELEP and Chair of the Kent and Medway Economic Partnership, has written a letter to the Chief Executive of HE, which stressed the importance of achieving the above outcomes at the mid-November meeting. This letter was sent on the 30th October 2019. A verbal update will be provided if a response is received before the Board meeting.
- 7.3. Further meetings between Medway Council and HE have been programmed, should these be necessary. Medway Council are focussed on adoption of the LDO in January 2020. This still allows three months of float between approval and start of works on site in April 2020. If the Project can start on site in April 2020, it is expected, by Medway Council, that the phase 2 Project can be delivered within the SELEP Growth Deal period, ending 31st March 2021.

8. Innovation Park Medway – Northern site extended enabling infrastructure (Phase 3)

- 8.1. A further £1.519m has been sought by Medway Council through the LGF3b process. This funding was allocated by the Investment Panel, subject to the Board being satisfied that the delivery concerns raised by the ITE through the LGF3b process would be satisfied.
- 8.2. Phase 3 seeks to deliver enabling works on a wider section of the northern site of the Innovation Park. This aims to allow accelerated development of commercial space and maximising the number of businesses who can benefit from establishing themselves within the North Kent Enterprise Zone.
- 8.3. Phase 3 is expected to deliver the following outputs:
 - 8.3.1. Extended access road/footpath, lighting and signage;
 - 8.3.2. Utility infrastructure including electricity, gas, fibre trenching, water and drainage;
 - 8.3.3. Primary substation; and
 - 8.3.4. Secondary substations as required.
- 8.4. Phase 3 is expected to bring forward 38,500m² (gross external area) of commercial workspace and 1,300 highly skilled jobs in the engineering and technology sector. This is in addition to the jobs which will be delivered as a result of the LGF2 funded Innovation Park Medway (northern site) – Enabling Infrastructure project.

- 8.5. The RAG rating produced by the ITE for the Project for the Investment Panel is shown in Table 2 below.

Table 2: RAG rating for Innovation Park Medway – Extended Enabling Infrastructure project

Match/ Leverage	Scale of impact	Need for intervention	Value for money	Deliverability	Benefits realisation
Green	Green	Amber/ Green	Green	Amber	Amber/ Green

- 8.6. Within the accompanying report the ITE set out the reasons for the Project RAG rating, as outlined below:

- 8.6.1. The scheme is dependent upon the delivery of earlier phases of work which have come up against public opposition and have not yet been implemented; creating a risk to the spend of the current LGF allocation to the wider package of works; however to note, the beginning of the Phase 1 works has released the runway to enable the beginning of Phase 2 works.
- 8.6.2. The Rochester Airport – Phase 1 project was awarded £4.4m LGF in June 2016. A further £3.7m LGF has also already been allocated to the Innovation Park Medway (northern site) – Enabling Infrastructure project;
- 8.6.3. SELEP have previously been made aware of the intention to deliver the Innovation Park Medway (northern site) – Enabling Infrastructure project using developer contributions (along with the £3.7m LGF which is currently allocated to the project). It is therefore unclear why further public sector funding contributions are being sought;
- 8.6.4. Development partners have yet to be identified; and
- 8.6.5. If considered as a whole scheme, the total spend on Innovation Park Medway will be difficult to achieve in the timescales.
- 8.7. In April 2019, the Board were provided with updated information from Medway Council on the delivery of the Project, including an updated schedule for the delivery of the Project by 31st March 2021.
- 8.8. The Board resolved that Medway Council had satisfactorily addressed the deliverability concerns raised by the ITE in their initial assessment of the Project, which was presented to Investment Panel on 8th March 2019. Having done so, Medway Council were required to bring forward an updated Business Case to satisfy the ITE process prior to a Board decision to award the funding to the Project.

- 8.9. Medway Council have prepared a Business Case to be considered by the ITE. However, the issues in relation to the adoption of the LDO were not considered by the Board as part of this update on the deliverability of the Project in April 2019. Without HE's latest position in relation to the LDO having been confirmed, it would be inappropriate for a funding decision to be brought forward to the Board to consider the award of a further £1.519m LGF to the Project.
- 8.10. As such, it is recommended that if Highways England's position in relation to the Local Development Order (LDO) for the Project has been confirmed by January, then the funding decision should be considered by the Board in February 2020.
- 8.11. If Highways England's position in relation to the Local Development Order (LDO) for the Project hasn't been confirmed by January, it is recommended that the Board should consider the reallocation of the LGF3b funding at its meeting in February 2020 to the next project on the LGF3b pipeline.
- 8.12. Furthermore, depending on the outcome of discussions with HE in relation to the adoption of the LDO, the impacts on the earlier phases of the project will need to be considered.
- 8.13. This particularly relates to Phase 2 of the project, given that the delivery of Phase 2 is dependent on the LDO being approved. If changes are required to the pace and/or scale of development proposed at the Innovation Park site, relative to that set out in the Masterplan and approved business case, the impact on earlier phases of the Project will need to be considered.
- 8.14. To reduce the risk of abortive costs should the LDO not be approved and Phase 2 project be delivered, the Board may wish to pause LGF spend on the Project until the outcome of discussions with Highways England have been confirmed, or note the risk of abortive spend.
- 8.15. Two potential options are currently presented to the Board for consideration in relation to Phase 2:
- 8.16. Option1 – **Agree** to pause LGF spend on Phase 2 of the Project until Highways England's position in relation to the Local Development Order (LDO) for the Project has been confirmed.
- 8.17. Option 1 would reduce the amount of potential abortive LGF spend by Medway Council if the LDO cannot be agreed or if the scale of development is substantially reduced to the extent that the Phase 2 project no longer presents value for money.
- 8.18. Medway Council have commented that, after the successful launch of IPM, there has been thirty-five appropriate expressions of interest and direct contact and meetings with companies, whom are imminently awaiting marketing of the site. Option 1 to pause spend on the Project, would reduce momentum and may impact the confidence businesses have in the site. For

businesses to benefit from the Enterprise Zone business rates discounts, they would need to be located on the site by 31 March 2022.

- 8.19. Option 2 – **Note** the risk to Medway Council of abortive LGF spend on the Phase 2 project, if the LDO is not approved to enable the delivery of the Project.
- 8.20. If LGF spend on the project becomes an abortive revenue cost, this must be repaid to SELEP by Medway Council under the terms of the Service Level Agreement with the SELEP Accountable Body (Essex County Council). The grant conditions from central government strictly specify that the LGF must be spent on capital expenditure in delivering the Project. As such, if the Board agree to continue LGF spend on Phase 2 of the Project (Option 2), Medway Council should consider this risk.

9. Financial Implications (Accountable Body comments)

- 9.1. Significant delays in the delivery of the initial phases of this Project increases the risks associated with the overall Project completion within the Growth Deal period.
- 9.2. Delivery of the Growth Deal forms part of the Annual Performance Review assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The significant slippage experienced by this Project detrimentally impacts on this delivery assessment, placing a risk over the outcome of this assessment.
- 9.3. The option to pause the LGF spend on phase 2 of the Project, potentially increases the risk of further delay to deliver the Project, however, given that Highway's England issues with the LDO are yet to be resolved, this could be considered as the prudent approach to avoid the risk of abortive LGF spend to Medway Council.
- 9.4. To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made. In particular, it should be noted that the full benefits of this Project that support the value for money assessments and subsequent funding decisions, are dependent on successful delivery across all phases of the Project.
- 9.5. It should be noted that any future LGF funding award will be subject to the funding having been received by the Accountable Body and will be transferred under the terms of the SLAs or Grant Agreements in place with the Sponsoring Authority.

10. Legal Implications (Accountable Body comments)

- 10.1. Any abortive costs will need to be repaid under the terms of the SLA and the processes and procedures for doing so would need to be followed.

11. Equality and Diversity implication

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

12. List of Appendices

- 12.1. Appendix 1 – Summary of Innovation Park Medway Projects

13. List of Background Papers

- 13.1. Business Case for the Rochester Airport (Phase 1)
13.2. Business Case for the Innovation Park Medway (Phase 2)
13.3. Business Case for Innovation Park Medway (Phase 3)
13.4. Business Case for Growing Places Fund

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

Appendix 1 – Summary of Innovation Park Medway Project

	Project outputs	Project outcomes	Status	LGF spend to date (to end of Q2 2019/20)	Total LGF allocation	Original expected completion date (as set out in business case)	Updated expected completion date
Rochester Airport Phase 1	<ul style="list-style-type: none"> • Provide a hard-paved runway with taxi way and drainage, a grass airstrip parallel to the hard-paved runway, provision of other ancillary runway equipment and repair to the paved apron (hard-paved runway removed from project scope in June 2018); • Provision of replacement runway lighting and relocation of existing helipads; • Refurbish and upgrade two existing aircraft hangars including laying a new three phase electricity cable from site entrance); 	<p>37 new and 25 safeguarded jobs</p> <p>Phase 1 of the project releases 48,856sqm of new employment land to be developed through later phases of the project</p>	Approved June 2016 (change of scope agreed June 2018)	£0.660m	£4.400m	Mar 18	Mar 20

	Project outputs	Project outcomes	Status	LGF spend to date (to end of Q2 2019/20)	Total LGF allocation	Original expected completion date (as set out in business case)	Updated expected completion date
	<ul style="list-style-type: none"> • Provide two new hangars (1 new hangar is not being delivered); • MAPS hangar with visitor facilities; • Provide new control tower and management hub building; • Provide new car parking and access roads. 						
Innovation Park Medway Northern Site (Phase 2)	<ul style="list-style-type: none"> • Providing the enabling infrastructure required to facilitate development of the first section of the northern site at Innovation Park Medway. The works will include: access road and surface parking, drainage and water, power, gas, broadband fibre, and landscaping. • Creating a knowledge-based employment hub from 2021 	<p>1365 highly skilled jobs in engineering and technology</p> <p>Commercial workspace totalling 38,500sqm (delivered through Phases 2 and 3 of the Project)</p>	Approved February 2019	£0.158m	£3.700m	Dec 2020	Dec 2020

	Project outputs	Project outcomes	Status	LGF spend to date (to end of Q2 2019/20)	Total LGF allocation	Original expected completion date (as set out in business case)	Updated expected completion date
	<ul style="list-style-type: none"> • Creating partnerships with local universities and further education facilities 						
Innovation Park Northern Site – Extended Enabling Infrastructure (Phase 3)	<ul style="list-style-type: none"> • Extended access road/footpath; • New primary substation; • Secondary substations as required; • Gas; • Trenching for broadband; • Drainage; • Water main. 	<p>Additional 1300 new highly skilled jobs and 200 construction jobs</p> <p>Commercial workspace totalling 38,500sqm (delivered through Phases 2 and 3 of the Project)</p> <p>460m of new roads</p>	<p>Awaiting approval</p> <p>Due to be considered February 2020</p>	No spend to date	£1.519m	Dec 2020	Dec 2020

	Project outputs	Project outcomes	Status	LGF spend to date (to end of Q2 2019/20)	Total LGF allocation	Original expected completion date (as set out in business case)	Updated expected completion date
Innovation Park Southern Site GPF loan	<ul style="list-style-type: none"> • Access road with shared footpath, cycle route, lighting and signage • Utility ducting/service strip • Fencing around site boundary (as required) • Demolition of unused building 	<p>6 (4 net additional) construction jobs</p> <p>716 direct jobs in technology and scientific sectors</p> <p>119 indirect jobs (89 net additional)</p> <p>4500sqm commercial floor space</p>	Approved September 2018	£0.046m	£0.650m	2019-20 (<i>GPF due to be spent by this date</i>)	2020-21 (GPF due to be spent by this date)
Total				£0.864m	£10.269m*		

Forward Plan reference number: FP/AB/246

Report title: Thanet Parkway LGF Project Update	
Report to Accountability Board on 15th November 2019	
Report author: Rhiannon Mort	
Date: 28.10.2019	For: Decision
Enquiries to: rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the delivery of Thanet Parkway project (the Project) following the receipt of a revised cost estimate from Network Rail at the end of the single option development design stage.
- 1.2 In April 2019, the Board approved the award of £14m Local Growth Fund (LGF) to support the delivery of the Project, subject to written confirmation from Kent County Council S151 officer, following completion of GRIP Stage 4, to confirm:
 - 1.2.1 That the total cost estimate for the Project does not exceed £27.65m; and
 - 1.2.2 That all funding has been secured to enable the delivery of the Project.
- 1.3 An updated Project cost estimate is set out in section 8 of the report. The cost estimate for the Project is now based on the Governance for Rail Investment Projects (GRIP) Stage 4 single option development work. This shows an increase to the total Project cost and the amended funding package which has been identified to meet this Project cost.
- 1.4 A full Business Case will now progress through the SELEP Independent Technical Evaluation (ITE) process to confirm that the Project continues to present value for money, in light of the increase in Project cost and that the full funding package is in place. The outcome of this assessment will be presented to the Board at its next meeting on the 14th February 2020.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update report on the delivery of the Project
 - 2.1.2. **Note** the increase in Project cost and the updated funding package which is proposed, within section 6 of this report, to meet the increased Project cost.

- 2.1.3. **Note** the intention for a full business case to be considered by the ITE to confirm that the Project continues to present value for money and that the full funding package is in place for the delivery of the Project.
- 2.1.4. **Agree** that if the full funding package required to meet the increased total project cost cannot be confirmed by the 14th February 2020, the current £14m LGF allocation to the Project may be reallocated to Projects included on the LGF3b single pipeline.

3. Background

- 3.1. The Project was provisionally allocated a total of £10m LGF through LGF Round 1. This funding was allocated as a contribution towards the cost of delivering a new railway station in Thanet, with the aim of increasing the attractiveness of East Kent to employers, unlocking new economic development opportunities and improving accessibility and employment opportunities in the Thanet area.
- 3.2. In March 2019, the Investment Panel agreed the prioritisation of the Project for receipt of a further provisional allocation of £4m LGF funding, increasing the total provisional LGF allocation to £14m.
- 3.3. The Project has previously been unable to draw down on the LGF allocation to the Project due to a substantial funding gap. Work has been ongoing to bridge this funding gap and further local funding contributions have been secured to support the delivery of the Project, as detailed in section 8 below.

4. Context

- 4.1. The East Kent area suffers from a higher level of deprivation when compared with West Kent and South East England as a whole, with Thanet being ranked as the most deprived local authority in Kent.
- 4.2. Poor accessibility is one of the key factors that has discouraged major employers from locating in the area, which serves to undermine regeneration and has limited the employment catchment area for local residents.
- 4.3. The journey time from London makes Thanet unattractive for potential employers as the ability for business travellers to be able to get a train from close to their place of work to/from London is important in business location decisions. Thanet has historically performed poorly as it is 'at the end of the line' from London and requires a commute of over one hour to/from London.
- 4.4. In addition, the Thanet area has a lower representation of residents with higher skills levels, which has constrained economic growth. Both of these factors need to be addressed in order to boost economic growth in Thanet and the wider East Kent area.
- 4.5. The provision of the new Thanet Parkway station will reduce the journey time between central London and Thanet to around one hour. Thereby improving the attractiveness of the area to businesses and increasing the employment

catchment area for Thanet residents. In addition, the new station will offer greater opportunity to access London via High Speed 1, and will therefore improve access to employment in Canterbury, Ashford and the rest of Kent.

- 4.6. As a result of the improved rail services to London, it is expected that the development of the Thanet Parkway station will stimulate the construction of additional housing in the area. This housing is expected to attract higher skilled residents to the area, as a result of the improved journey times.
- 4.7. Alongside construction of the new station, steps will be taken to ensure the station is accessible to the majority of Thanet residents, and that all major employment and potential housing development sites in the area offer easy accessibility to the station encouraging development in the area.

5. Thanet Parkway (the Project)

- 5.1. The proposed new railway station will be located approximately 2 miles west of Ramsgate on the Ashford International to Ramsgate line, south of the Manston Airport site and just to the west of the village of Cliffsend, as shown in Figure 1. This location is considered to be the most suitable as it will improve rail access to both Thanet and the north of Dover district. In addition, a station in this location will be served by High Speed 1 and would offer a journey time to London of around one hour.
- 5.2. The proposed station will provide the following:
 - 5.2.1. two platforms suitable for use by 12 carriage trains;
 - 5.2.2. lighting columns on each platform that host CCTV cameras and public address speakers;
 - 5.2.3. two customer information displays and one passenger help point;
 - 5.2.4. passenger shelters to provide weather protection;
 - 5.2.5. lifts, stairs and a refurbished existing underpass for movement between platforms (which also improves an existing Public Right of Way);
 - 5.2.6. a forecourt with two ticket vending machines, shelters and bus passenger information;
 - 5.2.7. a set down area for 2 buses, taxis and passenger drop off (20 short stay spaces); and long stay parking for 299 cars (319 total car parking spaces including 16 disabled bays and 19 spaces with electric vehicle charging points), motorcycles spaces and 40 pedal cycle parking spaces.
- 5.3. In addition, a new direct access road will be provided to encourage use of the station. Pedestrian and cycle access will also be provided from Cliffsend village.
- 5.4. The station will provide improved accessibility to key employment sites, whilst also unlocking new economic development and residential opportunities in the Thanet area.

Figure 1 – Thanet Parkway Station Location



- 5.5. It is estimated that delivery of the Project will lead to the creation of an additional 400 to 800 jobs over a 30-year period from station opening, as well as development of 1,600 to 3,200 additional homes over the same period. These outcomes will be driven by improved accessibility both to existing key employment sites and to potential housing and commercial development sites, as well as more desirable commuting times to London.
- 5.6. The intended benefits of the Project include:
- 5.6.1. Accelerating the pace of housing delivery in Thanet;
 - 5.6.2. Positively contributing to economic growth by attracting higher skilled workers to the area;
 - 5.6.3. Stimulating the creation of additional jobs by encouraging business location and expansion decisions based on the existence of the new station and journey times to London of around 1 hour;
 - 5.6.4. Generating over 50,000 new rail journeys from first full operational year (2022) reducing reliance on less sustainable modes of travel;
 - 5.6.5. Provision of improved rail access from Thanet to London, offering a reduced travel time of approximately one hour; and

- 5.6.6. Providing commuters with alternative access to the area of journeys that might otherwise be made on the local and strategic highway network, thereby contributing to a reduction in congestion.

6. Project Cost and Funding

- 6.1. Since the last update report to the Board, the Project cost has increased from £27.65m to £34.51m, as set out in Table 1 below.
- 6.2. Network Rail have indicated that, based on the current forecast vehicular flows and changes to the barrier down time of the adjacent level crossings due to trains stopping at the new station, some upgrade work is required to the level crossings at Cliffsend and Sevenscore. The exact specification of the works will need to be approved by Network Rail as part of the GRIP process.
- 6.3. The cost allowance provided by Network Rail is £10.2m for these upgrade works which has been included within the total project cost. The costs of other aspects of the Project have reduced through the GRIP Stage 4 process.
- 6.4. The Project funding package includes funding contributions from the following sources:
 - 6.4.1. £14m LGF allocation (£10m from Round 1 and £4m from LGF3b) – considered in this report;
 - 6.4.2. £2m from Thanet District Council - A grant agreement is currently being drafted between Thanet District Council and Kent County Council in relation to this funding allocation. Subject to completion of the grant agreement, this funding is secure; and
 - 6.4.3. £700,000 from East Kent Spatial Development Company - Secured.
 - 6.4.4. The remaining funding will be committed by Kent County Council whilst continuing to explore further external funding opportunities, subject to a proposed Cabinet decision due to be taken on 2nd December 2019.
- 6.5. The contribution from Kent County Council is made up of three different funding allocations consisting of:
 - 6.5.1. £2.65m which has been identified and allocated within Kent County Council's Medium-Term Financial Plan. This funding is therefore secure;
 - 6.5.2. £4.3m which has been allocated in Kent County Council's Capital Investment Plan as underwriting if the funding is needed. This allocation was agreed at the County Council Budget meeting on 14th February 2019.
 - 6.5.3. The remaining funding (currently £10.86m based on the latest GRIP4 cost estimate) required to bridge any remaining funding gap in the

project funding package will be committed by Kent County Council. This will be through additional allocation in the Council's Capital Investment Plan and other measures such as a loan taken out against income from the station car park, business rates retention and exploring all possible additional external funding opportunities. Efforts will also be made to reduce the cost of the scheme, especially the level crossing works through reduction of the contingency which is still at a high level due to the current stage of design.

- 6.6. A provisional funding profile for the Project is set out in Table 1 following completion of the GRIP4 process.

Table 1 – Thanet Parkway Funding Profile (£)

	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
SELEP LGF				9,274,750	4,725,250		14,000,000
Kent County Council	940,000	518,719	850,286		12,999,574	2,504,152	17,812,731
Thanet District Council					2,000,000		2,000,000
East Kent Spatial Developme nt Company					700,000		700,000
Total	940,000	518,719	850,286	9,274,750	20,424,824	2,504,152	34,512,731

7. Next Steps

- 7.1. In light of the increase in Project cost, a Full Business Case is required to confirm that the Project still presents value for money in light of the increase in Project costs. This Full Business Case must be supported by S151 officer sign off to confirm that the full funding package is in place to deliver the Project.
- 7.2. The previous review of the Business Case by the ITE, based on the £27.65m Project cost, confirmed that the Project presented high value for money with medium certainty.
- 7.3. As per the Assurance Framework, a full Business Case is required for all projects with an LGF allocation of over £8m. As such, a full Business Case must be submitted to reaffirm the total cost of the Project and to ensure sufficient funding is identified to deliver the Project prior to contracts being awarded for the construction of the Project.

- 7.4. When the Business Case was previously considered by the ITE, two outstanding areas of uncertainty were highlighted. The first was the total cost of the Project and the second related to the impact of the inclusion of crowding benefits.
- 7.5. On high speed services, trains in the AM peak are currently at capacity, whilst on classic services, trains are 85-100% full. Adding passengers to these services would increase levels of crowding for existing users, on relatively long journeys into London. It is therefore expected that the Full Business Case will consider the impact of crowding within the value for money assessment.

8. Financial Implications (Accountable Body comments)

- 8.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have yet to be confirmed and funding for future years is indicative.
- 8.2. Until confirmation of receipt of grant is received, any future funding awards made by the Board remain at risk.
- 8.3. It is noted that in advance of any LGF being drawn down or spent on this Project, a final business case must be presented, which confirms: the total increased cost of the Project; and, that all respective funding allocations are in place. If the full funding package required to meet the increased total project cost cannot be confirmed by the 14th February 2020, the current £14m LGF allocation to the Project may be reallocated to Projects included on the LGF3b single pipeline.
- 8.4. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 8.5. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

9. Legal Implications (Accountable Body comments)

- 9.1. There are no legal implications associated with this report.

10. Equality and Diversity implication

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

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

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

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

11. List of Appendices

12. List of Background Papers

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

Report title: A13 Widening Update	
Report to Accountability Board	
Report author: Paul Rogers, Thurrock Council	
Date: 15 th November 2019	For: Decision
Enquiries to: P.rogers@thurrock.gov.uk	
SELEP Partner Authority affected: Thurrock	

1. Purpose of report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the A13 widening project (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the update report on the A13 widening Project

3. Background

- 3.1 The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth.
- 3.2 In September 2019, the Board received an update on the Project and the issues which have arisen through the delivery of the Project to date, which will impact on the timescales and the budget required to complete the delivery of the Project.
- 3.3 This report provides an update on the latest position and the progress which has been made since the Board meeting in delivering the Project and to address the issues that have arisen to date.

4. A13 Project Delivery Update

An external audit of the A13 widening Project was commissioned by Thurrock Council and completed in September 2019. Since the 13 September 2019

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Board meeting, Thurrock Council has retained the advice and support of the auditors and has brought on board an additional project management resource who is based at the project site office. Collectively they will focus on commercial management going forward and will implement the recommendations from the audit.

- 4.1 The initial findings of the external audit report identified some additional risks to the timescales for the delivery of the Project. This includes unforeseen risks such as delays to the planned road closures as part of the contingency planning to help reduce congestion on routes to Ports in Essex following the new Brexit date of 31 January 2020. The road closures will also need to avoid the lead up to Christmas as the A13 is a main access route to Lakeside, a regional shopping centre.
- 4.2 The September update report envisaged that the Project would be completed by the end of April 2021. Since then, issues have arisen with a UK Power Networks diversion and the relocation of an electricity sub-station at the BP south service station. Being on the critical path, the delay to these activities has pushed the planned completion date back to the end of May 2021.
- 4.3 The Project Team are undertaking a 'what if' assessment to assess the impact on the completion date of pressing ahead with the earthworks during the winter months (albeit with lower productivity) or suspending the earthworks until March 2020, when ground conditions and weather improve. The outcome of the 'what if' assessment has not yet been confirmed.

5. Mitigation

- 5.1 Given the issues set out in this and previous reports, Thurrock Council and the contractors have undertaken a number of steps to mitigate any further impacts. These mitigation measures include:
 - Usual project management tools are being used including risk registers, change logs, approvals, clear systems and processes and ways of working etc
 - Appointment of external auditors – Thurrock Council has appointed expert transport infrastructure auditors to undertake a detailed review of the scheme.
 - Programme challenge workshop – a report identifying ways in which time and cost can be saved. This is already identifying efficiency savings in particular with regard to costs.
 - Collaborative planning – the parties are undertaking collaborative planning to understand the inter-dependencies on the project and how they can be effectively managed to avoid impacts on critical path
 - Ways of working – co-location of contractors on site to ensure efficient agreement on issues which can then be quickly resolved

A13 Widening Update Report

- A monthly dashboard reporting mechanism to track blockers and identify ways of relieving them
 - Elements of parallel working which can ensure the workforce and plant and equipment is being utilised to maximum effect
 - Early warnings and improvements to communication to ensure efficiency
- 5.2 Whilst opportunities to reduce the Project cost are being sought, options to reduce the scope of the Project are constrained by the need to deliver the improvements to the specification required by Highways England. This is to enable the potential future adoption of the A13 by Highways England, as the A13 is a strategic route for access to the Port of Tilbury and DP World London Gateway Port. If the Project is not delivered to the standards required by Highways England, this will prevent the future adoption of the route.

