

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 16 November 2018</b>	<b>High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ</b>
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**Quorum: 3 (to include 2 voting members)**

## **Membership**

Mr Geoff Miles	Chairman
Cllr Kevin Bentley	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Rob Gledhill	Thurrock Council
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	Further Education/ Skills representative
Lucy Druesne	Higher Education representative

**For information about the meeting please ask for:**

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

		<b>Pages</b>
<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Minutes</b> To approve the minutes of the meeting held on 14th September 2018.	<b>6 - 14</b>
<b>3</b>	<b>Declarations of Interest</b> To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>4</b>	<b>Questions from the Public</b> 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 ( <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a> ) 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 - <a href="http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf">http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf</a> Email ( <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a> )	
<b>5</b>	<b>A127 The Bell and A127 Essential Maintenance LGF Funding Decision</b>	<b>15 - 38</b>
<b>6</b>	<b>Javelin Way Growing Places Fund Award</b>	<b>39 - 47</b>

<b>7</b>	<b>Capital Programme Management of the Local Growth Fund</b>	<b>48 - 85</b>
<b>8</b>	<b>Harlow Advanced Manufacturing and Engineering Centre (HAMEC) skills capital round one underspend utilisation update</b>	<b>86 - 93</b>
<b>9</b>	<b>A28 Chart Road – Update</b> Appendix 1 is to be considered under Exempt Items	<b>94 - 100</b>
<b>10</b>	<b>A13 Widening Update</b>	<b>101 - 109</b>
<b>11</b>	<b>Growing Places Fund Update</b>	<b>110 - 123</b>
<b>12</b>	<b>SELEP Revenue Budget Update</b>	<b>124 - 134</b>
<b>13</b>	<b>Assurance Framework and Deep Dive Implementation Update</b>	<b>135 - 157</b>
<b>14</b>	<b>Date of Next Meeting</b> To note the future meeting dates of the Board:  <ul style="list-style-type: none"> <li>• 15th February 2019</li> <li>• 12th April 2019</li> <li>• 7th June 2019</li> <li>• 13th September 2019</li> <li>• 15th November 2019</li> <li>• 14th February 2020</li> </ul> All of the above to be held at 10am at High House Production House.	
<b>15</b>	<b>Urgent Business</b> To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

### **Exempt Items**

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

**16 A28 Chart Road CONFIDENTIAL APPENDIX 1**

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

**17 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.

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**Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 14 September**

**Present:**

Geoff Miles	Chairman
Cllr Gagan Mohindra	Essex County Council
Cllr Mark Dance	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr David Elkin	East Sussex County Council
Cllr Rob Gledhill	Thurrock Council
Cllr James Courtenay	Southend Borough Council

**ALSO PRESENT      Having signed the attendance book**

Marwa Al-Gadi	Essex County Council
Steven Bishop	Steer
Lee Burchill	Kent County Council
Edmund Cassidy	Steer Davies
Kim Cole	Essex County Council (As Deputy Monitoring Officer for the Accountable Body)
Helen Dyer	Medway Council
Abi Hall	BEIS
Joel John	Essex County Council
Dean Kilpatrick	Reporter
Ian Lewis	Opportunity South Essex
Paul Martin	SELEP
Ian McNab	BEIS
Rebecca Newby	Essex County Council
Mr W McLennan	Member of the public
Iain McNab	BEIS/CLOG
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Fred Montague	Member of the public
Wendy Montague	Member of the public
Rhiannon Mort	SELEP

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Rebecca Newby	East Sussex County Council
Lorna Norris	Essex County Council
Sarah Nurden	KMEP
Andy Rayfield	MAXIM
Tim Rignall	Southend Borough Council
Paul Rogers	Thurrock Council
Andy Salmon	Highways England
Lisa Siggins	ECC Democratic Services
Stephen Taylor	Thurrock Council
John Williams	Sea Change East Sussex
John Shaw	Sea Change East Sussex

### **1 Welcome and Apologies for Absence**

The following apologies were received:

- Councillor Keith Glazier (substituted by Councillor David Elkin)
- Councillor Paul Carter (substituted by Councillor Mark Dance)
- Councillor Kevin Bentley (substituted by Councillor Gagan Mohindra)
- Councillor John Lamb (substituted by Councillor James Courtenay)
- Audrey Songhurst
- Angela O'Donoghue

Given the apologies from Angela O'Donoghue and Audrey Songhurst, as the Higher Education and Further Education representatives on the Board, the Board were asked to agree a Vice- Chair for the meeting. Thereafter it was proposed and agreed that Councillor Mohindra would act as Vice- Chair for this meeting.

### **2 Minutes**

The minutes of the meeting held on Friday, 15th June 2018 were agreed as an accurate record and were signed on behalf of the Chairman.

### **3 Declarations of Interest**

As the Chair of Kent and Medway Economic Partnership, Kent and Medway Business Advisory Board and a private Businessman, Geoff Miles declared an interest in respect of Innovation Park Project and the Workspace Kent Project to be considered under agenda items 9 and 10.

He advised of his intention to step out of the room whilst Agenda Items 9 Growing Places Fund Update and Agenda Item 10 on the Innovation Park Growing Places Fund award are discussed. It was confirmed that Councillor Mohindra would chair these two Agenda Items

#### **4 Questions from the Public**

##### **Question 1**

From Mr McLennan, a resident of Kent, who had previously registered his question.

At the June 2018 Accountability Board meeting members approved the downgrade of works for RATP phase 1 which will cost the tax payer almost £2 million. The approval was made on the basis of no change in “Value for Money” yet vital environmental public safety and noise reduction value attributes of the paved runway and bund originally cited by Medway Council have been discarded in favour of financially aiding a private business.

The Accountability Board appears to have prioritised commercial benefit over local residents basic human rights and duty of care.

Can the chairperson please explain why the Accountability Board see fit to approve a significant reduction of works at the detriment to local environmental impact mitigation measures cited by Medway Council in the original business case and used to justify its approval.

##### **Response**

*The revised Business Case and report submitted by Medway Council for consideration, and subsequent approval, by the Accountability Board were clear that, despite the change to project scope, the outcomes stated in the original Business Case would still be delivered. These direct outcomes include: release of the land required to allow for delivery of Innovation Park Medway, safeguarding the long term future of Rochester Airport, creating 37 new jobs and safeguarding 25 existing jobs. Indirectly, through release of the land for Innovation Park Medway phase 1, the project is also contributing towards the creation of 1,300 jobs on the wider site.*

*The local environmental impact mitigation measures are specific to project delivery and are therefore a consideration for Medway Council as the Local Accountable Body. The Accountability Board’s remit is to ensure that the project delivers Value for Money for the investment of public funds. The project’s Value for Money and the decision making by the Accountability Board has been considered through the appropriate processes.*

##### **Question 2 – Mr Fred Montague**



Mr McLennan read out a question on behalf of Mr Fred Montague, a resident of Kent, who had previously registered his question.

In the updated SELEP business case presented to the Accountability Board for Rochester Airport phase 1, June 2018, the paved runway was removed from the planned works. Medway Council wrote:

*"Pre-consultation has taken place with acknowledgement from the CAA that the plans as presented should not result in any licencing issues and should enhance airport safety."*

The statement clearly infers pre-consultation which predates the Accountability Board RATP meeting had taken place with the CAA about the removal of the paved runway from the scope of works and closure of the runway 16/34 (plans as presented).

I would like the chairperson to confirm that they have seen or read the CAA correspondence which verifies Medway Council's claim.

### **Response**

*Informal pre-consultation conversations were held between the CAA and Rochester Airport Ltd. to discuss the proposed changes to project scope. All communications were verbal and therefore there is no correspondence to share with the Chair of the Accountability Board.*

*A Freedom of Information request has also been submitted to Medway Council on this matter and will be responded to by the Council.*

### **Question 3**

Mr McLennan read out a question on behalf of Mrs Wendy Montague, a resident of Kent, who had previously registered her question.

The Accountability Board at the June 2018 meeting did not debate the defective Medway Council Section 151 officers declaration that Rochester Airport Limited would be liable for all cost overrun for the RATP phase 1 development.

The argument to overlook the matter offered by Medway Council was that the cost overrun was too severe to burden a private company with, yet no contribution was offered to a level which the Section 151 officer may have expected had the overrun amount been smaller.

The Accountability Board in approving the changes to the LGF award has burdened the tax payer with the total loss of works and value.

Can the chairperson explain why the approval of the RATP phase 1 change did not require the Medway Section 151 officer's attendance to explain personally or

them evidencing their professional due diligence in assuring Rochester Airport Ltd could withstand a level of cost overrun, the percentage level agreed, and why it is appropriate to leave the tax payer to effectively absorb the full cost by a reduction in works without a financial contribution by Rochester Airport Ltd.

### **Response**

*The project scope was amended in order to avoid significant additional financial burden on the tax payer and Rochester Airport Ltd. The change in project scope has resulted in no additional public sector contribution being required, whilst delivery of the outcomes stated in the original Business Case has been protected.*

*There is no requirement for local Accountable Body S151 officers to attend Accountability Board meetings.*

*Furthermore, there is no requirement for Rochester Airport Ltd., under the original tender documentation, the lease or the conditions of the Local Growth Fund, to make a match contribution towards the airport works.*

### **5 Southend Airport Business Park LGF funding decision**

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer, the purpose of which was to make the Board aware of the value for money assessment for the Southend Airport Business Park (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable the remaining £14.575m Local Growth Fund (LGF) allocation to be devolved to Southend Borough Council for Project delivery.

#### **Resolved:**

**To Approve** the award of the remaining £14.575m LGF allocation to support the delivery of the Project identified in the Full Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

### **6 Leigh Flood Storage Area LGF decision**

The Board received a report from Rhiannon Mort and a presentation from Steer, the purpose of which was to make the Board aware of the value for money assessment for improvements to the Leigh Flood Storage Area and local embankments in Hildenborough (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £2.349m Local Growth Fund (LGF) to be devolved to Kent County Council for Project delivery.

#### **Resolved:**

1. **To Note** that the Project Full Business Case will not be approved by the Environment Agency until March 2021
2. **To Approve** the award of £2.349m 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 **Capital Programme Management of the Local Growth Fund**

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

Geoff Miles highlighted the risk to future funding allocations, pointing out that discussions are ongoing with the Government in this respect.

### **Resolved:**

1. **To Note** the final (pre-audited) 2017/18 LGF spend position, as set out in section 4 of the report
2. **To Note** the updated LGF spend forecast for 2018/19, as set out in section 6 of the report.
3. **To Note** deliverability and risk assessment, as set out in section 8 of the report
4. **To Approve** the acceleration of LGF spend in 2018/19 for the following projects:
  - 4.1. Hailsham/ Polegate/Eastbourne MAP (£0.012m)
  - 4.2. M11 Junction 8 Improvements (£0.866m)
  - 4.3. Leigh Flood Storage Area (£0.866m)
5. **To Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following five projects:
  - 5.1. Hastings and Bexhill Movement and Access Package (£1.000m)
  - 5.2. Ashford Spurs (£0.509m)
  - 5.3. Rochester Airport Phase 1 (£0.427m);
  - 5.4. Southend Airport Business Park (£6.493m); and
  - 5.5. Southend Central Area Action Plan (£1.332m)
6. **To Note** the increased risk to future year LGF allocations in light of the LEP Review recommendations

**8 M20 Junction 10a Update- Presentation**

The Board received a PowerPoint presentation from Andy Salmon of Highways England providing an update on this project.

In response to a Member question regarding a contingency figure, the Board were advised that the risk is built into the contract but it is very difficult to state this as a percentage figure. It was also pointed out that there were ongoing engineering challenges as is often the case with such projects.

**9 Growing Places Fund Update**

Geoff Miles left the room at this point due to his previously made declaration of interest. This item was chaired by Councillor Mohindra as the appointed vice-chairman.

The Board received a report from Rhiannon Mort the purpose of which was to update the Board on the latest position of the Growing Places Fund (GPF) Capital Programme.

**Resolved:**

1. **To Note** the updated position on the GPF programme;
2. **To Approve** the amended repayment schedule for the Charleston Centenary Project;
3. **To Note** the risk to the repayment schedule for the Workspace Kent Project;
4. **To Note** the proposed amended repayment schedule for the Priory Quarter Project, prior to consideration of the amendment by the SELEP Strategic Board.
  
5. **To Note** the £425,691 funding gap between the GPF draw-down schedule and the GPF available through repayments during 2019/20, as set out in section 5 of the report
6. **To Note** the project change for the Eastbourne Fisherman GPF round 2 project.

**10 Innovation Park Medway, Growing Places Fund Award**

Geoff Miles remained out of the room due to his previously made declaration of interest. This item was chaired by Councillor Mohindra as the appointed vice-chairman.

The Board received a report from Rhiannon Mort and a presentation from Steer, the purpose of which was to consider the award of a Growing Places Fund (GPF) Loan to the Innovation Park Medway Southern site enabling works (the Project).

Rhiannon reminded the Board about the complaint which has been raised with the Local Government and Social Care Ombudsman (the Ombudsman) in relation to the Rochester Airport project. Information has been sought by the

Ombudsman, from Essex County Council, as the SELEP Accountable Body, which has been provided in full. In light of the complaint to the Ombudsman, the Board are not prohibited from taking decisions but should bear in mind that the Ombudsman's determination could have implications for the Rochester Airport Phase 1 project and an indirect impact on the Innovation Park GPF Project.

**Resolved:**

1. **To Note** that the Innovation Park Medway Project is dependent on the delivery of the Rochester Airport Phase 1, which is currently subject to a complaint that has been raised with the Local Government and Social Care Ombudsman. The outcome of the complaint will be advised to the Board when known.
2. **To Note** the forecast GPF funding shortfall of £425,691 in 2019/20, as set out in section 6 of the report.
3. **To Approve** the award of £650,000 GPF by way of a loan to enable the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, on the basis that:
  - 3.1. The GPF loan is repaid by the 31<sup>st</sup> March 2022; and
  - 3.2. Sufficient funding is available to SELEP (*see section 5 of the report*).

**11 A13 Widening Update**

The Board received a report from Paul Rogers, Programme Manager Major Schemes, Thurrock Council. The purpose of the report was to provide the Board with an update on the A13 widening project (the Project).

**Resolved:**

**To Note** the update report.

**12 Assurance Framework and Deep Dive Implementation Update**

The Board received a report from Adam Bryan which was presented by Rhiannon Mort, the purpose of which was to make the Board aware of:

1. The progress which has been made by the South East Local Enterprise Partnership (SELEP) team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework and Deep Dive

*The Board is reminded that it is accountable for assuring that all requirements of the Assurance Framework are implemented.*

- 2 The progress made against the Governance and Transparency Performance Indicators.

**Resolved:**

1. **To Note** the SELEP team and federated area progress in implementing the:
  - 1.1. SELEP Assurance Framework and
  - 1.2 Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations.
- .2 **To Note** the progress made against the Governance and Transparency Performance Indicators.

**13 Update on SELEP Revenue Budget 2018\_19**

The Board received a report from Suzanne Bennett which was presented by Lorna Norris, the purpose of which was for the Board to consider the forecast of revenue outturn for 2018/19 as at August 2018; including forecasts for specific grants budgets.

**Resolved:**

**To Note** the current forecast under spend of £202,000 against the total revenue budget for 2018/19. The under spend will be offset by a reduced withdrawal from reserves.

**14 Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 16th November 2018 at High House Production Park.

There being no urgent business the meeting closed at 11.25am

**Chairman**

**Forward Plan reference number:** FP/AB/162

<b>Report title:</b> A127 The Bell and A127 Essential Maintenance LGF funding decision	
<b>Report to Accountability Board on 16<sup>th</sup> November 2018</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 30 <sup>th</sup> October 2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Southend	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1m Local Growth Fund (LGF) to the A127 The Bell and Essential Maintenance project (the Project) based on the Outline Business Case, which has been through the Independent Technical Evaluator (ITE) review process.
- 1.2 The £1m LGF will be sought to support the further development of the Project in advance of the Full Business Case being developed for the Project. Once the Full Business Case has been completed, setting out the preferred delivery option, the Board will be asked to award the remaining £9.9m LGF allocation to the Project.
- 1.3 As the total £10.9m LGF allocation to the Project is over the £8m threshold, a Full Business Case is therefore required to draw down the LGF allocation in full. At Full Business Case it is expected that a more detailed cost breakdown will be provided for the project, as well as confirming the preferred delivery options, as set out in Section 5 below.

## 2. Recommendations

2.1. The Board is asked to:

- 2.1.1. **Approve** the award of £1m LGF to support the further development of the Project identified in the Outline Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this, subject to confirmation that the funding gap has been bridged through one of two potential sources;
  - 2.1.1.1. LGF3b additional LGF allocation; or
  - 2.1.1.2. Additional funding contribution from Southend Borough Council
- 2.2. **Note** the intention to develop a Full Business Case in 2019 to draw down the remaining £9.9m LGF allocation the Project. The full Business Case will confirm the preferred delivery option for the Project.
- 2.3. **Note** that if the Board do not agree the award of the remaining LGF to the Project based on the Full Business Case and no alternative funding source is

identified to deliver the Project, then any LGF spent on the Project in advance of the final decision by the Board may become an abortive revenue cost and the LGF will need to be repaid.

### **3. Background**

- 3.1. The A127 Essential Maintenance and A127 The Bell, were previously identified as two separate projects within the LGF programme. However, at its meeting on the 14<sup>th</sup> September 2018, the Board were made aware of the intention to merge the third phase of the A127 Essential Maintenance and A127 The Bell projects. This is due to the interdependence between the benefits of the two interventions. The Project will be delivered under one construction contract, to achieve efficiency savings to the cost of the Project and reduce the amount of disruption caused along the A127 corridor during Project delivery.
- 3.2. To date, £1.4m LGF has been awarded and spent on the A127 Essential Maintenance project. This includes a £0.4m LGF allocation which was agreed by the SELEP Strategic Board in June 2015 to fund the first phase of the A127 Essential Maintenance; resurfacing works and localised road reconstruction.
- 3.3. A further £1m LGF was awarded by the Board in September 2016 to support maintenance works (£0.2m) and deliver a replacement footbridge at the A127 Kent Elms Junction (£0.8m). This bridge is due to be installed in the early part of 2019.
- 3.4. It is proposed that the remaining £6.6m LGF allocation to the A127 Essential Maintenance project will be combined with the £4.3m LGF allocation to A127 The Bell, with a total LGF allocation to the Project of £10.9m.
- 3.5. An Outline Business Case has been developed for the combined Project to enable £1.0m LGF to be released to support the further development of the Project. However, as the LGF allocation to the Project exceeds £8m a Full Business Case will be required to enable the remaining £9.9m LGF allocation to be awarded. It is expected that the Full Business Case will be considered by the Board in early 2019/20.
- 3.6. The preferred option for the delivery of the Project is also being finalised locally. On the 6<sup>th</sup> November 2018, Southend –on –Sea Borough Council Cabinet considered the A127 The Bell and the delivery options for this junction. A preferred option was agreed by the Cabinet but there may be some additional changes required to the scope of the Project in incorporate Members feedback.
- 3.7. This report sets out the options which have been considered locally and the preferred option which has been supported by Southend-on –Sea Borough Council. Given the call in period and the need to incorporate some additional elements within the scope of the Project, the preferred option for the delivery of the Project will be confirmed through the Full Business Case.



#### **4. A127 The Bell and Essential Maintenance Project**

- 4.1. The A127 is primarily a 2 lane all-purpose trunk road and is the main route into Southend Borough, Southend Airport and the Airport Business Park. The corridor is used by circa 65,000 vehicles at Progress Road per day, including a significant proportion of Heavy Goods Vehicles (HGVs) and circa 44,000 vehicles per day at A127 The Bell Junction.
- 4.2. The Project seeks to improve the condition and quality of the A127 from the borough boundary to Victoria Gateway, to address underinvestment in the highway infrastructure and to support the Borough's aspiration for increased employment and economic growth by improving journey times and reliability.
- 4.3. Detailed investigations and surveys have been undertaken along the route which have indicated a number of locations where the condition has fallen below an acceptable standard for a carriageway of this classification, which if left untreated, will lead to failure in the short term.
- 4.4. The delivery of the major maintenance improvements to this corridor will help improve road safety on the A127 and resilience. Without improvement to the existing carriageway, the A127 will continue to deteriorate and increase the risk of failures occurring. Each failure will require reinstatement in the short term and reconstruction in the long term, which would result in ad hoc closures of the A127 to address the initial problem with planned closures required for the reconstruction of each instance of failure. This approach will not provide an A127 corridor that offers the resilience required to serve the Town as none of the underlying issues have been addressed and will result in a programme of delays and congestion on the adjacent roads.
- 4.5. The maintenance improvements to be delivered along the A127 corridor include:
  - 4.5.1. A127 Drainage Improvements;
  - 4.5.2. A127 Safety Improvements; and
  - 4.5.3. A127 Pavement Improvements
- 4.6. In addition, the Project will deliver improvements to the A127 The Bell Junction, which currently experiences significant delays in the AM peak for vehicles travelling East, whilst PM delays are experienced by westbound traffic. The improvements include:
  - An extension to the eastbound right turn lane;
  - A dedicated eastbound left turn lane;
  - Widened pedestrian crossing islands in the junctions east arm; and
  - Removal of the westbound right turn, into Rochford Road, to improve the overall efficiency of the junction.

#### **5. Options considered**

## A127 The Bell and A127 Essential Maintenance LGF funding decision

### A127 Drainage Improvements

- 5.1. Extensive surveys have been undertaken on the drainage network along the A127 corridor which has shown areas that require attention to ensure the network can operate as intended. Further details about the drainage works are provided as an appendix to the Business Case.

### A127 Safety Barrier

- 5.2. Condition surveys of the existing safety barrier system within the central reserve of the A127 have shown sections that require remedial works. These remedial works will be completed at discrete locations along the corridor, as detailed in Appendix 6 of the Business Case.

### A127 Pavement Improvements

- 5.3. Under a 'do – minimum' scenario the A127 Pavement Improvements would continue to be delivered under the Council's current approach to road maintenance, where strategic routes are prioritised. However, due to budget constraints, a high proportion of the funding available is allocated to reactive maintenance rather than planned maintenance.
- 5.4. The preferred option for carriageway works has been determined through a combination of highway inspections and surveys. The specific locations identified for treatment include:
  - 5.4.1. A127 Progress Road Junction to Borough boundary;
  - 5.4.2. A127 Bellhouse Lane/Bellhouse Road Junction to A127 Kent Elms Junction;
  - 5.4.3. A127/B1013 Tesco Junction to A127/A1159 Cuckoo Corner Junction;
  - 5.4.4. A127 Fairfax Drive to A127 East Street/West Street; and
  - 5.4.5. A127 East Street/West Street to A127 Victoria Gateway.

### A127 The Bell Junction Improvements

- 5.5. A long list of options has been considered for the delivery of A127 The Bell. This list has been narrowed down to three options, which have been considered through public consultation.
- 5.6. Each of the options looks to improve walking and cycling within the area.
- 5.7. A127 The Bell Option 1 is based on addressing the issues surrounding the right turn lane from the A127 into Hoblethick Lane, and maintaining the existing footbridge. To overcome the queuing traffic spilling back into lane 2 on the Southend bound A127, additional capacity has been provided by extending the right turn lane by 90m which will accommodate an additional 15 vehicles. This will reduce the likelihood of vehicles blocking lane 2 which in turn will provide a greater throughput at the junction as both straight ahead lanes will be unobstructed.

- 5.8. Option 1 also looks to ban the right turn movement from the A127 into Rochford Road. There are minimal vehicle movements making this manoeuvre and its removal provides the opportunity to reapportion this time back into the junction improving performance. The removal of the right turn lane also provides an opportunity to improve the pedestrian refuge island on the eastern arm of the junction, the space previously allocated to carriageway can be utilised to provide greater space for pedestrians using the crossing facilities.
- 5.9. The option is contained within the highway boundary and is estimated to cost £2.061m.
- 5.10. A127 The Bell Option 2 includes the improvements to the right turn lane into Hoblethick Lane and the removal of the right turn lane from the A127 into Rochford Road, detailed under Option1, but it also provides a dedicated left turn facility into Rochford Road.
- 5.11. The inclusion of a new dedicated left turn lane into Rochford Road seeks to address the impact of left turning vehicles at the junction. As vehicles make this movement they have a tendency to slow, due to the tightness of the corner radius, and swing into lane 2, this is compounded further when HGV's make this movement as they move further into lane 2 halting lane 2 vehicles progress through the junction. The new left turn facility will remove this conflict as sufficient geometry and separation of traffic is provided ensuring a greater throughput of traffic heading eastbound on the A127. This facility will operate under a give way arrangement as it enters Rochford Road as the signalling at the junction will allow a reasonably unobstructed flow onto Rochford Road.
- 5.12. The inclusion of the left turn lane will require an additional pedestrian crossing, which in turn will increase the journey time for pedestrians crossing the western arm of the junction. There is also the provision of a new crossing facility on Rochford Road, the timing of this crossing will be incorporated within the phasing of the junction to optimise the performance of the junction. The existing footbridge will require removal to accommodate this option.
- 5.13. Additional land will be required to enable the delivery of Option 2 but this land is already owned by Southend Borough Council.
- 5.14. The delivery of Option 2 is expected to cost £4.401m.
- 5.15. A127 The Bell Option 3 would provide the largest scale improvements to the junction of the three options. In addition to the benefits stated for Option 1 and 2, Option 3 would include a pedestrian crossing on Hoblethick Lane.
- 5.16. For pedestrians to cross on Hoblethick Lane in one movement would require holding both northbound and southbound traffic, which would result in delays to vehicles on the A127. As such it is proposed, under Option 3, to provide a safe waiting location for pedestrians and enable independent operation of northbound and southbound traffic.

## A127 The Bell and A127 Essential Maintenance LGF funding decision

- 5.17. As result of the new pedestrian crossing island on Hopleythick Lane, the road will require widening on the southbound carriageway into the existing grass verge. The northbound stop line will also be moved south to accommodate the pedestrian crossing and vehicle turning movements. This would involve significant statutory diversions and has the highest estimates construction cost at £6.405m.
- 5.18. A127 The Bell Preferred Option (Option 2) –Whilst Option 3 would achieve the most significant improvement in network performance and pedestrian connectivity, it is also the most expensive option and would exceed the funding currently allocated to deliver the project. As such, Option 2 has been recommended to SBC Cabinet as the preferred option on the 6<sup>th</sup> November 2018
- 5.19. The decision by SBC Cabinet is subject to a call in period and additional amendments to the scheme will be made to reflect feedback received through the public consultation and to incorporate Member views. As such, the Full Business Case will confirm the preferred delivery option to take forward for construction.

### **LGF3b application**

- 5.20. In advance of the preferred option being considered by SBC Cabinet an LGF3b application was submitted to SELEP to seek an additional £2.1m LGF to bridge the funding gap should the larger scale Project be supported by SBC Cabinet for delivery.
- 5.21. Given that Option 2 has been identified as the preferred option, it is expected that the LGF3b funding application will be revised to reflect the most recent local decisions in relation to the Project and the cost implications of the preferred option identified. It is anticipated that whilst Option 2 has been identified as the preferred option, there will still be a relatively small funding gap between the funding currently allocated and the cost of delivering the preferred option.
- 5.22. If the LGF3b application is unsuccessful then Southend Borough Council Full Council will meet in December 2018 and will be asked to consider an increased capital contribution to the Project.
- 5.23. It is expected that a Full Business Case will be considered by the Board in early 2019, which will confirm the preferred option once a local decision has been taken by Southend Borough Council and the likelihood of securing an additional LGF allocation through the LGF3b process has been ascertained.

### A127 The Bell Footbridge

- 5.24. The proposed improvements to A127 The Bell will result in the removal of the existing pedestrian footbridge. Improvements to the existing footbridge are not practical as the existing span is not long enough to traverse a widening

carriageway. The current footbridge is stepped and, as such, does not comply with the current Equality Act 2010 requirements.

- 5.25. A number of options have been considered for the design of a footbridge and have been consulted on with the public. However, due to the visual intrusion, no viable options have been identified for the delivery of a footbridge which meets with design criteria compliant with the Equality Act 2010. The replacement of the existing footbridge with a stepped option is estimated at £0.759m.
- 5.26. The replacement of the bridge is included in the cost estimate as part of Option 2 and 3 as set out within Table 1 of section 7 below. However, given that SBC Cabinet has now agreed to progress with the Project without a footbridge this is expected to reduce the Project cost. This will be confirmed in the Full Business Case.

## 6. Public Consultation and Engagement

- 6.1. A public consultation exercise, in relation to the options under consideration for The Bell, was carried out between July and September 2018. The consultation exercise included an online consultation questionnaire, as well as two public events which were held at local schools.
- 6.2. The feedback from the public consultation is being considered as part of the local decision making by Southend Borough Council and is being used to inform the preferred scheme highway option and footbridge option.
- 6.3. A public engagement exercise is underway with the residents and businesses in the immediate vicinity of the junction with the purpose being to minimise concerns around the improvements and to listen to issues and concerns in relation to the current junction and proposed improvements.

## 7. Project Cost and Funding

- 7.1. Table 1 below sets out the total cost of delivering the options set out in the Business Case. This ranges from £8.731m to £13.05m.
- 7.2. Given that the footbridge has now been removed from the scope of the Project, this is expected to reduce the Project cost. However, further iterations to the Project design will be required following the feedback received through the local consideration of the Project. As such, the total Project cost will be confirmed in advance of the final funding decision by the Board.

**Table 1 A127 Essential Maintenance and A127 The Bell Project Cost £m)**

	2017/19	2018/19	2019/20	2020/21	Total
<b>Option 1</b> including A127 Drainage, Safety and Pavement Improvements	0.191	1.122	4.137	3.280	8.731

## A127 The Bell and A127 Essential Maintenance LGF funding decision

and The Bell Option 1					
<b>Option 2</b> including A127 Drainage, Safety and Pavement Improvements and The Bell Option 2 and replacement footbridge	0.191	1.267	3.967	6.404	11.829
<b>Option 3</b> including A127 Drainage, Safety and Pavement Improvements and The Bell Option 3 and replacement footbridge	0.191	1.426	5.060	7.156	13.833

7.3. The total amount of funding currently identified to deliver the Project is £11.683m, a set out in Table 2 below.

**Table 2 Funding available (£m)**

	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF		0.800	4.100	6.000	10.900
Southend Borough Council	0.191	0.012		0.517	0.720
S106 contribution			0.046		0.063
<b>Total</b>	<b>0.191</b>	<b>0.812</b>	<b>4.146</b>	<b>6.517</b>	<b>11.683</b>

7.4. The S106 funding contribution has been confirmed and the proposed interventions under this Project comply with the terms of the S106 agreement.

7.5. The funding contribution from SBC is dependent upon the outcome of the public consultation exercise and will differ depending upon which option is taken forward. To date, SBC have committed to contributing £0.720m to the project.

7.6. Based on the Project cost estimates set out in the Business Case it was expected that the funding gap could range between £0.146m and £2.15m. The cost estimate will now be revised based on the decision by SBC Cabinet.

7.7. Should a funding gap remain then it is expected that this gap will be bridged either through an increased LGF allocation to the Project through the LGF3b process or that a SBC capital bid will be submitted to increase the SBC contribution to the Project.

7.8. It is recommended to the Board that the award of £1.0m LGF to support the progression of the Project in advance of the preferred option being agreed locally, should be subject to the funding gap being bridged. No LGF will be

transferred to support the delivery of the Project until written confirmation is provided to the SELEP secretariat that the funding gap has been bridged.

- 7.9. Furthermore, if the Board do not agree the award of the remaining LGF to the Project based on the Full Business Case and no alternative funding source is identified to deliver the Project, then any LGF spend on the Project in advance of the final decision by the Board may become an abortive revenue cost.

## 8. Outcome of ITE Review

- 8.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the schemes costs and benefits which results in a strong benefit cost ratio representing very high Value for Money.
- 8.2. The analysis was robustly carried out and delivers medium to high levels of certainty around the Value for Money categorisation. All three options under consideration present high value for money.
- 8.3. The ITE review confirms that a sensible and proportionate methodology has been employed, with the Department for Transport’s WebTAG appraisal guidance having been used to calculate the transport costs and benefits of the scheme.
- 8.4. The ITE report notes that there remains uncertainty around the preferred option and that its selection is subject to a Cabinet decision. When this scheme is assessed at Full Business Case stage the scheme promoter will have an opportunity to present the preferred option.

## 9. Project Compliance with SELEP Assurance Framework

- 9.1. Table 2 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 2 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 objectives presented align with the objectives identified in the Strategic Economic Plan.

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 detailed in the economic case. The Department for Transport's WebTAG appraisal guidance has been used to calculate the transport costs and benefits of the scheme.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates clear experience of the project team in 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 has been calculated for all options under consideration and indicate very high value for money. The overall BCR for the Project, if Option 2 is progressed, is 17.9:1, presenting very high value for money.

## 10. Financial Implications (Accountable Body comments)

- 10.1. 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 2018/19 have been confirmed however funding for future years is indicative. It should be noted that further governance requirements may be necessary following the anticipated updates to the National Assurance Framework in Autumn 2018. Government is likely to make any future funding allocations contingent on full compliance with the updated National Assurance Framework. A draft of the revised National Assurance Framework has yet to be circulated at the time of writing this report, which means that the full implications remain unclear.
- 10.2. There is a high level of forecast slippage within the overall programme which totals £37.2m in 2018/19; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding



securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.

- 10.3. This misalignment of the funding profile had previously been reported as a risk in 2019/20 when planned spend exceeded the funding available, however, it is noted that this risk has now been mitigated through the planned re-profiling of spend in 2020/21 set out above.
- 10.4. There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body. It also clarifies that LGF can only be used for Capital purposes and therefore, should the Board not agree the award of the remaining LGF to deliver the Project, then the LGF spent may become an abortive revenue cost and the LGF will need to be repaid.

## **11. Legal Implications (Accountable Body comments)**

- 11.1. There are no legal implications arising out of the recommendations within this report.

## **12. Equality and Diversity implication**

- 12.1. 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.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 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.

## **13. List of Appendices**

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

**14. List of Background Papers**

14.1. Business Case for the A127 Essential Major Maintenance and The Bell Junction Improvements.

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee)	8/11/18

# Independent Technical Evaluator - Growth Deal and Growing Places Fund Business Case Assessment (Q3 2018/19)

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# Independent Technical Evaluator - Growth Deal and Growing Places Fund Business Case Assessment (Q3 2018/19)

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# 1 Independent Technical Evaluation of Q3 2018/19 Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave were 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 and Growing Places Fund. Recommendations are made for funding approval on 16<sup>th</sup> November 2018 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

## Method

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

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<sup>1</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

- 1.7 Individual criteria were assessed and the 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 September and October 2018.



## Evaluation Results

- 1.11 One scheme seeking Local Growth Funding is to be considered at the November 2018 Accountability Board. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

### *Recommendations*

- 1.12 The following scheme achieves high Value for Money with medium/high certainty of achieving this:

- **A127 Major Maintenance and The Bell Junction Improvement (Option 1: £11.0m, Option 2: £13.1m):** This scheme brings together two projects, (The Bell Junction and Essential Highways Maintenance) which have a high level of interdependency. Improvements to The Bell Junction will increase highway capacity and reduce journey times on the A127 and the wider network. The maintenance works will enhance the previous, ongoing and future junction improvements along the A127 (including the Bell) by providing a carriageway that is both robust and fit for purpose. They will ensure that this major artery continues to support delivery of the Airport Business Parks and new housing in Southend and Rochford.

The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing very high Value for Money. The analysis was robustly carried out and delivers high levels of certainty around this Value for Money categorisation.

There remains uncertainty around the preferred option and its selection is subject to a Cabinet decision. When this scheme is assessed at Full Business Case stage the scheme promoter will have an opportunity to present the preferred option. Additionally, the business case shows that all three options represent high value for money. However, we would invite the Board to consider this risk.

**Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q3 2018-19**

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
A127 Major Maintenance and The Bell Junction Improvement	Option 2: 11.0, Option 3: 13.1	Gate 1: Option 1: N/A, Option 2: N/A	Amber	Amber	Green	Green	Amber	The economic appraisal for the scheme is currently being undertaken using the Department for Transport's WebTAG approach. We have not seen outputs from this analysis yet.	The accuracy of the methodology cannot yet be determined.	There are high levels of uncertainty around the value for money of the scheme since results from the economic appraisal have not been provided.
		Gate 2: Option 1: 17.9, Option 2: 14.9	Green	Green	Green	Green	Green	A sensible and proportionate methodology has been employed. The Department for Transport's WebTAG appraisal guidance has been used to calculate the transport costs and benefits of the scheme.	The assessment carried out gives confidence in the robustness of the analysis.	The provision of the economic appraisal has shown that the two options for the scheme have high BCR. This has provided increased certainty around the value for money.

## 2 Independent Technical Evaluation of Q3 2018/19 Local Growth Fund Allocation Change Requests

- 2.1 There have been no change requests received for assessment by the Independent Technical Evaluator this period.

# 3 Independent Technical Evaluation of Q3 2018/19 Growing Places Fund Schemes

## Overview

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

## Evaluation Results

### Summary Findings and Considerations for the Board

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

#### *Recommendations*

- 3.6 The following scheme achieve high Value for Money with high certainty of achieving this:
  - **Javelin Way (£1.6m):** This project aims to develop the Javelin Way site for employment use, with a particular focus on the development of Ashford's creative economy. The scheme consists of two elements: the construction of a 'Creative Laboratory' production space and the development of 29 light industrial units. There is strong alignment with local and national strategic priorities and a robust analytical exercise has taken place to assess the costs and benefits of the scheme. This has shown that the scheme will deliver high Value for Money on the loan investment. The schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure.

## Control Information

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<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/169
<b>Date of Accountability Board Meeting:</b>	<b>16<sup>th</sup> November 2018</b>
<b>Date of report:</b>	<b>5<sup>th</sup> November 2018</b>
<b>Title of report:</b>	<b>Javelin Way GPF funding award</b>
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
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## 1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.597m of Growing Places Fund (GPF) Loan to the Javelin Way Project, in Ashford (the Project).

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the award of £1.597m GPF by way of a loan to enable the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, on the basis that the loan is repaid by 31<sup>st</sup> March 2022; and subject to confirmation of the £3.069m grant from the Art's Council England.

## 3. Javelin Way Project

- 3.1 The Project aims to develop the Javelin Way, Ashford site for employment use, with a focus on the development of Ashford's creative economy.
- 3.2 The Javelin Way site occupies the north-eastern edge of the Henwood estate, in Ashford and is bounded by the M20 motorway, open land and the rest of the estate. The site is currently undeveloped, and offers the only opportunity for new development on the Henwood estate. According to Ashford's employment sites assessment, it is suitable for a range of employment uses (B1, B2 and B8). The freehold of the Javelin Way site is held by Kent County Council (KCC)
- 3.3 The Project consists of two elements: the construction of a 'creative laboratory' production space (a new build two storey dance school) and the development of 29 light industrial units, including external works and new electrical sub-station. Both elements of the Project will be delivered by KCC.

## **Element 1: Jasmin Vardimon Centre Creative Laboratory**

- 3.4 The construction of a 'creative laboratory' production space (with a ground floor internal area of 1,293 sqm), would be leased from KCC by the Jasmin Vardimon Company (JVC), a major dance and creative organisation.
- 3.5 Since 2012, JVA has been based at the Stour Centre in central Ashford, with creative space and office accommodation leased from Ashford Borough Council. JVC also leases an additional temporary warehouse in Ashford.
- 3.6 JVC's operations have subsequently expanded, particularly with the development of the educational and training offer that has seen an increase in demand. Also, a number of other companies have expressed interest in using JVC's existing creative production space; and there is evidence of small creative businesses emerging from JVC and requiring space.
- 3.7 There is no capacity for expansion at the Company's existing facility at the Stour Centre, or for its use by external partners.
- 3.8 Consequently, JVC, supported by KCC and Ashford Borough Council, has investigated alternative locations. The Company has specific space requirements in terms of height clearance, which are suited to large footprint industrial-type premises, and (given its existing presence in the town, the connectivity to London and Europe, and the cost of production facilities) JVC wishes to remain in Ashford.
- 3.9 As such, the delivery of the JVC Creative Laboratory provides the opportunity to deliver the production space required to retain and support the expansion of JVC within the SELEP area. This aspect of the Project is supported by an Art's Council England (ACE) grant of £3.069m, as discussed further in section 5, while bringing forward additional general employment space, and bringing into productive use a currently vacant brownfield site.
- 3.10 The facility (with a gross internal ground floor area of 1,293 sqm), will provide:
- new creation, training and presentation space;
  - incubator spaces for emerging creative businesses and freelancers;
  - offices for JVC and JVEC;
  - café and networking space;
  - space for pilates and yoga classes; and
  - Outside, a coach parking space is incorporated in the design to accommodate the school visits by students attending the workshops.

## **Element 2: Industrial units**

- 3.11 The second element of the Project involved the development of 29 light industrial units (with a gross internal floor area of 3,046 sqm) on the remainder of the site. Upon completion, the light industrial units would be sold/ leased; providing suitable space for additional creative businesses as well as the general market.



- 3.12 The two aspects of the Project, together, will accommodate up to approximately 311 full-time equivalent employees, in addition to 21 freelance and contractor opportunities. The Project will also deliver opportunities for business development in the creative sector, as well as business rate, GVA and educational impacts.

#### 4. Options Considered

- 4.1 **Option 1: Impact of Non-Intervention (Do nothing)** Without public sector intervention, the site will remain undeveloped over the medium term. As the costs of the creative laboratory would not be fully met and partner contributions would not be available, the ACE capital grant of £3.069m would be withdrawn. It would lead to an economically worse outcome compared with the present situation, in that:

- 4.1.1 JVC would need to find alternative premises and research to date has not identified any suitable alternatives in Ashford. Conversations with JVC indicate suitable alternatives would probably lie outside the SELEP boundary, given their need to have a fast connection to Sadler's Wells (where most JVC's productions are shown) and Europe (where they tour). Should JVC relocate outside the area, it would mean a small loss of direct employment, but a potentially significant long term loss of strategic cultural infrastructure and adversely impact Kent companies in JVC's supply chain.
- 4.1.2 Undeveloped, the site will incur minor maintenance costs, borne by KCC. If sold, it would secure a receipt of around £425,000 – substantially less than the receipts secured on the preferred option being proposed.

- 4.2 **Option 2: Development of Creative Laboratory (Element 1) alone.** This option involves the utilisation of the ACE grant to develop the creative laboratory, with the remainder of the site sold to the private sector. This has the advantage of being relatively simple and removes any risks to the public sector associated with the sale or lease of the industrial units: within this option, the funding of the industrial space would pass to the private sector. However, with this option:

- 4.2.1 there would be insufficient capital realised from the sale of the remainder of the site to match fund the ACE grant. Consequently, the ACE grant would be reduced. This would mean a reduced-specification creative laboratory (which may not be viable).
- 4.2.2 the potential for developing an emerging creative 'cluster' at Javelin Way would be reduced (although not necessarily eliminated, assuming the site is still developed for employment uses).

- 4.3 **Option 3: Development of the whole site for industrial use** This option involves the development of the whole site for industrial use. Were the overriding strategic objective the delivery of employment numbers in the short-to-medium term, this could be the preferred option. It could also deliver a capital receipt that could be invested in alternative facilities for JVC at a later date. However, it does not resolve the need for short term financing; in addition, this option would lead to the loss of the ACE grant and could result in JVC leaving the SELEP area. Overall investment would therefore be lower.
- 4.4 Therefore, the option presented here is for the Project with the two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.
- 4.5 The planning application for the Project was submitted to Ashford Borough Council in October 2018.

## 5. Project Cost and Funding

- 5.1 The overall cost of the Project is £9.145 million, with the creative laboratory to be funded by Arts Council England (funding to be approved) and capital receipts from the sale of the business units for the other elements of Project.
- 5.2 The £1.597m GPF will be used to forward fund the development of the business units, bringing forward employment at an early stage and enabling the delivery of the full scheme. The sale of these business units will then provide the funding required to complete further stages of the Project until the 29 light industrial units have been completed.
- 5.3 Table 1 below shows that the combination of the ACE grant, GPF loan and the expected income from the sale of the business units exceed the Project cost, whilst Table 2 sets out the cash flow position.
- 5.4 JVC has received stage one approval for a capital grant of £3.069 million from ACE. However, stage 2 approval is required before the grant is made available. The stage two application was submitted to ACE in October 2018. ACE usually takes 12 weeks from submission to informing the applicant if they are successful.
- 5.5 As the Project is dependent on the ACE funding being secured, it is recommended to the Board that the award of GPF by SELEP should be subject to the ACE confirmation. Written confirmation should be provided to the SELEP secretariat and an update will be provided to the Board through the quarterly GPF update reporting.
- 5.6 As such, the expected funding profile is set out in Table 1 below.

**Table 1 Javelin Way Project (£m) funding table**

Source	2018/19	2019/20	2020/21	2021/22	Total
GPF (public)		1.597			1.597
Arts Council England (TBC)		1.676	1.240	0.153	3.069
Sale from industrial units		2.055	2.466	1.439	5.960
S106	0.165				0.165
<b>TOTAL</b>	<b>0.165</b>	<b>5.328</b>	<b>3.706</b>	<b>1.592</b>	<b>10.791</b>

**Table 2 Javelin Way Project Forecast Cash Flow position**

	2018-19	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m	£m
<b>Costs:</b>					
Costs incurred up to RIBA 3	-0.2				-0.2
29 Industrial Units* (see cost estimate note below)	-0.01	-2.997	-1.345	-0.029	-4.381
Jasmin Vardimon Creative Laboratory (JVCL)* (see cost estimate note below)	-0.03	-2.105	-2.429		-4.564
<b>Total Capital Costs</b>	<b>-0.24</b>	<b>-5.102</b>	<b>-3.774</b>	<b>-0.029</b>	<b>-9.145</b>
<b>Funding:</b>					
Capital receipts from sales of 29 industrial units		2.055	2.466	1.439	5.96
S106	0.165				0.165
Arts Council England (ACE) grant		1.676	1.24	0.153	3.069
<b>Total Capital Funding</b>	<b>0.165</b>	<b>3.731</b>	<b>3.706</b>	<b>1.592</b>	<b>9.194</b>
Net Surplus\-\deficit p.a.	-0.075	-1.371	-0.068	1.563	0.049
SELEP Loan		1.597		-1.597	0
KCC funding	0.075			-0.075	
Revised Net Surplus\-\deficit p.a.	0	0.226	-0.068	-0.109	0.049
Net Capital (cumulative)	0	0.226	0.158	0.049	

- 5.7 The GPF repayment schedule is shown in Table 3 below. If the Board approves the award of £1.597m GPF to the Project, the repayment schedule will also be included in the loan agreement between the SELEP Accountable Body and KCC.

5.8 The funding profile, set out in table 3, is based on the premise of selling industrial units; should the sale of the units be delayed or leased as the business case states as a possibility, then the loan repayments could be at risk of delay.

**Table 3 Javelin Way Project (£m) repayment schedule**

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF repayment				£1.597m		£1.597m

5.9 The funding mechanism for the GPF repayments is through the income generated from the proposed sale of industrial units (with forecasts of 10 of the 29 industrial units to be sold in 2019/20, 12 of the 29 in 2020/21 and 7 of the 29 industrial units in of 2021/22). With an estimated total market value of £5.96m.

5.10 Interest has already been shown in the light industrial units and negotiations are already underway in relation to four of the industrial units before any marketing of the site has taken place.

5.11 Whilst KCC are also looking to recover the £0.075m KCC capital investment in the Project, priority will be given to the repayment of the GPF loan.

**6. Javelin Way Project Independent Technical Evaluation (ITE) Review**

6.1 The assessment of the Business Case for the Project confirms that the project demonstrates high value for money with high certainty of value for money.

6.2 The Project ITE review confirms that there is strong alignment with local and national strategic priorities and a robust analytical exercise has taken place to assess the costs and benefits of the scheme. This has shown that the scheme will deliver high Value for Money on the loan investment. The schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is low risk.

**7. Project Compliance with SELEP Assurance Framework**

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

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

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

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project is aligned to SELEP's objectives, including supporting creative communities, job creation and economic growth.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been considered		It is estimated that, the Project will deliver 12 jobs, 80 student learners, 50 creative internships and an increase in cultural output: within JVC's business plan, the Company anticipates increasing the number of shows that it performs and increasing the number of external partners that use the facility. Also, a quantified business rate benefits, derived from new commercial floorspace.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The Business Case sets out clear development phases for the project.  A risk register, along with risk owners and mitigation measures, have been included as part of the Business Case. A 5% contingency has been included in the project cost breakdown.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Project demonstrates a high BCR of 3.35:1.

## 8. Financial Implications (Accountable Body comments)

8.1 The GPF necessary to fund the Project in 2019/20 is expected to be available following repayments made by round 1 GPF projects. A potential risk to GPF cashflow, in 2019/20, has been highlighted in the GPF report on this agenda which may impact on payments to projects in that year; proposals to manage this risk, should it arise, are due to be brought to the next meeting of the Board

in February 2019.

- 8.2 It should be noted that any non-repayment of the loan will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme; it is, therefore, imperative that all repayments are made in line with the agreed profile. As such, it is recommended that all GPF repayment risks are monitored as part of the regular GPF updates reported to the Board.

## **9. Legal Implications (Accountable Body comments)**

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

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

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

## **11. Equality and Diversity implication**

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

## **12. List of Appendices**

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

**13. List of Background Papers**

13.1 Business Case for Javelin Way 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee)	8/11/18

**Forward Plan reference number:** FP/AB/166

<b>Report title:</b> Capital Programme Management of the Local Growth Fund	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Meeting Date:</b> 16 <sup>th</sup> November 2018	<b>For:</b> Decision
<b>Date of report:</b> 2 <sup>nd</sup> November 2018	
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> 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 2018/19, along with the delivery of the LGF programme and sets out the main programme risks.
- 1.3 As SELEP approaches the penultimate year of the LGF programme and given the LGF3b process which is currently underway, the report provides a more detailed review of risks of the spend of the LGF allocation within the Growth Deal period.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the updated LGF spend forecast for 2018/19, as set out in section 4
  - 2.1.2. **Note** deliverability and risk assessment, as set out in section 6
  - 2.1.3. **Approve** the acceleration of LGF spend in 2018/19 for the following seven projects:
    - 2.1.3.1. Eastbourne and South Wealden Walking and Cycling LSTF package (£70,000).
    - 2.1.3.2. Kent Thameside LSTF (£221,000);
    - 2.1.3.3. Kent Rights of Way Improvement Plan (£100,000);
    - 2.1.3.4. A2500 Lower Road (£97,000)
    - 2.1.3.5. Kent Engineering, Design, Growth and Enterprise (EDGE) hub (£2m)
    - 2.1.3.6. Chatham Town – Centre Place-Making and Public Realm Package (£200,000); and
    - 2.1.3.7. London Gateway/ Stanford le Hope (£2.157m)



2.1.4. **Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following thirteen projects:

- 2.1.4.1. Eastbourne Town Centre and LSTF walking and cycling (£505,000);
- 2.1.4.2. Tunbridge Wells Junction Improvements and cycle scheme (£556,000);
- 2.1.4.3. Kent Strategic Congestion Management Programme (£437,000);
- 2.1.4.4. Kent Sustainable Interventions Programme (£169,000);
- 2.1.4.5. Maidstone Integrated Transport Package (£1.587m);
- 2.1.4.6. A28 Sturry Link Road (£289,000)
- 2.1.4.7. Dartford Town Centre Transformation (£730,000);
- 2.1.4.8. Fort Halsted (£200,000)
- 2.1.4.9. A2 off-slip Wincheap, Canterbury (£354,000)
- 2.1.4.10. Sandwich Rail Infrastructure (£351,000)
- 2.1.4.11. A289 Four Elms Roundabout to Medway Tunnel Journey Time Improvements (£586,000)
- 2.1.4.12. Strood Town Centre Journey Time and Accessibility Enhancements (£2.526m)
- 2.1.4.13. Medway City Estate Connectivity Improvement Measures (£273,000)

2.1.5. **Approve** the increase in LGF spend by £49,000 in 2018/19 for Purfleet Centre, Thurrock, as a result of additional LGF slippage having been identified due to the LGF spend in 2016/17 having been overstated in 2016/17.

2.1.6. **Note** the proposed change of scope for the Maidstone Integrated Transport Package, which will be considered by the Board in February 2018 following a revised Business Case being reviewed by SELEP Independent Technical Evaluation.

2.1.7. **Note** the reallocation of £200,000 LGF from the Strood Town Centre to the Chatham Town Centre, as set out in section 8 below. *This reallocation is below the 10% threshold permitted under the SELEP Assurance Framework.*

2.1.8. **Note** that options will be presented to the SELEP Strategic Board on the 7<sup>th</sup> December on a potential approach to manage LGF projects which have been awarded LGF by the Accountability Board but where the delivery of the Project presents a high risk or the Project has been put on hold.

### 3. LGF Delivery Progress

3.1. To date, the Board has approved a total of 76 LGF projects in full and has given part approval to a further 10 projects, as set out in Appendix 2 and 3. There are 11 projects included in the LGF programme which have not yet

received a funding award by the Accountability Board. These projects are listed in Appendix 3.