6. Progress since the last Board meeting

- 6.1 A draft communications plan is being prepared to communicate a change of completion date and revised cost. The aim of this document is to:
- Update all project communication channels with the latest accurate and consistent information regarding project completion and cost
 - Ensure that all project stakeholders are fully informed
 - Generate an understanding of the revised completion date, cost and the challenges that have led to this change
- 6.2 A paper is being prepared on potential efficiency proposals. This will identify a rolling list of the top issues affecting delivery and will make recommendations to mitigate/reduce any further increase in cost.
- 6.3 The Project Team are undertaking a 'what if' exercise to assess the impact on the completion date of pressing ahead with the earthworks during the winter months (albeit with lower productivity), or suspending the earthworks until March 2020 with a view to maximising efficiency in terms of both cost and programme. The outcome of this assessment has not yet been confirmed.
- 6.4 Design reviews have been undertaken for the steelwork fabrication drawings for Horndon Road Bridge, the drainage pond access track and the geotechnical design report.
- 6.5 Construction drawings have been issued for the north and south pumping main diversion, the UK Power Networks substation at the BP south service station, the soil nailing design, the Horndon Road Bridge updated design and the piled foundations for Saffron Gardens Bridge.
- 6.6 The trenchless drainage adjacent to the eastbound carriageway has been completed.

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- 6.7 A concrete pour for the Horndon Road Bridge south abutment wall was completed at the end of September.
- 6.8 The filter drain at the eastbound off-slip to Orsett Cock roundabout has been completed and work to install the carrier drain is underway.
- 6.9 The continuous flight auger piles for the Orsett Cock East and West Bridges have been completed. Those in the central reserve were installed during a series of weekend closures of the A13 beneath Orsett roundabout. To prevent congestion and keep traffic flowing on the parallel A1013, Stanford Road, mitigations were put in place at Horndon on the Hill and Buckingham Hill Road.
- 6.10 After uncovering a local high pressure gas pipeline at a pinch point towards the eastern end of the scheme, Cadent has agreed to accept an engineering solution instead of a diversion. This change of methodology is good news for the Project as it will free up an area for earthworks and drainage by the end of November and means the Project will make an efficiency in terms of time and cost.
- 6.11 At Horndon Road Bridge, the designer has amended the horizontal alignment of the southern approach embankment to overcome Cadent's concerns about additional loading on their local high pressure gas pipeline and access for future maintenance. Cadent has confirmed the amended design is acceptable. This will free-up another area for earthworks and drainage to prevent any further delays.
- 6.12 Between Horndon Road Bridge and Saffron Gardens Bridge, the design has been amended to maximise the separation between the pipeline and highway assets e.g. drainage and street lighting columns. Cadent has accepted the amended design. This frees up another area for earthworks and drainage and will prevent further delays.
- 6.13 At Orsett Cock roundabout, Cadent had initially advised that it would be necessary to construct two protection slabs over its local high pressure gas pipeline. After modelling the interaction of the pipeline with the proposed road construction, Cadent has confirmed that one of the protection slabs is not required. This gives the contractor certainty about the scope of works to be delivered at Orsett Cock roundabout and will lead to a modest saving.

7. Update on Project expenditure

- 7.1 As reported in the September 2019 update, the Project is no longer within the budget envelope and the rate of spend has increased over the course of the last couple of months. The Project burn rate currently is in the region of £3m to £3.5m per month. This will clearly vary according to work programme and activity.

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- 7.2 Thurrock Council are currently reviewing their Project Management and Commercial Management structures with a view to reinforcing these in order to provide more robust advice with respect to financial and programme dates. A verbal update on this process and the total project cost will be provided at the meeting.
- 7.3 The potential options available to bridge the forecast funding gap are currently being explored and have not been confirmed. It is likely that a combination of funding sources will be required to meet the funding gap. The main options under consideration include a revision to the contract and/or re-profiling the costs to deliver the project to a revised budget, an increase in LGF grant funding towards the delivery, funding contributions from the private sector and contributions from Thurrock Council.
- 7.4 The Project was allocated a total of £75m Department for Transport (DfT) funding within the original Growth Deal, between SELEP and central government. The A13 widening business case was submitted to the DfT in 2016/17 and was approved in February 2017. At that time, the Project sought £66.057m from the DfT, leaving £8.942m unallocated.
- 7.5 The DfT has agreed to transfer the remaining £8.942m to SELEP as an un-ringfenced grant in 2019/20. This amount has increased from the previous £8.492m LGF confirmed by the DfT in July 2019. A grant award letter has been now been received by Essex County Council, as the SELEP Accountable Body. On 4 October 2019, Strategic Board received an update on the delivery of the Project and the various issues that have arisen leading to a funding gap. The report included a recommendation that an additional LGF funding contribution should be made to the Project to help bridge the funding gap.
- 7.6 Thurrock Council's Director of Finance and IT assured the Board that the Project will still progress and that the Council will underwrite any further funding shortfall that arise through to the final completion of the Project. This will include seeking additional alternative funding through any routes available to the Council, as well as the use of its own funds.
- 7.7 Strategic Board agreed the provisional allocation of additional LGF funding to the Project as detailed in confidential appendix 1 subject to:
- a funding decision by the Accountability Board;
 - the Accountability Board being satisfied that the full funding package is in place to complete the delivery of the Project; and
 - the Accountability Board being satisfied that the Project continues to represent high value for money.
- 7.8 It is expected that the economic and financial case will be updated by Thurrock Council, based on the latest project cost, for consideration by the Board in February 2020.

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- 7.9 Work is currently underway to get a more accurate estimate of total project cost. Once that is established, a further review of the value for money assessment will be required to confirm the Project still represents high value for money. It is expected that the outputs from these two exercises will be available by mid-January 2020 and feed into the next update to the Board in February 2020.

8.0 Financial Implications (Accountable Body comments)

- 8.1 Since the last update to the Board in September 2019 where it was advised that Thurrock Council had identified a significant overspend in the delivery of the A13 Project, the Strategic Board has agreed to allocate a further £8.942m to the Project, subject to an updated business case, that meets the requirements of the Assurance Framework and approval by this Board.
- 8.2 Thurrock Council has indicated, however, that this additional funding may not be sufficient to address the forecast overspend, however, they have been unable to provide clarity in this update on the extent of that overspend or the proposals for mitigating it in full. Confirmations have been provided by the Council's s151 Officer, however, that Thurrock Council recognises its responsibility for over spends on the Project and will underwrite any shortfalls arising.
- 8.3 It is noted that Thurrock Council remain committed to delivering the A13 upgrades to meet the required specifications identified by Highways England, but have indicated that Project completion is now expected to be later than planned.
- 8.4 Thurrock have not been able to reflect the outcome of their Audit of the Project within this update, so the full extent of any risks to cost and delivery remain unclear. This position will need to be clarified, together with plans for mitigating any outstanding budget gap, in advance of the award of the additional £8.942m of LGF.
- 8.5 It is advised that Thurrock Council should seek share the outcome of the Audit with the Board and the Accountable Body at the earliest opportunity, including an action plan to address any issues or recommendations identified and also to include indicators of any further additional risks arising that may impact on the delivery of the agreed scheme.

9.0 Legal Implications (Accountable Body comments)

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

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10.0 Staffing and other resource implications (Accountable Body comments)

10.1 No implications

11.0 Equality and Diversity implication

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

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

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

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

12.0 List of Background Papers

12.1 A13 Widening Business Case.

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

Report title: Local Growth Fund Capital Programme Update	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Meeting Date: 15 th November 2019	For: Decision
Date of report: 21 st October 2019	
Enquiries to: Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.
- 1.2 The report provides an update on the spend forecast for 2019/20, delivery of the LGF programme and the main programme risks.
- 1.3 This report is supported by a number of individual project update reports which provide a more focused update on high risk projects.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2.
 - 2.1.2. **Note** the deliverability and risk assessment, as set out in Appendix 3.
 - 2.1.3. **Agree** that the funding conditions in relation to Beaulieu Park have been satisfied, to enable a grant agreement to be put in place for the transfer of the £14m LGF award to the project.

3. LGF spend forecast

- 3.1. The planned LGF spend in 2019/20 has been updated to take account of the latest spend forecast provided by each local area during October 2019. Appendix 2 sets out the changes to LGF annual forecast spend for individual projects, whilst Appendix 3 provides a detailed update on project delivery timescales and risk.

2019/20 spend forecast update

- 3.2. The expected LGF spend in 2019/20 now totals £89.948m, excluding Department for Transport (DfT) retained schemes (see Table 1) and £123.527m including DfT retained schemes.
- 3.3. Since the last update to the Board, the total LGF forecast spend has decreased by £8.148m net, including DfT retained projects. This decrease in forecast LGF spend is despite the inclusion of new LGF3b projects within the LGF programme, as detailed in section 4 below. Six projects have reported an expected slippage of greater than £2m LGF spend between the planned LGF spend in 2019/20 at the outset of the year and the current spend forecast include:
- 3.3.1. **A28 Chart Road (£3.119m slippage)** – The change to the LGF spend forecast is the result of the unspent LGF, which was previously awarded to this project, having been reallocated through the LGF3b process;
- 3.3.2. **Thanet Parkway (£2.355m slippage)** – LGF spend on the project is on hold until the total cost of the project has been confirmed.
- 3.3.3. **A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements (£3.894m slippage)** – Project spend has been put on hold until the outcome of the Housing Infrastructure Fund bid has been confirmed.
- 3.4. The changes to LGF spend forecast for 2019/20 is presented on a project by project basis in appendix 2.

Table 1 LGF spend forecast 2019/20

Capital Programme Management of the Local Growth Fund

LGF (£m)					Breakdown of variance	
	Planned LGF spend in 2019/20*	Total forecast LGF spend in 2019/20 (as reported in October 2019)	Variance *	Forecast LGF spend relative to planned spend in 2019/20* (%)	Additional spend/slippage identified for 2019/20 since the last board meeting	Additional spend/slippage previously considered by the Board
East Sussex	9.346	15.771	6.425	168.7%	0.050	6.375
Essex	15.210	20.458	5.248	134.5%	0.001	5.247
Kent	18.289	19.752	1.463	108.0%	-3.965	5.428
Medway	16.555	11.213	-5.342	67.7%	-1.827	-3.515
Southend	15.693	14.122	-1.571	90.0%	0.679	-2.249
Thurrock	4.410	8.631	4.221	195.7%	-1.084	5.305
Skills	0.000	0.000	0.000		0.000	0.000
M20 Junction 10a	0.000	0.000	0.000		0.000	0.000
LGF Sub-Total	79.503	89.948	10.445	113.1%	-6.146	16.590
Retained	27.811	33.579	5.768	120.7%	-2.002	7.770
Total Spend Forecas	107.314	123.527	16.212	115.1%	-8.148	24.360

*Variance between the total planned spend in 2019/20 as reported at outset of the 2019/20 financial year and the total forecast LGF spend in 2019/20, as it currently stands.

The slippage is shown as a negative value, whilst additional LGF spend is shown as a positive value.

MHCLG funding (excluding retained scheme funding)

- 3.5. In April 2019, SELEP received an LGF grant allocation of £54.915m from the Ministry of Housing Communities and Local Government (MHCLG) as anticipated.
- 3.6. A total of £57.799m LGF was carried forward from previous financial years. As such, a total of £112.714m LGF was available at the outset of the 2019/20 financial year. Based on the current forecast spend of £89.948m in 2019/20, it is expected that £22.766m will be carried forward as LGF slippage from 2019/20 to 2020/21. Table 2 provides a summary of the forecast slippage, excluding DfT retained scheme funding.
- 3.7. A majority of this LGF slippage will be held by SELEP at the end of 2019/20. It is expected that any unspent LGF held by partner local authorities at the end of the financial year will be transferred into their own capital programmes at the end of 2019/20 to be swapped back out in 2020/21. These arrangements are referred to as an Option 4 capital swap. The details of this arrangement are set out in the Service Level Agreement between SELEP Accountable Body and partner authorities.

Table 2 LGF spend relative to LGF available in 2019/20 (excluding retained schemes)

MHCLG funding (excluding DfT retained funding)

	(£m)
LGF allocation in 2019/20 from MHCLG	54.915
MHCLG LGF carried forward from 2018/19	57.799
Total MHCLG LGF available in 2019/20	112.714
Total forecast MHCLG LGF spend in 2019/20	89.948
Total MHLG LGF slippage from 2019/20 to 2020/21	22.766

DfT retained scheme funding

- 3.8. Furthermore, the DfT has transferred £28.141m to SELEP to date in 2019/20, to support DfT retained projects, and an additional £8.942m is expected to be transferred in Q3 2019/20. Table 3 sets out the expected slippage of funding for DfT retained projects.

Table 3 Spend of DfT retained project funding relative to DfT funding available

DfT funding (retained schemes only)

	£m
LGF allocation in 2019/20 from DfT	37.357
DfT LGF carried forward from 2018/19	7.167
Total DfT LGF available in 2019/20	44.523
Total forecast DfT spend in 2019/20	33.579
Total DfT LGF slippage from 2019/20 to 2020/21	10.945

- 3.9. Considering both the MHCLG funding and DfT retained scheme funding, it is expected that a total of £33.711m LGF will be held across the SELEP area and carried forward to 2020/21.
- 3.10. This forecast slippage of £33.711m LGF from 2019/20 to 2020/21 increases the delivery pressure during the final year of the programme and increases the risk of LGF slippage beyond the end of the Growth Deal period.

- 3.11. Forecast spend in 2020/21 now totals £128.084m LGF. This includes spend of £86.074 LGF on non-retained project and £42.010m LGF on DfT retained projects.

4. Deliverability and Risk

- 4.1. Appendix 3 sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates as set out in the original business cases. A total of 33 projects have been completed to date.

Outputs and outcomes

- 4.2. To date, it is reported that a total of 14,609 and 20,835 dwellings have been completed through LGF investment, as shown in Table 4 below. Since the last update report to the Board, the number of reported houses delivered through LGF investment has increased. In particular, Essex County Council has completed a review of the jobs and houses delivered to date, which has identified an increase in the benefits realised to date.
- 4.3. The delivery of jobs and homes reported to date remains substantially lower than expected, relative to the 78,000 jobs and 29,000 homes committed through the Growth Deal. The latest forecast of the number of jobs and houses to be delivered across the SELEP area through LGF investment is higher than originally set out within the Growth Deal, as set out in Table 3 below. It is forecast that during 2019/20, a total of 12,661 jobs and 5,223 houses will be delivered.
- 4.4. It is likely that the output and outcomes of LGF investment to date is currently understated. A lag is also expected between the investment being made and the delivery of the project outcomes. Data around the number of jobs and houses completed in 2019/20 will not be available from data sources such as district housing completions or other data sets until the end of the financial year.

Table 4 Jobs and homes delivered through LGF investment to date, including DfT retained schemes.

	To date			Forecast in 2019/20		Total forecast through delivery of the LGF programme	
	Jobs	Homes	Other outputs	Jobs	Houses	Jobs	Houses
East Sussex*	1,376	1,841	0.5km of newly built road and 2km of new cycle route built 1140sqm D1&D2	2,350	409	4,916	2,708
Essex	11,451	13,600		3,554	1,950	52,817	46,300
Kent	169	3,094	7.0km of road resurfaced, 1.2km of newly built road and 18.6km of new cycle route built	5,670	1,177	25,197	23,454
Medway	1,433	1,144	1.145km of road resurfaced and 13.6km of new cycle route built	867	1,616	19,057	9,905
Southend	0	1156	3.432km of road resurfaced, 0.626km of newly built roads and 0.408km of new cycle route built	0	0	3,864	5,346
Thurrock	180	0	3.75km off-carriageway new cycle/shared use paths, 0.995km of on-carriageway cycle way, 7.5km of footways to off-carriageway cycle/shared used paths.	220	71	20,547	6,859
Total	14,609	20,835		12,661	5,223	126,398	94,572
*Figures are under review							

Risk Assessment

- 4.5. The summary project risk assessment position is set out in Table 5 below. A score of 5 represents high risk (Red) whereas a score of 1 represents low risk (Green).
- 4.6. The risk assessment has been conducted for the assessment of LGF projects based on:
- 4.6.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has considered the

delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.

To ensure consistency with MHCLG guidance on the assessment of LGF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.

- 4.6.2. **Finances** – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2019/20 between the planned spend (agreed with the Board at the outset of the financial year) and the updated forecast spend for 2019/20).
- 4.6.3. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP
- 4.7. Since the end of the last financial year, the number of projects with an overall risk score of five (red) has decreased to five, as a result of funding decisions having been made in relation to certain projects and other projects having been removed from the LGF programme. Furthermore, the Cities and Local Growth Unit have provide a view that that LGF could be spent beyond the Growth Deal (31st March 2021) if a strong case could be made and justified. Spend of LGF beyond the 31st March 2021 is subject to the Board agreeing that five specific conditions have been met. This has reduced the risk for certain LGF projects.
- 4.8. The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond the 31st March 2021 include:
 - 4.8.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
 - 4.8.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 4.8.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding courses are in place to deliver the project beyond the Growth Deal;
 - 4.8.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
 - 4.8.5. Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.
- 4.9. A greater focus has now been placed on those identified as having a risk score of 4 (Amber/Red risk), as set out below.

Table 5 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)

Score	Delivery	Financials	Reputation	Overall
5	10	10	2	5
4	13	8	5	9
3	9	16	12	21
2	13	9	16	22
1	62	64	72	50
Total	107	107	107	107

4.10. Five projects have been identified as having a high overall ‘red’ project risk (overall risk score of 5). Update reports are provided on four of these high risk projects under separate agenda items. These projects include:

- **A28 Chart Road, Kent**

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. At the last meeting of the Board, the Board agreed to reallocate the unspent LGF allocation to this project. This funding has been reinvested through the LGF3b process. The project remains under review to ensure that the £2.756m¹ LGF spend on the project to date remains a capital cost.

- **A28 Sturry Link Road, Kent** - A full project update is provided under item 15.
- **Thanet Parkway, Kent** - update is provided under agenda item nine.
- **Innovation Park Medway** - update is provided under agenda item eight.
- **A13 Widening, Thurrock** - update is provided under agenda item 10.

4.11. A further nine projects have an overall ‘amber/red’ risk score of 4, out of 5 (with 5 being high). These projects include:

- **Queensway Gateway Road, East Sussex**

The Queensway Gateway road project will deliver a new road to connect Queensway with Sedlescombe Road North (the A21) in northern Hastings/ St Leonards. The project aims to improve traffic flows and, by providing access to business development sites, support long term local job creation.

¹ The total reported spend on the project has reduced from £2,756,409 (as reported to the Board in Sept 2019) to £2,756,283

The project is being delivered in phases with the first phase having been completed in May 2017. In March 2019, the western section of road was completed but opened for access to local business only.

The final section of the road, to connect the already completed sections with the A21, requires the purchase of remaining properties on the route. These acquisitions are under negotiation but have delayed the completion of the project.

In advance of the permanent connection with the A21 being completed, a temperance connection to the A21 is being progressed, to enable vehicles to use the road for access to the A21. It is aimed that this temporary solution subject to receiving the necessary approvals will be in place by spring 2020. In parallel, work will continue to progress toward the completion of the permanent connection to the A21 and final completion of the project.

Whilst there have been substantial delays to the delivery of the project, related to the dates set out within the original business case, it is still expected that the overall scheme can be delivered within the funding package currently available.

A full update report will be brought to the Board at its next meeting in February 2020.

- **Beaulieu Park Railway Station-** the latest position in relation to Beaulieu Park is set out in section 5 below.
- **A127 Fairglen Junction Improvements**

The project is a Department for Transport (DfT) retained project. This means that the business case requires approval from DfT. The business case is now due to be submitted to the DfT in June 2020 and the project delivery will extend beyond the Growth Deal period.

Efforts are being made to accelerate LGF spend in the project. This included the potential spend of DfT LGF in 2019/20, in advance of business case submission. This mitigation may not fully mitigate the risk. As such, the Board will be kept up to date with the latest spend forecast for the project and the Board will be asked to agree any slippage of LGF spend beyond the Growth Deal period.

- **Tunbridge Wells Junction Improvement Package & Cycling Measures**
The project is split into two different projects including:
 - A26 London Road/ Speldhurst Road/ Yew Tree Road junction – Completed in May 2016; and
 - A26 Cycle Improvements.

The A26 cycle improvements were further divided into three phases of improvements along the route. It was originally expected that all three phases

would be completed by the end of 2018/19, according to the business case. Phases 1 and 2 have been completed; however, the scope of remainder of the project is currently under review which has resulted in delays to final completion. If any substantial changes to the scope of the project which may impact on the benefits of the project, the Board will be asked to agree a change request.

- **Maidstone Integrated Transport**

The Board has previously agreed the award of £8.9m LGF to the delivery of the project. The project is split into three separate interventions, with progress being made towards the delivery of all three phases, including:

- Phase 1 – Willington Street improvements
- Phase 2 – M2 Junction 5, Coldharbour Roundabout
- Phase 3 - A229 Loose Road corridor and A20 London Road/ Hall Road/ Mills Road junction

As these three phases are being delivered at different locations across Maidstone, the timescales for project construction and traffic management during the construction phase is being carefully considered to avoid severe traffic disruption. The delivery of the projects will therefore extend beyond the growth deal period.

Whilst it is currently expected that the LGF will be spent in advance of developer contributions, there is a risk of LGF slippage beyond 31st March 2021. The Board will be kept up to date on this risk and will be asked to agree any slippage of LGF beyond the Growth Deal period.

- **A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements**

The project is allocated a total of £11.1m LGF, with £3.5m having been awarded by the Board as development funding towards the further development of the project.

A Housing Infrastructure Fund (HIF) bid was also submitted to MHCLG which, if successful, would impact the scope of the LGF project. As such, the project has been put on hold. SELEP was previously made aware that should the HIF bid be successful, this would negate the need for the LGF project.

On the 1st November 2019, it was announced that £170m HIF had been successfully allocated to Medway Council. As such, the need for continued LGF support for the project will be considered and an update report will be provided to the Board at its next meeting in February 2020.

- **Innovation Park Phase 1** – see update under agenda item eight

- **London Gateway/Stanford le Hope**

The project was approved in February 2017 for the award of £7.5m LGF with the project due to complete in December 2018 (according to the original

business case). The scheme will provide a new multi-modal interchange and station building.

The project is being delivered in partnership with C2C train operating company. The LGF being spent in advance of funding contributions to the project by DP World London Gateway, C2C and London Gateway. It is therefore expected that the LGF will be spent in full before the end of the Growth Deal but with the delivery of the project extending beyond 31st March 2021. The delays have been incurred through the delivery of the project to date, as a result of the original design of the project having come in over budget.

Demolition works at the station has been completed. The project is being redesigned to reduce project costs and an alternate delivery routes are being reviewed. The council has agreed to fund any additional funding required to complete the delivery of the project, as per the original business case for the project. The project has a very high value for money of 9.4:1. As such, the increase in project cost is not expected to impact the value for money category for the project.

- **A131 Braintree to Sudbury, Essex**

At the last meeting of the Board, the Board agreed a reduced scope for the project. This scaled down the project from wider improvements along the A131 between Braintree to Sudbury to improvements at just Marks Farm Roundabout.

The Board agreed the change of scope subject to confirmation from Essex County Council by the 31st January 2020 that the S106 contributions are in place to deliver the Project. This confirmation has not yet been received. As such, there remains uncertainty as to the deliverability of the project until SELEP receives confirmation that the full funding package is in place for the project to progress.

5. Beaulieu Park

- 5.1. In February 2019, the Board agreed to the award of £12m LGF to the project, subject to three conditions being met. If all three conditions were not met by December 2019, then the £12m LGF allocation would be withdrawn from the project for reallocation to LGF3b pipeline projects.
- 5.2. Essex County Council has confirmed that the three funding conditions have now been met, as follows.
- 5.3. Condition 1 - A Value for Money review being completed for the overall Project by the Ministry for Housing Communities and Local Government (MHCLG), as part of the Housing Infrastructure Fund (HIF), which satisfies

the requirements of the value for money exemption 2 of the SELEP Assurance Framework.

- 5.4. As part of the projects consideration for HIF funding, the project business case has been through a robust review process. The business case has been assessed by government departments, including MHCLG, DfT, Network Rail, Homes England and HM Treasury. Independent consultants, appointed by central government, have also completed a due diligence checks on the project business case.
- 5.5. The successful award of HIF to the project by MHCLG confirms that central government are satisfied with the project business case and the value for money case for public sector investment. As such the project meets the Value for Money exemption 2, as set out in Table 5 below and therefore condition 1 has been satisfied.

Table 5 – Beaulieu Park project’s fit with Value for Money Exemption 2, as detailed in the SELEP Assurance Framework

Criteria for Value for Money Exemption 2 (as set out in SELEP Assurance Framework)	Beaulieu Park fit with criteria
1) The project has a BCR of over 1:1	The project has a BCR of 1.57:1
2) There is an overwhelming strategic case that supports the prioritisation of this project in advance of other unfunded investment opportunities identified in the Economic Strategy Statement (ESS)	There is a strong strategic case for the project due to the scale of development which will be supported in Essex through the delivery of the project.
3) There is demonstrable additionality which will be achieved through investment to address a clear market failure	Factors such as displacement and additionality have been considered as part of the business case review. Whilst private sector funding contributions are being made towards the project, public sector funding is required to meet the funding gap.
4) There are no project risks identified as high-risk impact and high probability of that risk occurring, after mitigation measures have been considered.	Essex County Council has confirmed that now that the funding package is in place, the major project risk has been removed. There remains no high impact and likely risks.
5) There are assurances provided from a least one government organisation (as listed in the Assurance Framework) that the project business case, including value for money, has been	The business case HIF has been considered by various government departments, including MHCLG, DfT, Network Rail and Homes England, HM Treasury, prior to a

considered and the organisation have approved the project for funding through their own assurance processes	funding decision to award HIF to the project.
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- 5.6. Condition 2 – Receipt of evidence from Essex County Council that they have been awarded sufficient funding through MHCLG's Housing Infrastructure Fund (HIF) and through contributions from Network Rail, to bridge the project funding gap in full.
- 5.7. Essex County Council has shared a copy of a letter received from MHCLG which confirms the successful award of £217.861m HIF to Chelmsford North East bypass, bridge and to meet the funding gap for the delivery of Beaulieu Park. To release this funding, MHCLG have set out some additional funding conditions which need to be addressed.
- 5.8. To release this funding, Essex County Council needs to enter into a formal contract with Homes England. There are a number of terms and conditions that are currently being negotiated that cover all aspects of the project through its lifecycle. According to Essex County Council, good progress is being made on reaching agreement and it is expected that contracts will be entered in to by the end of March 2020.
- 5.9. Condition 3 - Endorsement from the SELEP Strategic Board that the LGF can be retained against the Project beyond 31st March 2021.
- 5.10. On 22nd March 2019, the SELEP Strategic Board endorsed the planned spend of £9.27m beyond the 31st March 2021 of the Beaulieu Park Railway Station project. As such, this condition has also been satisfied.
- 5.11. As a result of all three conditions having been satisfied, it is now intended that SELEP Accountable Body will enter into a notional grant agreement with Essex County Council to transfer the £12m LGF to ECC for spend on the project in 2020/21. Any LGF held by ECC at the end of 2020/21 will be transferred into ECC's own capital programme for spend on the project in future years.
- 5.12. If the project cannot meet the funding conditions agreed with MHCLG to secure the HIF allocation, the £12m LGF must be returned to SELEP in full. This requirement will be included within the grant agreement for the Project.

6. LGF Programme Risks

- 6.1. In addition to project specific risks, the following LGF programme risks have also been identified.

Government's funding commitment to future years of the LGF Programme

Capital Programme Management of the Local Growth Fund

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme. The transfer of £77.873m in 2020/21 for the final year of the programme remains dependent on full compliance with the requirements of the LEP review, National Local Growth Assurance Framework and successful outcome of the Annual Performance Review.

Mitigation: Agenda item 13, Operational Plan and Assurance Framework Implementation update, details the latest position in relation to compliance with the governance requirements from Central Government and actions to address these.

LGF spend within Growth Deal period

Risk: Whilst the Cities and Local Growth Unit have indicated some flexibility to spend LGF beyond the Growth Deal Period (31st March 2021), the full impact of failure to spend the LGF allocation by this date has not been clearly articulated by Government. There is a potential reputational risk in terms of our ability to successfully secure funding from Central Government for funding streams which follow on from the Local Growth Fund, such as the Shared Prosperity Fund, if SELEP continues to hold substantial LGF allocations beyond the Growth Deal.

Mitigation: New LGF3b projects have been included in the LGF programme following the last Investment Panel meeting on the 28th June 2019. A pipeline of future projects was also agreed. This will enable new LGF3b projects to progress at pace should additional LGF become available through project underspend.

Slippage of LGF to future years of the programme

Risk: A slippage of £57.799m MHCLGLGF has been reported from 2018/19 to 2019/20. Based on the current spend for recast for 2019/20, a slippage of £22.766m LGF is already anticipated from 2019/20 to 2020/21. The backloading of LGF spend will create delivery pressures during the final years of the Growth Deal programme.

The slippage of LGF spend also has a potential reputational impact for the SELEP area, as Central Government is currently using LGF spend as a performance measure to monitor SELEP's Growth Deal delivery.

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and justification provided where slippage of LGF spend is expected beyond 31st March 2021.

Evidenced delivery of project outputs and outcomes

Risk: Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the Project Business Cases. However, Government continues to seek evidence of the delivery of jobs and homes which SELEP committed to deliver within its Growth Deal with Government. Whilst this information has been sought through update reports from SELEP, evidence of jobs and homes delivery from some local partners has not been forthcoming. This has a

reputational risk for SELEP and the robustness of our case to Government for further funding.

Mitigation: New templates have been prepared by SELEP's Independent Technical Evaluator (ITE), to help structure and provide a consistent approach to the monitoring of project outputs and outcomes following scheme completion. A series of workshop meetings have also been held with local areas to provide guidance on the completion of project monitoring and evaluation information.

The outputs delivered to date are also reported to each Strategic Board meeting to ensure clear oversight of project outcomes to date and oversight of the information reported back to Central Government.

S151 officer letter sign off of each Business Case includes a commitment for each local partner to allocate sufficient resource to the monitoring and evaluation of each LGF project.

7. Financial Implications (Accountable Body comments)

- 7.1. All funding allocations that have been agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, however, funding for future years is indicative.
- 7.2. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's s151 Officer that the financial affairs of the SELEP are being properly administered.
- 7.3. A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2018/19 into 2019/20 totalling £57.799m; in addition, slippage in excess of £22.766m is already reported into 2020/21. This creates a risk to delivery in the remaining 16 months of the programme.
- 7.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.5. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.

8. Legal Implications (Accountable Body comments)

- 8.1. There are no legal implications for this report.

9. Equality and Diversity implication

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

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

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

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

10. List of Appendices

- 12.1 Appendix 1 - LGF spend forecast update
- 12.2 Appendix 2 - Changes to 2019/20 spend forecast
- 12.3 Appendix 3 - Project deliverability and risk update

11. List of Background Papers

13.1 None

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

Appendix 1 LGF spend forecast update												
SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
East Sussex												
LGF000002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400	0.000	0.000					1.500
LGF000023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	0.000	0.000	0.254	0.000	1.027	0.819				2.100
LGF000024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.498	1.846	1.656				6.600
LGF000036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	0.890	1.570					10.000
LGF000066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895	0.000	0.000	0.000					1.400
LGF000067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170	0.000	0.000	0.000					1.700
LGF000085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000	0.000					18.600
LGF000042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	0.796	4.228	3.631				9.000
LGF000043	Hastings and Bexhill LSTF walking and cycling package (combined with A22/A27)	East Sussex	0.000	0.000								
LGF000044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	0.550	0.245	3.700	1.335	2.170				8.000
LGF000073	A22/A27 junction improvement package	East Sussex	0.000	0.000			0.000					
LGF000068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000	0.000					0.667
LGF000097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.300	0.350					8.200
LGF000099	Devonshire Park	East Sussex	0.000	0.000	5.000	0.000	0.000					5.000
LGF00108	Bexhill Enterprise Park North	East Sussex	0.000	0.000	0.000	0.000	1.940					1.940
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	0.000	0.000	0.000	0.000	2.134	0.784				2.918
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road)	East Sussex	0.000	0.000	0.000	0.000	0.381	0.119				0.500
LGF00116	Bexhill Creative Workspace	East Sussex	0.000	0.000	0.000	0.000	0.960					0.960
LGF00117	Exceat Bridge Replacement - phase 1	East Sussex	0.000	0.000	0.000	0.000	0.000	1.500				1.500
Essex												
LGF000004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000	0.000	0.000					0.200
LGF000025	Colchester LSTF	Essex	0.911	1.489	0.000	0.000	0.000					2.400
LGF000026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400	0.000					5.000
LGF000027	Colchester Town Centre	Essex	0.955	2.574	1.071	0.000	0.000					4.600
LGF000028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000	0.000	0.000					3.000
LGF000031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487	0.000					10.487
LGF000032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000	0.000	0.000					2.000
LGF000033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.248	0.738	0.000					3.000
LGF000034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	0.750	4.203	0.000				6.586
LGF000037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	0.000	0.000	0.000	0.000					5.800
LGF000048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	1.104	1.160					3.660
LGF000049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	0.000	0.000					
LGF000050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	0.525	2.215					2.740
LGF000051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000	0.000	0.502	1.298				1.800
LGF000063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	1.000	2.500	4.000	2.500				10.000
LGF000064	Chelmsford Flood Alleviation Scheme	Essex	0.000	0.000	0.000	0.000	0.000					
LGF000070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000	0.000	2.730	1.310	7.960		12.000
LGF000068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667	0.000	0.000					0.667
LGF000095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000					5.000
LGF000098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	2.000	1.500	0.000					3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000	0.000					2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	2.153	2.747					5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	0.000	0.000	1.700	0.673	3.862				6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000	0.000	1.800	0.900	0.034				2.734
LGF00105	Mercury Rising Theatre	Essex	0.000	0.000	0.000	0.000	1.000					1.000
LGF00111	Basildon Digital Technologies Campus	Essex	0.000	0.000	0.000	0.000	1.150	1.000				2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.000	0.000	0.000	0.000	0.050	0.050				0.100
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning	Essex	0.000	0.000	0.000	0.000	0.800	0.100				0.900
LGF00114	Flightpath Phase 2	Essex	0.000	0.000	0.000	0.000	1.058	0.364				1.422
LGF00118	Basildon Innovation Warehouse	Essex	0.000	0.000	0.000	0.000	0.000	0.870				0.870
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.000	0.000	0.000	0.000	0.000	3.000				3.000
Kent												
LGF000003	i3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.951	0.941	1.188	0.532				6.000
LGF000006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000	0.000					2.631
LGF000007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000	0.000					2.500
LGF000008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000	0.000					2.200
LGF000009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Road)	Kent	0.603	0.189	0.049	0.315	0.249	0.395				1.800
LGF000010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.252	0.453	0.544				4.500
LGF000011	Maidstone Gyrotary Bypass	Kent	0.704	3.724	0.171	0.000	0.000					4.600
LGF000012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.236	0.893	1.517				4.800
LGF000013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000	0.000					0.800
LGF000014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.177	0.150	0.286				1.000
LGF000015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.647	0.608				2.728
LGF000016	West Kent LSTF	Kent	0.800	1.308	0.333	1.388	0.471	0.600				4.900
LGF000017	Folkestone Seafrost : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000	0.000	0.000					0.541
LGF000038	A28 Chart Road - on hold	Kent	0.885	0.984	0.887	0.000	0.000					2.756
LGF000039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	0.668	3.101	3.752				8.900
LGF000040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	0.285	0.390	4.439				5.900
LGF000053	Rathmore Road	Kent	1.562	2.638	0.000	0.000	0.000					4.200
LGF000054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent	0.022	0.005	0.056	0.000	-0.084					0.000
LGF000055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000	0.000					2.000
LGF000059	Ashford Spurs	Kent	0.000	0.167	4.173	1.414	2.143					7.897
LGF000041	Thanet Parkway	Kent	0.000	0.000	0.000	0.000	0.000	14.000				14.000
LGF000058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000	0.000					5.000
LGF000060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000					0.000
LGF000062	Folkestone Seafrost (non-transport)	Kent	0.000	1.967	3.033	0.000	0.000					5.000
LGF000072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638	0.000					4.200
LGF000068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.511	0.093					0.667
LGF000086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	0.522	3.360	0.418				4.300
LGF000088	Fort Halsted (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000					0.000
LGF000092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966	0.000	0.000				1.265
LGF000093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	1.953	4.167	0.000	0.000				6.120
LGF000096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000					0.000
LGF000094	Leigh Flood Storage Area	Kent	0.000	0.000	0.000	0.983	1.366					2.349
LGF00106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	0.040	1.331	0.532				1.903
LGF00120	M2 J5 improvements	Kent	0.000	0.000	0.000	0.000	0.000	1.600				1.600
LGF00121	Kent and Medway Medical School - Phase 1	Kent	0.000	0.000	0.000	0.000	4.000					4.000
Medway												
LGF000018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network	Medway	0.298	0.402	0.347	0.393	0.381	4.055	5.224			11.100
LGF000019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	0.200	1.772	0.944	1.384	4.300	0.000				8.600
LGF000020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	0.747	0.756	0.000				4.200
LGF000021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203	0.000	0.000				2.500
LGF000022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.021	0.061	0.560	1.077				2.200
LGF000061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.104	3.935	0.000				4.400
LGF000089	IPM (Rochester Airport - phase 2)	Medway	0.000	0.000	0.000	0.099	1.280	2.321				3.700
LGF000091												

Appendix 1 LGF spend forecast update												
SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
LGFO00115	IPM 2 (Rochester Airport - phase 3)	Medway	0.000	0.000	0.000	0.000	0.000	1.519				1.519
Southend												
LGFO00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.000	0.000					0.720
LGFO00107	Southend Forum 2	Southend	0.000	0.000	0.000	0.470	1.030	4.500				6.000
LGFO00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000	0.000	0.000					1.000
LGFO00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.000	0.767	1.211	1.011	0.500	3.512				7.000
LGFO00057	London Southend Airport Business Park Phase 1 and 2 (including S	Southend	0.000	2.366	2.076	4.127	11.843	2.678				23.090
LGFO00115	Southend Town Centre - Phase 1	Southend	0.000	0.000	0.000	0.000	0.750	0.118				0.868
Thurrock												
LGFO00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.160	0.125					1.000
LGFO00046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520	0.000					5.000
LGFO00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	2.514	1.647	1.084				7.500
LGFO00052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292	0.000					5.000
LGFO00056	Purfleet Centre	Thurrock	0.000	0.645	1.000	0.196	3.159	0.000				5.000
LGFO0104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.700	7.140				10.840
LGFO0123	Tilbury Riverside	Thurrock	0.000	0.000	0.000	0.000	0.000	2.360				2.360
Managed Centrally												
LGFO00001	Skills		9.923	11.980	0.071							21.975
LGFO00071	M20 Junction 10a				8.300	11.400						19.700
	Unallocated											0.073
Sub-total			54.563	70.405	78.984	73.797	89.947	86.074	6.534	7.960	0.000	468.335
Provisional Funding Allocation from MHCLG												
			69.450	82.270	92.088	91.739	54.915	77.873				468.335
LGF slippage 2015/16 to 2016/17												
			14.887									
LGF slippage from 2016/17 to 2017/18												
				26.752								
LGF slippage from 2017/18 to 2018/19												
					39.857							
LGF slippage 2018/19 to 2019/20												
						57.799						
Forecast LGF slippage 2019/20 to 2020/21												
							22.767					
Forecast LGF slippage 2020/21 to 2021/22												
								14.566				
DfT retained schemes												
LGFO00079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	0.000	0.000	15.000				15.000
LGFO00080	A127 Capacity Enhancements Road Safety and Network Resilience	Essex	0.513	3.487	0.000	0.000	0.000					4.000
LGFO00081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411	0.000	0.000					4.300
LGFO00082	A127 The Bell	Southend	0.000	0.000	0.000	0.369	0.831	3.100				4.300
LGFO00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	0.400	0.289	0.311	0.427	0.573	6.000				8.000
LGFO00084	A13 Widening	Thurrock	0.000	0.000	13.408	11.507	32.175	17.910				75.000
Sub-total retained schemes			1.413	6.165	15.130	12.303	33.579	42.010	0.000	0.000	0.000	110.600
Provisional Funding Allocation from DfT												
			1.500	7.500	29.704	3.474	37.357	31.065				
LGF slippage 2015/16 to 2016/17												
			0.087									
LGF slippage from 2016/17 to 2017/18												
				1.422								
LGF slippage from 2017/18 to 2018/19												
					15.996							
LGF slippage 2018/19 to 2019/20												
						7.167						
Forecast LGF slippage 2019/20 to 2020/21												
							10.945					
Forecast LGF slippage 2020/21 to 2021/22												
								0.000				

Appendix 2 Changes to LGF spend forecast								
SELEP number	Project Name	Promoter	Planned 2019/20 spend (at outset of 2019/20 financial year)	Updated LGF spend forecast 2019/20 (October 2019)	Forecast August 2019	Difference between planned LGF spend and forecast LGF spend (October 2019)	Changes to 2019/20 spend previously reported to the Board	Changes to 2019/20 spend to be approved by the Board
East Sussex								
LGF00002	Newhaven Flood Defences	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	1.782	1.027	1.027	-0.755	-0.755	0.000
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	1.779	1.846	1.846	0.067	0.067	0.000
LGF00036	Queensway Gateway Road	East Sussex	0.000	1.570	1.570	1.570	1.570	0.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	4.280	4.228	4.228	-0.052	-0.052	0.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	1.505	1.335	1.335	-0.170	-0.170	0.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.350	0.300	0.350	0.300	0.050
LGF00099	Devonshire Park	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00108	Bexhill Enterprise Park North	East Sussex	0.000	1.940	1.940	1.940	1.940	0.000
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	0.000	2.134	2.134	2.134	2.134	0.000
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Centre)	East Sussex	0.000	0.381	0.381	0.381	0.381	0.000
LGF00116	Bexhill Creative Workspace	East Sussex	0.000	0.960	0.960	0.960	0.960	0.000
LGF00117	Exceat Bridge Replacement - phase 1	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000
Essex								
LGF00004	Colchester Broadband Infrastructure	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00025	Colchester LSTF	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00026	Colchester Integrated Transport Package	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00027	Colchester Town Centre	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00028	TGSE LSTF - Essex	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00032	A414 Maldon to Chelmsford RBS	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00034	Basildon Integrated Transport Package	Essex	4.203	4.203	4.203	0.000	0.000	0.000
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00048	A131 Chelmsford to Braintree	Essex	0.264	1.160	1.160	0.896	0.896	0.000
LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00050	A133 Colchester to Clacton	Essex	1.370	2.215	2.215	0.845	0.845	0.000
LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.502	0.502	0.502	0.502	0.000
LGF00063	Chelmsford City Growth Area Scheme	Essex	4.000	4.000	4.000	0.000	0.000	0.000
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	0.000	0.000	-0.800	-0.800	0.000
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	3.000	2.747	2.747	-0.253	-0.253	0.000
LGF00102	A127/A130 Fairglens Interchange new link road	Essex	0.673	0.673	0.673	0.000	0.000	0.000
LGF00103	M11 Junction 8 Improvements	Essex	0.900	0.900	0.900	0.000	0.000	0.000
LGF00105	Mercury Rising Theatre	Essex	0.000	1.000	1.000	1.000	1.000	0.000
LGF00111	Basildon Digital Technologies Campus	Essex	0.000	1.150	1.150	1.150	1.150	0.000
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.000	0.050	0.050	0.050	0.050	0.000
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning	Essex	0.000	0.800	0.800	0.800	0.800	0.000
LGF00114	Flightpath Phase 2	Essex	0.000	1.058	1.058	1.058	1.058	0.000
LGF00118	Basildon Innovation Warehouse	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.000	0.000	0.000	0.000	0.000	0.000
Kent								
LGF00003	I3 Innovation Investment Loan Scheme	Kent	1.000	1.188	1.153	0.188	0.153	0.035
LGF00006	Tonbridge Town Centre Regeneration	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Jct)	Kent	0.556	0.249	0.249	-0.307	-0.307	0.000
LGF00010	Kent Thameside LSTF	Kent	0.379	0.453	0.453	0.073	0.073	0.000

Appendix 2 Changes to LGF spend forecast								
SELEP number	Project Name	Promoter	Planned 2019/20 spend (at outset of 2019/20 financial year)	Updated LGF spend forecast 2019/20 (October 2019)	Forecast August 2019	Difference between planned LGF spend and forecast LGF spend (October 2019)	Changes to 2019/20 spend previously reported to the Board	Changes to 2019/20 spend to be approved by the Board
LGF00011	Maidstone Gyratory Bypass	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00012	Kent Strategic Congestion Management programme	Kent	0.800	0.893	0.893	0.093	0.093	0.000
LGF00013	Middle Deal transport improvements	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00014	Kent Rights of Way improvement plan	Kent	0.150	0.150	0.150	0.000	0.000	0.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.755	0.647	0.647	-0.108	-0.108	0.000
LGF00016	West Kent LSTF	Kent	0.700	0.471	0.471	-0.229	-0.229	0.000
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00038	A28 Chart Road - on hold	Kent	3.119	0.000	0.000	-3.119	-3.119	0.000
LGF00039	Maidstone Integrated Transport	Kent	3.285	3.101	3.101	-0.184	-0.184	0.000
LGF00040	A28 Sturry Link Road	Kent	0.000	0.390	0.390	0.390	0.390	0.000
LGF00053	Rathmore Road	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent	0.216	-0.084	-0.084	-0.300	-0.300	0.000
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00059	Ashford Spurs	Kent	1.632	2.143	2.143	0.511	0.511	0.000
LGF00041	Thanet Parkway	Kent	2.355	0.000	4.000	-2.355	1.645	-4.000
LGF00058	Dover Western Dock Revival	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.093	0.093	0.093	0.093	0.000
LGF00086	Dartford Town Centre Transformation	Kent	1.604	3.360	3.360	1.756	1.756	0.000
LGF00088	Fort Halsted (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00094	Leigh Flood Storage Area	Kent	0.500	1.366	1.366	0.866	0.866	0.000
LGF00106	Sandwich Rail Infrastructure	Kent	1.238	1.331	1.331	0.093	0.093	0.000
LGF00120	M2 J5 improvements	Kent	0.000	0.000	0.000	0.000	0.000	0.000
LGF00121	Kent and Medway Medical School - Phase 1	Kent	0.000	4.000	4.000	4.000	4.000	0.000
Medway								
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Imp	Medway	4.275	0.381	0.937	-3.894	-3.338	-0.555
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	4.314	4.300	4.500	-0.014	0.186	-0.200
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.399	0.756	0.756	0.358	0.358	0.000
LGF00021	Medway Cycling Action Plan	Medway	0.000	0.000	0.000	0.000	0.000	0.000
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	1.396	0.560	0.560	-0.836	-0.836	0.000
LGF00061	Rochester Airport - phase 1	Medway	3.771	3.935	3.778	0.163	0.007	0.156
LGF00089	IPM (Rochester Airport - phase 2)	Medway	2.400	1.280	2.508	-1.120	0.108	-1.228
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	0.000	0.000	0.000	0.000
LGF00115	IPM 2 (Rochester Airport - phase 3)	Medway	0.000	0.000	0.000	0.000	0.000	0.000
Southend								
LGF00005	Southend Growth Hub	Southend	0.000	0.000	0.000	0.000	0.000	0.000
LGF00107	Southend Forum 2	Southend	1.000	1.030	1.030	0.030	0.030	0.000
LGF00029	TGSE LSTF - Southend	Southend	0.000	0.000	0.000	0.000	0.000	0.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	2.000	0.500	0.500	-1.500	-1.500	0.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and	Southend	12.693	11.843	11.164	-0.850	-1.529	0.679
LGF00115	Southend Town Centre - Phase 1	Southend	0.000	0.750	0.750	0.750	0.750	0.000
Thurrock								
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.163	0.125	0.125	-0.038	-0.038	0.000
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.000	0.000	0.000	0.000	0.000
LGF00047	London Gateway/Stamford le Hope	Thurrock	0.547	1.647	2.731	1.100	2.184	-1.084
LGF00052	A13 Widening - development	Thurrock	0.000	0.000	0.000	0.000	0.000	0.000
LGF00056	Purfleet Centre	Thurrock	0.000	3.159	3.159	3.159	3.159	0.000
LGF00104	Grays South	Thurrock	3.700	3.700	3.700	0.000	0.000	0.000
LGF00123	Tilbury Riverside	Thurrock	0.000	0.000	0.000	0.000	0.000	0.000
Managed Centrally								
LGF00001	Skills		0.000	0.000	0.000	0.000	0.000	0.000
LGF00071	M20 Junction 10a		0.000	0.000	0.000	0.000	0.000	0.000
	Unallocated		0.000	0.000	0.000	0.000	0.000	0.000
DfT retained schemes								

Appendix 2 Changes to LGF spend forecast

SELEP number	Project Name	Promoter	Planned 2019/20 spend (at outset of 2019/20 financial year)	Updated LGF spend forecast 2019/20 (October 2019)	Forecast August 2019	Difference between planned LGF spend and forecast LGF spend (October 2019)	Changes to 2019/20 spend previously reported to the Board	Changes to 2019/20 spend to be approved by the Board
LGF00079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	0.000	0.000	0.000	0.000	0.000	0.000
LGF00081	A127 Kent Elms Corner	Southend	0.000	0.000	0.000	0.000	0.000	0.000
LGF00082	A127 The Bell	Southend	0.800	0.831	0.831	0.031	0.031	0.000
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	2.000	0.573	2.573	-1.427	0.573	-2.000
LGF00084	A13 Widening	Thurrock	25.011	32.175	32.177	7.164	7.166	-0.002
Total			107.314	123.526	131.674	16.212	24.360	-8.148