- 3.2. As agreed by the SELEP Strategic Board in March 2018, all LGF projects must come forward for a funding decision by the Board by the end of 2018/19. Where it is not feasible to do so, then the provisional funding allocation to the project will be considered for re-allocation as part of the LGF3b process and the refresh of SELEP's investment pipeline; in accordance with the recommendations of the SELEP Deep Dive.
- 3.3. Recent LGF delivery highlights for each local partner include:
  - 3.3.1. **East Sussex:** The North Bexhill Access Road project is reaching the final stages of delivery, with the project due to complete in December 2018. The project which has been supported by SELEP through a £18.6m LGF allocation, will deliver a 2.4km new road to provide a strategic connection to unlock planned employment and housing growth in North Bexhill.
  - 3.3.2. **Essex:** Work is progressing at Chelmsford Station, to improve access to the station building. Whilst the station entrance was completed in 2016, the LGF funding is enabling the delivery of improved pedestrian and cycle links to the station. This includes a new footpath and cycle links to connect the station with Anglia Ruskin University, improved lighting and safer pedestrian crossing points to the station entrance. The project is due to complete in 2019.
  - 3.3.3. **Kent:** In Kent, demolition works have been completed to enable the Engineering, Design, Growth and Enterprise (EDGE) hub project to progress. This £60m project at the University Christ Church Canterbury has been supported by SELEP through a £6.120m LGF award and will deliver a new teaching and learning facility which will provide courses such as Biomedical, Chemical and Mechanical Engineering. The project is due to complete in 2020.
  - 3.3.4. **Medway:** The Chatham Town Centre Place-making and Public Realm Package is progressing well on site with the regeneration works between the railway station and town centre due to complete in early 2019. Planning approval has also been granted for improvements to Chatham Town Centre and the station improvement works are now scheduled to commence in this month.
  - 3.3.5. **Southend:** The Business Case has been developed for the A127 The Bell and Essential Maintenance to be considered by the Board for the award of funding. The submission of the Business Case follows local public consultation to seek local stakeholder views on delivery options for improvements to the A127 The Bell junction, as a congested junction along this strategic corridor. The funding decision will be considered by the Board under Agenda Item 5.

3.3.6. **Thurrock:** Work on the £78.9m A13 widening project is progressing with public information events having been held during September and which were attended by over 300 people. A full update report is provided for the project under agenda item 10.

3.4. A progress update on all 97 projects can be found in Appendix 2.

#### **4. 2018/19 spend forecast update**

4.1. The planned LGF spend in 2018/19 has been updated to take account of the updated spend forecast provided by each local area through October 2018.

4.2. The expected LGF spend in 2018/19 now totals £93.779m in 2018/19, excluding Department for Transport (DfT) retained schemes (see Table 1). This is relative to £133.012m available through the £91.739m allocation from the Ministry for Housing, Communities and Local Government (MHCLG) and the £39.233m carried forward from 2017/18, as set out in Table 2 below. Table 2 takes account of the planned slippage which was agreed at the outset of 2018/19 and which has been adjusted to take account of the slippage from 2017/18 to future financial years that has been identified since the start of the 2018/19 financial year.

4.3. In comparison to the position reported at the last Board meeting, the planned spend in 2018/19 has reduced by £3.669m, excluding DfT retained schemes. Table 3 below sets out the slippages and acceleration between 2018/19 and future years of the programme which have been identified through the latest update reporting.

4.4. No slippages to LGF spend has been identified for Projects in Essex or Southend during the last quarter.

**Table 1 LGF spend forecast 2018/19**

LGF (£m)					Reasons for Variance	
	Updated planned spend in 2018/19	Total forecast spend in 2018/19 (as reported in October 2018)	Variance*	Forecast LGF spend relative to planned spend in 2018/19* (%)	Additional spend/slippage identified for 2018/19 **	Slippage previous agreed by the Board **
East Sussex	16.650	15.227	-1.423	91.5%	-0.435	-0.988
Essex	18.654	18.506	-0.148	99.2%	0.000	-0.148
Kent	24.867	19.722	-5.144	79.3%	-2.256	-2.889
Medway	16.755	9.654	-7.100	57.6%	-3.185	-3.915
Southend	17.573	6.121	-11.452	34.8%	0.000	-11.452
Thurrock	13.647	13.149	-0.498	96.3%	2.206	-2.705
Skills	0.000	0.000	0.000	100.0%	0.000	0.000
M20 Junction 10a	11.400	11.400	0.000	100.0%	0.000	0.000
LGF Sub-Total	119.546	93.779	-25.766	78.4%	-3.669	-22.096
Retained	35.454	12.684	-22.770	35.8%	-6.326	-16.444
Total Spend Forecast	154.999	106.463	-48.536	68.7%	-9.995	-38.540

\*Variance between the total planned spend in 2018/19 as reported in March 2018 and the total forecast LGF spend in 2018/19, as it currently stands.

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

**Table 2 LGF spend relative to LGF available in 2018/19 (excluding retained schemes)**

	(£m)
LGF allocation in 2018/19 from MHCLG	91.739
LGF carried forward from 2017/18	39.233
Total LGF available in 2018/19	130.972
Total LGF spend in 2018/19	93.779
Total slippage from 2018/19 to 2019/20	37.192

- 4.5. When the DfT retained scheme funding is taken into consideration, for projects such as the A13 widening, the forecast LGF spend increases to £106.463m including retained schemes. The changes in forecast spend for retained schemes are set out in Section 5 below.
- 4.6. LGF spend in 2018/19 is currently under-profiled by £37.192m, as set out in Table 2 above. The forecast slippage LGF from 2018/19 to 2019/20 will help

to provide a smoother profile to the LGF available for spend over future years of the Growth Deal programme.

- 4.7. The Board have previously been made aware of a potential gap in 2019/20 between the planned LGF and LGF available. The increased slippage of LGF spend between 2018/19 and 2019/20 and the re-profiling of LGF spend which has been identified through the most recent update report has now removed this funding gap in 2019/20. As such, this programme risk has now been mitigated, as shown in Appendix 1.
- 4.8. As the amount of LGF available in 2018/19 now exceeds the LGF spend forecast for projects currently included in the LGF programme, the potential availability of LGF in 2019/20 will be considered as part of the LGF3b process and the prioritisation of projects by the Investment Panel on the 7<sup>th</sup> December 2018.

**Table 3 Identified slippages or acceleration between 2018/19 and future years of the programme (£m)**

Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
<b>East Sussex</b>					
Eastbourne Town Centre LSTF walking and cycling	<b>4.205</b>	<b>3.700</b>	<b>-0.505</b>	The project has been delayed due to statutory works which have resulted to changes in the design. It is still expected that construction works will commence in May 2019, but a revised programme and spend	The Board is asked to approve the re-profiling of £0.505m from 2018/19 to 2019/20

Capital Programme Management of the Local Growth Fund

Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				profile is being developed to take account of the delays.	
Eastbourne and South Wealden Walking and Cycling LSTF package	<b>0.735</b>	<b>0.805</b>	<b>0.070</b>	Potential to accelerate LGF spend has been identified.	The Board is asked to agree the acceleration of £0.070m LGF spend in 2018/19.
<b>Kent</b>					
Tunbridge Wells Junction Improvements and Cycle Scheme	0.959	0.404	-0.556	Business Case has been approved by the Board but project has been delayed as the project progresses through local decision making.	The Board is asked to approve the re-profiling of £0.556m from 2018/19 to future years of the LGF programme.
Kent Thameside LSTF	0.348	0.569	0.221	Potential to accelerate LGF spend has been identified.	The Board is asked to approve the acceleration of £0.221m LGF on the project in 2018/19
Kent Strategic Congestion Management Programme	0.766	0.329	-0.437	Slippage of LGF for the A229 Bluebell Hill Scheme due	The Board is asked to approve the re-profiling of £0.437m

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<b>Project</b>	<b>LGF forecast, as reported in September 2018</b>	<b>Latest LGF spend forecast (as reported in October 2018)</b>	<b>Change to spend in 2018/19 *</b>	<b>Reason for Change</b>	<b>Board Decision</b>
				to pilot having been delayed by DfT.	from 2018/19 to future years of the LGF programme.
Kent Rights of Way Improvement Plan	0.213	0.313	0.100	Potential to accelerate LGF spend has been identified.	The Board is asked to approve the acceleration of LGF spend by £0.100m in 2018/19.
Kent Sustainable Interventions Programme	0.563	0.394	-0.169	Decreased in LGF spend during 2018/19 due to Sloe Lane Cycle Upgrades scheme being put on hold, whilst project costs and land issues are reviewed.	The Board is asked to approve the slippage of 0.169m LGF from 2018/19 to future years of the LGF programme.
Maidstone Integrated Transport Package	2.371	0.758	-1.587	An update is provided in section 6 below	The Board is asked to approve the slippage of £1.587m LGF from 2018/19 to future years of the LGF programme.
A28 Sturry Link Road	1.047	0.758	-0.289	An update on the project risk	The Board is asked to approve the

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Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				is set out in section 6 below.	slippage of £0.289m LGF from 2018/19 to future years of the programme.
Dartford Town Centre Transformation	2.250	1.520	-0.730	Programme Roadmap has been established, along with a Project Board (first meeting 29-11-18), but updated programme shows reduced LGF spend in 2018/19.	The Board is asked to agree the slippage of £0.730m LGF from 2018/19 to future years of the LGF programme.
A2500 Lower Road	0.869	0.966	0.097	The potential to accelerate LGF spend has been identified.	The Board is asked to agree the acceleration of £0.097m LGF spend in 2018/19.
Fort Halsted	0.0200	0.000	-0.200	An update on the project risk is set out in section 6 below.	The Board is asked to agree the slippage of £0.200m LGF from 2018/19 to future years of the LGF programme.



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Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) hub	2.167	4.167	2.000	The potential to accelerate LGF spend has been identified.	The Board is asked to agree the acceleration of £2.000m LGF spend in 2018/19.
A2 off-slip Wincheap, Canterbury	0.354	0.000	-0.354	Awaiting confirmation of the Highways England Growth and Housing Fund bid. If the application is successful, this will negate the need for LGF investment in the project.	The Board is asked to agree the slippage of LGF spend by £0.354m from 2018/19 to future years of the LGF programme.
Sandwich Rail Infrastructure	1.016	0.665	-0.351	Some delays to project programme have been experienced which have resulted in slippage of LGF. However, confirmation has been received that	The Board is asked to approve the slippage of £0.351m from 2018/19 to future years of the LGF programme.

Capital Programme Management of the Local Growth Fund

Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				planning approval is not required for the improvement works, which will enable completion of project in advance of The Open in 2020.	
<b>Medway</b>					
A289 Four Elms Roundabout to Medway Tunnel Journey Time Improvements	1.880	1.294	-0.586	An update on the project risk is set out in section 6 below.	The Board is asked to approve the slippage of £0.586m LGF from 2018/19 to future years of the LGF programme.
Strood Town Centre Journey Time and Accessibility Enhancements	6.085	3.558	-2.526	Work has continued onsite, with the initial phases of the project predominantly complete. However, the later phases have been re-programmed in order to minimise the	The Board is asked to agree the slippage of £2.526m LGF from 2018/19 to future years of the LGF programme.

Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				risk of disruption as a result of poor weather conditions. Project due to complete in June 2019.	
Chatham Town Centre Place-making and Public Realm Package	1.303	1.503	0.200	Increase in LGF allocation to the project, as detailed in section 8 below.	The Board is asked to agree the acceleration of £0.200m LGF spend in 2018/19.
Medway City Estate Connectivity Improvement Measures	0.462	0.189	-0.273	An update on the project risk is set out in section 6 below.	The Board is asked to agree the slippage of £0.273m LGF from 2018/19 to future years of the LGF programme.
<b>Thurrock</b>					
London Gateway/ Stanford le Hope	2.541	4.698	2.157	The potential to accelerate LGF spend on the project has been identified.	The Board is asked to approve the acceleration of £2.157m LGF spend in 2018/19.
Purfleet Centre	3.306	3.355	0.049	The amount of LGF spend in 2016/17	The Board is asked to approve the increased

Project	LGF forecast, as reported in September 2018	Latest LGF spend forecast (as reported in October 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				was previously overstated by £0.049m. This unmitigated slippage has been carried forward by Thurrock Council from 2016/17 to 2018/19.	LGF spend in 2018/19 by £0.049 as a result of the LGF spend in previous years of the programme being overstated.

\*Change to spend between 2018/19 spend forecast received in October 2018, relative to LGF spend forecast received in August 2018. Negative values show slippages to LGF spend, whilst positive values show acceleration to LGF spend.

## 5. Retained schemes 2018/19 spend forecast update

- 5.1. In addition to the LGF received by SELEP from MHCLG, LGF is also received from the DfT for the delivery of retained projects. DfT retained projects, include six projects for which the DfT has a greater oversight, including direct reporting to the DfT on LGF spend and project delivery progress.
- 5.2. The spend forecast for LGF retained schemes has reduced from £19.010m LGF, as reported in to the Board in September 2018 to £12.684, as a result of a £6.13m LGF slippage for the A13 widening project and a £0.200m slippage for the A127 Essential Maintenance.
- 5.3. The A127 Essential Maintenance and A127 The Bell project is considered for a funding award under agenda item 5. The updated spend profile submitted alongside the business case takes into consideration the latest delivery information and has identified reduced LGF spend in 2018/19.
- 5.4. A full update on the A13 widening project is provided under Agenda Item 10.

## 6. Deliverability and Risk

## Capital Programme Management of the Local Growth Fund

- 6.1. Appendix 2 sets out a delivery update and risk assessment for all projects included in the LGF programme.
- 6.2. To date, it is reported that a total of 3,635 jobs and 4,519 dwellings have been completed through LGF investment to date, as Table 7 below. No outputs in terms of jobs or homes have been reported by East Sussex, Southend or Thurrock to date. The delivery of jobs and dwellings reported to date is lower than expected, relative to the outputs committed to through the Growth Deal. However, it is likely that the output and outcomes of LGF investment to date in currently understated.

**Table 4 Jobs and dwellings delivered through LGF investment to date**

	<b>Jobs</b>	<b>Houses</b>
East Sussex	-	-
Essex	3,388	3,331
Kent	166	1,049
Medway	81	139
Southend	-	-
Thurrock	-	-
<b>Total</b>	<b>3,635</b>	<b>4,519</b>

- 6.3. Workshop meetings have been held between the SELEP ITE and each Federated Board to discuss the SELEP monitoring and evaluation approach and to support officers in completing this information for each LGF project following project completion.
- 6.4. Deadlines have been agreed with Federated Areas for the completion of post scheme evaluation, to enable more detailed reporting to the Board and Central Government about the benefits which have been achieved through LGF investment, as well as supporting the sharing of lessons learnt through project delivery.
- 6.5. The summary project risk assessment position is set out in Table 5 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 6.6. The risk assessment has been conducted in accordance with the Ministry for Housing and Local Government (MHCLG) guidance for the assessment of LGF projects based on:
  - 6.6.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes
  - 6.6.2. Finances – considers changes to project spend profiles and project budget
  - 6.6.3. Reputation – considers the reputational risk for the delivery partner, local authority and LEP

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

<b>Score</b>	<b>Delivery</b>	<b>Financials</b>	<b>Reputation</b>	<b>Overall</b>
<b>5</b>	<b>8</b>	<b>13</b>	<b>4</b>	<b>11</b>
<b>4</b>	<b>9</b>	<b>11</b>	<b>6</b>	<b>8</b>
<b>3</b>	<b>12</b>	<b>14</b>	<b>13</b>	<b>18</b>
<b>2</b>	<b>16</b>	<b>13</b>	<b>11</b>	<b>19</b>
<b>1</b>	<b>52</b>	<b>46</b>	<b>63</b>	<b>41</b>
<b>Total</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>

- 6.7. Through recent conversations with the Cities and Local Growth Unit, the deadline for spend of all LGF by the 31<sup>st</sup> March 2021 has been reaffirmed. In light of these conversations and the LGF3b process which is currently underway, a more detailed review has been completed to consider the risk of spend beyond the Growth Deal period.
- 6.8. A total of eleven projects have been identified as having a high overall project risk (overall risk score of 5). Details are provided on each of these projects.
- 6.9. SELEP is working with local partners to identify mitigation to manage Project risks and bridge funding gaps. In particular, local partners have used the LGF3b process as an opportunity to seek additional funding contributions to Projects where there is currently a funding gap. The funding bids for the LGF3b process will be considered by the Investment Panel on the 7<sup>th</sup> December 2018.
- 6.10. It has been agreed with the Strategic Board that all projects which currently have a provisional LGF allocation must come forward for a funding decision by the end of 2018/19. Where it is not feasible to do so, then the provisional funding allocation to the project will be considered for re-allocation as part of the LGF3b process and the refresh of SELEP's investment pipeline; in accordance with the recommendations of the SELEP Deep Dive.
- 6.11. Furthermore, there are a number of projects which have been approved by the Board but have subsequently experienced project issues which have led to the project being put on hold. Given that there is now just over two years until the end of the Growth Deal period, it is intended that options for the management of LGF projects in this position will be presented to the Strategic Board at its next meeting on the 7<sup>th</sup> December 2018.

- Beaulieu Park Railway Station

The project is currently categorised as high risk owing to the current substantial gap in funding to deliver the project. The project has passed to the next stage of assessment to secure funding through MHCLG Housing Infrastructure Funding (HIF), but a Business Case and further assessment is required before the HIF can

be secured. In addition, there is a risk that the full £12m LGF allocation will not be spent within the Growth Deal period.

A Business Case is due to be submitted for consideration by the Board in February 2019 and work is underway to understand the amount of LGF which can be spent by the end of the Growth Deal period. A letter is included in Appendix 5 to consider any flexibility to extend LGF spend beyond the Growth Deal period for projects which have been identified as potential HIF projects.

- Basildon Integrated Transport Package (ITP)

In total, Basildon ITP is allocated £8m, with the package including three tranches of works. In May 2017, the Board awarded £1.9m to support the delivery of Endeavour Drive bus lane, however, considerable delivery constraints have been identified to taking forward the delivery of this project. Local discussions are currently being held to consider all feasible options and a decision will be brought back to the Board in February 2019.

- A28 Chart Road

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. A full update on the project is provided under Agenda Item 9.

- Maidstone Integrated Transport Package (ITP)

The first phase of the Maidstone ITP, for junction improvements at either end of Wilmington Street, was awarded £1.3m LGF funding in February 2016. Since the approval of the project in 2016, developer contributions towards the delivery of the project have also been identified. However, the Phase 1 project is currently on hold pending further local consideration of the proposed scheme.

The A274 Sutton Road Maidstone/ Willington Street scheme suffered negative comments during the public consultation and engagement phase. Furthermore, there is also a dispute between Kent County Council and Maidstone Borough Council in relation to the developer contributions towards the A274 Sutton Road/Willington Street Junction. As such, the project has experienced significant delays and there is a risk that the scheme is not deliverable by the end of the Growth Deal period.

As such, it is proposed by Kent County Council that the LGF is diverted to deliver a larger scale project at the A20 London Road/ Willington Street junction. It is expected that the increased scale of intervention at A20 London Road/ Willington Street will increase the benefits delivered through this revised project. However, a revised Business Case will be required to complete the ITE review processes before a decision is sought from the Board in February 2019 to agree the change of scope.

- A28 Sturry Link Road

The project has been awarded £5.8m LGF by the Board in June 2016. However, funding package to deliver the project is dependent on private sector developer contributions. The pace of residential development coming forward will impact the deliverability of the project and spend of the funding contributions within the Growth Deal period. An additional £4.5m LGF is sought from SELEP through the LGF3b process to increase the probability that the project can be delivered within the Growth Deal period, but would increase the public sector contribution sought forward the delivery of the project relative to private sector contributions.

- A28 Sturry Integrated Transport Package

The project was awarded £300,000 LGF for the extension of the existing bus lane along the A28 Sturry Road corridor to enhance the provision of public transport. Whilst the project Business Case set out the intention for the project to be delivered by the end of 2016, the project has been put on hold due to local concerns about the project and traffic diversions which would be required to deliver the project. Alternative delivery methods have been considered but these would increase the project cost and would reduce the benefits to cost ratio for the project. It is expected that the £300,000 allocated to the project will be returned to SELEP as part of the LGF3b process. As such, the bus journey time reliability and the expected increase in bus use, anticipated as a result of the project, will not materialise. Work is underway locally to consider the abortive cost of not progressing and whether delivery options are available to progress with the project as planned in the original business case.

- Thanet Parkway

In total, Thanet Parkway project is allocated £10m LGF. At the outset of 2018/19 financial year the LGF spend profile was adjusted to re-profile the LGF spend towards the end of the LGF programme. The project is rated as high risk owing to the substantial funding gap for the project of around £15m. Discussions with potential third party investors are ongoing but have not been successful to date. Whilst Kent County Council has now started on Network Rail GRIP Stage 4, no LGF has been approved by the Board to date until the funding package is in place to deliver the project. A funding bid has been submitted through the LGF3b process to seek an additional £5m to £8m LGF to help the project funding gap. The LGF3b applications will be considered by the Investment Panel at its meeting on the 7<sup>th</sup> December 2018.

- Leigh Flood and East Peckham Storage Area

The Leigh Flood Storage Area was awarded £2.349m LGF by the Board in September 2018, as part 1 of the Project. A remaining £2.287m is allocated to the East Peckham scheme, as part 2. The East Peckham scheme is not as well developed as the Part 1 project and there is a high risk that the LGF allocated to this part of the project cannot be spent within the Growth Deal period. Furthermore, there is also a funding gap and additional funding is required to bridge the gap.



Local correspondence is underway with Rt Hon James Brokenshire MP, as Secretary of State for Housing, Communities and Local Government to investigate whether any flexibility can be granted by MHCLG to enable spend of LGF beyond the Growth Deal period for LGF project. If such flexibilities cannot be granted then the Board will be updated accordingly and a decision will be sought in relation to the £2.287m LGF which is currently allocated to the East Peckham aspect of the Project.

- Fort Halsted

The Fort Halsted was identified as an LGF3b project and was provisionally allocated £1.530m LGF to support the delivery of a new employment hub and mixed use development on ex Ministry of Defence land. However, in 2017 there was a change in land ownership and the current land owners are not expected to leave the site until 2021 and, as such, the project cannot be progressed within the Growth Deal period. At the Investment Panel meeting on the 7<sup>th</sup> December the Panel will be made aware of the potential availability of this funding for re-allocation to projects which have been prioritised through the LGF3b process for inclusion within SELEPs updated LGF project pipeline.

- A289 Four Elms Roundabout to Medway Tunnel

The project is currently allocated £11.1m LGF to improve capacity and journey time reliability. Subsequently a bid for a further £170m HIF has been submitted and has passed through to the next stage of consideration. A funding decision is expected from MHCLG by May 2019. If the HIF application is successful then a larger scale project would be delivered and a change of request would be sought to increase the scope of the project to utilise both the LGF and HIF contributions to the project. This larger scale project would deliver significantly greater benefits than the existing LGF project, but would require longer to complete the development and the construction of the project.

As such, SELEP has written to MHCLG to consider any flexibility to extend the period of LGF spend for this project. A copy of the letter is included in Appendix 5. If the Government agree to the requested two – year extension to the LGF project, there will be two ways forward once the outcome of the HIF bid is known:

- If the HIF bid is successful, the current LGF scheme will be absorbed within the wider HIF design and delivery programme, with completion due by March 2023. The benefits stated within the LGF Business Case will still be delivered and this will be demonstrated in the Full Business Case, which will be submitted prior to commencement of the construction programme.
- If the HIF bid is unsuccessful, the LGF project will be delivered as currently designed, taking into account the agreed extension to the programme. In this instance an extension of one financial year would be required, with completion of the works due by March 2022. This extension will be required to counteract the pause in the project programme whilst awaiting the outcome of the Council's HIF bid.

If Government do not agree to the requested two-year extension to the LGF programme, the LGF project will be delivered in accordance with the existing programme, with completion due by the end of March 2021. In order to facilitate this, work will continue on the planning application and land acquisition processes in advance of the decision on the Council's HIF bid. Adopting this approach will not support the delivery of the additional benefits which are achievable through aligning the LGF scheme with the proposals for the HIF interventions and risks unnecessarily protracted disruption to the road network.

- Medway City Estate Connectivity Improvement Measures

Medway City Estate project was approved by the Board in March 2015 for the award of £2m LGF. The first part of the project has involved the delivery of traffic management alterations, including new traffic signals at the entrance to the westbound tunnel which have been installed and are operational.

Phase two of the Medway City Estate project, as detailed in the Business Case, is for the delivery of improvements for pedestrians and cyclists, with new and enhanced routes through the Medway City Estate, cycle parking, benches and improved connectivity from Sun Pier to Chatham town centre via a riverside walk.

The Business Case also includes measures for a direct river taxi from MCE to Chatham town centre, including a new landing stage on the River Medway at Medway City Estate. The river taxi could connect Medway City Estate with Chatham Town Centre, with the pier in Chatham Town Centre having been refurbished in 2013 using Growing Places Fund (GPF).

However, further engagement with businesses on Medway City Estate has not demonstrated sufficient demand for the proposed walking, cycling and river taxi options proposed within the original Business Case. Further options are currently being investigated and a revised Business Case is required by SELEP in advance of any LGF spend being incurred on alternative options which have not been agreed by the Board.

## 7. LGF Programme Risks

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

### *Project LGF spend within Growth Deal period*

**Risk:** There is a clear expectation from Central Government that LGF is spent on LGF projects during the Growth Deal period, until 31<sup>st</sup> March 2021. There are currently projects included within SELEPs LGF programme which will not be able to spend the LGF by this date, as set out in section 6 above. The full impact of failure to spend our LGF allocation by the end of the Growth Deal period has not been clearly articulated by Government. However, there is a reputational risk in terms of our ability to bid and successfully secure funding from Central Government for funding streams which follow on from the Local Growth Fund, such as the Shared Prosperity Fund.

Mitigation: The LGF3B process is well underway to establish a refreshed project pipeline to the end of the Growth Deal should underspend become available. The LGF3b projects will be considered by the Investment Panel on the 7<sup>th</sup> December 2018.

For projects which fail to come forward for an LGF funding decision by the end of 2018/19, the provisional funding allocation to these projects will be considered by the Strategic Board. The Strategic Board will be asked to consider the potential re-allocation of LGF to projects prioritised by the Investment Panel for inclusion in SELEPs LGF pipeline and which can demonstrate spend of the LGF allocation by 31<sup>st</sup> March 2021. Similarly, options will also be presented to the Strategic Board to agree a mechanism for the review of projects which have been awarded LGF funding but have been put on hold.

### *Slippage of LGF from 2018/19 to future years of the programme*

Risk: A slippage of £39.233m LGF is anticipated from 2018/19 to 2019/20. The slippage of LGF spend 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. The backloading of LGF spend will also create delivery pressures during the final years of the Growth Deal programme.

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and the need for SELEP to retain LGF slippage to help manage the cash flow position in 2019/20.