Appendix 3 - Deliverability and Risk Update																				
Project	Deliverability						Financial						LGF spend 2019/20							
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q2 2019/20	LGF spend to date (%) Up to end of Q2 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
East Sussex																				
Newhaven Flood Defences	Jun-15	Construction in progress	01/02/2020	01/02/2020	0	1	£1,500,000	£1,500,000	100%	TBC	£19,000,000		0.000000	£0	0.000000	£0	£0	1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	01/03/2020	01/03/2020	0	3	£2,100,000	£1,254,000	60%	£2,300,000	£3,530,000	53%	1.782000	£1,782,000	1.027000	£1,027,000	£-755,000	5	1	3
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	1	£6,600,000	£3,815,000	58%	£9,390,000	£10,560,000	12%	1.779000	£1,779,000	1.846000	£1,846,000	£67,000	3	1	2
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	01/03/2021	60	5	£10,000,000	£10,000,000	100%	£15,000,000	£10,000,000	-33%	0.000000	£0	1.570000	£1,570,000	£1,570,000	4	3	4
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	01/03/2017	01/03/2017	0	1	£1,400,000	£1,400,000	100%	£1,595,000	£2,800,000	76%	0.000000	£0	0.000000	£0	£0	1	1	1
Sovereign Harbour	Feb-16	LGF project delivered	01/03/2017	01/03/2017	0	1	£1,700,000	£1,700,000	100%	TBC	£1,700,000		0.000000	£0	0.000000	£0	£0	1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	LGF project delivered	01/03/2018	01/12/2018	9	1	£18,600,000	£18,600,000	100%	£16,600,000	£18,600,000	12%	0.000000	£0	0.000000	£0	£0	2	2	2
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	01/03/2021	01/03/2021	0	1	£9,000,000	£2,391,000	27%	£9,000,000	£9,364,000	4%	4.280000	£4,280,000	4.228000	£4,228,000	£-52,000	4	1	2
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	2	£8,000,000	£5,095,000	64%	£9,736,000	£11,250,000	16%	1.505000	£1,505,000	1.335000	£1,335,000	£-170,000	2	3	3
Coastal Communities Housing Intervention Hastings	Feb-17	Construction in progress	01/04/2020	01/03/2020	0	1	£666,667	£666,667	100%	£3,370,000	£3,200,000	-5%	0.000000	£0	0.000000	£0	£0	1	1	1
East Sussex Strategic Growth Project	Jan-17	LGF project delivered	01/03/2021	31/05/2021	2	2	£8,200,000	£8,200,000	100%	£21,200,000	£21,200,000	0%	0.000000	£0	0.350000	£350,000	£350,000	1	1	2
Devonshire Park	Mar-17	LGF project delivered	01/03/2020	01/03/2020	0	1	£5,000,000	£5,000,000	100%	£16,000,000	£16,000,000	0%	0.000000	£0	0.000000	£0	£0	1	1	1
Bexhill Enterprise Park North	Jun-19	Design in progress	01/03/2020	01/03/2020	0	4	£1,940,000	£440,000	23%	£20,700,000	£20,700,000	0%	0.000000	£0	1.940000	£1,940,000	£1,940,000	1	3	3
Skills for Rural Businesses Post-Brexit	Jun-19	Design in progress	01/03/2021	01/03/2021	0	1	£2,918,000	£383,900	13%	£7,037,020	£7,037,000	0%		£0	2.133900	£2,133,900	£2,133,900	1	1	1
Sidney Little Road Business Incubator Hub	Jun-19	Design in progress	01/03/2021	01/02/2021	0	1	£500,000	£100,000	20%	£2,773,686	£2,774,000	0%		£0	0.381000	£381,000	£381,000	1	1	1
Bexhill Creative Workspace	Sep-19	Approval pending	01/05/2020	01/05/2020	0	1	£960,000	£0	0%	£1,760,000	£1,760,000	0%		£0	0.960000	£960,000	£960,000	1	1	1
Exceat Bridge Replacement - phase 1	Pending	Approval pending	TBC	TBC		1	£1,500,000	£0	0%	TBC	£4,744,000			£0	0.000000	£0	£0	1	1	1
Essex																				
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	01/03/2016	01/03/2016	0	1	£200,000	£200,000	100%	£528,782	£529,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Colchester LSTF	Mar-15	LGF project delivered	01/03/2016	01/12/2016	9	1	£2,400,000	£2,400,000	100%	£2,000,000	£3,144,000	57%	0.000000	£0	£0.000000	£0	£0	1	1	1
Colchester Integrated Transport Package	Mar-15	Construction in progress	01/03/2021	01/03/2021	0	1	£5,000,000	£5,000,000	100%	£12,749,000	£13,701,000	7%	0.000000	£0	£0.000000	£0	£0	2	1	2
Colchester Town Centre	Mar-15	LGF project delivered	01/03/2016	01/01/2018	22	1	£4,600,000	£4,600,000	100%	£5,052,000	£5,445,000	8%	0.000000	£0	£0.000000	£0	£0	1	1	2
TGSE LSTF - Essex	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£3,000,000	£3,000,000	100%	£3,000,000	£3,062,000	2%	0.000000	£0	£0.000000	£0	£0	1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	01/03/2017	01/03/2019	24	1	£10,487,000	£10,487,000	100%	£14,924,000	£26,695,000	79%	0.000000	£0	£0.000000	£0	£0	1	1	2
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	01/03/2017	01/12/2016	0	1	£2,000,000	£2,000,000	100%	£3,913,000	£3,217,000	-18%	0.000000	£0	£0.000000	£0	£0	1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	01/12/2017	31/03/2019	15	1	£3,000,000	£3,000,000	100%	£2,921,000	£3,014,000	3%	0.000000	£0	£0.000000	£0	£0	1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	1	£6,586,000	£3,883,000	59%	£11,672,000	£10,749,000	-8%	4.203000	£4,203,000	£4.203000	£4,203,000	£-0	4	1	2
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	01/04/2015	01/04/2015	0	1	£5,800,000	£5,800,000	100%	£7,193,000	£7,433,000	3%	0.000000	£0	£0.000000	£0	£0	1	1	1
A127 Fairglen junction improvements	Pending	Approval pending	01/09/2022	01/09/2022	0	3	£15,000,000	£0	0%	TBC	£18,819,000		0.000000	£0	£0.000000	£0	£0	3	4	4
A127 capacity enhancements	Jun-15	LGF project delivered	01/12/2020	01/03/2022	15	1	£4,000,000	£4,000,000	100%	£9,150,000	£5,863,000	-36%	0.000000	£0	£0.000000	£0	£0	1	1	2
A131 Chelmsford to Braintree	Feb-17	Construction in progress	01/03/2020	01/03/2020	0	1	£3,660,000	£3,359,294	92%	£7,320,000	£5,900,000	-19%	0.264000	£264,000	£1.160000	£1,160,000	£896,000	1	1	1
A133 Colchester to Clacton	Nov-17	Construction in progress	01/03/2020	01/03/2020	0	1	£2,740,000	£1,030,236	38%	£5,480,000	£3,264,000	-40%	1.370000	£1,370,000	£2.214623	£2,214,623	£844,623	1	1	1
A131 Braintree to Sudbury	Jun-18	Design in progress	01/03/2021	01/03/2021	0	3	£1,800,000	£0	0%	£3,600,000	£3,143,000	-13%	0.000000	£0	£0.502000	£502,000	£502,000	5	2	4
Chelmsford City Growth Area Scheme	Dec-17	Construction in progress	01/03/2021	01/03/2021	0	2	£10,000,000	£5,500,000	55%	£14,913,000	£15,067,000	1%	4.000000	£4,000,000	£4.000000	£4,000,000	£0	1	2	2
Beaulieu Park Railway Station	Feb-19	Design in progress	01/03/2024	01/12/2025	21	4	£12,000,000	£0	0%	£157,070,000	£157,070,000	0%	0.000000	£0	£0.000000	£0	£0	3	4	4
Coastal Communities Housing Intervention Jaywick	Feb-17	Construction in progress	01/06/2019	01/06/2019	0	1	£666,667	£666,667	100%	£3,623,667	£3,623,667	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Gilden Way upgrading	Dec-17	Design in progress	01/03/2021	01/03/2022	12	4	£5,000,000	£5,000,000	100%	£12,327,000	£10,400,000	-16%	0.000000	£0	£0.000000	£0	£0	1	1	2
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	01/09/2018	01/09/2018	0	1	£3,500,000	£3,500,000	100%	£10,480,000	£10,480,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	01/01/2019	26/04/2019	3	1	£2,000,000	£2,000,000	100%	£13,000,000	£13,000,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
STEM Innovation Centre - Colchester Institute	Dec-17	Design in progress	01/01/2019	TBC		1	£5,000,000	£5,000,000	100%	£10,000,000	£10,000,000	0%	3.000000	£3,000,000	£2.746988	£2,746,988	£-253,012	1	1	1
A127/A130 Fairglen Interchange new link road	Feb-19	Design in progress	01/04/2022	01/04/2022	0	3	£6,235,000	£1,973,000	32%	£9,844,000	£9,844,000	0%	0.673000	£673,000	£0.673000	£673,000	£0	3	3	3
M11 junction 8 improvements	Nov-17	Design in progress	01/03/2021	01/03/2021	0	1	£2,733,896	£2,200,000	80%	£9,056,000	£9,056,000	0%	0.900000	£900,000	£0.900000	£900,000	£0	2	2	2
Mercury Rising Theatre	Nov-17	Construction in progress	01/03/2020	01/03/2020	0	1	£1,000,000	£988,967	98%	£8,988,967	£8,988,967	0%	0.000000	£0	£1.000000	£1,000,000	£1,000,000	5	2	3

Project	Deliverability						Financial						LGF spend 2019/20							
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q2 2019/20	LGF spend to date (%) Up to end of Q2 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
Basildon Digital Technologies Campus	Jun-19	Design in progress	01/09/2020	01/09/2020	0	1	£2,150,000	£0	0%	£15,800,000	£15,800,000	0%	0.000000	£0	£1.150000	£1,150,000	£1,150,000	1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	Design in progress	01/01/2020	01/01/2020	0	1	£100,000	£0	0%	£250,000	£250,000	0%	0.000000	£0	£0.050000	£50,000	£50,000	1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	Design in progress	01/09/2020	01/09/2020	0	1	£900,000	£0	0%	£2,016,000	£2,016,000	0%	0.000000	£0	£0.800000	£800,000	£800,000	1	1	1
Flightpath Phase 2	Jun-19	Construction in progress	30/09/2020	01/09/2020	0	1	£1,421,500	£0	0%	£2,843,000	£2,843,000	0%	0.000000	£0	£1.058000	£1,058,000	£1,058,000	1	1	1
Basildon Innovation Warehouse	Pending	Approval pending	TBC	TBC		1	£870,000	£0	0%	£1,700,000	£1,700,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
University of Essex Parkside (Phase 3)	Pending	Approval pending	TBC	TBC		1	£3,000,000	£0	0%	£10,011,000	£10,011,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Kent																				
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project in progress	01/03/2021	01/03/2021	0	2	£6,000,000	£5,468,030	91%	£15,000,000	£15,000,000	0%	1.000000	£1,000,000	£1.188279	£1,188,279	£188,279	1	1	2
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	31/03/2017	30/04/2017	0	1	£2,631,269	£2,631,269	100%	£2,650,000	£2,931,000	11%	0.000000	£0	£0.000000	£0	£0	1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	Construction in progress	01/09/2016	01/01/2020	40	5	£2,500,000	£2,500,000	100%	£44,331,000	£4,700,000		0.000000	£0	£0.000000	£0	£0	1	3	3
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	31/03/2015	28/02/2017	22	1	£2,200,000	£2,200,000	100%	£4,435,000	£6,195,000	40%	0.000000	£0	£0.000000	£0	£0	1	1	1
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Construction in progress	01/09/2019	31/03/2021	18	4	£1,800,000	£1,159,306	64%	£2,050,000	£1,966,000	-4%	0.556000	£556,000	£0.249240	£249,240	£-306,760	4	2	4
Kent Thameside LSTF	Mar-15	Construction in progress	31/03/2021	31/03/2021	0	3	£4,500,000	£3,596,089	80%	£5,584,000	£8,272,000	48%	0.379000	£379,000	£0.452600	£452,600	£73,600	2	1	2
Maidstone Gytratory Bypass	Mar-15	LGF project delivered	01/02/2017	01/12/2016	0	1	£4,600,000	£4,600,000	100%	£5,700,000	£5,740,000	1%	0.000000	£0	£0.000000	£0	£0	1	1	1
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	0	2	£4,800,000	£2,510,477	52%	£4,800,000	£5,024,000	5%	0.800000	£800,000	£0.892910	£892,910	£92,910	3	2	3
Middle Deal transport improvements	Feb-16	Design in progress	01/12/2016	01/07/2020	43	5	£800,000	£800,000	100%	£1,800,000	£1,550,000	-14%	0.000000	£0	£0.000000	£0	£0	1	3	3
Kent Rights of Way improvement	Mar-15	Construction in progress	31/03/2021	TBC		3	£1,000,000	£627,986	63%	£1,200,000	£1,288,000	7%	0.150000	£150,000	£0.150340	£150,340	£340	2	1	2
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	0	3	£2,727,586	£1,554,036	57%	£3,000,000	£2,915,000	-3%	0.755000	£755,000	£0.646734	£646,734	£-108,266	4	1	3
West Kent LSTF	Apr-16	Construction in progress	31/03/2021	31/03/2021	0	2	£4,900,000	£3,828,988	78%	£9,060,000	£9,135,000	1%	0.700000	£700,000	£0.471012	£471,012	£-228,988	4	3	3
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	30/09/2015	31/03/2016	6	1	£541,145	£541,145	100%	£500,000	£691,000	38%	0.000000	£0	£0.000000	£0	£0	1	1	1
A28 Chart Road	Nov-15	Design in progress	01/03/2020	TBC		5	£2,756,409	£2,756,283	100%	£32,799,223	£4,239,000	-87%	3.119000	£3,119,000	£0.000000	£0	£-3,119,000	5	4	5
Maidstone Integrated Transport	Nov-15 and Jun-18	Design in progress	01/02/2020	01/03/2021	13	4	£8,900,000	£2,389,563	27%	£13,900,000	£10,550,000	-24%	3.285000	£3,285,000	£3.101252	£3,101,252	£-183,748	3	3	4
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	01/10/2021	0	5	£5,900,000	£1,109,051	19%	£28,500,000	£29,600,000	4%	0.000000	£0	£0.390000	£390,000	£390,000	5	5	5
Rathmore Road	Nov-15	LGF project delivered	01/11/2017	01/01/2018	2	1	£4,200,000	£4,200,000	100%	£9,200,000	£9,500,000	3%	0.000000	£0	£0.000000	£0	£0	1	1	1
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	01/03/2016	01/06/2017	15	1	£2,000,000	£2,000,000	100%	£3,000,000	£2,625,000	-13%	0.000000	£0	£0.000000	£0	£0	1	1	1
Ashford Spurs	Sep-16 and May-17	Construction in progress	01/04/2018	01/04/2020	24	4	£7,896,830	£6,073,161	77%	£10,497,490	£8,597,000	-18%	1.632000	£1,632,000	£2.142967	£2,142,967	£510,967	3	2	3
Thanet Parkway	Apr-19	Design in progress	01/12/2021	TBC		4	£14,000,000	£0	0%	£27,650,000	£27,650,000	0%	2.355000	£2,355,000	£0.000000	£0	£-2,355,000	5	4	5
Dover Western Docks revival	Feb-17	LGF project delivered	01/02/2017	01/04/2017	2	1	£5,000,000	£5,000,000	100%	£5,100,000	£15,000,000	194%	0.000000	£0	£0.000000	£0	£0	1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	31/12/2027	31/03/2018	0	1	£5,000,000	£5,000,000	100%	£337,000,000	£49,192,000	-85%	0.000000	£0	£0.000000	£0	£0	1	1	1
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	01/03/2020	31/05/2019		1	£4,200,000	£4,200,000	100%	£6,900,000	£6,903,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Coastal Communities Housing Intervention (Thanet)	Feb-16	Construction in progress	31/03/2021	31/03/2021	0	3	£666,667	£574,013	86%	£1,529,075	£1,531,000	0%	0.000000	£0	£0.092653	£92,653	£92,653	3	2	3
Dartford Town Centre Transformation	Apr-18	Design in progress	31/03/2021	31/03/2021	0	3	£4,300,000	£524,270	12%	£12,000,000	£12,000,000	0%	1.604000	£1,604,000	£3.360217	£3,360,217	£1,756,217	3	3	3
A2500 Lower Road	Sep-17	LGF project delivered	01/12/2019	01/03/2019	0	2	£1,264,930	£1,264,930	100%	£1,804,930	£1,805,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	2
Kent and Medway EDGE hub	Sep-17	Construction in progress	31/08/2020	30/09/2020	0	1	£6,120,000	£6,120,000	100%	£20,502,000	£21,000,000	2%	0.000000	£0	£0.000000	£0	£0	1	1	1
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	01/07/2023	01/07/2023	0	2	£2,348,500	£1,089,345	46%	£24,691,000	£15,574,000	-37%	0.500000	£500,000	£1.365881	£1,365,881	£865,881	2	2	2
Sandwich Rail Infrastructure	Nov-17	Design in progress	31/03/2020	28/02/2020	0	1	£1,903,170	£244,160	13%	£4,299,200	£3,898,390	-9%	1.238000	£1,238,000	£1.331309	£1,331,309	£93,309	3	2	2
M2 Junction 5	Pending	Approval pending	TBC	TBC		1	£1,600,000	£0	0%	TBC	£90,700,000			£0	£0.000000	£0	£0	1	1	1
Kent and Medway Medical School	Pending	Approval pending	TBC	TBC		1	£4,000,000	£0	0%	TBC	£17,793,000			£0	£4.000000	£4,000,000	£4,000,000	1	1	1
Medway																				
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2022	14	4	£11,100,000	£1,521,045	14%	£18,697,000	£11,564,000	-38%	4.275000	£4,275,000	£0.381459	£381,459	£-3,893,541	5	2	4
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	01/03/2020	20	4	£8,600,000	£5,849,210	68%	£12,750,000	£10,070,000	-21%	4.314000	£4,314,000	£4.300453	£4,300,453	£-13,547	3	2	3
Chatham Town Centre	Mar-15	Construction in progress	31/07/2017	01/10/2019	26	5	£4,200,000	£4,200,000	100%	£4,900,000	£5,129,000	5%	0.399000	£399,000	£0.756413	£756,413	£357,413	2	1	3
Medway Cycling Action Plan	Mar-15	LGF project delivered	31/03/2018	31/03/2019	12	1	£2,500,000	£2,500,000	100%	£2,900,000	£2,800,000	-3%	0.000000	£0	£0.000000	£0	£0	1	1	2
Medway City Estate	Mar-15	Design in progress	31/03/2021	31/03/2021	0	2	£2,200,000	£2,200,000	100%	£2,000,000	£2,094,000	5%	1.396000	£1,396,000	£0.560171	£560,171	£-835,829	3	3	3

Project	Deliverability						Financial						LGF spend 2019/20							
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q2 2019/20	LGF spend to date (%) Up to end of Q2 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	31/03/2020	24	5	£4,400,000	£660,108	15%	£4,400,000	£4,400,000	0%	3.771000	£3,771,000	£3.934593	£3,934,593	£163,593	4	3	4
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	31/12/2020	0	4	£3,700,000	£158,458	4%	£48,900,000	£48,670,000	0%	2.400000	£2,400,000	£1.279923	£1,279,923	£-1,120,077	5	4	5
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	30/04/2019	01/06/2019	1	1	£3,500,000	£3,500,000	100%	£92,000,000	£92,000,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Innovation Park Medway (phase 3)	Pending	Approval pending	31/12/2020	31/12/2020	0	2	£1,518,500	£0	0%	£82,852,000	£82,852,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Southend																				
Southend Growth Hub	2015	LGF project delivered	31/12/2016	01/03/2017	2	1	£720,000	£720,000	100%	£4,562,000	£7,092,000	55%		£0	£0	£0	£0	1	1	1
Southend Forum 2	Feb-18	Design in progress	01/09/2021	01/09/2021	0	1	£6,000,000	£784,657	13%	£17,298,000	£17,298,000	0%	1.000000	£1,000,000	£1	£1,029,519	£29,519	1	1	1
TGSE LSTF - Southend	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£1,000,000	£1,000,000	100%	£1,000,000	£1,000,000	0%	0.000000	£0	£0	£0	£0	1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	19/05/2017	31/05/2019	24	1	£4,300,000	£4,300,000	100%	£7,150,000	£5,700,000	-20%	0.000000	£0	£0	£0	£0	1	1	1
A127 The Bell	Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	1	£4,300,000	£737,000	17%	£5,229,000	£5,020,000	-4%	0.800000	£800,000	£1	£831,109	£31,109	2	1	3
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	2	£8,000,000	£1,457,000	18%	£8,000,000	£8,000,000	0%	2.000000	£2,000,000	£1	£573,246	£-1,426,754	3	1	2
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	31/03/2021	0	2	£7,000,000	£2,988,223	43%	£7,600,000	£7,000,000	-8%	2.000000	£2,000,000	£1	£500,000	£-1,500,000	5	2	3
London Southend Airport Business Park	Feb-16, Sep-17 and Sep-18	Construction in progress	31/03/2021	30/09/2021	5	4	£23,090,000	£13,154,079	57%	£31,090,000	£31,070,000	0%	12.693000	£12,693,000	£12	£11,842,947	£-850,053	3	2	3
Southend Town Centre Phase 1	Pending	Approval pending	TBC	TBC		1	£867,708	£0	0%	TBC	£2,000,000			£0	£1	£750,000	£750,000	1	1	1
Thurrock																				
TGSE LSTF - Thurrock	Mar-15	Construction in progress	31/03/2016	31/03/2020	48	5	£1,000,000	£886,852	89%	£1,000,000	£1,243,000	24%	0.163000	£163,000	£0	£124,976	£-38,024	3	1	3
Thurrock Cycle Network	Apr-16	LGF project delivered	31/03/2019	31/03/2019	0	1	£5,000,000	£5,000,000	100%	£6,000,000	£6,000,000	0%	0.000000	£0	£0	£0	£0	1	1	1
London Gateway/Stanford le Hope	Feb-17	Design in progress	31/12/2018	01/08/2021	31	5	£7,500,000	£5,216,132	70%	£12,050,000	£19,090,000	58%	0.547000	£547,000	£2	£1,647,481	£1,100,481	4	3	4
A13 - widening development	Feb-17	Construction in progress	31/12/2019	31/12/2020	12	2	£5,000,000	£5,000,000	100%	£5,000,000	£5,000,000	0%	0.000000	£0	£0	£0	£0	1	1	2
Purfleet Centre	Jun-16	Design in progress	01/09/2027	01/01/2030	28	4	£5,000,000	£2,700,698	54%	£122,000,000	£122,000,000	0%	0.000000	£0	£3	£3,158,843	£3,158,843	3	1	3
Grays South	Feb-19	Design in progress	01/07/2022	01/02/2023	7	4	£10,840,274	£1,774,650	16%	£27,436,981	£27,440,000	0%	3.700000	£3,700,000	£4	£3,700,000	£-0	1	2	2
A13 widening	Apr-17	Construction in progress	31/12/2019	01/06/2021	17	5	£66,057,600	£41,423,482	63%	£78,900,000	£85,879,000	9%	25.011000	£25,011,000	£32	£32,174,607	£7,163,607	5	5	5
Tilbury Riverside	Sep-19	Approval pending	01/04/2021	01/04/2021	0	1	£2,360,000	£0	0%	£5,118,000	£5,118,000	0%	0.000000	£0	£0	£0	£0	1	1	1
Managed Centrally																				
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2018	12	1	£21,974,561	£21,974,561	100%	TBC	TBC		0.000000	£0	£0	£0	£0	1	1	1
M20 Junction 10a	Feb-17	Construction in progress	31/09/2020	31/09/2020	0	1	£19,700,000	£19,700,000	100%	£104,400,000	£104,400,000	0%	0.000000	£0	£0	£0	£0	1	1	1
													* Updated forecast spend as reported in August 2019 ** Difference between the planned LGF spend at outset of 2019/20 and current spend forecast for 2019/20 (Positive values shows increase in planned spend and negative values shows decrease in planned spend).							

Report title: Growing Places Fund update	
Report to Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 29 th October 2019	For: Information
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:

2.1.1. **Note** the updated position on the GPF programme.

3. SELEP Growing Places Fund investments

- 3.1. In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 21 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion (£2m) has been ring-fenced to support the activities of SELEP's Sector Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2. The allocation of GPF funding to the new projects within GPF Round 2 is on the condition that funding will only be awarded to these projects by the Board or transferred to the lead authority if sufficient GPF is available through the repayment of GPF loans from Round 1 projects. The same condition will apply to any funding awarded through GPF Round 3. As such, on a quarterly basis, updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress and any risks to the repayments of GPF loans.

4. GPF repayments

- 4.1. The loan repayment schedule for each GPF project is agreed within the credit agreement in place between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority for each project. A copy of the expected repayment schedule is set out in Appendix 2.

- 4.2. Repayments are now being made on the initial GPF Round 1 investments, with £17.672m having been repaid to date.
- 4.3. During 2019/20 repayments will continue to be made on initial GPF Round 1 investments, with some of the GPF Round 2 projects also starting to make repayments. In total, £10.024m is scheduled for repayment in 2019/20 as set out in Appendix 2.

5. GPF cash flow

- 5.1. Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for investment though loan repayments. This assumes that the repayments are made in accordance with the agreed repayment schedules.
- 5.2. In the latest round of GPF reporting a risk was identified in relation to the agreed repayment schedule for the Workspace Kent project (as set out in section 6.3). The impact of this risk will continue to be monitored and if required a revised repayment schedule will be brought to the Board for consideration in February 2020.
- 5.3. A potential risk in relation to the agreed repayment schedule for the Eastbourne Fisherman's Quay and infrastructure development project has also been identified. The project is due to repay £900,000 in 2019/20 and a further £250,000 in 2020/21. The project has experienced a number of delays, which have resulted in significant changes to the delivery programme which may affect the projects ability to meet the agreed repayment schedule. This is currently being investigated and if required a revised repayment schedule will be presented to the Board for consideration in February 2020.
- 5.4. A risk has also been identified in relation to the agreed repayment schedule for the North Queensway project in East Sussex. The project is due to repay £500,000 in 2019/20. The Board previously considered a change to the repayment schedule for this project in February 2018. Therefore, in line with agreed governance processes a proposed further change to the repayment schedule will be brought to the attention of the Strategic Board in December prior to the change being presented to the Board for approval in February 2020.
- 5.5. In addition, there is ongoing uncertainty regarding the delivery of the Discovery Park project, as set out in section 6.1, and the Innovation Park Medway project, as explained in section 6.2.
- 5.6. None of these risks have been taken into account in Table 1.

Table 1: GPF Cash Flow Position assuming all approved repayment schedules are met

£	2019/20	2020/21
GPF available at the outset of year	13,663,002	19,476,602
GPF Round 1 planned investments	63,000	-
GPF Round 2 planned investments	4,147,000	1,130,000
Position before GPF repayments are made	9,453,002	18,346,602
GPF repayments expected	10,023,600	6,034,000
Carry Forward	19,476,602	24,380,602

- 5.7. As shown in Table 1 total GPF drawdown of £4.21m is forecast for 2019/20, with a further £1.13m expected to be drawn down in 2020/21. It is expected that by the end of 2020/21 all currently approved GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix 3.
- 5.8. As all GPF repayments were made in line with the approved repayment schedules during 2018/19 there will be no gap between the amount of GPF available in 2019/20 and the project drawdown schedules (as set out in Appendix 3).

6. Growing Places Fund Project Delivery to Date

- 6.1. A deliverability and risk update is provided for each GPF project in Appendix 1. Discovery Park has the highest risk RAG rating due to concerns regarding project deliverability following the decision by the Board, at their meeting on 13th September, to apply a number of funding conditions to the project. Work is ongoing to determine whether all the funding conditions can be met, with the requirement for the GPF funding to not constitute State Aid being the primary area of concern. An update on the State Aid issue is provided under agenda item 12.
- 6.2. A high delivery risk has also been identified for the Innovation Park Medway (southern site enabling works) project, as the adoption of the Local Development Order (LDO) is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including any comments raised by Highways England. An update on the delivery of Innovation Park Medway,

including the GPF and Local Growth Fund aspects of the project is provided under agenda item 8.

- 6.3. A high repayment risk has been identified for the Workspace Kent project, as one of the loan recipients has fallen behind on their repayment schedule. Whilst their loan agreement with Kent County Council was renegotiated in line with expected income, Kent County Council have now received paperwork regarding an Individual Voluntary Arrangement (IVA) in relation to the business concerned. At this stage it is uncertain what impact this will have on the repayment of the GPF funding. This risk will continue to be monitored and a more detailed update will be presented to the Board in February 2020.
- 6.4. Ten GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,740 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 2 below.
- 6.5. Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.
- 6.6. Through the regular GPF reporting, updates are sought on the wider outcomes realised as a result of the GPF investment. It has been noted that the Grays Magistrates Court GPF project, which involved the conversion of the Magistrates Court into business space, was part of a wider Grays South regeneration project which aimed to revitalise Grays town centre. Following the conversion of the building, the additional people working in and using the premises have positively impacted the town centre.
- 6.7. The latest project update for the Charleston Centenary indicates that completion of the project has enhanced the potential for secondary spend and offers a new attraction to the Charleston site which is independent of the house, potentially appealing to a wider market.
- 6.8. A RAG rating is being used to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Parkside Office Village project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.
- 6.9. North Queensway and the Centre for Advanced Engineering projects have both been completed, however, no job outcomes have been reported to date. It is understood that the jobs figures for both projects are still being calculated.

- 6.10. There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Harlow West Essex and Sovereign Harbour.
- 6.11. A mechanism adopted in some cases to facilitate repayment of the GPF funding, is the sale of assets delivered through the GPF investment. For example, as outlined in the Growing Places Fund update report to the September Board meeting, the Sovereign Harbour project received £4.6m of GPF funding for the delivery of high-quality office space in Eastbourne. The GPF investment enabled the delivery of Pacific House, which offers 2,345sqm of office space. Initial repayments against the GPF loan have been made through rental receipts, however, in order to make the final larger repayment the intention is that Pacific House will be sold.
- 6.12. Whilst this approach ensures that the GPF funding is repaid, it does present an issue with the ongoing monitoring of the project post-completion. Once the building has been disposed of, the scheme promoter no longer has access to data regarding the number of jobs created through the delivery of the office space, meaning that the project outcomes can no longer be updated. As a result of this issue, the figures reported below for the Priory Quarter (Havelock House) and Bexhill Business Mall (Glover's House) projects reflect those last reported by the scheme promoter prior to the sale of the respective buildings.
- 6.13. The No Use Empty Commercial project continues to make good progress towards delivery of the benefits outlined in the project Business Case. To date 13 jobs have been created (of the 16 forecast in the Business Case) and 13 homes have been delivered (of the 28 forecast). In addition, it has been noted in the latest GPF reporting that 15 commercial units have now been contracted to be brought back into use. This significantly exceeds the forecast of 8 commercial units which was set out in the Business Case.
- 6.14. These RAG ratings will be updated in advance of each Board meeting, based on the GPF project update reports submitted by local areas.

Table 2 - Monitoring of GPF project outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects				
Priory Quarter Phase 3	440	0	240	0
North Queensway	865	0	0	0
Rochester Riverside	1004	374	25	94
Chatham Waterfront	211	159	0	0
Bexhill Business Mall	299	0	98	0
Parkside Office Village	127	0	270	0

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Chelmsford Urban Expansion	600	4000	0	919
Grays Magistrates Court	200	0	183	0
Sovereign Harbour	299	0	214	0
Workspace Kent	198	0	116	0
Harlow West Essex	4,000	1,200	390	200
Discovery Park	130	250	0	0
Live Margate	0	66	0	37
Round 2 GPF Projects				
Colchester Northern Gateway	81	450	0	0
Charleston Centenary	6	0	6	0
Eastbourne Fisherman	4	0	0	0
Centre for Advanced Engineering	56	0	0	0
Fitted Rigging House	300	0	185	0
Javelin Way Development	311	0	0	0
Innovation Park Medway	307	0	0	0
No Use Empty Commercial	16	28	13	13
Totals	9,454	6,527	1,740	1,263

Key:

	Projects which have been completed and which have delivered the jobs or homes outcomes as defined in the Business Case.
	Projects which have been completed and which have shown some progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which have been completed but which have not yet shown any progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which are ongoing/yet to start and would therefore not be expected to be delivering jobs and homes outcomes in line with the figures defined in the Business Case.

- 6.15. It is apparent from Table 4 that benefits are also now being realised for some of the GPF round 2 projects, including Charleston Centenary and the No Use Empty Commercial project.

7. GPF Round 3

- 7.1. On 4th October the Strategic Board agreed the approach for the prioritisation of the next round of GPF funding (round 3). Following agreement by the Board, the open call for GPF projects was issued on 8th October.

- 7.2. The agreed approach consists of three stages, as set out below:
- 7.2.1. Stage 1 – Federated Area assessment, sifting and prioritisation of projects based on Strategic Fit, using information from the Expression of Interest form;
 - 7.2.2. Stage 2 – Independent Technical Evaluator (ITE) assessment and scheme prioritisation by the SELEP Investment Panel, based on the Strategic Outline Business Case;
 - 7.2.3. Stage 3 – SELEP Accountability Board funding decision.
- 7.3. Stage 1 is currently in progress and is being led by the Federated Boards. Expressions of Interest were submitted to Federated Board leads by 1st November, with work currently ongoing to review these applications. Federated Boards will meet during November and early December to agree the local prioritisation of projects based on Strategic Fit and to decide which projects will progress to Stage 2 of the process.
- 7.4. All projects progressing to Stage 2 of the process will be required to produce a Strategic Outline Business Case, which will need to be submitted to SELEP by 24th January 2020.
- 7.5. Stage 2 will initially be led by the ITE and will involve an independent assessment of all Strategic Outline Business Cases. Discussions will be held with scheme promoters, following the completion of an initial assessment by the ITE, to allow clarification questions to be addressed and to provide the opportunity for the scheme promoters to respond to the initial feedback from the ITE.
- 7.6. The ITE will then produce their final assessment of the projects, and this will be presented to the Investment Panel alongside the prioritised lists produced by the Federated Boards based on Strategic Fit. Federated Boards will be given the opportunity to respond in writing to the final assessment presented by the ITE.
- 7.7. It is expected that the Investment Panel will meet in April 2020 to agree the SELEP wide prioritised list of GPF projects. The date of the Investment Panel is still to be confirmed.
- 7.8. In line with usual governance processes, the final funding decision will be made by the Board. It is envisaged that the first GPF funding decision will be presented to the Board in July 2020.

8. Financial Implications (Accountable Body Comments)

- 8.1. The 2019/20 forecast cashflow position indicates that there is sufficient funding available to meet the agreed investments due in this financial year. This assumes that all repayments are made as planned.
- 8.2. Although non-repayment of the majority of loans has been identified as low risk, it should be noted that any repayments not made in line with their approved profile will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme. As such, it is recommended that all GPF repayment risks continue to be monitored as part of the regular GPF updates reported to the Board.
- 8.3. It is noted that the £5.3m funding repayment schedule for the Discovery Park project has been updated following agreement by the Board. This has been reflected in the available funding stated in this report. It has been agreed by the Board that if Kent County Council have not entered into a legal agreement with the project promoter by 31 January 2020, the GPF must be returned in 2019/20 to Essex County Council, as the Accountable Body for SELEP, for investment in new GPF pipeline projects. There continues to be further complexities with this project with an update being provided in Agenda Item 12 Discovery Park Growing Places Fund Update.
- 8.4. It is noted that actual delivery of jobs and homes reported remains out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. Where appropriate, these reviews should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.
- 8.5. It is noted that the next round of GPF funding allocations during 2019/20 has begun. A total of £24.381m (table 1) is expected to be available for reinvestment, of which £20.724m has been agreed by Strategic Board in October 2019 to be allocated in the next funding round. The deadline for Strategic Outline Business Cases to SELEP is 24th January 2020.

9. Legal Implications (Accountable Body Comments)

- 9.1. Each award of GPF approved by the Board is supported by a Loan Agreement, which sets out the terms and conditions of the loan, and sets out the repayment schedule. Where changes are proposed to the project and/or repayment schedules, then where an agreement is in place, a Deed of Variation will be required to amend the agreement and place the revisions within the terms of the Agreement.
- 9.2. The Agreements stipulate that the dates provided within the Drawdown Schedule are the earliest date by which a request to draw down the instalments can be made by the recipient authority. Accordingly changes to

those dates and instalment values will require a deed of variation to the agreement currently in place, to ensure that the new Drawdown Schedule is brought within the terms of the Agreement.

10. Equality and Diversity implications (Accountable Body Comments)

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

11. List of Appendices

- 11.1. Appendix 1 – Growing Places Fund Project Summary
- 11.2. Appendix 2 – Growing Places Fund Repayment Schedule
- 11.3. Appendix 3 – Growing Places Fund Drawdown Schedule

12. List of Background Papers

- 12.1. Accountability Board Agenda Pack 31st March 2017

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	07/11/2019

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Growing Places Fund Round One									
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m ² of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still achievable when the building is fully occupied. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		
North Queensway	East Sussex	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m ² (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	Project Complete	Project Complete and GPF funding spent in full	Risk to repayment schedule due to continued slow take up of land. In line with agreed governance processes, a proposed further change to the repayment schedule will be presented to Strategic Board in December 2019.	Once the development of the first plot is underway and further interest is stimulated the delivery of outputs will begin to flow.	Planning application for a car showroom on 7,200sqft of the site has been approved. However, there is a risk that occupation of the site will not proceed.	
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The first housing units were completed in Q2 of 2019. The Plaza launched on 17th October. It is expected that the commercial premises will now be occupied in 2019, rather than 2020 as originally planned. Work has commenced on the planning application for the school.	This project is already on site and the S106 agreement was signed at the end of January 2018.	The GPF Funding has already been spent	Medway Council is happy with the current repayment programme and has made the first two repayments.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks.		Overall the project is on track to deliver outputs and outcomes.
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 115 homes over 6 storeys with ground floor commercial space and 115 parking spaces.	Initial design stage works taking place as well as work to clear pre-commencement planning conditions such as archaeology boreholes. S106 agreement being finalised.	Three key areas of delivery risk identified but work is underway to mitigate these risks to ensure the project is delivered according to programme.	The GPF Funding has been spent.	Medway Council is comfortable with the current repayment schedule.	Development project will deliver 175 new homes and additional commercial space.		Project currently on time and any risks are being mitigated
Bexhill Business Mall	East Sussex	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	Glover's House has been delivered and is currently occupied by a single tenant. The building has been sold which will ensure full repayment of the GPF loan by the end of 2019/20	Project Complete	Project Complete	Building sold in April 2019, allowing full repayment to be made in 2019/20	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		
Parkside Office Village	Essex	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full. 270 jobs created through the project.	Project Complete	Project Complete	Project Complete and loan repaid in full.	All units fully occupied with enquiry waiting list. Expected job outcomes realised.		Project Complete

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Chelmsford Urban Expansion	Essex	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested, project complete and GPF has been repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Project Complete		Project Complete
Grays Magistrates Court	Thurrock	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayments are being made. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	Final repayment will be made in Q4 2019/20	The number of new jobs delivered by the project is increasing each quarter, however, this is dependent upon decisions taken by individual businesses	The only significant risk to the project now is a significant economic down turn which impacts on occupancy	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m ² of high quality office space. This development has delivered 214 jobs.	Project Complete	Project Complete	Revised repayment schedule approved by Accountability Board in September 2019			
Workspace Kent	Kent	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are four projects within this programme. Of these, one project has been completed and has repaid in full, two projects are meeting their repayment schedule and one project is behind on their targeted repayment schedule. A full application is expected from one further project on 11th November, which will allow allocation and draw down of the remaining funding.	There is a risk to defrayment of the final amount of funding, however, a full application is expected to be received from a company on 11th November. Assuming this application is successful, the remaining funding will be defrayed by the end of Q4 2019/20.	There is a risk to defrayment of the final amount of funding, however, a full application is expected to be received from a company on 11th November. Assuming this application meets the Panel's agreement, the full amount of funding will be defrayed by the end of 2019.	There was a slight delay on repayment from one of the loan applicants so the loan agreement was renegotiated in line with income received from business. Paperwork has now been received regarding an Individual Voluntary Arrangement (IVA), work is ongoing to determine the impact this will have on repayments.	Some job numbers have been delayed for approximately one year due to a new project build not completing in accordance with the agreed programme. However, the remainder of the project is on schedule for delivery and outcomes will be realised.		
Harlow West Essex	Essex/Harlow	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope and GPF funding repaid	Project Complete	Project Complete	Project Complete and loan repaid in full.	Enterprise zone is operational with 85% of space let.		Further works in the programme ongoing in Harlow that help improve the overall viability and attractiveness of the Enterprise Zone.

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	<p>At the meeting on 13th September 2019, the Board agreed to continue to support the project but this was subject to a number of conditions being met, including that the funding awarded should not constitute state aid.</p> <p>Work has been ongoing to address these conditions, with legal advice sought as to whether the funding constitutes state aid.</p>	<p>Work is ongoing to establish if it is possible to meet the funding conditions agreed by Accountability Board.</p> <p>A State Aid check has been commissioned to determine whether the funding awarded constitutes state aid</p>	Subject to the identified delivery risk being mitigated, the GPF funding will be spent in accordance with the funding application	Subject to the identified delivery risk being mitigated, the GPF funding will be repaid in line with the repayment schedule approved by the Board on 13th September 2019	Subject to the identified delivery risk being mitigated, the project outcomes can be delivered in accordance with the funding application		The project is at risk if the conditions agreed by Accountability Board cannot be met. The applicant may choose to not progress with the GPF project if the funding conditions are changed
Live Margate	Kent	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	<p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>Contracts have been exchanged on a property, which once redeveloped has the potential to create approximately 27 dwellings.</p> <p>Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use.</p> <p>To date the GPF funding is being used to support the creation of 52 new homes. To date 37 units have been completed and occupied.</p>	Offers have been accepted on two properties, with exchange of contracts complete for one property and anticipated for the second. Other potential investment opportunities are also being examined, that accord with the loan agreement objectives and criteria.	Spend delays would be primarily caused by delays in the acquisitions completing due to nature of the property market, profile of private landowners in the area and the council needing to ensure best consideration is achieved.	Subject to exchanging successfully, the repayment profile should be met.	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 66 homes will be achieved by 24/25.	As with any development project, there is a planning risk, although for the identified properties this is considered to be low risk.	
Revenue admin cost drawn down	n/a		n/a						
Harlow EZ Revenue Grant	n/a		n/a						
Growing Places Fund Round Two									

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Fitted Rigging House	Medway	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m ² of office space.	<p>Building works to the project are now mostly complete. The building is now fully occupied, with all 8 tenants operating from their new working spaces.</p> <p>Works to Chatham Historic Dockyard Trust Archive, Library and Volunteer Centre have been delayed due to issues with the installation of lifts. However, the project is on track for completion by the end of October 2019.</p>	Delay in delivery of main lift for stair core but an additional platform lift has been installed (at no cost) to mitigate.	GPF allocation spent in full.	Tenant spaces are now fully occupied, generating the income streams needed to meet the GPF repayment schedule. Any shortfall will be offset by charitable reserves.	Tenant spaces are now fully occupied and the businesses continue to grow.		
Innovation Park Medway (southern site enabling works)	Medway	<p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>Demolition of the disused building is now complete.</p> <p>Consultants have been appointed to undertake design work in line with the Masterplan and draft Local Development Order. The design work is in progress and is on track to meet the programme. Once the Local Development Order has been adopted, the final design will be taken through the self-certification process and work will subsequently begin on site.</p> <p>There remains a risk to the adoption of the LDO as any comments submitted by statutory consultees must be satisfactorily addressed before the LDO can be taken forward. Formal comments from Highways England on the proposals for the wider Innovation Park Medway site are awaited, however, a number of initial queries have been addressed.</p>	Adoption of the Local Development Order is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including any comments raised by Highways England.	GPF spend is not expected to be delayed providing work starts on site by April 2020. This is still achievable as long as the adoption of the LDO is not delayed.	Soft market testing to date indicates a high level of interest with businesses ready to take up plots as they become available. Capital receipts/business rates will then become available for repayments. Development of the site is dependent upon the LDO being adopted.	Delivery of Project outcomes is dependent upon the LDO being adopted. Once the LDO is in place there will be minimal risk to the realisation of Project outcomes as there has been significant interest in the site.		
Centre for Advanced Engineering	Essex	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.	Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.	Project delivered	GPF funding spent in full	No risk.			

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Colchester Northern Gateway	Essex	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes including 260 extra care and up to 100 bed Nursing home providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	No update provided	No update provided	No update provided	No update provided	No update provided	No update provided	No update provided
Charleston Centenary	East Sussex	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.	Project complete	GPF funds spent	Repayment schedule is factored in to the cash flow forecasting and risk register which are regularly reviewed.			
Eastbourne Fishery	East Sussex	This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.	<p>Work on the project has been delayed due to a number of issues, including the appointed contractor going out of business, resulting in the need to seek an alternative contractor.</p> <p>There have been delays in relation to the signing of the lease between the landowner and the Fisherman's CIC, however, the issues have now been resolved and it is expected that the lease will be signed on 14th November allowing work to commence on 15th November.</p> <p>The delays experienced in commencing construction of this project, may present a risk to the agreed repayment schedule. This will be investigated further and, if required, a revised repayment schedule will be brought forward for consideration by the Board in February 2020.</p>	There has been a delay in beginning work on the project, however, the project is still deliverable and work will commence onsite in the near future.	Project has experienced a number of delays which have resulted in delayed start of GPF spend. Once the agreement is in place with the landowner work on the project can commence and the GPF funding will be spent in full.	The repayment schedule remains as stated in the Business Case, however, the delay in commencing construction could impact on this schedule. This will be monitored and the Board will be updated in February 2020	Objectives and deliverables are still as per the original business case.		
No Use Empty Commercial	Kent	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	<p>The project has contracted with 12 projects in Dover, Folkestone and Margate.</p> <p>These projects will provide 15 commercial units and 28 residential units in total. To date, 6 commercial and 13 residential units have been brought back into use.</p>	All GPF funds were drawn down by March 2019. Contracts are now in place to ensure delivery of the outcomes stated within the Business Case. Steady progress being made in terms of delivery.	The full £1.0m of GPF funding has been allocated to projects	The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay the first £500,000 by March 2021.	Contracts are now in place to ensure delivery of the outcomes stated within the Business Case	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case.	

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Javelin Way development project	Kent	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	<p>The procurement process is now underway.</p> <p>A revision to the planning has been made due to a change in cladding for the Jasmin Vardimon building.</p> <p>RIBA stage 4 design is now complete for the theatre element of the project.</p>	Procurement has commenced	No new risks to spend	Full repayment still expected at end of March 2022..	On target to be delivered as per Business Case.		Still on schedule and on budget as set out in Business Case.

Appendix 2 - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2019	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000										2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000										1,244,000
Round 1 Projects														
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000									7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,000,000	500,000								1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	240,000	1,650,000	2,520,000							4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	-	1,000,000	1,000,000	999,042						2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	1,025,000	4,975,000								6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000									3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000									1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,100,000	300,000								1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	525,000	300,000	300,000	3,475,000						4,600,000
Workspace Kent	Kent	1,500,000	1,437,000	1,437,000	1,032,433	145,600	78,000	8,400	8,400	8,600	9,600	11,200	197,767	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000									1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	-	-	-	795,000	4,505,000					5,300,000
Live Margate	Kent	5,000,000	5,000,000	1,877,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			5,000,000
Sub Total		46,705,042	46,642,042	38,219,042	17,672,433	8,870,600	4,898,000	6,277,442	5,513,400	1,008,600	1,009,600	11,200	197,767	46,705,042
Round 2 Projects														
Colchester Northern Gateway	Essex	2,000,000	-	-	-			2,000,000						2,000,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	-	53,000	36,000	31,000						120,000
Eastbourne Fisherman	East Sussex	1,150,000	-	-	-	900,000	250,000							1,150,000
Centre for Advanced Automotive ar	South Essex	2,000,000	2,000,000	2,000,000	-	-	-	2,000,000						2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	-	200,000	300,000	50,000						550,000
Javelin Way Development	Kent	1,597,000	1,597,000	-	-	-	-	1,597,000						1,597,000
Innovation Park Medway	Medway	650,000	120,000	46,520	-	-	50,000	600,000						650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000	690,000	-	-	500,000	500,000						1,000,000
Sub Total		9,067,000	5,387,000	3,406,520	-	1153000	1136000	6778000	-	-	-	-	-	9,067,000
Total		55,772,042	52,029,042	41,625,562	17,672,433	10,023,600	6,034,000	13,055,442	5,513,400	1,008,600	1,009,600	11,200	197,767	55,772,042

Appendix 3 - Growing Places Fund Drawdown Schedule

Name of Project	Upper Tier	Total Allocation	Total drawn down to end 2018/19		2019/20 total	2020/21 total	2021/22 total	Total scheduled for drawdown
Round 1 Projects								
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000					7,000,000
North Queensway	East Sussex	1,500,000	1,500,000					1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000					4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042					2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000					6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000					3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000					1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000					1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000					4,600,000
Workspace Kent	Kent	1,500,000	1,437,000		63,000			1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000					1,500,000
Discovery Park	Kent	5,300,000	5,300,000					5,300,000
Live Margate	Kent	5,000,000	5,000,000					5,000,000
Sub Total		45,459,042	45,396,042		63,000	-	-	45,459,042
Round 2 Projects								
Colchester Northern Gateway	Essex	2,000,000	-		1,350,000	650,000		2,000,000
Charleston Centenary	East Sussex	120,000	120,000					120,000
Eastbourne Fisherman	East Sussex	1,150,000	-		1,150,000			1,150,000
Centre for Advanced Automotive an	South Essex	2,000,000	2,000,000					2,000,000
Fitted Rigging House	Medway	550,000	550,000					550,000
Javelin Way Development	Kent	1,597,000	-		1,597,000			1,597,000
Innovation Park Medway	Medway	650,000	120,000		50,000	480,000		650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000					1,000,000
Sub Total		9,067,000	3,790,000		4,147,000	1,130,000	0	9,067,000
Total		54,526,042	49,186,042	4,210,000	1,130,000	-	54,526,042	

Forward Plan reference number: (N/A)

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Suzanne Bennett Chief Operating Officer	
Date: 30 October 2019	For: Information
Enquiries to: Suzanne.bennett@southeastlep.com	
SELEP Partner Authority affected: – Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes an update on risk management and updates on items of governance. The financial update is now included in a separate report.

2. Recommendations

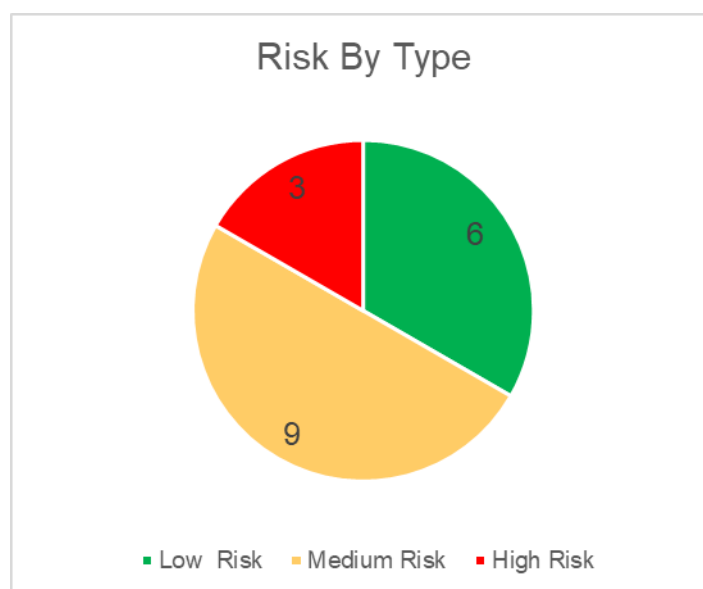
- 2.1. The Board is asked to:
- 2.1.1. **Note** the risk register at Appendix A and the update included below; and
- 2.1.2. **Note** the update on the LEP Review and Assurance Framework

3. Risk Register

- 3.1. As previously reported, programme risks of the LGF are reported as part of the Capital Programme and more general risks are covered in this report.
- 3.2. There are two headline risk factors to the SELEP which are impacting across the activities of the partnership. The first is the volatile political situation nationally which is impacting both current activities and future planning, and the second is the large number of changes required under the LEP Review.
- 3.3. The volatility in the national political environment impacts in a number of ways. A date for a general election has now been announced and the outcome of said election is very unclear. Current economic growth policy and spending programmes are coming to an end and therefore it is to be expected that any administration would implement changes and it is not clear at the time of writing what the policy position of the major parties are. SELEP is not self-financing and relies on Government grants to make the interventions agreed in strategies. A major change in policy direction from Government could have a large impact on the partnership.