### *Governments funding commitment to future years of the LGF Programme*

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme and the level of LGF to be received by SELEP has yet to be confirmed. In addition, the 'Strengthening Local Enterprise Partnerships' document which was published on the 24<sup>th</sup> July 2018 by MHCLG states that new legal structures should be in place by April 2019, ahead of any release of further LGF.

Mitigation: SELEP continues to seek assurances and formal confirmation of SELEP's LGF allocation to future years of the programme. In addition, SELEP continues to demonstrate strong governance arrangements through compliance with the Mary Ney recommendations on Governance and Transparency, with compliance with the LEP National Assurance Framework and recommendations of the Mary Ney review is a condition for SELEPs LGF and core funding award.

On the 30<sup>th</sup> October 2018, SELEP submitted the second part of its response to the LEP review; this included an agreement to work towards a new legal structure.

### *Evidenced delivery of project outputs and outcomes*

Risk: Local partners have made substantial progress towards the delivery of projects included within the Growth Deal programme, 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 housing delivery from 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 each Federated Area 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.

### *Total project cost escalation*

Risk: For certain LGF projects included in our Growth Deal, the total cost estimate has increased since the original bid submission and provisional LGF allocation was awarded. Increases in total project costs may impact on our ability to deliver the projects and outcomes/outputs which SELEP committed to achieve through LGF investment. Escalations in project cost may also impact on the Value for Money case for projects included in our Growth Deal.

Mitigation: SELEP is now taking a proactive approach in monitoring the total cost of LGF projects. Any changes to the total cost of a project must be reported to the Board through the Change Request process to ensure that projects continue to demonstrate Value for Money. Where cost escalation occurs, it is expected that this increase in costs will be met by local partners, unless agreed with the Board otherwise.

## **8. LGF Project Change – Medway**

- 8.1. The Board is made aware of a re-allocation of £200,000 from Strood Town Centre to the Chatham Town Centre Project.
- 8.2. The Chatham Town Centre and Strood Town Centre projects were approved by the SELEP Strategic Board in March 2015 with a funding award of £4m and £9 respectively. Both projects were accessed by the ITE and were recommended to the Board as presenting high value for money.
- 8.3. As work has progressed onsite at Chatham Town Centre it has become apparent that it will not be possible to deliver all the improvements envisaged in Chatham town centre within the original project allocation. Additional funding will be required to facilitate delivery of all the proposed works.

- 8.4. Following completion of the detailed design and costing for the Strood Town Centre project, it was identified that the full LGF allocation was not required in order to deliver the project in its entirety. It is therefore intended that £200,000 will be re-allocated to the Chatham town centre project, in order to facilitate delivery of the remaining works. All the outcomes stated within the Strood town centre Business Case will still be achieved.
- 8.5. Whilst the Benefit Cost Ratio (BCR) presented in the original business case for each project was above 2.0:1 (categorised as high value for money), the BCR for the Chatham Town Centre was higher at 3.30:1. As such, despite the £200,000 increase in public sector investment in the project, the project will continue to demonstrate high value for money for LGF investment. As the public sector contribution to the Strood Town Centre project is reducing, whilst delivering the same benefits as previously stated, the BCR for this project will increase as a result of reallocating £200,000.
- 8.6. The £200,000 change required is within the 10% threshold allowed within the SELEP Assurance Framework and the changes were considered by KMEP on the 24<sup>th</sup> September 2018. The £200,000 will be re-allocated within 2018/19 and the impact of the proposed change has been reflected in updated LGF spend forecast for 2018/19, as presented in section 4 above.

## **9. Financial Implications (Accountable Body comments)**

- 9.1. 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 2018/19 have been confirmed however funding for future years is indicative. It should be noted that further governance requirements may be necessary following the anticipated updates to the National Assurance Framework in Autumn 2018. Government is likely to make any future funding allocations contingent on full compliance with the updated National Assurance Framework. A draft of the revised National Assurance Framework has yet to be circulated at the time of writing this report, which means that the full implications remain unclear.
- 9.2. There is a high level of forecast slippage within the overall programme which totals £37.2m in 2018/19; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
- 9.3. This misalignment of the funding profile had previously been reported as a risk in 2019/20 when planned spend exceeded the funding available, however, it is noted that this risk has now been mitigated through the planned re-profiling of spend in 2020/21 set out above.

- 9.4. The further allocation of funding through the LGF3b call for projects must include a full consideration of the spend profile of projects in delivery and the expected funding profile.
- 9.5. It is noted above that there is a risk for some projects that have received board approval for their LGF allocations, however, due to local issues, including funding gaps, have been unable to progress with full delivery of those Projects. The impact of these projects on the delivery of the Growth Deal should be considered by the Strategic Board, and, if appropriate, options developed to assure maximum value is achieved from the Local Growth Fund within the Growth Deal period.

## **10. Legal Implications (Accountable Body comments)**

- 10.1. There are no legal implications in this report.

## **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 possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **12. List of Appendices**

- 12.1 Appendix 1 – LGF financial update
- 12.2 Appendix 2 – Project deliverability and risk update
- 12.3 Appendix 3 – Projects which require funding approval from the Board
- 12.4 Appendix 4 – Projects with part approval from the Board
- 12.5 Appendix 5 – Letter to MHCLG

**13. List of Background Papers**

13.1 None

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee)	  8/11/18

## Appendix 1 - Financial Update

Oct-18

SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20	2020/21	All Years
<b>East Sussex</b>									
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400				1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access T	East Sussex	0.000	0.000	0.254	0.600	1.246		2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LST	East Sussex	0.600	0.370	1.630	0.805	1.695	1.500	6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	2.460			10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corr	East Sussex	0.505	0.895					1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170					1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000			18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	1.012	4.195	3.448	9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (c	East Sussex	0.000	0.000					0.000
LGF00044	Eastbourne town centre LSTF access & improvement pa	East Sussex	0.000	0.550	0.245	3.700	1.505	2.000	8.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000				1.000	1.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000			0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.650			8.200
LGF00099	Devonshire Park	East Sussex	0.000	0.000	5.000				5.000
<b>Essex</b>									
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000				0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000				2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400			5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796				4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000				3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambri	Essex	5.870	2.130	2.000	0.487			10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000				2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.986				3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	2.800	3.100	1.467	9.000
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	6.800	-1.000	0.000				5.800
LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	1.104	1.160		3.660
LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	1.200	0.973		2.173
LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370		2.740
LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000	0.445	1.355	0.000	1.800
LGF00063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	1.000	2.500	4.000	2.500	10.000
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.000	0.000	0.000	0.000	0.800		0.800
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000		7.000	5.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667				0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000		5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airp	Essex	0.000	0.000	2.000	1.500			3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gate	Essex	0.000	0.000	1.000	1.000			2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	1.900	3.000		5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	0.000			3.200	3.035	6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000		1.800	0.900	0.034	2.734
LGF00105	Mercury Rising Theatre	Essex				1.000			1.000
<b>Kent</b>									
LGF00003	I3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.951	0.661	1.000	1.000	6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000			2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000			2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000			2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A	Kent	0.603	0.189	0.049	0.404	0.556		1.800
LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.569	0.379	0.300	4.500
LGF00011	Maidstone Gyratory Bypass	Kent	0.704	3.724	0.171	0.000			4.600
LGF00012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.329	0.800	1.517	4.800
LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000			0.800
LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.313	0.150	0.150	1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.755	0.500	2.728
LGF00016	West Kent LSTF	Kent	0.800	1.308	0.333	1.159	0.700	0.600	4.900
LGF00017	Folkestone Seafront : onsite infrastructure and engineer	Kent	0.533	0.008	0.000	0.000			0.541
LGF00038	A28 Chart Road	Kent	0.885	0.984	0.887	0.000	3.119	4.325	10.200
LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	0.784	3.285	3.452	8.900
LGF00040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	0.758	0.000	4.356	5.900
LGF00053	Rathmore Road	Kent	1.562	2.638	0.000	0.000			4.200
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.022	0.005	0.056	0.000	0.216		0.300
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000			2.000
LGF00059	Ashford Spurs	Kent	0.000	0.167	4.173	1.925	1.632		7.897
LGF00041	Thanet Parkway	Kent	0.000	0.000	0.000	1.000	2.355000	6.645000	10.000
LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000			5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent				0.000			0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033	0.000			5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638			4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.604			0.667
LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	1.520	1.604	1.176	4.300
LGF00088	Fort Halsted	Kent	0.000	0.000	0.000	0.000	0.000	1.530	1.530
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966			1.265
LGF00093	Kent and Medway Engineering and Design Growth and	Kent	0.000	0.000	1.953	4.167			6.120
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	0.000	0.000	0.000	0.000		4.400	4.400
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking	Kent	0.000	0.000	0.000	0.866	0.500	3.271	4.636
LGF00106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	0.665	1.238		1.903
<b>Medway</b>									



**Appendix 1 - Financial Update**

**Oct-18**

SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20	2020/21	All Years
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey	Medway	0.298	0.402	0.347	1.294	4.275	4.485	11.100
LGF00019	Strood Town Centre Journey Time and Accessibility Enh	Medway	0.200	1.772	0.944	3.558	2.326		8.800
LGF00020	Chatham Town Centre Place-making and Public Realm P	Medway	0.870	0.945	0.881	1.503			4.200
LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203			2.500
LGF00022	Medway City Estate Connectivity Improvement Measure	Medway	0.300	0.181	0.035	0.189	1.295		2.000
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.318	3.720		4.400
LGF00089	Rochester Airport - phase 2	Medway	0.000	0.000	0.000	0.210	1.820	1.670	3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378			3.500
<b>Southend</b>									
LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000				0.720
LGF00107	Sothend Forum 2	Southend	0.000	0.000	0.000	0.500	1.000	4.500	6.000
LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000				1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport	Southend	0.000	0.767	1.083	1.150	2.000	2.000	7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2	Southend	0.000	2.366	2.076	4.471	11.642	2.535	23.090
<b>Thurrock</b>									
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.285			1.000
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520			5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	4.698	0.547		7.500
LGF00052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292			5.000
LGF00056	Purfleet Centre	Thurrock	0.000	0.645	1.000	3.355	0.000	0.000	5.000
LGF00104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.000	7.840	10.840
<b>Centrally Managed</b>									
LGF00001	Skills	Skills	9.923	11.980	0.071				21.974561
LGF00071	M20 Junction 10a	Kent			8.300	11.400			19.700000
<b>Sub Total</b>			<b>55.563</b>	<b>69.681</b>	<b>79.332</b>	<b>93.779</b>	<b>85.414</b>	<b>76.236</b>	<b>460.005</b>

**LGF Carried forward** 69.45 82.270227 92.088396 91.738956 54.914715 77.873075 468.335369

LGF Option 4, 5 and unmitigated 2015/16	13.887
LGF Option 4, 5 and unmitigated 2016/17	26.476
LGF Option 4, 5 and unmitigated 2017/18	39.233
Forcast LGF slippage 2018/19	37.192
Forecast LGF slippage 2019/20	6.693

<b>DfT retained schemes</b>									
LGF00079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000		4.750	10.250	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network	Essex	0.513	3.487	0.000	0.000	0.000		4.000
LGF00081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411	0.000			4.300
LGF00082	A127 The Bell	Southend	0.000	0.000	0.000	0.400	1.100	2.800	4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Sout	Southend	0.400	0.289	0.311	0.800	3.000	3.200	8.000
LGF00084	A13 Widening	Thurrock	0.000	0.000	13.408	11.484	25.011	16.155	66.058

Appendix 2 Deliverability and Risk Update													
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Expected project completion date	Project Risk						
							Financial	Comment	Delivery	Comment	Reputation	Comment	
East Sussex													
LGf00002	Newhaven Flood Defences	East Sussex	1.500	Approval for spend of full LGF allocation	1	Construction started Nov 2016 and is scheduled to be completed by autumn 2019. Construction constraints in the port area have required the Environment Agency to review the final design proposals and they are consulting with East Sussex County Council on flood risk.	Feb-20	1	Being implemented	1	On track	1	
LGf00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.100	Approval for spend of full LGF allocation	1	Spend currently allocated towards the detailed design of Phase 1 approved schemes for delivery in 2019/20 onwards as well as delivery of pedestrian improvements in Victoria Drive and design of Battle Road/London Road junction improvement in Hailsham. No currently anticipated spend issues.	Mar-20	3	To be implemented late 18/19 onwards	2	To be implemented late 18/19 onwards	1	
LGf00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.600	Approval for £2m allocation. Approval to be sought from the Board for the remaining allocation	2	Funding currently allocated to the completion of Horsey cycle route Phase 3 (now open); construction of Horsey cycle route Phase 1b, Meads pedestrian improvements and Willingdon Drove cycle route as well as design of schemes to enable spend of remaining £4m of LGF monies for the walking and cycling package. No currently anticipated spend issues.	Mar-21	1	Technical delivery issues from previous years have been overcome.	1	Project on course for delivery following delays in previous years. Looking to accelerate delivery this and	1	
LGf00036	Queensway Gateway Road	East Sussex	10.000	Approval for spend of full LGF allocation	1	Construction of the embankment is nearing completion with junction works at Queensway due to commence in August 2018. Agreement in principle reached on the relocation of Bartlett's SEAT, although the timetable for this remains uncertain. Contract for remaining construction phase with Breheny Civil Engineering still being negotiated and dependant on timescales for the relocation of SEAT. Negotiations are underway with Sainsbury's regarding the land adjacent to the A21.	Jan-19	3	Higher than expected tender returns for phase 2 of the construction and some delays on delivery	2	Reallocation of funding from other LGF projects approved in Q4 2017/18 to cover potential overspends	5	
LGf00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400	Approval for spend of full LGF allocation	1	The LGF portion of the project is now complete and the site is already home to a single occupancy unit of 3000sqm. The developer is now in discussions with a number of potential tenants looking at take possession of plots at the back of the site. Construction of the starter units is now well underway and will be ready for tenants in autumn 2018.	Mar-17	1	Project Complete	1	Project Complete	1	
LGf00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700	Approval for spend of full LGF allocation	1	This project is now complete with all three sites fully access enabled with substantial improvements to the utility provision. There have been a number of enquiries about development on the sites with Heads of terms agreed for 1 company and planning permission in progress.	Mar-17	1	Complete	1	Project Complete	1	
LGf00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	18.600	Approval for spend of full LGF allocation	1	Earthworks at the Northern embankment are almost complete over the Combe Haven. Construction of the junction works at Ninfield Road and Watermill Lane has begun with online works due to begin July with completion and opening set for mid October 2018.	Dec-18	1	Near completion - open October 2018	2	Reallocation of funding from other LGF projects approved in Q4 2017/18 to cover potential overspends	2	
LGf00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.000	Approval for spend of full LGF allocation	1	£12m package which now combines the former Walking and Cycling package and Junction Improvement package but reduced to £9m - £3m reallocated to QBR/NBAR. Business case to unlock £9m LGF allocation approved by Accountability Board in 17/18 Q4. Design work in a number of areas has not yet commenced which may affect progress and spend over financial year - fixed term Project Manager in place to manage development of LGF local transport projects particularly focussed on these schemes but likely to be £1m slippage in spend this financial year.	Mar-21	1		1		1	
LGf00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.000	Approval for Phase 1. Approval to be sought from the Board for the remaining LGF allocation.	2	Phase 1: Works started 19 March 2018 with Mildren Construction undertaking works. Additional £2m reallocated from Eastbourne Walking and Cycling Package to cover overall cost of scheme following tender process (including contingency). Delays in construction due to stats - water main, HV cable etc - and concrete slab found under carriageway in Terminus Road which has meant changes required to the scheme design. Key pressure at present is the delivery of the initial phase of the scheme outside the entrance to the Beacon (extension to the Arndale) ahead of opening of first tranche of units in early September. Still currently anticipating overall spend within available budget. Phase 2: Following transport study, designs are being developed for next phase of the scheme. Business case to be submitted to SELEP February 2019 Accountability Board.	Mar-21	2	Phase 1 is on site; initially some delay in construction however some claw back of delay with re-phasing of the programme	2	Increase in total cost of Phase 1 resulted in reallocation of funding from other LGF projects	3	
LGf00073	A22/A27 junction improvement package	East Sussex	1.000	Approval to be sought at a future meeting of the Board	3	LGF funding reduced from £4 to £1m. The funding will be used towards the A22 GJW/A27 roundabout and A22 GJW/Dittons Road roundabout improvements as identified in the Wealden Local Plan IDP and Wealden Local Plan Transport Study. Design work commenced in 2018/19. Other junction improvements at A2270/Wannock Road/Polegate HS to be funded through HPE MAC LGF allocation and A27/A2270 signals through Highways England's A27 smaller scale intervention package. Scheme at Cophall dependent on outcome of A27 East of Lewes study considering more comprehensive solutions between Lewes and Polegate.	Mar-21	1	Project currently at feasibility stage	1	No LGF spend until future years of the programme.	1	
LGf00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667	Approval for spend of full LGF allocation	1	Grant agreement between East Sussex County Council and Hastings Borough Council has been signed. Property has been identified and purchased. All LGF funds have been defrayed to project partner. The housing association Optivo who have taken possession of the property are now developing a plan for full refurbishment of the property to create 16 social housing units as part of the Coastal Space programme.	Apr-19	1	Property approved and purchased	1		1	
LGf00097	East Sussex Strategic Growth Project	East Sussex	8.200	Approval for spend of full LGF allocation	1	Work on the road extension at Bexhill Enterprise Park completed in September 2017. Construction of High Weald House at Bexhill is well underway with the erection of the steel skeleton due to be completed in August 2018.	Mar-21	2	Whilst initial delays in the appointment of a main contractor this project is now on site	1		1	
LGf00099	Devonshire Park	East Sussex	5.000	Approval for spend of full LGF allocation	1	Construction of the Welcome Building has progressed well and is on course for completion in December 2018.	Mar-20	1		1		1	
Essex													
LGf00004	Colchester Broadband Infrastructure	Essex	0.200	Approval for spend of full LGF allocation	1	Completed in 15/16.	Mar-16	1	Complete	1	Complete	1	
LGf00025	Colchester LSTF	Essex	2.400	Approval for spend of full LGF allocation	1	Completed	Dec-16	1	Complete	1	Complete	1	
LGf00026	Colchester Integrated Transport Package	Essex	5.000	Approval for spend of full LGF allocation	1	Mainly design for future packages	Mar-21	4	Being implemented some procurement issues on one package.	2	One package has seen increased costs.	1	No current reputational risk.

Appendix 2 Deliverability and Risk Update													
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Expected project completion date	Project Risk						
							Financial	Comment	Delivery	Comment	Reputation	Comment	
LGf00027	Colchester Town Centre	Essex	4.600	Approval for spend of full LGF allocation	1	Lexden Rd remaining	Jan-18	2	Delay to programme due to revise design for Lexton Bus Lane.	2	Slippage of LGF spend to 2017/18	2	Elements of the scheme have proved unpopular.
LGf00028	TGSE LSTF - Essex	Essex	3.000	Approval for spend of full LGF allocation	1	Completed.	Mar-17	1	Complete	1	Complete	1	
LGf00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.487	Approval for spend of full LGF allocation	1	Final packages in design/ on site	Mar-19	3	Some large variances from original programmes.	3	Slippage of LGF spend to 2017/18	1	Unlikely to be a reputational issue given the high level of outputs associated with the programme.
LGf00032	A414 Maldon to Chelmsford RBS	Essex	2.000	Approval for spend of full LGF allocation	1	Completed Dec 16.	Dec-16	1	Complete	1	Complete	1	
LGf00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	Approval for spend of full LGF allocation	1	On Site	Mar-19	1	Complex project and project delays previously experienced	1		1	
LGf00034	Basildon Integrated Transport Package	Essex	9.000	Approval for phases 1 and 2. Approval for Phase 3 to be sought from a future Board meeting.	2	Design work for tranche 2 progressing.	Mar-21	5	Major issues with land owner threaten to undermine the business case.	3	Issues with landowner has the potential to add cost.	5	Potential for escalation to formal legal proceedings.
LGf00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	Approval for spend of full LGF allocation	1	Completed.	Apr-15	1	Complete	1	Complete	1	
LGf00079	A127 Fairglen Junction Improvements	Essex	15.000	Approval to be sought at a future meeting of the Board	3	In PCF Stage 1	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	2	Cost plan being worked up.	1	
LGf00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	4.000	Approval for spend of full LGF allocation	1	Mixture of site works and design activity.	Mar-20	1	Being implemented	1	LGF fully spent	1	
LGf00048	A131 Chelmsford to Braintree	Essex	3.660	Approval for spend of full LGF allocation	1	Initial packages now on site	Mar-20	1		1		1	
LGf00049	A414 Harlow to Chelmsford	Essex	2.173	Approval for spend of full LGF allocation	1	All packages in detailed design	Mar-20	1		1	No LGF spend forecast until 18/19	1	
LGf00050	A133 Colchester to Clacton	Essex	2.740	Approval for spend of full LGF allocation	1	All packages in detailed design	Mar-20	1		1	No LGF spend forecast until 18/19	1	
LGf00051	A131 Braintree to Sudbury	Essex	1.800	Approval for spend of full LGF allocation	1	Yet to develop full programme.	Mar-21	2		2	No LGF spend forecast until 19/20	1	
LGf00063	Chelmsford City Growth Area Scheme	Essex	10.000	Approval for spend of full LGF allocation	1	Business case due to go to Feb 18 Board	Mar-21	2		1	No LGF spend forecast until 17/18. Consultation >	2	
LGf00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	Approval to be sought at a future meeting of the Board	3	Stalled due to legal issues.	TBC	1	Risk with Environment Agency	1	Risk with Environment Agency	1	Risk with Environment Agency
LGf00070	Beaulieu Park Railway Station	Essex	12.000	Approval to be sought at a future meeting of the Board	3	About to enter GRIP Stage 3.	TBC	4	Complex. Delay could also mean implementation post-LGF programme period.	5	Complex rail project and total project cost is currently uncertain	4	
LGf00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.667	Approval for spend of full LGF allocation	1	Discussing with legal transfer of capital to districts.	Jun-19	1		1		1	
LGf00095	Gilden Way Upgrading, Harlow	Essex	5.000	Approval for spend of full LGF allocation	1	In design stages.	Q4 2021	2	Links in with junction 7a construction..	1		1	
LGf00098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500	Approval for spend of full LGF allocation	1	Contractor Procurement	Sep-18	1		1		1	
LGf00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000	Approval for spend of full LGF allocation	1	Developing business case	Jan-19	1		1		1	
LGf00101	STEM Innovation Centre - Colchester Institute	Essex	5.000	Approval for spend of full LGF allocation	1	Two campus sites being progressed.	Jan-19	1		1		1	

Appendix 2 Deliverability and Risk Update													
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Expected project completion date	Project Risk						
							Financial	Comment	Delivery	Comment	Reputation	Comment	
LGf00102	A127/A130 Fairglen Interchange new link road	Essex	6.235	Approval to be sought at a future meeting of the Board	3	Initial design stages.	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	2	Cost plan being worked up.	1	
LGf00103	M11 Junction 8 Improvements	Essex	2.734	Approval for spend of full LGF allocation	1	Currently trying to plug funding gap.	Mar-21	1		3	Concern on £1m to be provided by GCGP LEP.	2	
LGf00105	Mercury Rising Theatre	Essex	1.000	Approval for spend of full LGF allocation	1	Match funding all now in place.	Mar-20	1		1		1	
Kent													
LGf00003	Kent and Medway Growth Hub	Kent	6.000	Approval for spend of full LGF allocation	1	Phase 7 has now closed to applicants with three companies being taken forward with a total loan value of £1.151m.	Mar-21	2	Alternative Security and the requirement to return to panel has delayed the drawdown of some loans by applicants.	1	Large underspend in 2016/17, however this has been recovered in 2017/18 with a realistic profile of spend now in place for later years.	1	Annual Project of Loans available to SMEs. Strict criteria means that companies are not always successful in their applications.
LGf00006	Tonbridge Town Centre Regeneration	Kent	2.631	Approval for spend of full LGF allocation	1	Main Works completed on High Street (Phase 1), River Walk improvements and Hadlow Road/Cannon lane junction improvements (Phase 2) but some supplementary High Street footway improvements are planned with £50K 3rd party funding.	April 2017	1	Project Complete	1		1	
LGf00007	Sittingbourne Town Centre Regeneration	Kent	2.500	Approval for spend of full LGF allocation	1	Progression of Phase 2 Highways, which includes but not limited to realignment of the A2 as it passes through Sittingbourne TC. Delays caused by remedial works required to existing KCC retaining wall not originally considered part of the scheme. Planned for completion 22nd October 2018.	Dec-19	4	Delivery of outputs (cinema and retail still on target) but delayed significantly	1	LGF allocation spent in full in 2016/17 and is underwritten by Swale BC, further breakdown of match fund spend requested from 3rd party	3	Public perception of scheme may be poor due to long term nature of project and signing about upcoming scheme. Works now on site so need to progress to revised schedule
LGf00008	M20 Junction 4 Eastern Overbridge	Kent	2.200	Approval for spend of full LGF allocation	1	Main works complete (Feb 2017)	Feb-17	1	Main works complete (Feb 2017)	1		1	
LGf00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.800	Approval for spend of full LGF allocation	1	Contractor started on site with the road widening in readiness for the resurfacing	Scheme Deliv	4	Business case approved in Sept 17 but overall works delayed while decision on final scheme is taken.	4	Amended spend profile for 2018/19 to reflect updated project programme and current scheme.	2	Phase 1 delivered on time, current delivery still on programme with consultation material and Tunbridge Wells and T&M being kept updated with final scheme options
LGf00010	Kent Thameside LSTF	Kent	4.500	Approval for spend of full LGF allocation	1	Barrack Row Bus Hub -Work started on detailed delivery programme, appointing a contractor to conduct surveys required prior to demolition and write a TO to appoint a consultant for detailed design. Initial investigations identified issues with the tracking and swept paths on the designs. Princes Rd cycle route - KCC are taking legal advice on the land issues and will be dealing with the parking through a revised TRO. Construction is now planned for Spring 2019 and a new RSA to be undertaken. Bouygues engaged to programme associated street light works. Burnham Rd Toucan - Construction began on 23/07/2018 and civil works were completed by 25/08/2018. The signals were installed in early September and the scheme is now fully functioning. Gravesend Station to Cyclopark cycle route - A high proportion of consultation comments were received on the original route and	Mar-21	5	Barrack Row scheme has been delayed by more than 12 months due to long term nature of land purchase from NR	2	Re-profiling of allocation into 2018/19, as Land purchase was not achieved before end of March 2017. A realistic profile of spend is now in place for later years.	1	On target with programme set out in consultation of Princes Road and Burnham Road schemes.
LGf00011	Maidstone Gyrotratory Bypass	Kent	4.600	Approval for spend of full LGF allocation	1	Main works complete (Dec 2016)	Dec-16	1	Main works complete (Dec 2016)	1		1	
LGf00012	Kent Strategic Congestion Management programme	Kent	4.800	Approval for spend of full LGF allocation	1	2018/19 schemes: Watlington Crossroads – outline design now complete and detailed design is now being progressed.  Tunbridge Wells link assessment – Phase 2 report received from Project Centre although some revisions are required, conference call arranged to discuss.  Dover TAP/ ITS assessment - Atkins has conducted initial data gathering about the local infrastructure and existing technologies to gain an understanding of the general traffic flow through and around the town of Dover.	Mar-21	2	Annual programme of works which are difficult to deliver in timescales - EU Connected Corridor scheme reliant on other partner (DfT) and are now complex given Brexit status - A20 Dover Tap	3	Re-profiling into 2018/19 as per most recent business case	2	Some issues with Barton Hill Drive scheme over delivery not timescales, schemes are normally complimentary to larger works packages.
LGf00013	Middle Deal transport improvements	Kent	0.800	Approval for spend of full LGF allocation	1	Re-mobilisation Meeting with Civils Contractor to discuss approach and programming of works including S278 tie ins and phasings of works from the Southwall Road end of the site.	May-19	5	Works on site have paused as require further agreements with Southern Water and EA.	1	LGF Allocation spent and evidenced, clawback to be enforced by KCC if S38 and remaining issues are not dealt with.	3	Works have been on site for some time, although Developer has now re-engaged the contractor with revised delivery timescale of Q1 2019

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LGf00014	Kent Rights of Way improvement plan	Kent	1.000	Approval for spend of full LGF allocation	2017/18 schemes in progress - Powder Mills scheme (Leigh to Tonbridge). Finalised plans with local stakeholders (landowners). Arranged Temporary Closure of footpath and posted notices on site, advertising intention to close the footpath. Works started on the ground 10 September 2018. KCC visited site with contractor to monitor progress of works and check specification being adhered to.  2018/19 feasibility schemes - St Peter's Village scheme (extension from Aylesford to Burham). Route has been inspected and initial meeting with landowner has been held. Consultant will quote for the works discussed in the next few weeks.	December 2	3	Being implemented, but delay to project delivery in 2016/17 (Power Mills 17/18 scheme accelerated to help with spend)	3	Recorded a reduced spend in 2017/18, which is now included in profile for later years.	1	Small packages of work, which are tied into the timescales of local developments. Taylor Wimpey have not progressed their section of the Ruckinge Dyke and therefore KCC will contact ABC to see if they are in breach of planning conditions due to no delivery of route.
LGf00015	Kent Sustainable Interventions Programme	Kent	2.728	Approval for 2015/16 - 2018/19. Approval required for 2019/20 - 2020/21 allocations	2018/19 schemes: Sloe Lane, Thanet – Cyclepath Upgrade – Scheme on hold due to increasing costs and substantial land issues. A228 Holborough, T&M – Proposed Puffin Crossing - Traffic surveys undertaken and design progressing. A2070 Barrey Road, Ashford – Junction Improvements - £150,000 contribution (although now fully funded by HE so alternative scheme will be required) Forward Scheme Identification and Design (2018/19) - Meeting has been held with MBC regarding a scheme to install a puffin crossing on Forstal Road, Aylesford.	Mar-21	3	Being implemented	1	Small reprofiling of allocation into later years, given short delays to individual scheme and requirement for 18/19 scheme approval through SELEP BC.	1	Small packages of work, which are tied into the timescales of larger schemes.
LGf00016	West Kent LSTF	Kent	4.900	Approval for spend of full LGF allocation	Tunbridge Wells - Tunbridge Wells have agreed the latest design and detailed design is due to be completed at the end of 2018 with works due to start on site in 2019/20. Tonbridge - Construction of the scheme, which will include Barden Road, started at the end of July 2018 and will run through until November 2018. Maidstone East - Scaffolding has been erected. Demolition has begun with outer buildings removed, work progressing. Potential issues with TM and permitting has arose but this being worked through with roadworks and the contractor. Swanley Station - Situation unchanged. Southeastern met with Councillors who stated they want disabled access at the North entrance included in the scheme. This is included in the agreements for the CIL funding. There is insufficient budget to include these works and therefore a decision on whether to proceed with the station redevelopment only is needed urgently.	Match 2021	4	Maidstone East and Tunbridge Wells likely to be 12 months behind original programme, issues with NR acceptance and funding and DC over scheme to deliver.	3	Requirement to confirm programme for T Wells Public Realm Phase 2 and associated spend profile.	3	Public perception of Maidstone East Scheme may be poor because hoardings have been up for some time with limited work to date.
LGf00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541	Approval for spend of full LGF allocation	Main works complete (2015/16)	2015/16	1	Complete	1	Complete	1	
LGf00038	A28 Chart Road	Kent	10.200	Approval for spend of full LGF allocation	A further meeting with Developers is programmed for 16 October, following recent meetings held between Homes England, KCC and ABC. If no resolution is found by November then high risk delivery of scheme will be delayed until the s106 trigger of 400 occupations, currently estimated to be in 2022 or 2023. Outstanding design work and preparation of contract documents by Amey is ongoing. Legal are continuing to progress land deals.	TBC - schem	5	Originally being implemented and accelerated against original programme, however failure of Hodsons to obtain bond has caused scheme to be put on hold.	5	Accelerated LEP spend to help with underspend on programme, however all costs currently on hold.	3	Public perception of scheme is now poor given negative press regarding the scheme not progressing, particularly given the vegetation clearance works that were carried out being the scheme was put on hold.
LGf00039	Maidstone Integrated Transport	Kent	8.900	Approval for Phase 1 and 2 only.	Phase 1 1) A274 Sutton Road j/w Willington Street - Works have been put on hold due to lack of Political support. 2) A20 London Road j/w Willington Street - Survey work completed, design continuing - decision required if a change request can be submitted to SELEP for the revised scheme or if a new business case needs submitting. 3) M20 J5/Coldharbour R/bout – Additional survey work required to link the Coldharbour roundabout and A20/Hall road junction. Land negotiations are favourable and property will continue on our behalf. Slippage in programme due to additional scheme being requested, revised completion date of May 2019. This will impact on the construction but can still be achieved by the 2021 deadline date. Further phases: 4) Wheatsheaf/Cripple Street/Boughton Lane/Armstrong Road/Sheals Crescent - Agreement at the sponsoring group to progress at pace these designs and proposals. Risk remains around the acquisition of private land and lack of local political support. Surveys have been carried out on the KCC highway but access is needed to third party land. Concern remains over the submission of the business case by the November deadline date. 5) Hermitage Lane j/w St Andrews Road - Scheme detail progress hampered by the sink hole on the A26. Surveys have been substantially completed, modelling work is being carried out and proposals will be shown at the next progress meeting. Business case will be progressed in readiness for the November deadline date.	Summer 202	5	Amendment to project scope and project programme is required.	4	Slippage of LGF spend from 2016/17 to 2017/18 and then to 2018/19.	4	The public has not seen any scheme start to be constructed as part of this package due to agreements required over final scheme delivery.
LGf00040	A28 Sturry Link Road	Kent	5.900	Approval for spend of full LGF allocation	EIA and planning documents being finalised. Tender Selection Process commenced. Prepare outline business case for LGf3b bid for additional £4.5m	Oct-20	5	Complex project with local funding from 3 developers.	4	Slippage of LGF spend against original business case	4	Project is in very early stages and work is ongoing, public engagement only recently undertaken
LGf00053	Rathmore Road	Kent	4.200	Approval for spend of full LGF allocation	Main works complete (January 2018) with official opening held on 19th January 2018.	Oct-17	1	Main works complete (Dec 2016)	1		1	

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LGFO0054	A28 Sturry Rd Integrated Transport Package	Kent	0.300	Approval for spend of full LGF allocation	1	No progress this period as scheme has been placed on hold. Abortive costs to be finalised and LGF budget to be reallocated under LGF3B	Spring/Summer	5	Scheme on permanent hold	3	LGF spend delayed	5	Public consultation only recently undertaken and locally the scheme is not popular with businesses and residents affected by works.
LGFO0055	Maidstone Sustainable Access to Employment	Kent	2.000	Approval for spend of full LGF allocation	1	Main works complete (May 2017) with official opening held on 6th October 2017 and attended by Tracey Crouch and Mike Hill.	Jun-17	1	Main works complete (May 2017)	1		1	
LGFO0059	Ashford Spurs	Kent	7.897	Approval for spend of full LGF allocation	1	Main project complete (April 2018) - Revised completion date provisional - April 2019 for technical issues	Mar-18	1	Main works complete (March 2018)	1	Cost estimate predicted a possible overall underspend once delivered so contribution has been redirected to Open Goldf scheme	4	Main works completed on target to meet new timetable of 1st April 2018, however, technical issues may affect future service in short term
LGFO0041	Thanet Parkway	Kent	10.000	Approval to be sought from the Board at a future meeting	3	An independent risk assessment has been commissioned to conclusively determine the impact of the station on the adjacent level crossings and if this impacts on overall project scope and cost. This is expected before Christmas. KMPE put forward Thanet Parkway for the next stage for LGF 3b prioritisation.	TBC	5	Current funding gap leading to delayed project delivery.	5	Project funding gap is impacting project delivery.	5	Consultation carried out but project is in early stages
LGFO0058	Dover Western Dock Revival	Kent	5.000	Approval for spend of full LGF allocation	1	The new junction layout has continued to run without any obvious problems alongside other developments that are continuing – notably the St James retail development and the Port's Western Docks Regeneration. There have been some issues with the road surface which has caused a delay in settling the final retention payment to Jacksons (the main contractor) – these are currently being inspected and any repair work will likely result in some temporary lane closures.  In terms of the Marina Pier – which was a key investment committed to by the Port as part of the SELEP A20 funding – this is progressing on time alongside the whole DWDR project.	Apr-17	1	Main works complete (April 2017)	1		1	
LGFO0062	Folkestone Seafront (non-transport)	Kent	5.000	Approval for spend of full LGF allocation	1	Main works complete (April 2018).	Mar-18	1	Main works complete (April 2018)	1		1	
LGFO0072	A226 London Road/B255 St Clements Way	Kent	4.200	Approval for spend of full LGF allocation	1	Construction works are progressing, although there has been some slippage in the programme works are still on programme to be delivered by end of March 2019.	May-19	1	Accelerated delivery	1	Accelerated LEP spend to help with underspend on programme	1	Good perception of scheme, some negative feedback regarding loss of vegetation, mitigated by further landscape design works.
LGFO0068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667	Approval for spend of full LGF allocation	1	Ethelbert Crescent Started on site 2nd July. Currently in week 11 of a 30 week programme (excl Christmas). Site is fully scaffolded and has been stripped back to a shell. Works are still in early stages with waste/spoil being removed from the property into skips, including debris arising from removal of damaged timber and brickwork that requires renewal. Principal trades on site are bricklayers and carpenters.  Warwick Road Draft tender documents received by TDC for this 9 flat scheme, with a target date for tenders to go live of 15th October.	Mar-21	3	Issues with planning requirements	3	Ethelbert Crescent works to begin in summer 2018 but Warwick Road unlikely to begin until later in 2018 so some risk to LGF spend unless front loaded.	2	
LGFO0086	Dartford Town Centre Transformation	Kent	4.300	Approval for spend of full LGF allocation	1	Programme Roadmap established Project Board established (first meeting 29-11-18) Pressure being applied to freeze design and progress Stage 1 Tech Audit Addressing delivery and access challenges Relocation of bus stop actions progressing	Mar-21	4	Project to be delivered by Dartford BC	3	HCA and LGF contributions confirmed but programme and spend profile need to be confirmed to maximise spend in 18/19.	3	Early engagement carried out but full scheme details and transport improvements require consultation
LGFO0088	Fort Halsted	Kent	1.530	Approval to be sought from the Board at a future meeting	3	No progress	TBC - schem	5	Project to be delivered by Sevenoaks DC	5	Spend risk in 18/19 if business case not approved this financial year	3	
LGFO0092	A2500 Lower Road	Kent	1.265	Approval for spend of full LGF allocation	1	Phase 1 Site works progressing to programme. Earthworks complete drainage 75% complete, roadworks commenced.	Mar-19	2	Delivery will be needed outside of summer months when route is busy with summer trade.	1		1	
LGFO0093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.120	Approval for spend of full LGF allocation	1	Work is ongoing on the delivery of Building 2, with the detailed design phase now concluded. Similar detailed planning and implementation work has continued on the curriculum development; marketing, communications and schools/ employer engagement. The first engineering and technology students are starting on time (by end October 2018).  Build will begin in October, in line with the revised procurement schedule (which will still deliver the building in time for its 2020 opening). Tender evaluation is taking place now, and the contract will	Sep-19	1	Project to be delivered by CCCU	1	Funding agreement finalised and LGF released	1	
LGFO0096	A2 off-slip at Wincheap, Canterbury	Kent	4.400	Approval to be sought from the Board at a future meeting	3	No further information available, HE advised the GHF business case may be submitted at the September Investment Panel meeting but no confirmation that this took place	Oct-20	5		3		3	
LGFO0094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	4.636	Approval for phase 1. Approval required for phase 2.	2	Business case for Part 1 approved by SELEP AB on 14th September 2018. Tender for MEICA (Mechanical, Electrical, Instrumentation, Control and Automation) works and begin public consultation.	April 2021 to	4	East Peckham element of overall package of works requires further funding	5	Spend of a part of the overall LGF contribution is only possible before 31st March 2021	4	

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LGF00106	Sandwich Rail Infrastructure	Kent	1.903	Approval for spend of full LGF allocation	1 Funding agreement between all partners - May 2018; Basic Services Agreement to support tender initiation process - Sep 2018; Implementation Agreement to support project design and delivery - Feb 2019. DDC have confirmed that planning and heritage approval is not required for the improvement works.	Feb-20	1	Confirmation of funding contribution and 3 event deal is in place.	1	Funding package now in place	1	
Medway												
LGF00018	A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements	Medway	11.100	Approval in part. Full Business Case to come forward	2 Following the review of estimated costs, which identified a significant budget shortfall based on the original proposal, a number of alternative options which can be delivered to budget have been considered. Following an options appraisal process a preferred option has been identified. This option forms the basis of the revised Outline Business Case which was approved at the February 2018 Accountability Board meeting.  A consultant has been appointed to progress the design for this scheme. Work on the RIBA stage 3 design is now complete and work has commenced on the RIBA stage 4 design. Work has also begun to progress the planning and land acquisition work-streams.	Dec-20	4	Possibility of the LGF scheme being integrated with the works proposed under the current HIF bid may mean that the works continue beyond the Growth Deal period.	5	Uncertainty regarding spend on the project until the revised scheme proposals have been fully designed and costed.	4	Concern regarding possible negative public response to scheme proposals due to reduction in scope as a result of the reduction in available budget.
LGF00019	Strood town centre journey time and accessibility enhancements	Medway	8.800	Approval for spend of full LGF allocation	1 Work has continued onsite, with the initial phases of the project predominantly complete. The later phases have been re-programmed in order to minimise the risk of disruption as a result of poor weather conditions.	Jun-19	3	Work is continuing onsite but completion is now not expected until Q1 2019/20.	3	Slippage from 2018/19 to 2019/20.	1	Positive response received to public consultation exercise. No significant changes made to scheme following this process.
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.200	Approval for spend of full LGF allocation	1 Work is progressing well onsite, with completion of the route improvement works expected by late 2018/early 2019.  Network Rail has been granted planning permission for the proposed train station forecourt improvement works. Medway Council will work with Network Rail to deliver the planned improvements, with work expected to commence in November 2018. Pre-construction work has commenced.	Council led town centre works: Late 2018/early 2019. Chatham train station improvements: March 2019	2	Work is in progress with completion expected by March 2019.	2	Slippage within 2018/19.	1	Positive response received to public consultation exercise. No significant changes made to scheme following this process.
LGF00021	Medway Cycling Action Plan	Medway	2.500	Approval for spend of full LGF allocation	1 Work has continued to construct new cycle routes as per the Cycling Action Plan document. The works will be complete by the end of March 2019.	Mar-19	2	In progress-slight delay to construction of the final route.	2	Slippage within 2018/19.	1	Some local concern regarding funding being spent on cycle improvements.
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.000	Approval for spend of full LGF allocation	1 Phase 1 of the project is complete. The new traffic signals (at the entrance to the westbound tunnel bore) are now operational and testing has identified the most effective signal timing to offer the most benefit to users of Medway City Estate whilst causing minimal disruption on the remainder of the road network.  Options for the use of the funding assigned to phase 2 of the project are currently being developed. The focus remains on promoting sustainable modes of travel, thereby reducing congestion on the estate at peak times.	Mar-20	5	Phase 1 implementation complete. Delivery of phase 2 delayed, although options for phase 2 are currently being developed.	5	Slippage from 2018/19 to 2019/20.	3	Risk that expectations of users of the estate may not marry with the outputs deliverable within the project budget.
LGF00061	Rochester Airport - phase 1	Medway	4.400	Approval for spend of full LGF allocation	1 In March 2017 Rochester Airport Ltd. were granted planning consent for the proposed new hangars, car parking and fuel tank.  Due to increasing construction costs it was determined that it is no longer possible to deliver all the outputs stated within the original Business Case. As a result a change to project outputs was proposed. The proposal was to remove the paved runway and one of the new hangars from the project scope in order to bring the works back within budget. This change was approved at the Accountability Board meeting on 15th June.  Rochester Airport Ltd. have submitted two planning applications for the control tower and hub and the relocation of the helipads, along with two EIA screening opinions. It is anticipated that these applications will be considered at Planning Committee in November.  Work has also commenced on preparing the procurement documents required to appoint a contractor to deliver the works.  Interest has been shown by private sector investors in bringing forward an extension to the proposed hub building and an additional aircraft hangar as a follow-on private sector development to the LGF works.	Mar-20	5	Issues with the planning application and increasing project costs have caused delays to project delivery.	5	Substantial LGF slippage from 2016/17 to 2017/18 and 2017/18 to 2018/19.	2	Opposition to the proposals from a small number of local objectors.
LGF00089	Rochester Airport - phase 2	Medway	3.700	Approval to be sought from the Board at a future meeting	3 Business Case approval required.	Dec-20	5	Risk of delay to project delivery, as per and as a result of delays to phase 1.	4	Significant risk of LGF slippage.	3	It is possible that there will be opposition to the project from a number of local residents.
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500	Approval for spend of full LGF allocation	1 Business Case approved at Accountability Board in February 2018.  Planning consent has been granted, detailed design completed and piling work is predominantly complete.	Mar 2019 (flood)	1	Mobilisation works started in April with completion	2	Slight slippage within 2018/19.	1	
Southend												
LGF00005	Southend Growth Hub	Southend	0.720	Approval for spend of full LGF allocation	1 Completed March 2017.	Mar-17	1	Phase 1 complete. BC for Phase 2 to be brought forward.	1	Phase 1 complete.	1	
LGF00107	Southend Forum 2	Southend	6.000	Approval for spend of full LGF allocation	1 Tender assessments completed for the main design team and the cost consultant and appointment approved by Project Board. Design work to commence at the beginning of September 2018 and planning application to be submitted in mid-April 2019.	Sep-21	1		1		1	
LGF00029	TGSE LSTF - Southend	Southend	1.000	Approval for spend of full LGF allocation	1 Completed March 2017.	Mar-17	1	Being implemented	1	LGF spend in full	1	

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LGf00081	A127 Kent Elms Corner	Southend	4.300	Approval for spend of full LGF allocation	1	Some delay to scheme due to gas works which has had a knock-on effect to other utility diversions. 85% of highways works complete with East bound works complete. Utility diversions still on going. BT Openreach have incurred delays and completion of their works expected end February 2018. New westbound lane will be constructed once all utility works are complete. it is now expected this will be June 2018. Footbridge is programmed to be installed June 18. LGF contribution will be spent 17/18.	Highway summer 18 early 19	3	Being implemented highway Completed 9th September 2018. Footbridge programmed for early 2019. Project will still deliver outputs	3	Delay has caused an increase in costs which are well within the sensitivity testing. Works removed from the Main Contractor to mitigate costs and pull off site until utilities works are complete. Utilising Term Services Contractor who was also Main Works contractor competitively bid via Eastern Highways Alliance.	2	Public Liason Officer used for the works and kept residents informed. All member briefings held and Ward Cllrs advised of the reasons for the delays.
LGf00082	A127 The Bell	Southend	4.300	Approval to be sought from the Board during the meeting on the 16th November 2018.	3	Junction Improvement Options being considered including minimum impact on utilities and impact on airquality. Some Options include for a replacement footbridge. Combined A127 Essential Maintenance and The Bell Business Case submitted for November Accountability Board. BC submission for November Accountability Board	Mar-21	1	20 plus Options been considered and 3 have been taken forward to public consultation. Following the outcome of the	2	programmed for substantial completion at March 2021	1	Kent Elms works have been delayed. Reputation would be poor if we had both the Kent Elms works and nearby Bell
LGf00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000	Approval for the first two phases. Approval to be sought from the Board for phase 3 on the 16th November 2018.	2	Business Case was approved at the last Accountability Board meeting. Spend in 2016/17 to support A127 Kent Elms Corner. Combined A127 Essential Maintenance and The Bell Business Case submitted for November Accountability Board.	Mar-21	2	Design and Build via Eastern Highways Alliance. The volume of work combined with The Bell will increase interest by contractors to tender for the works	2	scheme programmed for completion 20/21.	1	A127 Essential Maintenance and The Bell being delivered at the same time with one contractor will ensure minimum disruption to residents and drivers. Public Liason Officer necessary for the works to kept residents & drivers informed.
LGf00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000	Approval for the first two phases. Approval to be sought from the Board for future phases of the project.	2	Improvements to Carnarvon Road / Victoria Avenue junction, Great Eastern Avenue / Victoria Avenue junction, East Street/ Victoria Avenue junction and part of the decluttering along Victoria Avenue completed March 2017. £150,000 carried over to complete improvements to public realm and cycling facilities along Victoria Avenue service road in 2017/18. Buisness case for Phase 2 submitted 2017 and include improvements to layout and public realm along London Road between London Road/ Queensway roundabout and London Road/Collegeway roundabout , Phase 2 also includes streetscape works on the College Way / Queens Road / Elmer Avenue route between London Road and The Forum / South Essex College	Phase 1 March 2017 ( Service Road carried over to Novemebr )Phase 2 Civil works July 2018 , Completion of works March 2020	3	Delay in start of works on site due to political reasons, drainage issues: unchattered pipes found on site that couldn't be identified through GPR surveys, consultation with main stakeholder extended and resulted in changes to original proposed layout.	4	Change in profile required to allow a co-creation process to be undertaken to develop design options for Phase 4 of the project (stub end of London Road and Victoria Circus).	2	
LGf00057	London Southend Airport Business Park (Phase 1 & 2)	Southend	23.090	Approval for spend of full LGF allocation	1	The new pitches have been completed Access Road and Rugby Club House under construction. Procuring utilities in the Phase 1 area. Procuring Phase 2 works. Procuring Innovation Centre team and Operator	Dec-20	4		4	Substantial LGF slippage has been agreed by the Board	2	
Thurrock													
LGf00030	TGSE LSTF - Thurrock	Thurrock	1.000	Approval for spend of full LGF allocation	1	Phase 1 complete, amendments required from S3 safety audit	Mar-19	4	Stage 2 being designed	2	Ongoing	3	Traffic modelling undertaken
LGf00046	Thurrock Cycle Network	Thurrock	5.000	Approval for spend of full LGF allocation	1	Construction of Tranche 1a schemes started on 31 May. Currently procuring designs for Tranches 1b and 2. Cycle schemes to be constructed by the new highways Term Maintenance contractor, Henderson & Taylor.	Mar-19	3	Some schemes at design stage and others under construction. Start of construction of schemes due to start in April was delayed by the local elections.	1		3	Further consultation ongoing for proposed schemes at Stonehouse Road
LGf00047	London Gateway/Stanford le Hope	Thurrock	7.500	Approval for spend of full LGF allocation	1	Detailed design complete. Asset protection agreement and development agreement in place. Target cost due to be submitted mid-November.	Mar-19	1	Development agreement with C2C, Asset Protection agreement with Network Rail in place. PLA have agreed lease in principle	1		1	Development agreement with C2C, Asset Protection agreement with Network Rail in place. PLA have agreed lease in principle
LGf00052	A13 Widening - development	Thurrock	5.000	Approval for spend of full LGF allocation	1	DfT announced funding for the scheme on 12 April 2017. Land procured using powers embodied in the London Gateway Port Harbour Empowerment Order	Nov-20	3	Advance works started 18/12/2017. Discrepancy between original topographical survey issued with tender documents and that undertaken by Kier	4	Further advance payments for Statutory Undertakers' diversions to be made in Q4	1	Dispute over plot 113a now settled
LGf00056	Purfleet Centre	Thurrock	5.000	Approval for spend of full LGF allocation	1	Land acquisition continues. The Council is aiming to purchase via negotiation wherever possible so timescales are hard to define. In Feb 2018 Cabinet approved in principle resolution to support a CPO if required. Outline planning application was submitted in December 2017 and reserved matters application for Phase 1a submitted in Feb 2018. Spent in Q2 2018/19 was frustrated by a vendor changing solicitors during the documentation of the sale and timescales therefore slipping as the process restarted.	2027	2	Planning application submitted in accordance with the Development Agreement. Slight delay to the programme but minimal given the overall timeframe for the scheme.	4	Substantial re-profiling of LGF required between into 2018/19 due to ongoing negotiations with freeholders. A number of sites are in advanced negotiations which we expect to complete in 2018/19.	1	Whilst the project is slightly delayed this is a long term scheme and progress is being made.