- 3.4. There is little that the Secretariat can do to mitigate this risk. Further efforts are being made to communicate with MPs in our geography to ensure they are well apprised of the impact of the partnership and understand the partnerships role in driving economic growth. This is now ranked as a joint highest risk.
- 3.5. Whilst the Secretariat are driving forward work on the Local Industrial Strategy (LIS), there is an increasing lack of availability of officials in Whitehall due to the political situation. This creates a risk that there may be elements of the LIS that are taken forward that do not resonate with Government and require adaptation at a late point in the process, endangering the ability to meet deadlines. A number of officials have been diverted to work on Brexit and not back-filled. Again, there are limited ways to mitigate this risk.
- 3.6. Key decisions were made on LEP Review requirements at the meeting of the Strategic Board at the beginning of October, but the Review continues to present some risks to the partnership. Following the agreement on the size and composition of the Board and the structure of the limited company, the risk is now that we are unable to implement the large numbers of changes required in the timelines set out by Government. In addition to approvals by SELEP itself, further decisions will be needed in Local Authorities and the lead-in time for these decisions are lengthy. The Secretariat is working with the Accountable Body and other partners to put contingencies in place. Full details on the implementation of the LEP Review requirements can be found in section 4 below.
- 3.7. The other joint highest risk remains the pressure on the Secretariat team. These pressures are mainly due to the political uncertainties and the workload resulting from the LEP Review. Currently there has been no impact on sickness levels but the CEO and COO are acutely aware of the pressure the team are under. The Secretariat is now close to a full establishment of staff which has gone some way to offset the workload issues, but now future uncertainties are beginning to impact. The ability to plan for next year, let alone multiple years is hugely restricted and planning would be a key mitigation factor for this risk. Future funding for the team is unknown but planning continues based on the assumption that similar levels of funding to the current year will be available.
- 3.8. One new risk has been added to register for this quarter. Alongside the changes to the Strategic Board, three of our four Federated Boards are going through or have just completed refreshes of their own membership. It is a requirement of the LEP Review that Boards are recruited to in an open and transparent manner. There is a risk that there will be a high churn of Board members. The impact of this is that additional support will be required from the Secretariat, further adding to the risk of overload. If this support is not put into place, there is a risk that Board members won't be fully apprised of their responsibilities and there could be failures in Governance. The plans for a more detailed and structured induction process should provide some mitigation against this risk.

- 3.9. The turnover of Board Members may also result in a loss of organisational memory. The management of the Secretariat will work to ensure that new Board Members are provided with context and background wherever appropriate and this will also form part of the induction process.
- 3.10. We are currently managing 18 risks, three of which are high and nine medium risks. Full details on these risks can be found at Appendix A.



4. Local Assurance Framework Implementation Plan

- 4.1. It is the role of the Accountability Board to oversee the implementation of the requirements of the Local Assurance Framework (LAF). To receive grant funding from central government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central government in January 2019. The LAF Implementation Plan, included at Appendix B sets out the actions required to ensure that SELEP is fulfilling its commitments under the LAF.
- 4.2. The most challenging but pressing actions detailed in the Implementation Plan relate to the recommendations of the LEP Review. Specifically, the requirement for incorporation and the changes to board composition. Government is keen to see these requirements of the LEP Review implemented as soon as possible, so it is crucial that SELEP maintains momentum with this work.
- 4.3. These changes must be implemented by the end of 2019/20 financial year in order to receive SELEP's grant and core funding in 2020/21. As such, the implementation of these changes remains a priority for SELEP.
- 4.4. The Legal Personality subgroup presented options for the membership of SELEP Ltd. at the October Strategic Board meeting. The Board has now agreed that the company membership of the SELEP Ltd. will consist of the

Federated Board members. The membership performs a similar function to that of stakeholders in a for-profit limited company.

- 4.5. There will be new documents written for the SELEP partnership; the Articles of Association for the company which are required for incorporation, and a Framework Agreement, which will include the Joint Committee Agreement for the Accountability Board.
- 4.6. The Articles of Association and the Framework Agreement are being drafted by Essex Legal Services, and the draft documents will be circulated to the members of the Legal Personality subgroup in advance of their meeting on the 11th of November. This will be then be discussed by the Monitoring Officers of all the upper tier Local Authorities, to be presented to the Strategic Board for decision at the December Board meeting.
- 4.7. Upper tier authorities will need to follow their own governance procedures before Local Authority members can be designated as Directors of the company and before the Authority can be a signatory to the Framework Agreement. The Secretariat are working with representatives from those Authorities to understand the lead-ins for those decisions.
- 4.8. Strategic Board has been agreed that the members of the revised Strategic Board should be the Directors of the limited company. The new Strategic Board composition from March 2020 should comply with Government's expectations, including a two thirds majority of private sector representatives from a board of 20.
- 4.9. Board members who will be part of the revised Strategic Board will be offered legal advice on their liabilities as a Director before they are asked to become Directors and Directors Liability Insurance will be provided. Information on the roles and responsibilities of Directors will be included in the induction process.
- 4.10. The Strategic Board agreed that Local Planning Authorities will be able to attend and speak at Strategic Board meetings and will be invited to address the Board accordingly for relevant items, in addition to 2 co-opted seats.
- 4.11. Continued scrutiny arrangements and the Deputy Chair position were approved at the October Strategic Board meeting. The Deputy Chair recruitment process has been sent to Strategic Board members to consider by electronic procedure. At time of writing this procedure is not complete but should sufficient affirmative votes be received the recruitment process will commence in order for the candidate to be identified before the Annual Performance Review in January 2020.
- 4.12. The Chair of the Strategic Board is required to inform the Accountable Body by December 2019 as to whether he would be minded to extend his term. Strategic Board will then be required to indicate whether they wish to make an extension.

- 4.13. All Board members will receive an induction pack and there will be half-day induction sessions expected between January and the March Strategic Board meeting. This will include current and new Board members and will be arranged by the Governance Officer and lead Federated Board officers.
- 4.14. Success Essex (previously Essex Business Board) has now had its first meeting with its new board members. KMEP and OSE are preparing to begin recruitment exercises to be finalised in the new year. TES does not need to recruit at this time as they have been through a recent refresh.
- 4.15. For the last meetings of the Accountability Board, Strategic Board and Investment Panel, papers and minutes were all published to the agreed timescales. Progress has been made towards the publication of Federated Board reports and minutes within the required timescales but not all areas have met the required publication deadlines for the SELEP website.
- 4.16. Female representation on the Strategic Board remains the same as the previous update as no changes have been made to the Board. During the Mid-Year Review, Government set an expectation of at least 26% female representation on the Board. When the new Board has met in March 2020, the figures will be updated accordingly. The Chief Operating Officer and Colette Bailey, a member of Strategic Board, are part of a working group with other Southern LEPs to improve the diversity of LEP Boards and they will share all learning with Federated Board leads.
- 4.17. The Cities and Local Growth Unit announced in August that they would be carrying out mid-year performance reviews of LEPs. These reviews would be less formal than the year end process but will make an assessment across the same three categories of strategy, governance and delivery.
- 4.18. Formal feedback has not yet been received from the mid-year review therefore the next Accountability Board update will reflect more detail. However, it was considered by SELEP officers to be a positive meeting and the Secretariat was able to report progress against all actions, especially the LIS which was identified as a key priority.

5. Accountable Body Comments

- 5.1. It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 5.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 5.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2019/20, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2019, that the SELEP

has the following in place:

- 5.3.1. the processes to ensure the proper administration of its financial affairs;
 - 5.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
 - 5.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.
- 5.4. This confirmation was provided to the Government, by the S151 Officer, on the basis that the revised SELEP Local Assurance framework was agreed by the Board at its March 2019 meeting, with a caveat that the requirement to adopt a legal entity by April 2019 is exempt by Government; this requirement is expected to be met by April 2020.
- 5.5. The S151 Officer of the Accountable Body is required, by the revised Assurance Framework, to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 5.6. In addition, the S151 Officer is required to provide an assurance statement as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include:
- Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the SELEP has in place the processes that ensure proper administration of financial affairs in the SELEP;
 - A statement outlining whether, having considered all the relevant information, the S151 Officer is of the opinion that the financial affairs of the SELEP are being properly administered (including consistently with the National Local Growth Assurance Framework and SELEP's local Assurance Framework); and
 - If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.
- 5.7. At present, no significant issues are arising with regards to the financial affairs of SELEP. It should be noted, however, that as SELEP transitions to becoming an incorporated entity, the arrangements with the Accountable Body will be reviewed and formalised as appropriate, to reflect the chosen arrangements agreed by the Strategic Board.
- 5.8. The key risk at present is the time remaining to finalise and implement the revised arrangements for the new company, in particular:
- 5.8.1. the provision of appropriate advice to set out what it means to be a Director of SELEP Ltd;

5.8.2. implementing the induction programme for the new Board of Directors;
and

5.8.3. the associated updates required to the Local Assurance Framework
and other governance documents

6. Financial Implications (Accountable Body comments)

6.1. The 2019/20 Core funding and LGF grant payments were confirmed and received in full by the Accountable Body in April 2019.

6.2. Given that future grant payments are reliant on continued assurances from the S151 Officer of the Accountable Body, it is essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full.

6.3. Currently, no significant financial risks have been identified for 2019/20 as the majority of the funding anticipated from Government has been received and planned funding profiles for projects are expected to be met. In addition, SELEP has more than sufficient reserves to offset its revenue commitments should this be required.

6.4. The main funding risk relates to the receipt of future funding from Government as funding continues to be confirmed on an annual basis, undermining future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework.

6.5. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

7. Legal Implications (Accountable Body comments)

The role of a Director and Member of a company carries statutory responsibilities and personal liability for the person holding the role. Generally, director responsibilities include a responsibility to promote the success of the company, to exercise independent judgment, to exercise reasonable care, skill and diligence, to avoid conflicts of interest, to not accept benefits from third parties, to declare an interest in a proposed transaction or arrangement. Given the personal liability and the wide range of responsibilities to be assumed by the new directors, training on the role would be advisable before they are asked to formally accept it.

8. Equality and Diversity implications

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

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.

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

9. List of Appendices

- 9.1. Appendix A – Risk Register
- 9.2. Appendix B – LAF Implementation Plan
- 9.3. Appendix C – Governance and Transparency KPIs

10. List of Background Papers

- 10.1. None

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19

South East LEP

Risk Register - medium and high risks only

Ref	Risk Description and impact	Likelihood	Impact	Score	Rank	Mitigation	Risk Owner	Dates/ Deadlines	Notes
3	LEP Review recommendations (those agreed by Board) not implemented in line with Govt requirements. Potentially impacts on future years funding, including core funding, LGF, UKSPF and APR	4	5	20	high	Action plan put into place. Priority given to implementation of recommendations above other tasks using current resource, still a large amount of work required in a limited time period - further details are available in the governance update	AB/SB	Various	
7	LGF Programme now slipping beyond 31/03/2021 - there is a risk that Govt changes their position and this slippage has a negative impact on the reputation of the LEP and future allocations of funding	3	4	12	med	Capital Programme Manager continuing to update Govt officials and ensuring tight conditions on those projects slipping beyond the programme date	RM	Ongoing	
8	LIS isn't produced in line with Government requirements and or deadlines. Potentially impacts on future funding allocations and reputation of LEP, impacted by restricted access to Govt Officials as they are diverted to Brexit and other work	4	4	16	med	Strategy and Intelligence Managers are driving work on the LIS but access to appropriate officials in Government is increasing difficult as they are diverted to other activities such as Brexit. Without this early access there is a risk that any content that doesn't resonate with Govt isn't flagged early	AB	31/03/2020	LIS to be agreed by this date
9	Increase in scope of work and requirements from Government overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	5	5	25	high	Additional staff taken on and support from partners taken up. SB and AB to develop plan to ensure stress levels are manageable and how high workloads can be managed. Still continues to be an issue - staff diverted to work on the Get Ready for Brexit campaign that is now ceased	AB/SB	Ongoing	
10	End of Chair's term. Sourcing replacement adds additional load to Secretariat team and right candidate might be difficult to find	3	3	9	med	Work with LEP Network to identify good process. Have process planned in advance. Use Accountable Body where possible	AB	31/03/2020	
17	Increased expectations from Govt dept for information on impact of Brexit	4	3	12	med	Current requests have decreased following revised timeline. This may increase over the summer in the run up to revised withdrawal date	AB/SB	31/10/2019	
19	Achievement of Growth Deal outcomes	4	3	12	med	The outputs that were agreed in the LGF may not be deliverable due to changes to the economic environment on a national or sub-national basis. Whilst this is fairly likely, it is probably unlikely that there will be much impact as long as we can demonstrate the reasons for non-delivery	RM	Ongoing	

South East LEP

Risk Register - medium and high risks only

20	Future funding levels change	4	4	16	med	Current funding levels are boosted by the interest being earned on LGF/GPF balances held. As those balances run down the interest paid will reduce. This may be mitigated by further funding being made available by Govt and/or UKSPF being held. It is now unlikely that BoE interest rates will increase in the short term	AB/SB	31/03/2021	LGF is due to be completed by this time
21	Economic shocks impacting on business engagement	3	3	9	med	Economic shocks whether from Brexit or otherwise could impact on our business representatives capacity and capability to engage with our agenda. In part this can be mitigated by more engagement with larger employers who have more capacity	ZG	Ongoing	
25	Change in national government or change in policy direction requires wholesale changes to work plans and direction of travel during the year	5	5	25	high	General election has been called and outcome difficult to call - could result in major changes of policy	AB/SB	Ongoing	
29	Hadlow College educational administration. Hadlow College has entered into educational administration. £11m of SELEP funding has been invested in the college. There is a risk that grant funding may not have been correctly applied. If the grant funding has been correctly applied there is a further risk that the benefits related to the project may not be realised. If grant funding has not been correctly applied there may be a requirement for SELEP to repay grant monies to Government	3	4	12	med	Currently working with the administrators to confirm that grant monies have been correctly applied. Will continue to work with partners to support enabling the college to continue functioning to ensure that the facilities supported by the grant are properly utilised	RM	Ongoing	

South East LEP

Risk Register - medium and high risks only

30	Changes to Board membership - 3 federated areas are going through or have been through a recruitment refreshment. There may be a large turnover of Board members requiring additional support from the Secretariat and creating a risk that organisational knowledge is lost or Board members aren't properly made aware of governance/policy requirements	3	4	12	med	Changes to Board composition and requirements to run recruitment processes at a Federated level mean there is a possibility of a large churn of Board membership. All Board members will be required to undertake an induction to ensure that they are well versed in the governance requirements of them.			
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SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

LEP REVIEW IMPLEMENTATION PLAN 2019-20

Updated November 2019



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INTRODUCTION

This is a working document which will log, plan and update the SELEP's progress in implementing the LEP Review.

There are 3 sections:

1. The first section is for changes not fully implemented which will require the involvement of the Strategic Board.
2. The second section is for changes not fully implemented that can be actioned by officers.
3. The third section is for changes that have already been implemented and are either complete or require ongoing maintenance.

CHANGES REQUIRING BOARD OVERSIGHT AND/OR APPROVAL

INCORPORATION

Creating a legal personality

To have a legal personality in place.
The Strategic Board has agreed in principle to a 'nil return' company.

Deadline: 31st March 2020

Risk: MEDIUM/HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
To agree that SELEP will incorporate by March 2020 per Government requirements	March 2019		COMPLETE Agreed by the board at March 2019 Strategic Board meeting.
Agree to establish sub-group(s) for this work	March 2019		COMPLETE Agreed at March 2019 Strategic Board meeting.
Circulate further definition for sub groups including composition and structure of meetings.	May 2019		COMPLETE Document circulated by CEO on 14/05/19 outlining the proposal of 2 sub-groups, one for board composition (see below requirement) and one for legal personality. This included details of membership and outlined the function of these sub-groups
To agree the type of company to register.	June 2019		COMPLETE The Strategic Board agreed at their June 2019 board meeting to form a company limited by guarantee.

<p>To agree who will be members and who will be directors of the company.</p>	<p>October 2019</p>	<p>Delivery risk: MEDIUM Reliant on the Strategic Board making a decision at the October 2019 meeting. A joint meeting of the two sub-groups is being held on September 11th as an opportunity to develop the recommendations to be presented to the Strategic Board in October 2019.</p> <p>Impact of non-delivery: HIGH A decision on the 4th October is necessary to form the company limited by guarantee by the end of the financial year. If a decision cannot be made on October the 4th, this may cause delays in incorporation and other actions rely on this decision (e.g. creating the suite of documents).</p>	<p>COMPLETE The Legal Personality sub-group presented options to the Strategic Board at the October 2019 meeting. The Strategic Board have decided that the company directors will be the Strategic Board members and the members of the company will be all the Federated Board members.</p>
<p>To create and agree the articles of association.</p>	<p>December 2019</p>	<p>Delivery risk: MEDIUM Reliant on support from Essex Legal Services. It has been made clear by the sub-group that these articles must be very thorough in defining the function of the different parts of SELEP. Requires approval process for any changes so no margin for error. Short timescale for processing through Local Authority governance procedures.</p> <p>Impact of non-delivery: HIGH Cannot incorporate without articles of association.</p>	<p>IN PROGRESS Essex Legal Services are supporting the SELEP with this work. A draft version of the Articles of Association will be circulated to the members of the Legal Personality subgroup in advance of their meeting on the 11th of November, for a decision to approve the Articles to be taken at the Strategic Board on the 6th of December. Monitoring Officers of each upper tier Local Authority will meet to discuss the Articles and other documentation in the week following the subgroup meeting, and the Articles will need to go through the governance processes of each upper tier Local Authority before March 2020.</p>

<p>To create and agree a Framework Agreement</p>	<p>December 2019</p>	<p>Delivery risk: MEDIUM As a completely new document, this will require thorough consideration by the Secretariat, Legal Personality subgroup, upper tier Local Authority Monitoring Officers and the Accountable Body before it can be considered by the Board. If it is approved by the Board, it then must go through the governance processes for each upper tier Local Authority. The timescales are short and there has not been a clear consensus regarding this document within the Legal Personality subgroup.</p> <p>Impact of non-delivery: HIGH This document is not a government requirement however this is a key enabler to engaging with the Upper Tier Local Authorities to allow for the new SELEP Ltd. to function.</p>	<p>IN PROGRESS Essex Legal Services are supporting the SELEP with this work. A draft version of the Framework Agreement will be circulated to the members of the Legal Personality subgroup in advance of their meeting on the 11th of November, for a decision to approve the Articles to be taken at the Strategic Board on the 6th of December. Monitoring Officers of each upper tier Local Authority will meet to discuss the agreement and other documentation in the week following the subgroup meeting, and the agreement will need to go through the governance processes of each upper tier Local Authority before March 2020.</p>
<p>To register the company on Companies House.</p>	<p>January 2020</p>	<p>Delivery risk: MEDIUM Dependent on articles of association being agreed.</p> <p>Impact of non-delivery- HIGH Would cause non-compliance with the requirements of the LEP review and therefore put future funding at risk.</p>	<p>NOT YET STARTED Can only be actioned once Articles of Association have been agreed.</p>

BOARD COMPOSITION

Changing size and public/private sector ratio

The Strategic Board must have no more than 20 members, with an option for five co-opted members, with at least two thirds from the private sector.

Deadline: 28th February 2020

Risk: **MEDIUM/HIGH**

Status: **IN PROGRESS**

Task	Expected completion date	Risk factors	Status
To agree that SELEP will change board composition by March 2020 per Government requirements	March 2019		COMPLETE Agreed by the board at March 2019 Strategic Board meeting.
Agree to establish sub-group(s) for this work	March 2019		COMPLETE Agreed at March 2019 Strategic Board meeting.
Circulate further definition for sub groups including composition and structure of meetings.	May 2019		COMPLETE Document circulated by CEO on 14/05/19 outlining the proposal of 2 sub-groups, one for board composition (see below requirement) and one for legal personality. This included details of membership and outlined the function of these sub-groups
To tender an Independent review of the Board to inform Board Composition sub-group discussions and to present a final report to the Strategic Board in October 2019.	June 2019		ABANDONED There were no bids for this work. The sub-group has decided that this work is not necessary, and the report will be written by officers.

To agree the composition of the new board.

October 2019

Delivery Risk: MEDIUM

The decision itself is reliant on agreement at the Strategic Board meeting. The proposal has been developed through the sub-groups to incorporate member's views throughout the process.

Impact of non-delivery: HIGH

If a decision cannot be taken at the October Board meeting, then this will delay the implementation of the LEP review. Recruitment of the new Board needs to happen as soon as possible in order to meet the March deadline, and any delay within this will make this a much tighter deadline.

Other actions are also reliant on this decision. The articles of association required to incorporate the Board cannot be written if the board composition is not decided. This would have a knock-on effect for the entire suite of documents.

COMPLETE

The Board Composition sub-group presented their proposal to the Strategic Board during their October Board meeting. The Board agreed the proposal with one amendment as follows:

No.	Membership
1	Chair – business
2	Deputy Chair – business
3	East Sussex CC Leader or Cabinet Member
4	Essex CC Leader or Cabinet Member
5	Kent CC Leader or Cabinet Member
6	Medway Council Leader or Cabinet Member
7	Southend-on-Sea Borough Council Leader or Cabinet Member
8	Thurrock Council Leader or Cabinet Member
9	Essex Federated Board Business Chair
10	Essex Federated Board business representative
11	Opportunity South Essex Board Business Chair
12	Opportunity South Essex business representative
13	Kent & Medway Economic Partnership Business Chair
14	Kent & Medway Economic Partnership business representative
15	Team East Sussex Business Chair
16	Team East Sussex business representative
17	Business representative – KMEP
18	Business representative – KMEP
19	Business representative – KMEP

			<table><tr><td>20</td><td>Business representative – Open recruitment</td></tr><tr><td>Sub Total – Main Board</td><td>6 Public 14 Private</td></tr><tr><td>Proportions</td><td>30% Public 70% Private</td></tr><tr><td colspan="2">Co-opted positions (refreshed yearly)</td></tr><tr><td>21</td><td>Local Planning Authority Leader or Cabinet Member</td></tr><tr><td>22</td><td>Local Planning Authority Leader or Cabinet Member</td></tr><tr><td>23</td><td>Further Education representative</td></tr><tr><td>24</td><td>Higher Education representative</td></tr><tr><td>25</td><td>Third Sector representative</td></tr><tr><td>Sub Total – Co opts</td><td>2 Public 3 Private</td></tr><tr><td>Proportions</td><td>40% Public 60% Private</td></tr><tr><td>GRAND TOTAL</td><td>8 Public 17 Private</td></tr><tr><td>Overall proportions</td><td>32% Public 68% Private</td></tr></table>	20	Business representative – Open recruitment	Sub Total – Main Board	6 Public 14 Private	Proportions	30% Public 70% Private	Co-opted positions (refreshed yearly)		21	Local Planning Authority Leader or Cabinet Member	22	Local Planning Authority Leader or Cabinet Member	23	Further Education representative	24	Higher Education representative	25	Third Sector representative	Sub Total – Co opts	2 Public 3 Private	Proportions	40% Public 60% Private	GRAND TOTAL	8 Public 17 Private	Overall proportions	32% Public 68% Private
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Sub Total – Co opts	2 Public 3 Private																												
Proportions	40% Public 60% Private																												
GRAND TOTAL	8 Public 17 Private																												
Overall proportions	32% Public 68% Private																												
To assemble the new Board	February 2020	<p>Delivery Risk: MEDIUM</p> <p>All Board members will be company directors, so there is inherent risk as each member needs to register as a company director, and this may be subject to governance procedures and/or legal advice. Most of the Strategic Board seats are reliant on recruitment through the Federated Boards. All Federated Boards already have members that could be nominated. The Chair and Deputy Chair recruitment is where most of the risk lies, particularly for the Chair if</p>	<p>IN PROGRESS</p> <p>All Federated Boards are aware of the requirements and will be able to identify their representatives by February 2020. The recruitment for Deputy Chair will commence on approval of the job description by electronic procedure in October. The Chair will inform the Secretariat whether he intends to step down or continue in December 2019, and recruitment will commence as soon as possible if necessary, for this position.</p> <p>The Articles of Association and Partnership Agreement will be presented for decision in December 2019, so there will be</p>																										

		<p>he decides to stand down in December, as the timescales are tight.</p> <p>Impact of non-delivery: HIGH This new Board must be assembled in order to be compliant with Government requirements and receive funding.</p>	a short but achievable timescale to register the company and directors.
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Increasing Diversity

To improve the gender balance and representation of those with protected characteristics on the Board.

Deadline: 28th February 2020

Risk: MEDIUM

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
Recruit at least 26% women to the board and improve representation of those with protected characteristics.	March 2020 Strategic Board meeting	<p>Delivery risk: HIGH SELEP does not have control over who is selected as the Local Authority members, who are currently all male. Effort will be made to increase the number of women on the Board but this is unlikely to reach the required number.</p> <p>Impact of non-delivery: MEDIUM SELEP is committed to achieving the target of improving diversity on its Board and will do all that is possible to meet this requirement. If the target is not met, there is no explicit risk to funding, however the SELEP will need to evidence the steps taken to try and improve diversity. The Government has also indicated increasing this target to achieve an equal gender balance by 2023, so this is obviously a long-term direction for the SELEP and may</p>	<p>IN PROGRESS The number of female representatives on the Strategic Board has increased, such as through changes to the Higher Education representative. Discussions around diversity have been held within both sub-group meetings, particularly around targeted advertising and strategic wording to increase inclusivity. Federated Boards, although not required under the LEP review, will need to replicate this requirement as far as possible, in order to enable the SELEP to nominate members from the Federated Boards up to the Strategic Board. The number of female board members is included on the governance KPI report to the Accountability Board to assist in monitoring progress towards</p>

become a strict requirement in the future.

meeting this expectation.