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SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Expected project completion date	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGFO0104	Grays South	Thurrock	10.840	Approval to be sought from the Board at a future meeting	3 Two interlinked elements - (i) Underpass [design and build ~ Network Rail] and (ii) Public Realm Works [design and build ~ designer and contractor TBA]. (i) NR GRIP Stage 2 (Feasibility) complete. GRIP Stage 3 (Option Selection) underway. Currently editing a suite of NR documents re-affirming Project requirements. Potential conflict on funding for GRIP stage 3 and a joined up approach on a LX closure date. (ii) External consultants for public realm works appointed. Land acquisition process has begun with Monatgue Evans.	May-22	4	Timeframe largely determined by Network Rail processes	1		3	
LGFO0084	A13 Widening	Thurrock	66.058	Approval for spend of full LGF allocation	1 Awarded two separate contracts for detailed design and construction. Entered into a licence with DP World to access the land for construction. Issued licences to occupiers of adjacent land to enable them to continue using it for operations and events until needed by the contractor.	Mar-20	3	Advance works started 18/12/2017. Discrepancy between original topographical survey issued with tender documents and that undertaken by Kier	4	Further advance payments for Statutory Undertakers' diversions to be made in Q4	1	Dispute over plot 113a now settled
Managed Centrally												
LGFO0001	Skills	Across SELEP	21.975	Approval for spend of full LGF allocation	1 All the skills funding has been allocated. The project outputs and outcomes are now being monitored.	Jun-17	1		1		1	
LGFO0071	M20 Junction 10a	Kent	19.7	Approval for spend of full LGF allocation	1 Construction works are progressing on site.	May-20	1		1		1	

Appendix 3 - Projects which require funding approval from the Board

Project Title	Federated Area	LGF allocation (£m)	Status	Overall RAG rating (as per Appendix 2).
<b>SELEP LGF scheme</b>				
Thanet Parkway	KMEP	10.000	There is currently a substantial funding gap. An LGF 3b bid has been submitted to help bridge the funding gap. The prioritisation of projects will be discussed at the Investment Panel meeting on the 7th December 2018.	
Fort Halsted	KMEP	1.530	The Fort Halsted was identified as an LGF3b project and was provisionally allocated £1.530m LGF to support the delivery of a new employment hub and mixed use development on ex Ministry of Defence land. However, in 2017 there was a change in land ownership and the current land owners are not expected to leave the site until 2021 and, as such, the project cannot be progressed within the Growth Deal period	
A2 off-slip Wincheap	KMEP	4.400	A bid was also submitted for the Highways England Growth and Housing Fund (GHF) for the delivery of the project. The funding has been provisionally allocated but a funding decision is expected by Highways England Investment Decision Committee in November 2018. If the bid is successful then the LGF will not be required.	
Chelmsford Flood Alleviation	EBB	0.800	A Business Case is currently being developed by the Environment Agency and it is expected that a funding decision will be sought from the Accountability Board in February 2019.	
Beaulieu Park	EBB	12.000	A Business Case is currently being developed for the Project but the LGF cannot be spent within the Growth Deal period. A letter will be sent to Central Government seeking flexibility to extend the LGF spend in light of the Housing Infrastructure Fund allocation to the Project.	
Rochester Airport Phase 2	KMEP	3.700	A Business Case is being developed for consideration by the Board in February 2019. However, substantial delays have been experienced with the delivery of the Phase 1 project. The delivery of the Phase 2 project is dependant on progress being made in completing the Phase 1 scheme.	
Grays South	OSE	10.800	Business Case expected to come forward for consideration in Feb 2019. However, the project is at a relatively early stage of development.	
A22/A27	TES	1.000	Business Case expected to come forward for consideration in Feb 2019.	
A127/A130 Fairglen Interchange new link road	EBB	6.235	The Business Case has been submitted to SELEP for ITE review in advance of the Feb 2019 Board meeting	
<b>Subtotal</b>		<b>50.465</b>		
<b>DfT retained schemes</b>				
A127 Fairglen Junction Improvements	EBB	15.000	As retained LGF scheme, a Business Case will need to be submitted to the Department for Transport for approval. As such, the project meets the exemption agreed by the Strategic Board for funding award by the end of the financial year.	
A127 The Bell	OSE	4.3	The Outline Business Case is considered for approval under Agenda Item 5.	
<b>Total</b>		<b>69.765</b>		

Appendix 4 - Projects with part approval from the Board

Project Title	Federated Area	LGF allocation (£m)	LGF approved to date (£m)	Date of approval by Accountability Board	LGF spend to date (£m)	Status	RAG
Eastbourne and South Wealden Walking and Cycling LSTF package	TES	6.600	2.000	Phase 1 - 01/11/2015	2.000	A Business Case is currently being developed for the remaining £6.6m LGF allocation to the Project for consideration in February 2019.	
Eastbourne town centre LSTF access & improvement package	TES	8.000	5.000	Phase 1 - April 2016 Increased allocation agreed in February 2018	2.559	Following transport study, designs are being developed for next phase of the scheme. Business case to be submitted to SELEP February 2019 Accountability Board.	
Basildon ITP	EBB	9.000	7.946	Phase 1 - Mar 2015 Phase 2 - May 2017	2.033	Project issues with the delivery of the Endeavour Drive project included in Phase 2. The Phase 3 part of the project will be considered as part of a wider review of ECCs capital investment programme. Once a decision has been reached locally, a decision will be sought from the Board in February 2019.	
A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements	KMEP	11.100	3.500	Outline Business Case approval - Feb 2018	1.533	The project has been identified for a potential Housing Infrastructure Fund (HIF) allocation to deliver a larger scale project than originally intended. However, this will result in LGF spend extending beyond the Growth Deal Period. A request for an extension for LGF spend has been sent to MHCLG and the Board will be kept informed of the response.	
Maidstone Integrated Transport Package	KMEP	8.900	4.000	Phase 1 - Feb 2016 Phase 2 - Jun 2018	1.442	Phase 1 was approved in February 2016 but has been on hold following negative comments received through consultation. A change request is due to come forward and a revised Business Case will be submitted for consideration in February 2019.	
East Peckham Flood Alleviation Scheme	KMEP	4.636	2.349	Phase 1 - Sept 2018	0.000	The East Peckham scheme is not as well developed as the Part 1 project and there is a high risk that the LGF allocated to this part of the project cannot be spent within the Growth Deal period. Furthermore, there is also a funding gap and additional funding is required to bridge the gap.	
Kent Sustainable Interventions Programme	KMEP	2.728	2.000	Annual funding approvals	1.188	As this is a smaller package of measures, the funding decisions for the project have been made on an annual basis to date. The Business Case for the measures to be delivered in 2019/20 is expected to come forward in early 2019/20.	
Kent Strategic Congestion Management Programme	KMEP	4.800	3.400	Annual funding approvals	2.192	As this is a smaller package of measures, the funding decisions for the project have been made on an annual basis to date. The Business Case for the measures to be delivered in 2019/20 is expected to come forward in early 2019/20.	
A127 Essential Maintenance	OSE	8.000	1.400	Phase 1 - March 2015 Phase 2 - September 2016	1.400	A provisional award for the further development of the Project is considered under Agenda Item 5 based on the Outline Business Case. The Full Business Case is expected to be considered by the Board in February 2019.	
Southend Central Area Action Plan - Transport	OSE	7.000	3.000	Phase 1 - 2016/17 Phase 2 - September 2017	3.000	Phase 1 and 2 are complete. Business Case for phase 3 is due to be considered by the Board in February 2019.	

Laura Jackson  
Cities and Local Growth Unit  
1<sup>st</sup> Floor, Fry Building  
2 Marsham Street  
London  
SW1P 4DP

7<sup>th</sup> November 2018

### **LGF spend in Growth Deal period**

Dear Laura

As we have discussed through our recent liaison meeting, we have made strong progress in implementing the recommendations of the Ministry for Housing, Communities and Local Government (MHCLG) Deep Dive. In particular, substantial work is underway to refresh SELEP's investment pipeline of future Local Growth Fund (LGF) projects, should LGF underspend become available. The membership and Terms of Reference for SELEP's Investment Panel has now been agreed and the Panel is due to meet on the 7<sup>th</sup> December 2018 to prioritise the large number projects which have been identified through the 'LGF3b' open call for projects, as part of SELEP's pipeline development process.

To help inform the decision making of the Investment Panel and future funding awards by SELEP's Accountability Board, we're seeking confirmation from the Cities and Local Growth Unit (CLGU) about Government's expectations for LGF spend within the Growth Deal period.

It is our understanding that Central Government expects LGF allocations to be spent in full within the Growth Deal period, with strong progress being shown towards project delivery within this timeframe. However, there are specific projects which are currently included within our LGF programme which will struggle to progress to delivery by 31<sup>st</sup> March 2021. Specific examples include Beaulieu Park and the A289 Four Elms Roundabout to Medway Tunnel projects, which have received provisional Housing Infrastructure Fund (HIF) allocations from MHCLG.

The provisional allocation of HIF to the A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements project in Medway and Beaulieu Park Railway Station project in Essex is clearly welcome news. If the HIF is secured in full for the A289 Four Elms project, then the combining of the HIF and LGF funding streams will enable a larger scale project to be delivered than can be achieved through LGF spend alone. For the Beaulieu Park project, the award of HIF will provide much needed funding to complete the funding package for this project.

Given the large scale of these HIF projects, the LGF spend would extend beyond the Growth Deal period. Of the total £12m LGF allocation to the Beaulieu Park project it is expected that £2.7m can be spent within the Growth Deal period, with the remaining £9.3m being spent in 2021/22 (£1.3m) and 2022/23 (£8.0m). For the A289 Four Elms project then a two year extension would be required to current delivery programme, extending the LGF spend on the project to 2022/23.

Whilst SELEP is fully committed to deliver its Growth Deal with Government, the loss of LGF allocations to these strategically important projects would have a devastating impact on the housing growth which can



be unlocked through these interventions. As such, we would welcome flexibility from MHCLG to enable spend of LGF beyond 31<sup>st</sup> March 2021 relating to these projects where match funding has been provisionally identified through HIF.

We look forward to hearing from you in this regard.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'A J Bryan'.

Adam Bryan  
**Managing Director**  
**South East Local Enterprise Partnership**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/170
<b>Date of Accountability Board Meeting:</b>	16 <sup>th</sup> November 2018
<b>Date of report:</b>	5 <sup>th</sup> November 2018
<b>Title of report: Harlow Advanced Manufacturing and Engineering Centre (HAMEC) skills capital round one underspend utilisation update</b>	
<b>Report by:</b>	<b>Louise Aitken</b>
<b>Enquiries to:</b>	<a href="mailto:louise.aitken@southeastlep.com">louise.aitken@southeastlep.com</a>

## 1. Purpose of report

- 1.1 The purpose of this report is to seek Accountability Board (the Board) approval to reduce the match funding requirement associated with the approval for the award of £234,815 of Local Growth Fund (LGF) Capital Grant to Harlow College to purchase specialist equipment supporting the Harlow Advanced Manufacturing and Engineering Centre (HAMEC) (the Project)

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Approve** a change request to reduce the scope and cost of the Project as Harlow College have been unsuccessful in securing all of the match funding that was a condition of the LGF award that was made to the Project by the Board in April 2018; and to
- 2.1.2 **Approve** the reduced match funding requirement for the Project from £250,415 to £80,663.

## 3. Background

- 3.1 Harlow College received £2.5m of Local Growth Funding through the first round of skills capital funding (2015-17) for the original HAMEC project. This was towards the total project costs of £7.5m, of which Essex County Council contributed £2m. The centre has been completed and is now up and running and exceeding targets. With the involvement of employers and the increase in opportunities Harlow College has seen growth in both fulltime students and apprentices following a manufacturing route.
- 3.2 In December 2017, Harlow College were advised by HMRC that the construction phase of the original project was VAT refundable based on the premise's current usage. This resulted in a VAT release on spend of £1,022,667. Accordingly, based on percentage contributions to the overall project, the SELEP skills capital total VAT release is £234,815.

- 3.3 In February 2018, the Board agreed that Harlow College would be given the opportunity to bring forward a business case to utilise SELEP's proportion of the under spend arising from the VAT rebate received.
- 3.4 In April 2018, Harlow College brought forward a business case for the purchase of specialist equipment which would support the Harlow Advanced Manufacturing and Engineering Centre. This business case was assessed as providing high value for money with high certainty. Accordingly the Board approved the further award of £234,815 to Harlow College. However this award was subject to confirmation that the match funding was secured.
- 3.5 Match funding for the project to utilise the VAT rebate was originally sought from Essex County Council through their proportion of the rebate (£187,852). Essex County Council confirmed in September 2018 that they are unable to provide this funding as match for the Project.
- 3.6 Harlow College have not secured alternative match funding and have therefore submitted a change request. With reduced available funds, Harlow College is proposing to remove some equipment from the scope of the Project with allocated costs of £170,000. The College will meet the £18,000 shortfall as a further match contribution from their own resources. The outcomes and delivery timescales for the project will remain the same.

#### **4. Specialist equipment for HAMEC - the Project**

- 4.1 The under spend arising from a VAT rebate enables investment in areas of HAMEC that were value engineered out of the original project, including sliding head technology with scale bar feeds that will add another dimension to the computer numerical control skills being learnt by students. Harlow College's ambition and intention is for the centre to keep pace with new and emerging technologies to respond to employer need. This will align to current industry practices and add significant value to the centre, leading to more highly skilled, industry ready engineers.
- 4.2 Science, Technology, Engineering and Mathematics (STEM) based industries have been identified as having significant skills shortages in both the SELEP and Essex Employment and Skills Board Evidence Base. Sectors including construction, engineering, digital, IT, health, logistics care and finance are lacking the skills required for growth. The need for engineering is particularly acute with growing numbers of local employers struggling to recruit and with an ageing workforce. Local and regional advanced manufacturing employers must recruit 13,500 more engineers to fill emerging roles and those vacated by an imminently retiring workforce. Harlow's proposal is supported by the Essex Employment and Skills Board and responds to the skills shortages identified through their skills evidence base.

- 4.3 This investment will enable the purchase of specialist equipment to add to the inspirational, industry relevant facilities already on offer. Developed through close partnership with employers such as Truck-Lite, BTL Precision, Stansted Airport and e2v Teledyne, this offer is the result of close employer collaboration.
- 4.4 The LGF element of the VAT rebate can only be used for capital expenditure. This investment will enable the purchase of more specialist equipment. The change request has led to the removal from the original list of equipment of an industrial 3D Printer and Water Jet Cutting Machine. The proposed water cutting technology in relation to programming is similar to routing machines and other CNC technology currently at Harlow College. Although learners will not now get full exposure to water jet cutting technology, Harlow College have indicated that they could supplement this activity via industrial visits and use of digital media. The current equipment now within scope of the Project are:
- DMG Mori CNC sliding head machine with full sized bar feed
  - Edgecam Site Licence software
  - Full sized bar feed to feed the DMG Mori 450 eco-turn
  - F1 Project / School engagement workshop
  - Mobile Devices for workshops
- 4.5 In the event that Harlow College identifies a source of match funding to make up the £188k shortfall, the College would look to reinvest the equipment proposed for omission in the change request.
- 4.5 The purchase of this additional equipment will enable Harlow College students, adult learners and partner schools to work on leading edge technology to learn innovative engineering concepts with equipment that will replicate the workplace. It will enable the expansion of the apprenticeship offer. Learners will develop skills to set, programme and operate the technology to be better able to respond to employer needs and priorities. As per the original business case, specifically through the equipment described above learners will:
- Learn alternative machine languages and methods for small piece production
  - Work on real prototype developments for employers
  - Develop and practice the skills required for the use of industrial machines
  - Through the F1 workshops, the college will become a manufacturing centre for schools and the only manufacturing test centre in the region
  - F1 workshops will explore a range of elements including air trace visualisation, race track flight case, quick change tool holders and F1 model pack.
  - Equipping the HAMEC workshops with mobile devices (iPads) will give learners the ability to access and store production engineering data as well as online maintenance manuals aligning processes to that of standard industry practice



- Additionally, HAMEC will offer new opportunities to learners at level 1 and learners with learning difficulties and disabilities

4.6 The expected impacts of the schemes include those originally outlined:

#### **Positive Impacts**

- Increased numbers of apprentices
- Enhanced learning for current students
- Further out-reach with 10 schools, promoting engineering as a career choice and inspiring 100 young engineers of the future
- Establish a dedicated project based workshop from September 2018 to assist in the delivery of engineering design
- Establish a Young Engineers Academy for Years 7-11
- Increasing the number of females entering the sector
- Support for young people who are NEET (not in education, employment or training)
- Support for those with learning difficulties and disabilities
- Special return to work programmes to tackle low skills and improve employability
- Supporting employers with recruitment and training in close consultation with the HAMEC Industry Advisory Panel
- Assisting unemployed people to upskill and retrain
- Increased provision for learners at level 1
- Increase work placements by 30% annually
- Increasing the already expanding growing (27% in year one) of learners and maintaining the excellent retention rate (96%)
- Addressing the local skills shortage and growth requirements as captured in the LEP Skills Strategy and evidence base

### **5. Project cost and funding contributions**

- 5.1. Further to the change request, the total cost of the equipment outlined above is now £315,378 with Harlow College seeking £234,815 in LGF as the table below illustrates.
- 5.2. Although the proportion of match funding is less than originally set out, Harlow College will now contribute £80,563 (26%) to the project, greater than their original 13%. The original overall match funding proportion was 52%, however there is precedent for lower proportions of match provided to projects.

**Table 1 – Revised project funding breakdown (2018/19)**

<b>Project funding/financing</b>	<b>Capital cost (£)</b>	<b>Percentage of total project costs (%)</b>
Requested reallocation of LGF funds	£234,815	74%
Applicant contribution as per original bid (cash reserves)	£62,563 <sup>1</sup>	20%
Applicant new contribution for business change request	£18,000 <sup>2</sup>	6%
<b>Total</b>	<b>£315,378</b>	<b>100</b>

Note that all funding will be spent in financial year 2018/19.

**6. SELEP ITE Gate 2 Review** (note that this is as per April 2018 Business case. Given that outcomes will remain the same).

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) review of the Business Cases for schemes seeking LGF funding.
- 6.2 The ITE review of the Project Business Case confirms economic appraisal has been carried out and indicated that there will be annual economic benefits of £251,334 as a result of the purchase of the additional specialist equipment. While multi-year scheme appraisal was not carried out, this annual benefits quantum provides assurance that the benefit cost ratio of this additional scheme element would be greater than 2:1.
- 6.3 The ITE review of this Business Case has recommended approval for this Project. The ITE report notes that Harlow College is using its proportion of the VAT rebate (£600,000) for the Stansted Airport College Project. The review recommends therefore that in the monitoring and evaluation of the Stansted Airport project, this should be noted.
- 6.4 The ITE review also notes that the LGF element of the VAT rebate can only be used for capital expenditure and it must be providing additional benefits to the HAMEC and cannot be used on any other schemes.
- 6.5 For the full ITE report, see Appendix 1 of Agenda Item 5.

<sup>1</sup> £600,000 VAT refunded on Harlow College's contribution to the construction of HAMEC will be transferred to spend on the Stansted Airport College project

<sup>2</sup> The difference in costs between equipment removed from the project £170,000 and original contribution from Essex CC (£188k,000) which the college is meeting

## 7. Compliance with SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The business case clearly articulates the need for increased engineers and STEM based skills as set out in the Strategic Economic Plan and the contribution this Project will make
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The business case sets out clear outputs and outcomes, showing additionality achieved through this Project. This includes out-reach work with schools and disadvantaged groups.</p> <p>The ITE notes that Harlow College is using its proportion of the VAT rebate (£600,000) for the Stansted Airport College Project. The review recommends therefore that in the monitoring and evaluation of the Stansted Airport project, this should be noted.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The Business case sets out how the Project has been determined and the high level of employer engagement meaning that there is low risk of the equipment not being utilised or relevant.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The ITE report notes that while multi-year scheme appraisal was not carried out, the expected annual benefits quantum provides assurance that the benefit cost ratio of this additional scheme element would be greater than 2:1.

## 8. Financial Implications (Accountable Body Comments)

- 8.1 The funding requested for this Project is currently being held by Harlow College as it forms part of the VAT rebate received by the College in relation to the £2.5m of LGF originally allocated to Harlow College for the development of the HAMEC.

8.2 In the event that the Board should chose not to approve the Project change request, meaning that the Project is unable to progress, the Accountable Body will request that the funding is returned by Harlow College in line with the Grant Agreement; this funding will then be added to the uncommitted LGF funding for reallocation through the agreed prioritisation approach.

**9. Legal Implications (Accountable Body Comments)**

9.1 Approval for Harlow College to retain the LGF Grant will be supported by a separate Grant Agreement with the Accountable Body.

9.2 Should approval not be given for this Project change request, Harlow College will be requested by the Accountable Body to return the funding under the terms of their Grant Agreement, as previously agreed by the Board on the 27<sup>th</sup> April 2018.

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

10.1 None at present.

**11. Equality and Diversity implications (Accountable Body Comments)**

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

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

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

11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the College 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. List of Appendices**

13. 12.1 None

**14. List of Background Papers**

- 14.1 HAMEC Project Change request paper
- 14.2 Board reports for original decision (23<sup>rd</sup> February) and case for utilisation of VAT underspend (27<sup>th</sup> April)
- 14.3 Business case for original project presented at 27<sup>th</sup> April Board

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee)	  8/11/18

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/146
<b>Date of Accountability Board Meeting:</b>	<b>16<sup>th</sup> November 2018</b>
<b>Date of report:</b>	<b>5<sup>th</sup> November 2018</b>
<b>Title of report: A28 Chart Road – Update</b>	
<b>Report by: Lee Burchill, KCC LGF Programme Manager</b>	
<b>Enquiries to:</b> lee.burchill@kent.gov.uk	

## **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 to make the Accountability Board (the Board) aware of the latest progress and issues relating to the delivery of the A28 Chart Road project (the Project).
- 1.2. The report provides an update on the funding risk for the Project and the options currently under consideration.

### **2. Recommendations**

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the progress made to date towards the delivery of the Project and the Project funding risk as set out in Section 4 below.
  - 2.1.2. **Note** the requirement by Kent County Council (KCC) for Chilmington Green developers to provide confirmation that their funding contribution to the construction costs of the Project is available as set out in the Confidential Appendix.
  - 2.1.3. **Note** the three potential options which have been identified if the Developer funding is not committed. The SELEP Strategic Board will be provided with a Project update and will be asked to consider the three potential options in advance of a decision by the Accountability Board at its meeting on the 15<sup>th</sup> February 2019.

### **3. The A28 Chart Road**

- 3.1. The business case for the Project has been through the Independent Technical Evaluator (ITE) process and received approval from the Board for

the award of £10.2m Local Growth Fund (LGF) on 12th February 2016. The Project was presented as achieving high value for money and medium to high certainty of achieving this.

- 3.2. The A28 is the main route serving south and west Ashford. The route runs north-south on the western side of the town and connects to the A20/A292 to the north, and ultimately, the strategic highway network via the M20. The Project will serve as an extension to recent improvements introduced to the north of Tank roundabout, connecting with the M20 junction. The Project is linked to the Chilmington Green development with the delivery being dependant on the Road Project. This is stated in the Ashford Borough Council local plan.
- 3.3. The Project will see the dualling of the existing A28 Chart Road carriageway with two lanes being provided in both directions between Matalan (Brookfield Road) and Tank (Templer Way) roundabouts, separated by a central island. A new bridge over the railway line is proposed to take the southbound carriageway with the existing bridge carrying the northbound carriageway. The existing carriageway between Matalan and Tank is single carriageway with limited capacity.
- 3.4. The Matalan and Tank junctions will both be enlarged to accommodate increased capacity stemming from the carriageway upgrade. The Loudon Way signalised junction will be retained but will be improved with more efficient signals, new pedestrian and cycle crossing facilities and dedicated right and left turning lanes from Chart Road.
- 3.5. During peak periods, congestion is a major issue along the A28 and in particular between Matalan and Tank roundabouts. Journey times are unreliable for private car users and public transport operators alike along the corridor. This results in slow moving traffic along the corridor in both directions contributing to higher than normal emissions from vehicles.
- 3.6. The current highway infrastructure along the A28 is inadequate to deal with existing conditions in Ashford and further development is only going to exacerbate problems further.
- 3.7. The proposed Chilimington Green development is located approximately 6km to the south west of Ashford town centre and lies to the east of the A28 corridor. A planning condition has been imposed by KCC that the A28 will require upgrading in order to carry the expected level of demand attributable to the Chilmington Green development. The development will comprise:
  - Up to 5,750 dwellings;
  - Up to 10000 sqm of B1 use class;
  - Up to 9000 sqm of A1-A5 use classes;
  - Three primary schools for up to 1200 pupils; and
  - A site for a Secondary School for up to 1080 pupils.

- 3.8. In addition to Chilmington Green, a number of other proposed developments are expected to go ahead in the town over the coming years which are predicted to deliver between 3,200 and 6,000 homes by 2030. It should be noted that these figures are for the town of Ashford alone and do not consider the likely development in the surrounding area that could affect Ashford and its highway infrastructure.
- 3.9. The approved business case for the Project presented the following objectives:
- Provide additional capacity on the road network to improve traffic flow
  - Alleviate congestion along the A28 Chart Road
  - Improve journey time reliability along the A28 Chart Road.
  - Improve road safety along the A28 Chart Road.
  - Reduce environmental impacts for local residents.
  - Support the economy by supporting the delivery of houses and jobs.

#### **4. Project funding contributions**

- 4.1. To supplement the £10.2m LGF contribution to the Project, the Chilmington Green developer (the Developer) have contributed £1.41m towards the development of the Project and are funding the remaining construction costs of the project. This funding is committed through a Section 106 agreement, for the Developer to mitigate the impact of the planned development at Chilmington Green. The detailed funding breakdown is provided as a confidential appendix, as the total cost of the Project is subject to ongoing land negotiations.
- 4.2. To date, a total of £2.756m LGF has been spent on the Project. In addition the £1.41m developer contribution to the Project development work has been received by KCC, which has been spent in full.
- 4.3. The agreed funding arrangement with the Developer is that KCC forward fund their contribution to the Project which is then paid back to KCC by the Developer over a ten-year period.
- 4.4. To safeguard KCC of any risk of non-payment and to recover interest charges, the agreement included a provision for the Developer to provide a security bond (the Bond) prior to awarding the construction contract.
- 4.5. The 6-week security bond notice was issued to the Developer on 14 December 2017, requiring the bond to be provided by 26 January 2018. Although a bond hadn't been provided, positive discussions were ongoing with the Developer, Ashford Borough Council and Homes England leading to a decision to start the vegetation clearance works on 15th February 2018.
- 4.6. The vegetation clearance works were required to commence in February prior to the start of the bird nesting season. However, when it was clear there



were issues with the provision of the Bond the vegetation clearance was suspended and finally stopped when the decision was made to defer the Project from commencing in 2018.

- 4.7. A clause is included within the Section 106 agreement, restricting the Developer from occupying more than 400 dwellings until the Bond is provided. The Developer has started the foundations for the first 70 units and their most recent build-out trajectory predicts that the 400 occupations would not be reached until 2022/23.
- 4.8. KCC is unable to progress with the Project and award the construction contract until the Bond is provided by the Developer, which will delay the delivery of the Project. The contractor has completed the Stage 1 Early Contractor Involvement (ECI) Contract and is currently on standby awaiting a decision from KCC as to whether the funding is available to continue with the award of the Stage 2 construction contract.
- 4.9. KCC, Ashford Borough Council and Homes England have met recently with the Developer to discuss both the S106 conditions and the Bond for the Project. All parties agreed that it would be disappointing to lose the LGF funding as inevitably it will impact on viability and affordable housing may well be the long-term loser. As a result, the Developer has expressed a desire to make an upfront payment to KCC to cover the liability of delivering the Project, but a funding commitment has not yet been provided.

## **5. Option under consideration**

- 5.1. KCC are currently considering a delivery option where the Developer provides an upfront payment to KCC to cover their funding contribution. KCC will then be able to re-mobilise their contractor to commence construction of the Project during 2019. This option is anticipated to extend the delivery programme, but would still enable the full Project to be delivered by March 2021.
- 5.2. A letter has been sent by KCC to the Developer requesting this upfront payment and for this payment to be confirmed by 2<sup>nd</sup> November 2018. However, at the time of writing this report, KCC had not received the funding commitment from the Developer.
- 5.3. KCC have continued to complete the required land acquisitions and remaining design work. As it stands KCC's Contractor is still in place to deliver the Project, however, the current ECI contract will need to be closed imminently to avoid further potential costs if a bond or an upfront payment is not provided by the Developer. Should a decision on delivery be deferred beyond 31<sup>st</sup> December 2018, then it is likely that KCC will need to re-procure a new contractor.

## 6 SELEP Secretariat Comments

- 6.1 This Project is clearly a strategic priority for KCC and SELEP due to the substantial scale of housing delivery which will be unlocked by the Project. However, currently the Developer is not meeting their Section 278 obligation to provide their funding contribution to the Project until the Section 106 agreement trigger is reached for the occupation of 400 homes. As this is not expected until 2022/23, this would substantially delay the LGF spend beyond the Growth Deal period.
- 6.2 The current message from Government reaffirms the requirement for LGF to be spent in full before the end of the Growth Deal period, therefore there is a high risk to the deliverability of this Project.
- 6.3 During the Board meeting on the 14<sup>th</sup> November 2018, a verbal update will be sought from KCC on the latest position in relation to the discussions with the Developer. If a positive response is not received from the Developer and the Project cannot progress to enable the delivery of the Project by the end of the Growth Deal period, then the current LGF allocation to the Project may need to be re-allocated.
- 6.4 The following three potential options have been identified for consideration if the Developer does not provide the Bond or upfront payment. It is intended that a Project update and the various options will be presented to the SELEP Strategic Board for their consideration on the 7<sup>th</sup> December 2018 in advance of a decision being sought from the Accountability Board in February 2019.
- 6.5 **Option 1** – Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period. The impact of this option would be:
- + This would enable the £10.2m allocated LGF to be re-allocated to a Project which can demonstrate deliverability within the Growth Deal period and greater certainty of benefit realisation.
  - The £2.756m LGF spend on the Project to date may become an abortive cost if the LGF spend to date is no longer accounted for by KCC as a capital cost. If the project spend to date became a revenue cost then the LGF capital funding would need to be repaid to SELEP.
  - The delivery of the Project will be delayed and the considerable scale of benefits associated with the delivery of the Project would be delayed or not be realised.
- 6.6 **Option 2** – The Project is put on hold but the LGF remains allocated to the Project. The impact of this option would be:
- + There are no abortive costs to be repaid to SELEP, if the Project is able to proceed at a future date.

- The LGF would remain unspent within the Growth Deal period. This goes against Government's expectation that all LGF must be spent by the end of the Growth Deal project; 31<sup>st</sup> March 2021.

6.7 **Option 3** – The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund. The impact of this option would be:

- + The hold of the Project would prevent abortive Project costs needing to be repaid to SELEP
- + The re-allocation of the LGF through the LGF3b to new pipeline Projects would ensure that the LGF is spent within the Growth Deal period, to meet the requirements from Central Government and drive the realisation of benefits
- The requirements for future funding opportunities are currently unclear and as such, there is no certainty that the Project would secure future funding, such as the funding through the Shared Prosperity Fund.

6.8 In advance of these options being discussed with the SELEP Strategic Board, a view will be sought from Central Government. In particular, SELEP will seek to understand the likely implications of the Board agreeing Option 2, which would risk extending the LGF spend beyond 31<sup>st</sup> March 2021, given the strong message from Government that all LGF must be spent within the Growth Deal period.

6.9 Furthermore, discussions will also be held with KCC and Central Government to agree the maximum timescale over which the Project can be held before the capital expenditure on the Project becomes an abortive cost.

## **7 Financial Implications (Accountable Body comments)**

7.1 The impact of further delay in the delivery of this Project means that there is a risk of spend of the LGF outside of the Growth Deal period. Government assess delivery of the Growth Deal through the Annual Conversation meetings, following which the annual LGF allocations are confirmed.

7.2 Currently SELEP is able to amend its Growth Deal in line with the Assurance Framework, without seeking approval for such change with Government, however, lack of delivery may impact on this flexibility and also potentially on future funding allocations, such as from the Shared Prosperity Fund.

7.3 The impact of this and any other projects incurring delays in delivery should be considered by the Strategic Board, and, if appropriate, options agreed to assure maximum value is achieved from the Local Growth Fund within the Growth Deal period.

7.4 Any proposed changes will need to meet the requirements of the SELEP Assurance framework.

## **8 Legal Implications (Accountable Body comments)**

8.1 There are no legal implications arising from this report.

## **9 Staffing and other resource implications (Accountable Body comments)**

9.1 None at present.

## **10 Equality and Diversity implications**

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

## **11 Appendices**

11.1 Appendix 1 – Funding breakdown (confidential)

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener (On behalf of Margaret Lee)	8/11/18

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>16<sup>th</sup> November 2018</b>
<b>Date of report:</b>	<b>29<sup>th</sup> October 2018</b>
<b>Title of report:</b>	<b>A13 widening update report</b>
<b>Report by:</b>	<b>Paul Rogers, Programme Manager Major Schemes, Thurrock Council</b>
<b>Enquiries to:</b>	PRogers@Thurrock.gov.uk

## 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 will widen 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 and the A1014 (the Manorway) to the east.

## 4. A13 Project Delivery Update

- 4.1 Since the last Board update, good progress has been made towards the delivery of the Project as follows:
- 4.2 Discharged six out of eight pre-commencement planning conditions. Work is continuing to discharge the two outstanding conditions in relation to archaeological works and detailed plans and specifications for the bridges.
- 4.3 Held public information events at Stanford le Hope, Horndon on the Hill and Orsett. Approximately 300 people took the opportunity to discover more about the A13 Widening proposals and ask questions.
- 4.4 Submitted designs of gas pipeline protection slabs to Cadent Gas and National Grid Gas for approval.

- 4.5 Submitted the following design packages for final review: Alignment; Site Clearance; Fencing; Road Markings; Kerbs, Footways and Paved Areas; Street Lighting; Landscaping; Road Restraint Systems; Traffic Signs and Horndon Road Bridge.
- 4.6 Issued drainage information for construction. This is a significant step forward and will enable Kier to procure drainage pipes and a drainage sub-contract and make an early start on installing the drainage.
- 4.7 Commenced the category 3 design check for Horndon Road Bridge.
- 4.8 Instructed the alternative design of the Orsett Cock east and west bridges to overcome concerns about health & safety, cost, constructability, overall programme duration and disruption to local residents, businesses and road users. Redesign commenced on Monday 15 October and is due to be completed by 8 March 2019 and result in an 11 week saving on the overall programme.
- 4.9 Cleared fly-tipping south west of Saffron Gardens Bridge and secured the area using concrete barriers.
- 4.10 Strimmed regrown vegetation and removed litter from verges throughout the scheme.
- 4.11 Since the September meeting, Atkins has been instructed to use the Kier (Samsett) survey to inform the detailed design and to undertake analytical pavement design. Analysis is ongoing, using existing carriageway samples. Further samples will need to be taken on both carriageways throughout the length of the scheme. Allowing for procurement, road space booking, sampling and analysis and reporting etc. the analytical pavement design is due to complete in mid-February 2019. This design should reduce the amount of full depth reconstruction required and result in a more cost effective pavement design with a shorter construction period and less disruption to road users.
- 4.12 The topographical survey of soft areas, referred to in the September update report, was completed on 28 September 2018. The information from this survey is currently being used to firm up the earthworks quantities.

## **5. Update on Project expenditure**

- 5.1 In April 2018, the Project forecasted total LGF expenditure of £19.902m in 2018/19.
- 5.2 At the time of preparing the LGF update for the November Accountability Board, total LGF expenditure in 2018/19 stood at £4.609m. This is behind profile due to Statutory Undertakers' C4 returns, delays to the ground investigation and delays to the detailed design. These causal factors are interlinked and affect the start date for the main works and the level of spend that can be achieved in 2018/19.

- 5.3 The Council has required contractors to review spend profile based on the updated works programme and the project now forecasts a total expenditure of £13.775m in 2018/19. The total forecast LGF expenditure in 2018/19 has reduced by £6.127m relative to the position stated in the last update report to the Board in September.
- 5.4 The DfT have been made aware of the updated spend profile for the Project through quarterly update reports submitted directly from Thurrock Council and the DfT, but will be discussed further with officers within DfT to provide confidence about the Project progress to date and the updated Project delivery programme. Whilst the DfT LGF allocation to the Project remains committed in full, the profile over which SELEP receives the funding from DfT may be amended to take account of the forecast slippage of LGF spend. This will be subject to further discussions with the DfT before the start of the next financial year.
- 5.5 The slippage to LGF spend in 2018/19 reflects the delays to the Project programme as set out in section 6 below.
- 5.6 The revised profile assumes an early start on the drainage balancing pond and that the on-carriageway works with speed restrictions, camera enforcement and free recovery service will start in early 2019.
- 5.7 In September 2018, Thurrock Council received a payment of £60,000 towards A13 Widening from Shell Oil. This was triggered by Shell Oil's application to increase lorry movements from their site and increases the contingency available to the project. The spend of the £60,000 has been profiled in the final year of Project delivery to maximise LGF spend in 2018/19 and 2019/20 to reduce the amount of forecast LGF slippage.
- 5.8 The Project spend profile currently remains within the budget available for the Project.
- 5.9 Table 1 below shows the updated spend profile for A13 Widening.

**Table 1 Project Spend Profile, November 2018 (£m)**

LGF	16/17	17/18	18/19	19/20	20/21	21/22	Total
As reported to Board in September 2018							
SELEP Development Funding	2.708		2.292				5.000
DfT Retained Scheme Funding		13.408	17.610	29.474	5.565		66.057
Third Party Funding						7.809	7.809
<b>Total</b>	<b>2.708</b>	<b>13.408</b>	<b>19.902</b>	<b>29.474</b>	<b>5.565</b>	<b>7.809</b>	<b>78.866</b>
November 2018 Update							
SELEP Development Funding	2.708		2.292				5.000
DfT Retained Scheme Funding		13.408	11.483	25.011	16.155		66.057
Third Party Funding						7.869	7.869
<b>Total</b>	<b>2.708</b>	<b>13.408</b>	<b>13.775</b>	<b>25.011</b>	<b>16.155</b>	<b>7.869</b>	<b>78.926</b>

## 6. Update on programme

- 6.1 Table 2 below shows a summary of key milestones, based on programme v13.1. The variances are due mainly to the diversion of Statutory Undertakers' apparatus, delay to the ground investigation and to the detailed design.
- 6.2 The above diversions are undertaken by the Statutory Undertakers and the Council has limited powers to influence the timescales taken for the Statutory Undertakers to complete these works.
- 6.3 The ground investigation took longer than programmed due to the location, number, and type of samples required; access issues; ground conditions; unexpected obstructions requiring a change of methodology (bored rig to percussive rig); and a commercial disagreement between Kier and a sub-contractor.
- 6.4 The detailed design is taking longer than programmed due to third party approvals e.g. Saffron Gardens Bridge and the entry and exit slip roads at the BP service stations; land issues; design of Statutory Undertakers' diversions; late provision of ground investigation report; and discrepancies with the original topographical survey.
- 6.5 Originally, Kier's strategy was to start the main works after receiving all of the construction information. However, in order to help meet the Completion Date and the updated spend profile, they have agreed to make an early start on the drainage and the balancing pond.



- 6.6 The preparatory works will continue throughout autumn and winter 2018. This work is mainly taking place away from the road or at night and will have minimal impact on road users.
- 6.7 The main construction works on the road are due to start in early 2019 and be completed by autumn 2020. During the daytime there will be two narrow lanes in both directions with speed restrictions, camera enforcement and free vehicle recovery service. Overnight, there will be some lane closures on the A13 in both directions and slip road closures at the Orsett and Stanford le Hope junctions with diversions in place.
- 6.8 Where possible, public bridges will be constructed and brought into operation before the existing bridges are demolished. On up to 12 occasions, it will be necessary to fully close the A13 in both directions, so that complex bridge demolition and lifting work can take place safely. These closures will be advertised well in advance and take place at weekends (from 10 p.m. Friday until 5 a.m. Monday) to reduce disruption to road users.
- 6.9 As a result of the delays, as set out above, the Project programme has been extended by 319 days and the Project is now expected to complete in autumn 2020, as set out in Table 2.

**Table 2 Summary of Key Milestones**

Activity	Timescale agreed at contract stage Finish Date	Finish Date	Variance (days)
Contract award	03/07/17	03/07/17	0
Ground investigation	23/01/18	10/05/18	107
Detailed design	24/05/18	02/05/19	343
Initial vegetation clearance	05/03/18	06/04/18	32
Statutory Undertaker diversions	15/10/19	05/06/20	244
Construction	19/12/19	02/11/20	319

## 7. Summary of Risks and Mitigations

- 7.1 The risk register is reviewed and updated with contractors on a monthly basis.
- 7.2 Table 3 below shows the main quantified risks to the project and the mitigation measures being taken. The cost of the mitigation measures set out in Table 3 below can be delivered within the contingency funding which is allocated to the Project.

**Table 3 Post Mitigation Risk Assessment**

Risk Event	Post mitigation probability	Post mitigation impact	Mitigation
R257: Level differences may mean that headroom clearances are not achieved at structures, new design does not tie in to the existing and significant amount of asphalt overlay will be required	25%	£625K	Checked levels along A13 main line. Note prepared on way forward and proceeding with the Samsett survey.
R001: Risk of extent and complexity of Statutory Undertakers' diversions and protective measures adds to programme delays and increases budgeted project costs	30%	£300K	C4 estimates provided. Indicative estimate for Openreach, who insist on final design before they will order materials. Other SUs yet to finalise their diversionary works but are 'on board'.
R231: Contractor may be delayed in progressing the works if the detailed design is not completed in time	50%	£1m	Regularly review the programme for deliverables with all parties at the weekly production control meetings. Meetings with Aecom to discuss ways to broker design solutions/expedite design. Delivery of WIP design to expedite final comments from review team
R156: Pressure to alter scope of work following pressure from the public	25%	£350K	Engaged with the Detailed Designer and Contractor to maintain a firm scope of works. Engaged with relevant departments of the Council particularly the Highways Maintenance Team.
R183: Risk of damage to off-site routes by construction traffic. Use of public highways by construction traffic to and from tip locations or accessing part of the works may result in damage to the highway.	30%	£200K	Construction access route restrictions included in the Works Information. Monitor susceptible routes. Undertake condition survey of existing routes used for access.
R228: The Contractor may need to change working methods to accommodate restrictions imposed by Statutory Undertakers	35%	£650K	Liaising with Statutory Undertakers during design phase to establish any specific working restrictions. Contractor to programme works to account of any restrictions identified.
R062: Unrecorded Statutory Undertakers' equipment found, with delays and additional costs to programme, late diversions or protective measures.	10%	£600K	GPR surveys to identify uncharted features, inc. stats. Use specialist equipment to achieve more accurate hand searches. Update records when new plans received from land owners and Statutory Undertakers.
R094: Design Team may take longer to gain agreement for changed methods for future maintenance operations.	10%	£200K	Ensure CDM regulations are followed through detailed design. Involve Highways Maintenance Team in design issues affecting their ways of working.

Risk Event	Post mitigation probability	Post mitigation impact	Mitigation
R102: Design changes lead to need to revise Environmental Assessment (including potential additional surveys)	5%	£75K	Environmental surveys cover wider area than the Site.
R002: The project may be delayed if there is a requirement to acquire land outside of the HEO boundary for Statutory Undertakers' diversions	10%	£150K	Engaged with affected landowners at an early stage. Identified that local high pressure gas pipeline has to be diverted outside of HEO boundary

## **8. Financial Implications (Accountable Body comments)**

8.1 It is noted that there is significant slippage of circa £6m in 2018/19 in the reported spend position from that reported in September 2018, with further slippage expected in 2019/20; this has resulted in an expected delay in completion of the detailed design and the overall construction of in excess of 300 days.

8.2 In addition a number of risks which could further impact on delivery timescales and costs are identified in table 3; at present, Thurrock Council have confirmed that the cost of these risks can be contained within the contingency incorporated within the Project budget.

8.3 The DfT funding for this Project is transferred on an annual basis under Section 31 of the Local Government Act 2003. Whilst the DfT have confirmed their intention to fund this Project up to the value set out in Table 1 above, it is possible that they may wish to review their funding and profile in light of the further slippage in delivery indicated.

## **9. Legal Implications (Accountable Body comments)**

a. There are no legal implications arising from this report

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

10.1 None at present.

## **11. Equality and Diversity implication**

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

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

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

11.3 In the course of the development of the project business case, the delivery of the Project and 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. List of Appendices**

12.1 None

**13. List of Background Papers**

- Business Case for A13 Widening 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Margaret Lee)	  8/11/18

<b>Report title:</b> Growing Places Fund update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 16 <sup>th</sup> November 2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, <a href="mailto:rhiannon.mort@southeastlep.com">rhiannon.mort@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> 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;
  - 2.1.2. **Note** the risk to the repayment schedule for the Priory Quarter Project;
  - 2.1.3. **Note** the risk to the repayment schedule for the Workspace Kent Project;
  - 2.1.4. **Note** the potential £753,398 funding gap between the GPF draw-down schedule and the GPF available through repayments during 2019/20, as set out in section 5 below.

## 3. SELEP Growing Places Fund investments

- 3.1. In total, £49.210m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or is allocated for investment in a total of 20 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2. The allocation of GPF 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 repayments of GPF loans from Round 1 projects. As such, on a quarterly basis, updates are provided to the Board on the latest position for 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 £7,405,033 having been repaid to date. A further £2,292,707 is due to be repaid during 2018/19 if all repayment schedules are met.
- 4.3. Specific risks have been identified in relation to the repayment schedule for the Priory Quarter and Workspace Kent projects, set out in Sections 6 and 7 below. When the risk to these repayment schedules is taken into account the remaining GPF due to be repaid in 2018/19 totals £1,441,000.

#### 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 repayment schedule for both the Priory Quarter and Workspace Kent projects.

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

£	2018/19	2019/20
GPF available at the outset of year	7,312,602	4,825,309
GPF Round 1 planned investments	363,000	1,200,000
GPF Round 2 planned investments	4,417,000	3,527,000
Position before GPF repayments are made	2,532,602	98,309
GPF repayments expected	2,292,707	11,742,691
Carry Forward	4,825,309	11,841,000

- 5.2. If all GPF repayments are 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 draw-down schedule. However, if there are any further delays to the repayment schedule there is a risk that there will not be sufficient GPF funding available during the course of 2019/20 to meet the project draw down schedule.

- 5.3. Table 2 below sets out the cash flow position based on the planned GPF investment and the GPF available for investment through loan repayments. This takes into account the risk to the repayment schedules for the Priory Quarter and Workspace Kent projects.

**Table 2 - GPF Cash Flow Position taking into account the risk to the repayment schedules for the Priory Quarter and Workspace Kent projects**

£	2018/19	2019/20
GPF available at the outset of year	7,312,602	3,973,602
GPF Round 1 planned investments	363,000	1,200,000
GPF Round 2 planned investments	4,417,000	3,527,000
Position before GPF repayments are made	2,532,602	-753,398
GPF repayments expected	1,441,000	11,218,691
Carry Forward	3,973,602	10,465,293

- 5.4. If the repayment schedules for the Priory Quarter and Workspace Kent projects are delayed, it is expected that there will be a £753,398 gap in the cashflow between the amount of GPF funding available during the course of 2019/20 and the expected project draw-down schedule.
- 5.5. The gap between the GPF funding available and the project draw-down schedule in 2019/20 arises due to the timing of the expected repayments. It is anticipated that funding draw down for all approved GPF projects will be requested in April 2019, whilst repayments won't be forthcoming until March 2020.
- 5.6. This gap will be further exacerbated if any additional slippages are incurred to the expected GPF repayments in 2018/19 as set out in Appendix 1.
- 5.7. The gap between the amount of GPF funding available and the project draw-down schedule presents a risk to the Round 2 projects which are seeking funding draw-down in 2019/20.
- 5.8. All GPF awards to Round 2 projects have been made subject to sufficient GPF being available to SELEP. If there is insufficient GPF funding available



to meet the project draw-down schedule, then the GPF awards to certain projects in 2019/20 will be delayed until sufficient funding is made available through repayments. The following projects are due to draw down GPF in 2019/20:

- 5.8.1. Colchester Northern Gateway;
- 5.8.2. Javelin Way Development Park;
- 5.8.3. Innovation Park Medway;
- 5.8.4. Fitted Rigging House;
- 5.8.5. No Use Empty (NUE) Commercial.

5.9. The Board will be updated on this risk at its next meeting and the Board will be asked to consider the 2019/20 cash flow risk prior to making any further GPF awards to Round 2 projects.

5.10. If there remains a risk in relation to availability of sufficient GPF funding to meet the project draw-down schedule mitigation options will be presented to the Board in February 2019.

## **6. Priory Quarter Phase 3**

6.1. In March 2017, the Board were made aware of delays to the repayment of GPF for the Priory Quarter Phase 3 project in East Sussex.

6.2. This project was awarded £7m GPF through the earlier rounds of GPF, now referred to as GPF Round 1, for the delivery of new office and industrial space in Hastings.

6.3. Whilst the commercial space has been delivered, the take up of tenancies at the site has been slower than anticipated. As such, in March 2017 the Board were made aware of the challenges in meeting the original repayment schedule and the Board agreed to the amendment of the repayment schedule.

6.4. At the point of the amended repayment schedule being agreed it was anticipated that contract negotiations for the occupation of the site would enable the remaining GPF to be paid in full by the end of 2019/20.

6.5. In September 2018 the Board were made aware that new tenants had been found for the remainder of the building and a fifteen-year agreement for occupation of the site had been signed. However, the agreement includes a 'soft start', resulting in below market value rental receipts for the first five-year period, including one year rent free, which creates challenges in meeting the amended GPF repayment schedule (agreed in March 2017). As a result, the loan recipient Sea Change Sussex Ltd. submitted a proposed amended repayment schedule for consideration by the Board.

6.6. In line with agreed governance processes for projects where delays are identified to the GPF repayment schedule on more than one occasion, the

request to delay the GPF repayment for the Priory Quarter project was brought to the attention of the Strategic Board on 28<sup>th</sup> September 2018.

- 6.7. It was intended that, following discussion at Strategic Board, the Board would make a decision on the proposed amended repayment schedule. However, through the last project update report it was noted that options are currently being considered locally to enable the planned repayment schedule to be met.
- 6.8. The Board are asked to note the ongoing risk to the repayment schedule for the project. The Board will be required to make a decision regarding the proposed amended repayment schedule at the February Board meeting if the options currently under consideration do not enable the planned repayment schedule to be fulfilled.

## **7. Workspace Kent**

- 7.1. The Workspace Kent Project is a project aimed at unlocking jobs and employment opportunities by enabling increased provision of business incubator space and other workspace. The GPF loan is managed by Kent County Council as a Challenge Fund, open to private developers, public sector and third parties to apply for, in order to bring forward business premises that would otherwise not be developed.
- 7.2. Through the Workspace Kent programme, three projects have been completed and are making repayments, whilst a fourth project is underway. However, a risk has been identified to the repayment of the GPF loan as contract variations are currently being considered by Kent County Council in relation to two of the four projects.
- 7.3. The project was brought forward in 2012 during the early rounds of GPF awards and was awarded a £5m GPF allocation. A credit agreement was put in place in May 2015 between Essex County Council, as the Accountable Body and Kent County Council but this agreement did not set out explicit repayment dates for the loan. However, loan repayment dates are specified in the agreements between Kent County Council and the loan recipients.
- 7.4. Kent County Council will provide an updated repayment schedule following completion of the contract variations, which are currently being negotiated. A decision will then be sought from the Board in February 2019 to update the repayment schedule. In the interim the repayment schedule included in Appendix 1 and in the cash flow calculations in Section 5 reflects the most likely scenario.
- 7.5. Through the last project update report a further risk to the repayment schedule was identified, with considerable risk attached to the repayment of the loan made to one of the four projects. Whilst repayments are currently being made by the loan recipient to Kent County Council there is an identified risk to future repayments due to the company's current uncertain financial

position. If the loan recipient defaults on or delays their repayment schedule this will impact on Kent County Council's ability to repay the GPF funding in line with the expected repayment schedule.

- 7.6. This risk to the repayment schedule will be monitored and the Board will be updated at its next meeting.

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

- 8.1. Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,865 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 3 below.
- 8.2. Additional benefits are expected to be delivered through the completion of the remaining five GPF round 1 projects and through the follow on investment which has been unlocked through the infrastructure delivered through GPF investment. For example, the Rochester Riverside project is now complete and has delivered a site access road, along with public realm works. The GPF investment has now enabled a large scale residential development to come forward for 1,400 new homes and 1,200m<sup>2</sup> of commercial space, which will be delivered in phases to March 2023. This time lag between spend of the GPF investment and benefit realisation is expected across a number of projects included in the LGF programme.

**Table 3 Monitoring of GPF Round 1 project outputs**

Name of Project	Outputs defined in Business Case		Outputs delivered to date	
	Jobs	Houses	Jobs	Houses
Priory Quarter Phase 3	440	0	240	0
North Queensway	865	0	0	0
Rochester Riverside	402	450	402	489
Chatham Waterfront	211	115	211	115
Bexhill Business Mall	299	0	150	0
Parkside Office Village	169	0	137	0
Chelmsford Urban Expansion	2,105	0	365	0
Grays Magistrates Court	200	0	89	0
Sovereign Harbour	299	0	180	0
Workspace Kent	198	0	91	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	9
<b>Totals</b>	<b>9,318</b>	<b>2,081</b>	<b>1,865</b>	<b>613</b>

## **9. Financial Implications (Accountable Body Comments)**

- 9.1. The current cashflow forecast position for the GPF loan scheme in 2019/20 indicates that there is risk of insufficient funding being available to meet the agreed investments due to a potential mismatch of payments and repayments in that year; any further request for changes to repayment profiles increases this risk. The options for mitigating this risk in 2019/20 are expected to be considered by the Board at the next meeting. However, it should be noted that if loans are not repaid as planned, then this could delay the payment of allocations to other Projects that were expected to be made in 2019/20.
- 9.2. 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.
- 9.3. It is noted that actual delivery of jobs and homes is not in line with the expected levels identified in the business cases for many projects; where this is the case, it is recommended that evaluation of why this is the case should form part of the on-going monitoring and, where appropriate, be used to inform future business case estimations of growth.
- 9.4. It is recommended that consideration is given to commencing the next round of funding allocations in advance of the £11m due to be returned by 31 March 2020.