BOARD RECRUITMENT

Recruiting transparently and consistently

To have an open and transparent recruitment process which is consistent across all boards (including Federated Boards). This will also include an appointment process for chairs and deputy chairs.

Deadline: 28th February 2020

Risk: **MEDIUM/HIGH**

Status: **IN PROGRESS**

Task	Expected Completion Date	Risk factors	Status
To agree a recruitment policy for the Chair	June Strategic Board Meeting		COMPLETE The Chair Recruitment Policy was agreed by the Board on the 28 th of June 2019, including defined term limits.
To agree a recruitment policy for the Deputy Chair	December Strategic Board meeting October 2019	Delivery risk: LOW The electronic procedure is in progress. Quorum has not been reached but the responses have been positive so far so it is likely to be approved. Impact of non-delivery: HIGH This is a requirement of the LEP review, and the SELEP would be non-compliant without this in place. The policy is also required in order to recruit the Deputy Chair, without whom the new Board would not be complete.	IN PROGRESS This policy has been presented as an electronic procedure with a deadline of November 4 th . The original deadline has been moved up as the Deputy Chair needs to be identified in advance of the January 2020 Annual Performance Review.

<p>To recruit openly and transparently to the Strategic Board, through the Federated Boards.</p>	<p>Board to be in place by March Strategic Board meeting.</p>	<p>Delivery Risk: MEDIUM The main risk associated with this will be ensuring consistency across the four Federated Boards, however their approach does not need to be identical, just a consistently high standard which meet SELEP's minimum expectations, as set out in SELEP's Board Recruitment Policy. Mitigating factors will be the Secretariat supporting the Federated Areas with their recruitment.</p> <p>Impact of non-delivery: HIGH This recruitment is necessary to implement the changes to the board composition. If the recruitment is not successful, this may delay the implementation of the new board and the required diversity requirements.</p>	<p>IN PROGRESS Success Essex has successfully conducted a recruitment exercise, with a member of the secretariat on the panel. KMEP will be recruiting business members Winter 2019, and OSE will also need to recruit during 2019-20. TES have already agreed their board recruitment policy and have conducted an open and transparent board recruitment process to refresh their federated board.</p>
<p>To recruit openly and transparently to the Strategic Board through SELEP appointment.</p>	<p>Board to be in place by March Strategic Board meeting.</p>	<p>Delivery Risk: MEDIUM There will be an executive search and recruitment exercise undertaken, and there is a risk that a suitable candidate is not identified.</p> <p>Impact of non-delivery: HIGH This recruitment is necessary to implement the changes to the board composition. If the recruitment is not successful, this may delay the implementation of the new board.</p>	<p>IN PROGRESS The only seat that has not been recruited to is the Deputy Chair position, which is currently under electronic procedure (see above). Interviews are scheduled to be on the 20th of January 2020. If the current Chair informs the Secretariat that he is stepping down (deadline for this is December 31st) then recruitment for the Chair position will also need to begin.</p>

Agreeing a succession plan

To identify and agree limitation of terms for board members, vice-chairs and federated board members. This will include plans around wider engagement and succession planning.

Deadline: 31st March 2020

Risk: **MEDIUM/HIGH**

Status: **NOT YET
STARTED**

Task	Expected Completion Date	Risk factors	Status
To agree a succession plan.	December Strategic Board meeting	<p>Delivery Risk: LOW This was dependent on a decision around Board composition which has now been made, and this work is now dependent on officers.</p> <p>Impact of non-delivery: HIGH This is a requirement of the LEP review, so the SELEP would be non-compliant without this document.</p>	<p>NOT YET STARTED This plan will be prepared for consideration at the December Strategic Board meeting.</p>

Creating a board member induction

To establish a formal induction process for Board members.

Deadline: 30th Nov 2019

Risk: **MEDIUM/HIGH**

Status: **IN PROGRESS**

Task	Expected Completion Date	Risk factors	Status
To create a formal induction process for Board members.	October 2019	<p>Delivery Risk: MEDIUM The creation of the induction process can be actioned before any decisions around board composition or legal personality are taken at Strategic Board level. However, the document will remain live to ensure the information remains up to date and reflects the changes to the SELEP Strategic Board.</p> <p>Impact of non-delivery: HIGH This is a requirement of the LEP review, so the SELEP would be non-compliant without this process. Other implications would be under-informed Board members and potential dis-engagement of Board members. This is particularly important due to the upcoming incorporation of the SELEP, as the Board Members will need to understand their new role as company directors.</p>	<p>IN PROGRESS The Board Recruitment Policy sets out the induction process for the new board member to meet with the SELEP Chief Exec and Governance Officer in advance of their first Strategic Board meeting, they must provide a Register of Interest (RoI) within 28 days of becoming a Board member and must review the Board Member Induction Pack/Handbook.</p> <p>The outstanding action for SELEP is to complete the Board Member Induction Pack/Handbook. The induction handbook will be circulated to Federated Board Lead Officers at the end of October, for feedback and for the addition of information specific to their areas. The LEP Network plans to provide the SELEP with an induction package, which will need to be adapted for the local area, which we will hopefully receive in January 2020. If this is not received, the Secretariat will create a half-day induction session and will incorporate the LEP Network's version once received.</p> <p>Half-day induction sessions will be scheduled for all Board members.</p>

<p>To implement the Board member induction process for new members and LEP officers</p>	<p>January 2020</p>	<p>Delivery Risk: MEDIUM The induction process will need to be implemented for all new board members and LEP officers, particularly following the review of the Strategic Board membership.</p> <p>Impact of non-delivery: HIGH This is a requirement of the LEP review and therefore SELEP would be non-compliant without implementing this process. Other implications would be under-informed Board members and potential dis-engagement of Board members. This is particularly important due to the upcoming incorporation of the SELEP, as the Board Members will need to understand their new role as company directors.</p>	<p>IN PROGRESS Once the induction pack has been completed this will be circulated to all board members and will be kept as a live document to ensure that the changes to the SELEP through incorporation are reflected in the induction pack.</p> <p>Half-day (mandatory) induction sessions will be scheduled for all Board members. Board members will receive the induction pack in advance of these sessions.</p>
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POLICIES AND PROCEDURES

Reviewing the Assurance Framework

Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.

Deadline: 31st March 2020

Risk: HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
<p>To agree revised version of the Assurance Framework for 2019.</p>	<p>June Strategic Board meeting.</p>		<p>COMPLETE The revised Assurance Framework was agreed at the Strategic Board meeting on the 28th of June 2019.</p>

<p>To agree new Assurance Framework on incorporation</p>	<p>March 2020 Strategic Board meeting</p>	<p>Delivery Risk: HIGH Reliant on incorporation in March 2020, which is dependent on high-risk tasks being completed. Also relies on the Strategic Board agreeing this Framework at the March 2020 Strategic Board meeting; the previous Assurance Framework had to be re-revised between March and June 2019.</p> <p>Impact of non-delivery: HIGH This document evidences the SELEP's compliance with government's requirements, and therefore without this document up to date and in place in March 2020, SELEP's future year funding will be put at risk.</p>	<p>IN PROGRESS A working copy of the Assurance Framework is currently under development. The updated version of the Assurance Framework will be presented to the Board in March for approval.</p>
<p>To review the Assurance Framework on an annual basis.</p>	<p>Ongoing</p>	<p>Delivery risk: LOW This item can be added to the agenda on an annual basis for review.</p> <p>Impact of non-delivery: HIGH It is important to have a current Assurance Framework that contains up to date information in order to receive funding.</p>	<p>ONGOING/COMPLETE The Assurance Framework will be reviewed at the beginning of 2020-21 and will be added to the agenda at the beginning of 2021-22.</p>

Creating a Local Industrial Strategy

Develop an evidence-based Local Industrial Strategy that sets out a long-term economic vision.

Deadline: January 2020

Risk: MEDIUM/HIGH

**Status: IN
PROGRESS**

Task	Expected Completion Date	Risk factors	Status
Stage 1: Draft evidence base creation & review	September 2019	<p>Delivery Risk: MEDIUM Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p>Impact of non-delivery: HIGH This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p>COMPLETE The draft evidence base has been completed, for a final version to be approved in March 2020.</p>

<p>Stage 2: Developing Propositions/Intervention (wide consultation, drafting of the LIS and finalising evidence base)</p>	<p>December 2019</p>	<p>Delivery Risk: MEDIUM Two officers (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p>Impact of non-delivery: HIGH This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p>IN PROGRESS LIS Workshops with wider stakeholders are occurring through October and November. Feedback from these events will feed into the development of the LIS. Draft content will be discussed at the December 6th Strategic Board meeting.</p>
<p>Stage 3: Government co-design</p>	<p>Presented for approval at January 2020 Strategic Board meeting, to be finalised/published with Government by March 2020.</p>	<p>Delivery Risk: MEDIUM Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p>Impact of non-delivery: HIGH This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p>NOT YET STARTED This work is due to start in January 2020.</p>

Refreshing the Joint Committee Agreement

To refresh the Joint Committee agreement.

Deadline: 31st March 2020

Risk: **MEDIUM**

Status: **IN PROGRESS**

No changes are being proposed to the structure of the Accountability Board.

Task	Expected Completion Date	Risk factors	Status
Create a new refreshed version of the Joint Committee Agreement.	March 2020	<p>Delivery risk: MEDIUM This will require approval from all the upper tier authorities, which may potentially cause delays.</p> <p>Impact of non-delivery: MEDIUM The current Joint Committee Agreement is valid, but it would be appropriate to update the agreement as it is 5 years old and contains some out-of-date language and information.</p>	<p>ABSORBED INTO FRAMEWORK AGREEMENT Essex Legal Services are supporting the SELEP with this work. This document should align its language with the articles of association, and therefore cannot be completely finalised until the articles are near completion, which Essex Legal Services are also supporting with.</p>

Reviewing the Communication Strategy

To refresh, review and implement a revised Communications Strategy to reflect the Economic Strategic Statement.

Deadline: 31th March 2020

Risk:
MEDIUM/LOW

Status: **IN
PROGRESS**

Task	Expected Completion Date	Risk factors	Status
<p>Creation of a revised Communications Strategy to ensure full compliance with government branding and to develop publicity around LGF projects</p>	<p>June 2019 (Updated September 2019) December 2019</p>	<p>Delivery risk: MEDIUM The Communications Officer post has now been filled.</p> <p>Impact of non-delivery: MEDIUM/LOW A Communications Strategy is a requirement of the SELEP Assurance Framework. SELEP must ensure the appropriate use of Government's Growth Deal branding. The development of a communication strategy is important to advise partners on the use of this branding.</p>	<p>IN PROGRESS The Communications Officer Role was successfully recruited and started in October. The Communications Strategy will be presented to the December Strategic Board for approval.</p>

Reviewing the Terms of Reference

To ensure that the Terms of Reference for the SELEP and Federated Boards have been updated to reflect the requirements of the Assurance Framework.

Deadline: 31st March 2020

Risk: HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
Review the 2019-20 SELEP Terms of Reference	June 2019		COMPLETE The Terms of Reference 2019-20 were agreed at the June 28 th 2019 Strategic Board meeting.
Agree the 2020-21 SELEP Terms of Reference	March 2020	<p>Delivery Risk: HIGH This is reliant on the decisions around board composition and legal personality being made on time in October 2019. Once decided, this risk factor can be reduced to reflect the risk of this being agreed by the Board in March 2020.</p> <p>Impact of non-delivery: HIGH The Terms of Reference are required to evidence compliance to the LEP review, and to enshrine the practices of the SELEP.</p>	IN PROGRESS A new version of the Terms of Reference is currently under development by officers. Key progress will be enabled after the decisions of the Strategic Board around board composition and legal personality. This will be taken to the first meeting of the new Strategic Board in March for approval.

<p>Ensure that the 4 Federated Areas each have appropriate Terms of Reference</p>	<p>March 2020</p>	<p>Delivery Risk: HIGH As well as being reliant on the decisions of the Strategic Board in October as above, this is also reliant on agreement from each of the four Federated Boards of their individual Terms of Reference. Mitigating factors is maintaining effective communication with the Federated Board officers.</p> <p>Impact of non-delivery: HIGH The Terms of Reference for the Federated Areas are important to demonstrate how the boards function and how they recruit. As many of the Strategic Board members will be recruited through a Federated Board then appointed up, it's crucial that the Federated Boards are able to evidence an open and transparent recruitment process.</p>	<p>IN PROGRESS The Terms of Reference for Federated Areas are under review by the Secretariat, to be completed in advance of confirming new Strategic Board representatives in January.</p>
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Reviewing all policies on an annual basis

To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.

Deadline: 31st March 2020

Risk: MEDIUM

Status: NOT YET STARTED

Task	Expected Completion Date	Risk factors	Status
Ensure that all policies are reviewed on an annual basis	March 2020	<p>Delivery Risk: Low This piece of work will be prepared by officers for approval at Strategic Board. Other than the requirement of the LEP review, there are no significant policy changes anticipated, and for 2020 this will be primarily ensuring that all policies correlate to the updated Assurance Framework, Terms of Reference and Articles of Association.</p> <p>Impact of non-delivery: HIGH This is a requirement of the National Assurance Framework, therefore the LEP would be non-compliant without this completed. There would also be the risk of confusion and lack of transparency in the functioning of the LEP if these documents are incorrect or out of date.</p>	<p>IN PROGRESS All policies will be updated and presented for approval at the March 2020 Strategic Board meeting. After this, all policies will be refreshed on at least an annual basis by the Governance Officer.</p>

CHANGES ACTIONABLE AT OFFICER LEVEL

SUPPORTING THE BOARD

Formalising the independent Secretariat

The independence of the Secretariat needs to be reflected and enshrined in the governance documentation.

Deadline: 31st March 2020

Risk: MEDIUM

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
Include the independence of the secretariat in the Assurance Framework.	June 2019		COMPLETE A section on the independent secretariat is included in the Assurance Framework June 2019.
Put in place a formalised agreement between the Accountable Body and the Secretariat	March 2020	<p>Delivery Risk: MEDIUM It is part of the incorporation workstream and is therefore reliant on the membership/legal personality workstream decisions being made, however this work can commence before the decision is taken so the risk of delay is reduced.</p> <p>Impact of non-delivery: HIGH This is a crucial document to enshrine the relationship between the Accountable Body and the SELEP as a new legal personality. Although this document is not explicitly requested by the LEP review, it is fundamental in the running of the SELEP and has been identified as an action by ECC audit.</p>	<p>NOT YET STARTED This would be supported by Essex Legal Services.</p>

<p>Make sure the Articles of Association for the Board include the independence of the SELEP Secretariat.</p>	<p>March 2020</p>	<p>Delivery Risk: LOW Adding this element is low risk in itself, but the articles of association themselves are currently at a high-risk status.</p> <p>Impact of non-delivery: MEDIUM It is important to enshrine the independence of the secretariat in the articles of association, as a requirement of the National Assurance Framework. The impact of non-delivery is considered a medium risk due to the low margin of error for the articles of association, as any amendments would need to go through the full approval process.</p>	<p>IN PROGRESS The articles of association are being developed by Essex Legal Services. They will be considered by the Legal Personality subgroup at their meeting in November, and will be presented to the Board for agreement in principle in December and will need to go through relevant governance processes of Local Authorities before March 2020.</p>
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Creating a Skills Advisory Panel

A Skills Advisory Panel needs to be created to convene local employers, learning providers and other partners to achieve a better alignment of the local employment and skills offer.

Deadline: September 2019

Risk:
LOW

Status: IN
PROGRESS

Task	Expected Completion Date	Risk factors	Status
<p>Recruit the members of the panel</p>	<p>August 2019</p>		<p>COMPLETE The Panel has been recruited to represent a wide range of industry and geography.</p>

Hold first meeting of the Panel	September 2019	<p>Delivery Risk: LOW The meeting has been arranged for the 5th of September 2019 in London, with good attendance expected.</p> <p>Impact of non-delivery: MEDIUM This is a requirement of the National Assurance Framework, designed to assist in the production of the Local Industrial Strategy. There are no stated deadlines, however if this panel is to be useful for the LIS, it needs to meet ideally in September.</p>	COMPLETE The meeting was held on the 5 th of September in London.
Agree the Terms of Reference for this Panel	October 2019 November 2019	<p>Delivery Risk: LOW This will be discussed at the first meeting of the Panel and will largely be a discussion around practical details.</p> <p>Impact of non-delivery: LOW This document will be important to the running of the Panel, but the principles of the Panel are already enshrined in the National Assurance Framework.</p>	IN PROGRESS The Terms of Reference will be approved during November via electronic procedure.

ONGOING ACTIONS/CHANGES ALREADY IMPLEMENTED

All completed actions will be kept under review on a quarterly basis to ensure this information is up to date.

DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	COMPLETE/ONGOING
Declarations of interest must be noted for the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board	COMPLETE/ONGOING

members.

CAPITAL PROJECTS

Requirement	Status
To have a named individual/postholder with overall responsibility for ensuring value for money for all projects and programmes.	COMPLETE
To include a value for money section in the standard reporting template for Accountability Board reports for funding approvals or changes.	COMPLETE
To include a section in the standard business case template for promoters to explain how they will maximise social value.	COMPLETE
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING

POLICIES AND PROCEDURES

Requirement	Status
To include a diversity statement in the SELEP Assurance Framework to provide the approach to diversity.	COMPLETE
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To have an annual report and delivery plan in place for the year.	COMPLETE/ONGOING
To include in the Business Case Template a section for project promoters to explain how the project is compliant with the Equality Act 2010.	COMPLETE
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To hold Annual General Meetings open to the public to attend	COMPLETE/ONGOING (24 th June 2020)
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
To make an open offer to attend Local Authority Scrutiny Committees in their area and attending where requested.	COMPLETE
To revise the current scrutiny arrangements of the Strategic Board within the new incorporated model.	COMPLETE

ACCOUNTABLE BODY

Requirement	Status
To extend invitations to the Section 151 Officer or representative to all board meetings.	COMPLETE/ONGOING
To include in the Business Case Template assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE

PUBLISHING INFORMATION

Requirement	Status
To publish Strategic and Accountability Board papers to agreed timescales	COMPLETE/ONGOING
To publish the Local Assurance Framework on the website	COMPLETE
To create, maintain and publish a register of all board member expenses and hospitality costs.	COMPLETE/ONGOING
To publish the Gate 2 outline business base at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.	COMPLETE/ONGOING
To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.	COMPLETE/ONGOING
To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.	COMPLETE/ONGOING
To use Government and SELEP branding on all marketing.	COMPLETE/ONGOING
To publish all key decisions of the Strategic and Accountability Boards on the Forward Plan, SELEP website and upper tier authority websites.	COMPLETE/ONGOING

Governance Key Performance Indicators 2019-20

Forward Plan of Decisions

Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the Accountability Board meeting?

Meeting date	Met (Y/N)?
12 th April 2019	Yes
7 th June 2019	Yes
13 th September 2019	Yes
15 th November 2019	Yes

Publication of Papers

Are all papers published on the SELEP website 5 clear working days in advance of the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12 th April 2019	Yes	7 th June 2019	Yes	13 th September 2019	Yes
Strategic Board	22 nd March 2019	No	28 th June 2019	Yes	4 th October 2019	Yes
Investment Panel	8 th March 2019	Yes	28 th June 2019	Yes		
EBB	18 th March 2019	No	24 th June 2019	No	30 th September 2019	No
KMEP	25 th March 2019	No	25 th June 2019	No	24 th September 2019	Yes
OSE	13 th February 2019	No	25 th June 2019	No	11 th September 2019	Yes
TES	24 th June 2019	No	29 th July 2019	Yes	30 th September 2019	Yes

Draft Minutes

Are all draft minutes published within 10 clear working days following the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12 th April 2019	Yes	7 th June 2019	Yes	13 th September 2019	Yes
Strategic Board	22 nd March 2019	No	28 th June 2019	Yes	4 th October 2019	Yes
Investment Panel	8 th March 2019	Yes	28 th June 2019	Yes		
EBB	18 th March 2019	No	24 th June 2019	No	30 th September 2019	Yes
KMEP	25 th March 2019	No	25 th June 2019	No	24 th September 2019	No
OSE	13 th Feb 2019	Yes	25 th June 2019	No	11 th September 2019	No
TES	18 th March 2019	No	24 th June 2019	No	30 th September 2019	No

Final Minutes

Are final minutes published within 10 clear working days following approval?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	15 th February 2019	Yes	12 th April 2019	Yes	7 th June 2019	Yes
Strategic Board	7 th December 2018	Yes	22 nd March 2019	Yes	28 th June 2019	Yes
Investment Panel	n/a	n/a	8 th March 2019	Yes	28 th June 2019	Yes
EBB	3 rd December 2018	Yes	18 th March 2019	Yes	24 th June 2019	Yes
KMEP	28 th January 2019	No	25 th March 2019	No	25 th June 2019	No
OSE	7 th November 2018	Yes	13 th February 2019	No	25 th June 2019	No
TES	28 th January 2019	Yes	18 th March 2019	Yes	24 th June 2019	No

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Percentage completed	Comments
Accountability Board	100%	New board members have 28 days to submit.
Strategic Board	100%	As above
Investment Panel	100%	As above
EBB	100%	As above
KMEP	100%	As above
OSE	100%	As above
TES	100%	As above

Registers of Interest- Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100% (awaiting some new staff within grace period)
Accountable Body	100%
Federated Board Lead Officers	100%

Declarations of interests in meetings

Are all interests declared and recorded in the meeting minutes with a note of any actions taken?

Board		Met (Y/N)?
Accountability Board		Yes
Strategic Board		Yes
Investment Panel		Yes
EBB		Yes
KMEP		Yes
OSE		Yes
TES		Yes

Business Case Endorsement

Have all new and amended projects/business cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards?

Board	Met (Y/N)?	Comments
LGF	Yes	Through prioritisation process for LGF3b
GPF	n/a	No GPF prioritisation has been undertaken in last year
SSF	Yes	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

Publication of Business Cases

Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?

Meeting date	Met (Y/N)?
12 th April 2019	No (but were published in advance)
7 th June 2019	No (but were published in advance)
13 th September 2019	No (but were published in advance)
15 th November 2019	No (but were published in advance)

Date	Percentage of female board members
24/05/19	18%
05/08/18	21%

Report title: Update on SELEP Revenue Budget 2019/20 and Outline Revenue Budget 2020/21	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Date: 5 th November 2019	For: Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: <i>Pan SELEP</i>	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest financial forecast position for the SELEP Revenue budget for 2019/20. In addition, an outline budget for 2020/21 has been produced based on current best knowledge of funding streams in 2020/21.

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the half year forecast revenue outturn position for 2019/20 of an **under spend** of **£294,000**;
- 2.1.2 **Approve** the outline revenue budget for 2020/21 set out in Table 4;
- 2.1.3 Confirm that Local Authority partners will continue to provide revenue support and match for core funding in 2020/21 as set out in 4.4; and
- 2.1.4 **Note** the planned level of reserves held by the end of 2020/21 are proposed to be **£165,000** which is the minimum recommended level.

3. 2019/20 revenue budget half year update

- 3.1 The 2019/20 SELEP revenue budget was set by Accountability Board at its November 2018 meeting and updated in May 2019 to incorporate the specific revenue grants that had been subsequently confirmed. The latest forecast outturn position is an under spend of £294,000, this represents a movement of £7,000 from the position reported to the Board in September 2019; details can be seen in Table 1 overleaf.
- 3.2 The under spend is mainly due to the expected receipt of £400,000 additional grant funding from Government to support the implementation of the LEP review requirements. This is offset in part due to increased staffing requirements to support the implementation of the LEP review.

Table 1 – Total SELEP Revenue Budget Outturn Forecast – September 2019

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %	Previous reported Forecast £000	Forecast Movement £000
Staff salaries and associated costs	911	744	167	23%	888	23
Staff non salaries	54	39	15	39%	54	0
Recharges (incl. Accountable Body)	194	158	37	23%	126	68
Total staffing	1,159	941	218	23%	1,068	91
Meetings and admin	131	66	65	98%	114	17
Chair's allowance	23	20	3	13%	20	3
Consultancy and project work	807	1,026	(219)	-21%	854	(47)
Local Area Support	150	150	-	0%	150	-
Grants to third parties	1,626	1,626			1,626	-
Total other expenditure	2,737	2,888	(151)	-5%	2,764	(27)
Total expenditure	3,896	3,829	67	2%	3,832	64
Grant income	(2,766)	(2,390)	(376)	16%	(2,766)	(0)
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	-	-	-	0%	(4)	4
External interest received	(824)	(839)	15	0%	(763)	(61)
Total income	(3,790)	(3,429)	(361)	11%	(3,733)	(57)
Net expenditure	106	400	(294)	-74%	99	7
Contributions to/from reserves	(106)	(400)	294	-74%	(99)	(7)
Final net position	-	-	-	0%	-	(0)

- 3.3 Currently it is forecast that external interest received will be £15,000 lower than budgeted, however, this is an improved position compared to the September forecast of £61,000. This is primarily due to higher than budgeted balances held in relation to the Local Growth Fund (LGF) programme and the Growing Places Fund (GPF) programme, that are accruing interest; separate updates on these programmes are included in the agenda for this meeting.
- 3.1. There remains considerable uncertainty with regards to the impact that Brexit may have on interest rates and as such the forecast position may continue to change in this respect; this position is being closely monitored by Essex County Council's Treasury Management function who oversee the investment of the funds held.
- 3.2. The current forecast position for the general reserve at the end of financial year 2019/20 can be found below at Table 2.

Table 2 – Forecast Reserves

	Forecast Outturn £000	Latest Budget £000
Opening balance 1st April 2019	(748)	(748)
Planned Utilisation		
Planned withdrawal 19/20	(106)	(400)
Total	(106)	(400)
Balance remaining	(642)	(348)
Minimum value of reserve		165

*Note: The Board agreed to increase the minimum level of reserves to £165,000 in May 2019

- 3.3. Table 3 sets out the current forecast position for the specific revenue grants; it is currently assumed that all specific grants will spend in line with budget, with the exception of the Skills grants allocated to support the implementation of the Skills Analysis Panel and the Local Digital Skills Partnership. Delays in recruitment to the posts to support these two initiatives has meant that the outstanding grants are now planned to be spent in 2020/21.

Table 3 – Specific Grants Forecast Summary

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(900)	(500)	(400)	25%
<u>Specific Grants:</u>				
GPF Revenue Grant	(1,000)	(1,000)	-	0%
Growth Hub	(656)	(656)	-	0%
Skills Analysis Panels (SAP) Grant	(62)	(75)	13	-18%
Local Digital Skills Partnership Catalyst Grant	(64)	(75)	11	-14%
Careers Enterprise Company (CEC)	(35)	(35)	-	0%
Energy Strategy Grant	(49)	(49)	-	0%
Total Grant Income Applied	(2,766)	(2,390)	(376)	15.7%

4. 2020/21 Base Revenue Budget

- 4.1. There is currently no confirmation from Government with regards to the funding position for SELEP beyond the current financial year which presents

a challenge to ensure appropriate budget planning from 2020/21. A draft budget has been prepared on the assumption of continuation of funding from Government in line with that received in the current and preceding financial years.

- 4.2. The proposed budget for SELEP Secretariat can be found at Table 3. This budget does not include any specific grants. Further information on levels of specific grant in 2020/21 is expected to be received from Government Departments and agencies over the next few months and an updated position will be presented to the Board during the first quarter of 2020/21.

Table 4 – Proposed 2020/21 Base Budget – Secretariat Budget only

	2020/21 Budget £000	2019/20 Budget £000	2019/20 Forecast £000	Budget Movement £000	Budget Movement %
Staff salaries and associated costs	1,174	744	911	430	58%
Staff non salaries	39	39	54	-	0%
Recharges (incl. Accountable Body)	140	58	108	82	142%
Total staffing	1,353	841	1,073	512	61%
Meetings and admin	85	51	116	34	66%
Chair's allowance	34	20	23	14	71%
Consultancy and project work	441	877	669	- 436	(50%)
Local Area Support	-	150	150	- 150	(100%)
Total other expenditure	559	1,098	957	(539)	(49%)
Total expenditure	1,913	1,939	2,030	(26)	-1%
Grant income	(500)	(500)	(900)	-	0%
Contributions from partners	(200)	(200)	(200)	-	0%
Other Contributions	-	-	-	-	0%
External interest received	(736)	(839)	(824)	103	(12%)
Total income	(1,436)	(1,539)	(1,924)	103	(7%)
Net expenditure	477	400	106	77	19%
Contributions to/from reserves	(477)	(400)	(106)	(77)	19%
Final net position	-	-	-	-	0%

Please note that forecast outturn figures in Table 1 are for the full SELEP Revenue Budget and include specific grant activity whereas the 2019/20 forecast outturn information presented above only includes the budget for the Secretariat.

- 4.3. An explanation of the key budget movements is set out below:
- 4.3.1. Staff salaries - The budget proposed includes the full year staffing costs of the Secretariat at its current established level with only minimal changes. A number of the posts are funded through the application of specific grants;

should those grants not be continued, an assessment will need to be made as to whether those posts should be discontinued or alternative funding identified if they are required on-going. The salaries included reflect the Essex Pay policy that was implemented during 2019/20 plus an additional pressure arising from an increase in the pension fund contribution rate.

- 4.3.2. Accountable Body Recharges – the recharges applied by the Accountable Body reflect the on-going cost of providing this service to SELEP; the increase in this budget reflects the increasing costs associated with support to SELEP, particularly with regard to the implementation of the revised Governance arrangements arising from the LEP review and the expectations of Government set out in the National Local Growth Assurance Framework. As SELEP has yet to finalise its Governance arrangements from 2020/21, following the incorporation of SELEP, it has not been possible to finalise and agree the Accountable Body recharges and as such may be subject to change; should this be the case, a revised position will be presented to the Board at the earliest opportunity.
- 4.3.3. Meetings and Admin – these costs have increased through 2019/20 and are anticipated to continue to incur higher costs than in previous years due to the on-going impact of the implementation of the LEP review recommendations and other key strategic activities, for example, the delivery of the Local Industrial Strategy.
- 4.3.4. Chairman's Allowance – this budget has increased due to the decision by the Strategic Board to appoint a deputy Chair, in line with the requirements of the National Assurance Framework. The allowance for the Deputy Chair will be £10,000 per annum. The Accountable Body is currently exploring the implications of Directorship on the tax and national insurance liabilities with regard to remunerated members of the Board. To be prudent, this budget has been increased to include employers' national insurance contributions.
- 4.3.5. Consultancy and Project Work – The budget for this activity is proposed to be decreased to reflect the increased staffing levels of the SELEP Secretariat, which is anticipated to reduce the requirement for external support.
- 4.3.6. The remaining Consultancy and Project work budget will be used to support work that flows from the Local Industrial Strategy (LIS). The LIS is currently due to be agreed with Government in March 2020 and an action plan or similar will be put together to drive forward the interventions identified as priorities for the SELEP. Whilst priorities for the LIS aren't yet agreed there are major investments already planned for the geography such as the Lower Thames Crossing (LTC) that will require additional work in next year. For example, we may want to commission research on the impact of the LTC on local economies and provide data/evidence to local authorities to assist in the case for investment in local supporting infrastructure.
- 4.3.7. There clearly is a great deal of uncertainty currently for LEPs, as outlined in the Operations Report. However, work on planning for financial year 2020/21 is continuing based on current assumptions and emerging themes from the

LIS that are due to be discussed by Strategic Board in December and January. The Delivery Plan for the year will be presented to Strategic Board in March 2020 and the activities therein will be contained with the budget proposed here, should it be agreed.

- 4.3.8. Local Area Support – this grant that was applied in the current financial year to support the implementation of the LEP review recommendation is not proposed to be continued in 2020/21, so the budget has been reduced accordingly.
- 4.3.9. Grant Income – the Core Funding grant has been assumed to continue at the same rate as in previous years, however, there has been no confirmation of this from Government – see section 4.4 below. It is not expected, however, that the grants previously provided to support the implementation of the LEP review will be repeated in 2020/21.
- 4.3.10. External Interest – this interest is accrued by SELEP through the balances held, and invested by the Accountable Body, in relation to the Local Growth Funding (LGF) and Growing Places Funding (GPF) grants. As 2020/21 is the final year of the LGF scheme, the balances held are forecast to be lower and as such will accrue less interest. In addition, the planned re-investment of the GPF scheme in 2020/21 is anticipated to reduce the balances held in respect of that scheme.
- 4.3.11. It should also be noted with respect to the levels of external interest accrued, that this could be significantly impacted by the up-coming general election and the impact of any decisions with regard to Brexit.

4.4. Core Funding

- 4.4.1. It is assumed that the Core Funding from Government, a grant of £500,000, will continue to be available to apply for in 2020/21, providing match funding of £250,000 can be evidenced. £200,000 of this match is planned, as in previous years, as a cash matched contribution from the six upper tier local authority partner authorities in SELEP. Table 4 sets out the proposed contributions to be approved; this applies the same contribution as in 2019/20 and all other prior years.

Table 4 – Proposed Match Funding Contributions to release the Core Grant from Government

Name of Authority	Contribution to Funding £
East Sussex County Council	26,180
Essex County Council	71,760
Kent County Council	72,500
Medway Council	13,040
Southend-on-Sea Borough Council	8,400
Thurrock Council	8,120
Total Match Contributions	200,000

4.5. 2020/21 Reserves Summary

- 4.5.1. The following table sets out the anticipated reserves position as at the first April 2020 of £642,000; this assumes that end of year position reflects the forecast planned withdrawal in 2019/20 as set out in table 1 above.

Table 5 – Planned Reserves 2020/21

	2020/21 Budget £000
Forecast Opening balance 1st April 2020	(642)
Planned Utilisation	
Planned withdrawal 19/20	477
Total	477
Balance remaining	(165)
Minimum value of reserve	(165)

- 4.5.2. The proposed budget for 2020/21 requires a further withdrawal from reserves of £477,000 to support the proposed spend; this leaves the reserves at the agreed minimum level of £165,000 by the end of 2020/21. This position will be kept under review through the regular budget monitoring undertaken by the Accountable Body to assure balances held remain at an appropriate level to support costs arising should SELEP support arrangements be discontinued in their current form.

5. Financial Implications (Accountable Body comments)

- 5.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 5.2 The proposed 2020/21 revenue budget is considered to be robust and the level of reserves held is appropriate; however, any further changes to the staffing structure within the SELEP Secretariat is likely to impact on the future potential severance and redundancy costs of staff employed by the Accountable Body on behalf of the SELEP. As a result, the level of reserves held will remain under review to ensure that they are appropriate to meet any future commitments arising, in this regard.
- 5.3 There remain a number of key risks highlighted in the Operations Board report (Agenda item 13) that could significantly impact on the operation of the SELEP if incurred; the most significant financial risk at present is viewed to be failure to fully implement the requirements of the LEP review.
- 5.4 Failure to meet these requirements may impact on the assurance assessment made by Government as part of the 2020/21 Annual Performance Review; lack of assurance or implementation of requirements, may result in the Government withholding funding due to SELEP. The impact

of withholding Core funding would undermine the ability of SELEP to deliver during 2020/21, as staffing levels may need to be reduced accordingly to ensure that the budget remains affordable.

- 5.5 The Accountable Body is working closely with the SELEP Secretariat to minimise the risk of the requirements of the LEP review not being implemented.

6. Legal Implications (Accountable Body comments)
None

7. Equality and Diversity implication

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

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

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

- 7.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

8. List of Appendices

- 12.1 None

9. List of Background Papers

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer Essex County Council)	7/11/19

Forward Plan reference number: FP/AB/244

Report title: A28 Sturry Link Road Project Update	
Report to Accountability Board on 15th November 2019	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 15 th November 2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.
- 1.2 Strategic Board agreed that all high risk Local Growth Fund (LGF) projects were to be considered by the Board by no later than June 2019, to determine whether satisfactory mitigation has been put in place to enable the high risk projects to progress, whether the Project should be put on hold and/or the LGF re-allocated.
- 1.3 At the meeting of the Board on 8th June 2019; The Board resolved:
 - 1.3.1 To Agree that the Project is put on hold but the LGF remains allocated to the Project until Kent County Council (KCC) can provide assurance that the local funding package is in place to progress with the delivery of the Project.
 - 1.3.2 To Agree the requirement for a project update report to be received by the Board in September 2019 and at least every six months following this, to monitor the Project risk, unless the project is cancelled. These separate update reports will continue until the point that the Board is satisfied that the Project risks, have been sufficiently mitigated.
- 1.4 The Project has previously been approved by the Board for the award of £5.9m LGF but is identified as high risk, due to the risk to the private sector funding contributions to the Project.

2. Recommendations

2.1. The Board is asked to

2.1.1. Note the latest position on the delivery of the Project;

2.1.2. Agree that LGF spend on in delivery of the Project will remain on hold until the Board is satisfied that the Project risks have been sufficiently mitigated and a full funding package is in place to deliver the Project; and

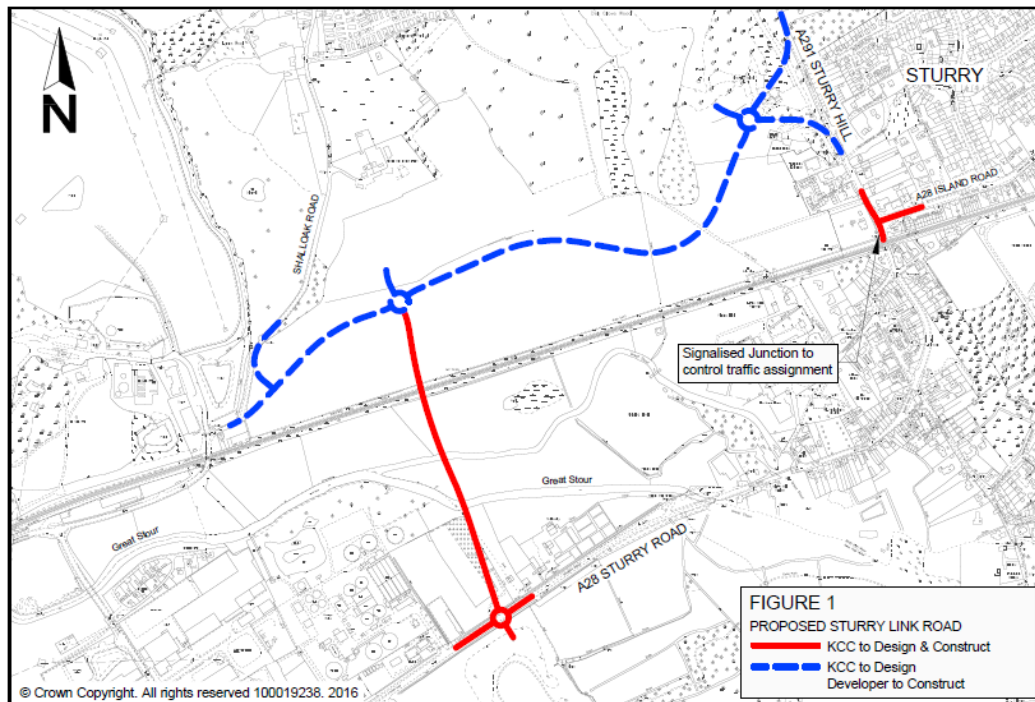
2.1.3. Agree that if satisfactory progress has not been made towards securing the full funding package by its next meeting, as set out in section 7 of the report, the Board will be asked to consider the reallocation of LGF at its next meeting on the 14th February 2020.

3. A28 Sturry Link Road (the Project)

3.1. The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury, Kent. The LGF will contribute to the cost of constructing a bridge over a railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. The sections shown in red in Figure 1 overleaf show the sections of road included as part of the scope of the LGF Project.

3.2. To connect the Project to the existing highway, the developers will be delivering a spine road through the new development site to connect the bridge with the A291 to the North East of the residential and commercial development. This connection is essential to enable traffic to use the new bridge funded as part of the LGF Project. The spine road to be funded and delivered by the developers is shown in blue in Figure 1.

Figure 1 A28 Sturry Link Road



- 3.3. The overall objective of the Project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/ A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.
- 3.4. Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project will unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.
- 3.5. The scale of development unlocked by the Project includes residential development at the following sites:
- Broad Oak Farm and Sturry – 1106 homes;
 - Hoplands Farm, Hersden – 250 homes;
 - Colliery Site, Hersden – 370 homes;
 - North Hersden – 800 homes;
 - Other sites in the north eastern quadrant of Canterbury District
- 3.6. Since the approval of the business case by the Board in June 2016, there have been no substantial changes to the Project scope, although some enhancements have been made to the Project design to incorporate feedback received by KCC through public consultation.

- 3.7. The developers/ land owners for the residential and commercial development sites which will be unlocked through the delivery of the Project are due to provide sizable funding contributions towards the delivery of the Project, as detailed below. These funding contributions are being made as a S106 funding contribution per residential unit plot completed. The developers are also responsible for the delivery of the spine road, as shown in Figure 1.
- 3.8. The Project was approved by the Board on the 24th June 2016 for the award of £5.9m LGF. At the stage of the Project being approved, Project risks were identified by the SELEP Independent Technical Evaluator (ITE) regarding the cost and deliverability of the Project, particularly in light of the interaction with Network Rail.
- 3.9. Furthermore, risks have been identified in relation to the security and timing of the expected private sector funding contributions to the Project.
- 3.10. A funding bid was submitted through the SELEP LGF3b pipeline development process, seeking a further £4.5m LGF towards the delivery of the Project, to help mitigate the funding risk in relation to the phasing of the developer contributions towards the Project.
- 3.11. The LGF3b bid for the Project was not prioritised by the Investment Panel to secure any additional LGF. As the application has not been successful, this further draws attention to the funding risk for this Project.
- 3.12. An update on these Project risks is provided through this report.

4. Project Cost and Funding

- 4.1. The Project cost estimate for the delivery of the bridge over the railway was £28.6m within the original business case in 2016. This cost has now been updated and is currently forecast at £29.6m and includes the proposed alterations to the A28/A291 junction.
- 4.2. In both the original and updated Project cost, the cost of delivering the spine road through the development site has been excluded, as these costs will be met in full by the developer. The construction of the spine road will also be undertaken by the developer.
- 4.3. To date, £1.073m LGF has been spent on the delivery of the Project, with a further £0.395m LGF expected to be spent on the Project in 2019/20 if the pause on the LGF spend is lifted. If the Project does not progress to delivery, this spend will become an abortive revenue cost and the LGF will need to be repaid to SELEP.
- 4.4. In addition to the £5.9m LGF award to the Project, three developer funding contributions are due to be made to fund the remaining project cost. These developer contributions are being made by three different developers from sites in the vicinity of the Project, as detailed within the confidential appendix.

- 4.5. As a result of the project development work which has been undertaken over the last three years, there is now greater cost certainty than when the Project was previously considered by the Board.
- 4.6. The detailed cost breakdown has been updated and refined to reflect project progress and the revised programme. This includes allowances for Network Rail costs, inflation and risk, as determined through a Quantified Risk Assessment (QRA). This cost estimate has been prepared with knowledge of the costs involved in working with Network Rail through previous projects such as the East Kent Assess and Rushenden Relief Road. The risk for the need to provide land for flood storage compensation has been reduced, following acceptance by the Environment agency of the Hydraulic Modelling of the Stour and the impact of the new road.

5. Project delivery update

- 5.1. The original Project business case set out the intention to commence site mobilisation work in October 2019 and to complete the Project by October 2021.
- 5.2. The delivery of the Project has been slower than anticipated due to the interdependency between the Project and the planning applications for the residential/ commercial development which is associated with the Project. Project delays have also been experienced through the development of the environmental impact assessment (EIA), as stakeholder feedback has been considered and used to enhance the Project design work.
- 5.3. The interdependencies between the Project and the housing developments are complex and any resolution by Canterbury City Council to grant planning permission will be subject to the application for the relief road (the Project) being granted by KCC.
- 5.4. The outstanding planning applications, for the housing developments (being decided by Canterbury City Council) and the Project (being decided by KCC), are also subject of a joint Appropriate Assessment (AA) being considered as part of the planning application and being agreed by Natural England. The AA has been submitted to Natural England for consideration and approval by Natural England.
- 5.5. A joint AA is being progressed because the housing developments and the Project are intrinsically linked and the cumulative impacts on the natural environment need to be considered. KCC and Canterbury City Council are working together to produce the AA in time for the housing applications to be reported to the Canterbury City Council planning committee in November 2020. The AA will also allow KCC to progress the planning application for the road scheme which is scheduled for the KCC planning committee in December 2019 or January 2020.

- 5.6. It is now anticipated that site mobilisation works will commence in December 2020, with the completion of the Project by December 2022. This is on the basis that the developer contributions are in place and that the land required to deliver the Project can be acquired voluntarily.
- 5.7. Though the LGF would be spent before the other funding sources, on costs such as land acquisition, it is expected that due to the latest delays and the current pause on LGF spend, that the full LGF award to the Project will not be spent in full prior to the end of the Growth Deal (31st March 2021).
- 5.8. A report will be taken to the SELEP Strategic Board to seek approval to spend £0.76m of the LGF award on the project outside of the Growth Deal.
- 5.9. The conditions which need to be satisfied for LGF spend to be permitted by the Strategic Board beyond the 31st March 2021 are detailed below, along with information about how the conditions will be met by the Project:

- A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;

There is a clear delivery plan for the Project which will be presented in the Strategic Board report. Once the planning consents have been granted for the Broad Oak and Sturry sites, as well as the Kent County Council planning for the Link Road itself; the risk of not being able to deliver the Project in line with this plan will be mitigated.

- A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;

The Project is integral to the delivery of the Canterbury Local Plan adopted in July 2017. It is necessary to deliver of the allocation of 2526 new homes at Sturry, Broadoak and Hersden. It also supports over 3000 homes at Herne Bay which are identified within the Local Plan.

- All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding courses are in place to deliver the project beyond the Growth Deal;

The funding strategy is in place to deliver the Project, and once the planning consents have been granted this will be formalised through the S106 agreements with the Developers.

- Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021;

A report will be taken to the SELEP Strategic Board to request this endorsement in December 2019

- Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project;

The procurement strategy is for a design and build contract which will be awarded in Spring 2020. The procurement has commenced with expressions of interest received and assessed. A list of preferred suppliers with network rail experience has been prepared. The tendering process will commence in December 2019 once the planning applications for the Sturry and Broad Oak developments and Sturry link road have been determined.

6. Project risk

- 6.1. The most significant Project risk is the availability of the private sector funding contributions towards the delivery of the Project. As detailed in Appendix 1, potential options have been identified to manage the cash flow position and to secure developer contributions which have been identified towards the delivery of the Project. However, this remains a substantial risk, as although all of the sites are allocated in the adopted Local Plan (July 2017), full planning consent has not yet been approved for any of the main three developers due to financially contribute towards the delivery of the Project.

- 6.2. Given the complex funding package for the Project, there are a large number of dependencies to secure the full local funding package required to deliver the Project. These dependencies include:

- Planning consent being secured for the developments which are due to financially contribute to the delivery of the Project;

The planning applications for the key developments are due to be determined in November 2019.

- The pace of housing delivery for the other development sites which are financially contributing towards the delivery of the Project;

A spend profile showing the housing delivery and developers contributions compared against the spend profile has been prepared and a forward funding model identified to cover any short fall.

- A security bond being provided to Kent County Council to forward fund Source 1;

The provision of a bond has been agreed in principal with the developer.

- KCC securing a charge on the land to enable Kent County Council to forward fund Source 2;

The provision of a land charge has been agreed in principal with the developer however details are still to be provided and agreed.

- 6.3. As the developers are also delivering the spine road to connect the bridge with the existing road network to the north east, then any delays to the developer's construction of the spine road will impact the opening date for the Project.
- 6.4. The Head of Terms agreement with the developer, who is constructing the spine road, sets out the requirement to deliver the spine road at the same time as the Project. As full planning consent has not yet been granted to this site then this remains a substantial project risk. A detailed planning submission has been made for the spine road which will be determined as part of the application for the site in November 2019, so the risk will be reduced at this point.
- 6.5. A Compulsory Purchase Order (CPO) inquiry may be required to secure the land required to complete the Project. A land agent has been appointed to lead on land negotiations, and the landowners have been consulted during the design phase to enable their initial concerns to be mitigated through design amendments. However, if a CPO enquiry is required then this will add to the timescales for delivering the project and risks the LGF not being spent by the end of the Growth Deal.
- 6.6. To mitigate the risk of abortive LGF spend on the delivery of the Project, LGF spend is currently on hold.

7. Next steps and potential options

- 7.1. There has been some progress made by Kent County Council towards developing the local funding package for the Project, as set out in Appendix 1.
- 7.2. There has also been progress through the planning process for the Project itself and the developments due to financially contribute towards the delivery of the Project. However, there remains a substantial risk in relation to the timing of the local funding contributions.
- 7.3. KCC remain confident that the private sector funding contributions will be secured to enable the delivery of the Project. At this stage, it is therefore recommended that the £5.9m LGF allocation remains allocated to the Project. However, it is recommended that LGF spend should remain on hold until the local development contributions have been confirmed.
- 7.4. If satisfactory progress has not been made towards securing the full funding package by the next update to the Board on the 14th February 2020, the Board will be asked to consider the reallocation of LGF to new LGF3b projects.
- 7.5. Specifically, to demonstrate satisfactory progress, it is expected that by the next Board meeting on the 14th February 2020, the planning applications will have been determined :
 - By Kent Council County for the delivery of the Project; and

- By Canterbury City Council in respect of Broad Oak Farm and Sturry developments

7.6. As per the previous decision by the Board in respect of this Project, the LGF spend on the Project will remain on hold until KCC can provide assurance that the local funding package is in place to progress with the delivery of the Project.

8. Financial Implications (Accountable Body comments)

8.1. The proposals for funding this Project are complex and currently the arrangements with each of the developers are unconfirmed, with varying degrees of associated risk.

8.2. Should the necessary funding or planning permissions not be secured, there is a risk that the Project may need to be cancelled and any LGF funding spent to date may no longer meet the conditions of funding. In these circumstances, under the terms of the Funding Agreement in place with KCC, the LGF spent to date may need to be returned to Essex County Council (ECC), as the Accountable Body, and reallocated through the SELEP investment pipeline.

8.3. It is noted that the recommendation is to pause any further spend of LGF on this project until the funding is secured. Given the complexities and size of the risks associated with this Project, on-going monitoring of the risks and dependencies is necessary, to support effective decision making with regard to the use of LGF.

8.4. The SELEP Accountable Body is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

8.5. Should the funding not be utilised in accordance with the conditions, for example, where abortive Project costs are transferred to revenue, the Government may request return of the funding from the Council or withhold future funding streams.

8.6. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.

9. Legal Implications (Accountable Body comments)

9.1. There are no legal risks arising from the proposals set out in this report. If the Project is cancelled at a later date, the provisions set out with the SLA in place between ECC, as Accountable Body, and KCC will be activated, and ECC will work with KCC to recover the abortive revenue costs.

10. Equality and Diversity implication

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

11. List of Appendices

- 11.1. Appendix 1 – Confidential appendix – developer contributions

12. List of Background Papers

- 12.1. Business Case for the A28 Sturry Link Road
- 12.2. Accountability Board Agenda Pack 24th June 2016, including decision to award funding to the Project
- 12.3. Accountability Board Agenda Pack 8th June 2019, including update on the Project.

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

Role	Date
Accountable Body sign off	
Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	7/11/19