## **10. Legal Implications (Accountable Body Comments)**

- 10.1. There are no legal implications arising out of the recommendations within this report.

## **11. Equality and Diversity implications (Accountable Body Comments)**

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

- 11.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3. In the course of the development of the project Business Case, the delivery of the Project and 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.

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener  <b>On behalf of Margaret Lee</b>	8/11/18

## 12 List of Appendices

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

## 13. List of Background Papers

- 13.1 Accountability Board Agenda Pack 31<sup>th</sup> March 2017

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 now complete and has delivered 2247sqm of high quality office space.	The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. However a single occupier has now been found for the remainder of the building and terms have been agreed. Once fully let the building is still forecast to host the 440 jobs in the business case.	Project Complete	Project Complete	Tenancy agreement for full occupation of the building has now been agreed, however, there is a one year rent free period as part of the deal. Accordingly, it is proposed that the remaining GPF repayments are re-scheduled across 19/20, 20/21 and 21/22. However, options are currently being considered locally to enable the planned repayment schedule to be met. An update will be provided at the next meeting.	Tenancy agreement for full occupation of the building has now been agreed.	N/A	
North Queensway	East Sussex	To construct a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000sqm (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	Project Complete	Project Complete	Further delays anticipated in repayment of these funds due to slow take up in land sales. 1 new business to begin development which it is anticipated will catalyse interest in the other plots. The remaining repayment has been rescheduled to 19/20 to reflect the expectation of increased take up following current development.	Once the development of the first plot is underway and further interest is stimulated the delivery of outputs will begin to flow.	Blanket development objection in place by Wealden District Council due to environmental concerns regarding the Ashdown Forest has been lifted.	
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approx. 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, 10 acres of public open space.	The marketing suite, show flat and station square opened on 3rd November, with the first show homes opening in December 2019. There will be a topping out ceremony early in the new year for the first blocks of flats. The first housing is due to be completed by September 2019. A number of properties have already been reserved. Construction of the hotel started on site in September 2018 and will be completed by September 2019.	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 completed the first repayment.	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.	No	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.	An outline planning application has been submitted for the site, approval of which would demonstrate viability for future development. De-risking works have been completed on the site. Detailed planning will be submitted for November 2018, with mobilisation on site to start in early 2019.	The disposal of this site has been agreed and is due to take place in Spring 2018.	The GPF Funding has been spent, or has been allocated to a project to be spent.	Medway Council are comfortable with the current repayment agreement.	Chatham Waterfront has already reduced the number of homes to be delivered. Work is ongoing with the developer to see if the numbers can be increased through the detailed planning process.	No	Overall the project is on track to deliver outputs and outcomes.
Bexhill Business Mall	East Sussex	The Bexhill Business Mall (Glover's House) project has delivered 2,345sqm 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.	The building is 100% let to a single occupier and has currently provided space for 125 jobs.	Project Complete	Project Complete	Building 100% let with secure income to repay loan.	Building 100% let and currently housing 125 jobs, which is less than originally anticipated, however this does provide space for the occupant to grow over time.		

Growing Places Fund Update Appendix 1				Deliverability and Risk					
Name of Project	Upper Tier	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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 Sept 2016.	Both Phase 1 and 1a are both open and fully let. As well as 135 employees there are also 14 student intern placements within those businesses. The funding has now been repaid in full.	Project Complete					
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested, project complete and GPF has been repaid in full.	Project Complete					
Grays Magistrates Court	Thurrock	The project to convert the Magistrates Court to business space was part of a wider Grays South regeneration project which aimed to revitalise Grays town centre.	GPF invested, project complete and repayments are being made.  The refurbished building is now in use and having a positive impact in the town centre.					The only significant risk to the project now is a significant economic down turn which impacted on occupancy. Currently however demand across the borough is strong and targets are being achieved	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2345sqm of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2345sqm of high quality office space. This is currently 77% let with over 171 enquiries received since opening.	Project Complete	Project Complete	Strong occupancy rates should facilitate repayment at the scheduled intervals.	180 jobs from 77% occupancy is still short of the anticipated 299 jobs.		
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 4 projects within this programme. Of these, 2 have been completed and GPF repayments are being made. The 4th project has been approved and refit has commenced.	There is a risk to defrayment of funds as applications from potential customers are awaited.	Awaiting applications for remaining funds	There is a delay on repayment from one of the loan applicants. Loan agreement being renegotiated in line with income received from business.	Some job numbers are delayed due to new project build not being completed on time, approximately 1 year delay.		
Harlow West Essex	Essex/ Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone.	Delivery package 1 is well into delivery with the majority of risks closed out. Procurement for the second package is about to start with a view to getting on site early next financial year.	N/A	N/A	N/A	N/A	N/A	N/A
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	Initial planning permission received and work is commencing on the application outcome for final planning permission.	Initial planning permission received and work is commencing on the application outcome for final planning permission.	Funds defrayed to Kent Invicta Law by 31st March 2018. All subject to final legal requirements being met	The business case will provide a reprofile of repayment yet to be finalised as part of the legal documentation. Current profile for repayment will be Q1 2021/22.	The project outputs and outcomes will be updated and brought forward on completion of the legal documentation. Delay in finalising the legal due diligence process KCC still awaiting documentation from borrower - rescheduled to end of November 2018.	Meeting all requirements as specified in the final legal documentation and final planning permission.	

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
Live Margate	Kent	Live Margate is a programme of intervention 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. An offer to purchase a site has been made, with due diligence processes underway and the exchange of contracts due shortly. This site contains several derelict homes that require refurbishment and alteration before being placed on the market for purchase by the public.</p> <p>Discussions are ongoing regarding the acquisition of the freehold for a building which has the potential to be redeveloped as part of this project. Other poorly managed multiple occupancy dwellings and poor quality building stock properties are being evaluated for purchase and development that accord with the loan agreement criteria.</p> <p>Over the last quarter, 15 properties with planning consent (where required) have been identified. These are being supported with £1M of funds and are currently in delivery stage. A total of 31 new homes will be created to the decent homes standard. 40% of the total are expected to be completed by December 2018 and the remaining 60% by March 2019. This will increase the delivery of outputs to 40 homes.</p>	An offer has been accepted on a site with several empty derelict houses. A programme of works will occur, which should bring the non-habitable houses back into use. Albeit, slightly delayed due to the nature of the property market, the issue is in the hands of solicitors and due to exchange this shortly. 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 this is very small for the site, as the houses are already constructed and the majority of changes will relate to altering the internal layouts to maximise the houses' attractiveness to the public property market.	
Revenue admin cost drawn down	n/a		n/a						
Harlow EZ Revenue Grant	n/a		n/a						
<b>Growing Places Fund Round Two</b>									
Fitted Rigging House	Medway	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit spaces initially providing a base for three 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 3,473sqm of office space, of which 2,184sqm is allocated to two expanding businesses that would otherwise have relocated outside of Medway and potentially the South East of England as they grow.	Construction works now 95% complete. The first tenant has fitted out their space and began operating from the building on 1st October 2018. The second tenant has begun fit out of their space and is due to take occupation in December 2018. A third tenant has been secured with Heads of Terms agreed and occupation scheduled for May 2019. The building was officially opened on 18th October 2018 by the Minister for Arts, Heritage and Tourism - Michael Ellis MP. Project is on track for completion as expected with no increases in budget. Construction works due to complete in December 2018.	Asbestos contamination from roof lining discovered. Mitigated by the involvement of main contractor with specialist team to deal with roof lining to ensure minimal slip in project timing and cost. Delay in delivery of main lift for stair core but an additional platform lift is being installed (at no cost to CHDT) to mitigate.	Project is progressing according to programme, therefore spend of GPF funding will be in accordance with the Business Case.	Low risk - any shortfall in income received from tenants to be offset by charitable reserves.	Low risk - outcomes dependent upon space being occupied by tenants. The first anchor tenant has already moved into their space, with the second anchor tenant due to move in by December 2018.	No.	Project is progressing well.



Growing Places Fund Update Appendix 1				Deliverability and Risk					
Name of Project	Upper Tier	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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 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>	Consultation on the Innovation Park Medway Masterplan has concluded, with the responses received currently being analysed. The Masterplan (once adopted) will inform the development on the southern site.	There is a risk of opposition from a small group of local residents – both in terms of the Masterplan for the site and the planning requirements. An LDO has been identified as the preferred planning mechanism so as to minimise this risk. Development on the southern site is dependent upon successful delivery of the LGF funded improvements to airport infrastructure, as otherwise the site remains on an active flightpath and is therefore subject to building restrictions.	GPF spend is still expected to progress broadly in line with timescales agreed in the Business Case.	There is currently no identified risk in relation to meeting the repayment schedule set out in the Business Case.	There is significant interest from businesses who are looking to locate on the southern site, therefore, it is expected that the project outcomes will be delivered.	No	Work has not yet commenced on the project but it is expected that the project can be delivered in accordance with the Business Case.
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 the 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 due to complete in November 2018 (advance of programme) providing the construction and sustainability facilities.						
Colchester Northern Gateway	Essex	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: a 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, on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	Project approved by Accountability Board and project delivery underway. Planning application was approved on the 20th July 2018. Loan agreement being progressed to allow draw down of funds in 2018/19.						
Charleston Centenary	East Sussex	The Charleston Trust are going to create 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.	No funding draw down yet due to delays to the signing of the legal agreements.	Work included as part of a wider works contract.		Strong business plan in place with clear revenue increases.		Charleston are facing further financial pressures following increases in costs to earlier phases of the project and are looking for funding from various sources to plug these gaps.	
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.	No funding draw down yet, however, legal agreements will be signed shortly. Ground investigations starting on 19th November which will address the final pre-commencement planning condition and allow building phases to commence.	Negotiations for a long leasehold between Premier Marina's Ltd and the Fishermen are now close to completion.	All funding is in place and the project is now expected to commence this year.	EMFF money has been secured to ensure repayment of the loan			Land ownership issues are close to resolution which will enable the project to proceed in the current financial year

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
No Use Empty	Kent	The NUE C 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.	NUE C has contracted with 4 projects (2 in Dover, 1 in Folkestone & 1 in Margate) awarding £440,000 of the £500,000 allocated for 19/20. All projects have started (using the available match). The projects will provide 6 commercial units and 16 residential units when delivered. Marketing is continuing to attract suitable applicants, so the remaining £60k can be deployed.	Loan agreement with SELEP is now sealed. Funds of £500k have been drawn down July 2018.	NUE C has currently allocated £ 440k of the £500k drawn down.	The individual projects currently supported by NUE C have repayment dates which will fulfil the requirement to repay back the first £500k by March 2021.	Loan agreement with SELEP is now sealed. Funds of £500k have been drawn down July 2018.	No other risks other than impact of delay in issuing documentation	Loan agreement with SELEP is now sealed. Funds of £500k have been drawn down July 2018.

Appendix 2 - Growing Places Fund Repayment Schedule

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid by 31st March 2018	2018/19	Total	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
					Q1	expected in 2018/19	total	total	total	total	total		
Revenue admin cost drawn down	n/a	2	2						-				-
Harlow EZ Revenue Grant	n/a	1,244	717			-	-	-	-				-
<b>Round 1 Projects</b>													
Priory Quarter Phase 3	East Sussex	7,000	7,000	65	65	800	735	5,400	-				7,000
North Queensway	East Sussex	1,500	1,500	1,000	-	-	500	-	-				1,500
Rochester Riverside	Medway	4,410	4,410	110	-	130	1,650	2,520	-				4,410
Chatham Waterfront	Medway	2,999	2,999	-	-	-	1,000	1,000	999				2,999
Bexhill Business Mall	East Sussex	6,000	6,000	225	300	800	4,975	-	-				6,000
Parkside Office Village	Essex	3,250	3,250	3,250	-	-	-	-	-				3,250
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000	-	-	-	-	-				1,000
Grays Magistrates Court	Thurrock	1,400	1,400	800	-	300	300	-	-				1,400
Sovereign Harbour	East Sussex	4,600	4,600	25	200	500	475	400	3,200				4,600
Workspace Kent	Kent	1,500	1,437	365		328	547	200	60				1,500
Harlow West Essex	Essex/Harlow	3,500	-		-	-	500	2,000	-				2,500
Discovery Park	Kent	5,300	5,300	-	-	-	408	1,624	1,738	1,530			5,300
Live Margate	Kent	5,000	1,000	-	-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
<b>Sub Total</b>		<b>48,705</b>	<b>40,615</b>	<b>6,840</b>	<b>565</b>	<b>2,858</b>	<b>11,090</b>	<b>14,144</b>	<b>6,997</b>	<b>2,530</b>	<b>1,000</b>	<b>1,000</b>	<b>46,459</b>
<b>Round 2 Projects</b>													
Colchester Northern Gateway	Essex	2,000	-	-					2,000				2,000
Charleston Centenary	East Sussex	120	-	-			53	36	31				120
Eastbourne Fisherman	East Sussex	1,150	-	-			900	250					1,150
Centre for Advances Automotive an	South Essex	2,000	2,000	-					2,000				2,000
Fitted Rigging House	Medway	800	550	-			200	300	300				800
Javelin Way Development	Kent	1,597	-	-					1,597				1,597
Innovation Park Medway	Medway	650	-	-				50	600				650
No Use Empty Commercial	Kent	1,000	440	-				500	500				1,000
<b>Total</b>		<b>58,022</b>	<b>43,605</b>	<b>6,840</b>	<b>565</b>	<b>2,858</b>	<b>12,243</b>	<b>15,280</b>	<b>14,025</b>	<b>2,530</b>	<b>1,000</b>	<b>1,000</b>	<b>55,776</b>

Forward Plan reference numbers: FP/AB/173

<b>Report title:</b> <i>Half Year Update on SELEP Revenue Budget 2018/19 and Outline Revenue Budget 2019/20</i>	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner	
<b>Date:</b> 5 <sup>th</sup> November 2018	<b>For:</b> Decision
<b>Enquiries to:</b> lorna.norris@essex.gov.uk	
<b>SELEP Partner Authority affected:</b> <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 half year financial position for the SELEP Revenue budget, including an updated forecast outturn for 2018/19. In addition, an outline budget for 2019/20 has been produced based on current best knowledge of funding streams in 2019/20.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 Note the latest forecast revenue outturn position for 2018/19 of an **under spend of £548,000**;
- 2.1.2 Approve the outline revenue budget for 2019/20; and
- 2.1.3 Confirm that Local Authority partners will continue to provide revenue support and match for core funding in 2019/20.

## 3. Background

### 2018/19 Budget

- 3.1. The 2018/19 revenue budget for the SELEP Secretariat was set by Accountability Board at its December 2017 meeting. The half year forecast outturn position is an under spend of £548,000 or 35% of the gross expenditure budget, details can be seen in Table 1 overleaf.
- 3.2. The under spend is mainly due to delays in recruitment and additional external interest receipts.
- 3.3. The 2018/19 staffing budget included an increase to the staffing establishment of the Secretariat. The Secretariat has consistently been one of the leanest in the country and whilst the LEP is committed to keeping overheads to a minimum, the additional resource was approved to provide the appropriate capacity to properly discharge all duties required.

## Half Year Update on SELEP Revenue Budget

- 3.4. There have been a number of delays in the recruitment to these posts, but the interviews were held over the summer and now all vacant posts are filled. However, the delays have created an under spend on the staffing budget of £141,000.

**Table 1 – Total SELEP Revenue Budget Outturn Forecast, end of Quarter 2**

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	620	760	(140)	-18.42%
Staff non salaries	31	32	(1)	-3.13%
Recharges (incl. Accountable Body)	145	145	-	0.00%
<b>Total staffing</b>	<b>796</b>	<b>937</b>	<b>(141)</b>	<b>-15.05%</b>
Meetings and admin	77	71	6	8.45%
Chairman's allowance	20	20	-	0.00%
Consultancy and projects	610	610	-	0.00%
Local Area Support	150	150	-	0.00%
Grants to third parties	1,588	1,588	-	0.00%
<b>Total other expenditure</b>	<b>2,445</b>	<b>2,439</b>	<b>6</b>	<b>0.25%</b>
<b>Total expenditure</b>	<b>3,241</b>	<b>3,376</b>	<b>(135)</b>	<b>-4.00%</b>
Grant income	(2,317)	(2,317)	-	0.00%
Contributions from partners	(200)	(200)	-	0.00%
Other Contributions	(4)	-	(4)	0.00%
External interest received	(883)	(474)	(409)	86.29%
<b>Total income</b>	<b>(3,404)</b>	<b>(2,991)</b>	<b>(413)</b>	<b>13.81%</b>
<b>Net expenditure</b>	<b>(163)</b>	<b>385</b>	<b>(548)</b>	<b>-142.34%</b>
<b>Contributions to/(from) reserves</b>	<b>163</b>	<b>(385)</b>	<b>548</b>	<b>-142.34%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>

- 3.5. There is a small over spend on meeting and admin costs. This is partly due to additional costs incurred for an event that was partly funded by the Skills Funding Agency and this contribution can be seen in the Income section. The remaining over spend is immaterial and can easily be contained within the wider under spend.
- 3.6. Currently it is forecast that external interest will be £409,000 higher than budgeted. This is due to a combination of interest rate rises, changed profile of spend on both LGF and GPF programmes and working closely with the Treasury Management function of the Accountable Body to maximise interest receipts.
- 3.7. The LEP Review presents a risk to the revenue budget. As was noted in the LEP Review response from SELEP, the implementation of the changes required falls on a limited group of staff members within the Secretariat and Accountable Body. Whilst some preparatory work has begun, there is a limit to how much can be progressed in advance of receiving an official response back from Government to the LEP Review submission made by SELEP.

- 3.8. SELEP has submitted a request for additional funding to support the LEP Review costs (this can be found at Appendix 1). However, current indications are that this funding could only be applied in financial year 2018/19. Given that work cannot properly begin until the Government makes their response there is a risk that the work and the associated costs will slip into financial year 2019/20.
- 3.9. Government has indicated that the £200,000 additional funding is contingent on requirements of the LEP Review being met. The response made to Government by SELEP did not fully meet all recommendations as set out in the LEP Review but it is hoped that if Government agrees to accept the SELEP response this will be sufficient for funding to be released.
- 3.10. It is currently advised that the forecast under spend is held and used for any costs arising for the LEP Review in this financial year, whether that is in advance of the £200,000 being allocated, if SELEP is unsuccessful in securing funding or where costs exceed £200,000.
- 3.11. If the under spend is not required in year, which is likely, it is advised that any residual funding be carried forward through the general reserve to be applied in 2019/20 when the most significant costs of the LEP Review are more likely to be incurred, along with costs associated with the creation of Local Industrial Strategies.
- 3.12. The current forecast position for the general reserve at the end of financial year 2018/19 can be found below at Table 2.

**Table 2 – Forecast Reserves**

	<b>£000</b>
Opening balance 1st April 2018	511
<b>Planned changes in year</b>	
Growth hub withdrawal approved	-85
Updated contribution to reserves	163
<b>Total</b>	<b>78</b>
<b>Balance remaining</b>	<b>589</b>
Minimum value of reserve	<b>100</b>

- 3.13. It is currently assumed that all specific grants will spend in line with budget.

### **2019/20 Base Budget**

- 3.14. The uncertainty surrounding the LEP Review also presents a number of risks around the revenue budget for 2019/20. Government has acknowledged that both the increased requirements of the review and the implementation of those requirements will have resourcing impacts on LEPs. It is not clear

whether Government will take action to mitigate the impact through providing additional revenue funding to LEPs.

- 3.15. The biggest financial impact for the South East LEP is expected to be the change to legal personality. To ensure the correct model is selected there will need to be a detailed and thorough options appraisal that is likely to require externally procured advice and support. This is currently not quantified, but the Secretariat and the Accountable Body have begun work on next steps and planning for the project.
- 3.16. As stated above, there is a limit to how far this work can be progressed until Government's response is received. The Board will be kept updated on the emerging costs and implications of the project.
- 3.17. Given that Local Authority partners are currently setting their own budgets, an outline budget for the SELEP Secretariat has been drafted. This is baseline budget and is expected to move over the next few months, The Board will be kept informed of changes. A fuller budget report will be made to the next meeting of the Board in February 2019 which will include an assessment of the risks to the budget and an assessment of the adequacy of the budget by the Section 151 Officer of the Accountable Body, in line with the recently released advice from CIPFA.
- 3.18. 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 2019/20 is expected to be received from Government Departments and agencies over the next few months and information will be presented to the Board as it is provided.
- 3.19. 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 in place are temporary posts that could be reduced with minimal impact should that be required.
- 3.20. It is assumed that the Core Funding from Government will continue on the same basis as the current financial year; that being a grant of £500,000 when evidence of £250,000 of match funding is provided. It should be noted that the SELEP LEP Review response included a clear message to Government that a truly independent Secretariat could only exist when Local Authorities weren't required to part fund their budget.
- 3.21. Local Area Support is budgeted to continue at £150,000 into 2019/20 as the partnership recognises that there will be additional resource required to help support the formation of Local Industrial Strategies and associated evidence collection.
- 3.22. As in previous years, it will be necessary for Local Authorities to make their contributions to evidence cash match and the net effect on each partner can be found in Table 3 overleaf.

**Table 3 – Proposed SELEP/Local Partner Transactions 2019/20**

<b>Name of Authority</b>	<b>Contribution to Funding £000</b>	<b>Local area support £000</b>	<b>Net impact on budget £000</b>
East Sussex County Council	26,180	(19,635)	6,545
Essex County Council	71,760	(53,820)	17,940
Kent County Council	72,500	(54,375)	18,125
Medway Council	13,040	(9,780)	3,260
Southend-on-Sea Borough Council	8,400	(6,300)	2,100
Thurrock Council	8,120	(6,090)	2,030
<b>Total</b>	<b>200,000</b>	<b>(150,000)</b>	<b>50,000</b>

- 3.23. As stated above, the timing and the costs of the LEP Review are currently uncertain. It seems likely that the majority of the costs will fall into 2019/20 and whilst some funding might be made available to LEPs, it is prudent to assume that there will be some costs that will have to be met locally.
- 3.24. In addition, it is becoming clear that Local Industrial Strategies and their supporting evidence bases are expected to be much broader and deeper than anything produced before. Whilst it is unclear what role the SELEP will play in the production of these strategies, it appears that there will be a role of some description. Given the bleak financial situation for our local authority partners there will be little appetite or opportunity to support large commissions of economic analysis, it is prudent to assume that the SELEP may be expected to pick up some of that work or costs.



**Table 4 – Proposed 2019/20 Base Budget – Secretariat Costs only**

	19/20 Budget £000	18/19 Budget £000	18/19 Forecast £000	Movement £000	Movement %
Staff salaries and associated costs	744	761	621	(16)	-2.14%
Staff non salaries	39	32	31	7	21.88%
Recharges (incl. Accountable Body)	58	64	64	(6)	-9.62%
<b>Total staffing</b>	<b>841</b>	<b>856</b>	<b>716</b>	<b>(15)</b>	<b>-1.80%</b>
Meetings and admin	51	51	57	-	0.00%
Chairman's allowance	20	20	20	-	0.00%
Consultancy and project work	877	482	482	395	81.95%
Local Area Support	150	150	150	-	0.00%
<b>Total other expenditure</b>	<b>1,098</b>	<b>703</b>	<b>709</b>	<b>395</b>	<b>56.19%</b>
<b>Total expenditure</b>	<b>1,939</b>	<b>1,559</b>	<b>1,425</b>	<b>380</b>	<b>24.34%</b>
Grant income	(500)	(500)	(500)	-	0.00%
Contributions from partners	(200)	(200)	(204)	-	0.00%
External interest received	(839)	(474)	(883)	(365)	0.00%
<b>Total income</b>	<b>(1,539)</b>	<b>(1,174)</b>	<b>(1,587)</b>	<b>(365)</b>	<b>31.09%</b>
<b>Net expenditure</b>	<b>400</b>	<b>385</b>	<b>(162)</b>	<b>15</b>	<b>0.00%</b>
<b>Contributions to/from reserves</b>	<b>(400)</b>	<b>(385)</b>	<b>162</b>	<b>(15)</b>	<b>0.00%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Please note that forecast outturn figures in Table 1 are for the full SELEP Revenue Budget and include specific grant activity whereas the 2018/19 forecast outturn information presented above only includes the budget for the Secretariat.*

- 3.25. Within the Consultancy and Project Work line, a budget of £699,000 is proposed to be held to support these potential costs. As the requirements for both the LEP Review and the Local Industrial Strategies become clear a full spending plan to support these workstreams will be developed and reported back to the Board.
- 3.26. The additional work can be supported through the continued high external interest receipt. Whilst LGF grant levels are expected to be lower in 2019/20, advice from the Accountable Body's Treasury Management advisors is that there will be a further bank base rate increase in the middle part of next financial year. This has meant that the expected interest receipt has not decreased significantly from this year's forecast.
- 3.27. The interest receipt will only be achieved if the LGF and GPF spending profiles are in line with current forecasts. The Capital Programme Manager will work closely with the Accountable Body to ensure that they kept updated on any changes to the potential profile so that this can be reflected in the forecast receipt. If a further rate increase isn't made or is made later in the year then the receipt will also decrease.
- 3.28. Whilst it is currently forecast that the General Reserve will be £589,000 at the end of 2018/19; the budget has been built on an assumed drawdown of £400,000. This would leave a balance of £189,000 which is in excess of the agreed £100,000 balance to cover any potential closure costs. This is

because it is recommended that a new review of potential severance costs is carried out due to the increase in staffing establishment. This review will be completed and recommendations put to Board at their next meeting.

**4. Financial Implications (Accountable Body comments)**

This report has been authored by the Accountable Body and the recommendations are considered appropriate.

**5. Legal Implications (Accountable Body comments)**

None

**6. Equality and Diversity implication**

6.1 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.

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

6.3 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.

**7. List of Appendices**

12.1 Appendix 1 – BEIS FOI Response

**8. 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener (On behalf of Margaret Lee)	8/11/18

## ANNEX D: LOCAL ENTERPRISE PARTNERSHIP 2018-19 ADDITIONAL FUNDING FORM

LEPs should complete Annex D and return it alongside your implementation plans **no later than 31 October 2018**. Plans should provide enough level of detail on the capacity and capability that this additional funding will bring, and demonstrate how it will be spent by March 2019. You will only receive this funding if Government is satisfied that your proposals on geography, implementation and additional funding address the recommendations outlined in the LEP Review. These proposals should be submitted [LEPpolicy@communities.gsi.gov.uk](mailto:LEPpolicy@communities.gsi.gov.uk) copying in your Area Lead.

<b>1. Name of Local Enterprise Partnership</b>	South East LEP (SELEP)
<b>2. Key contact at Local Enterprise Partnership (name, email, and telephone number)</b>	Adam Bryan, Managing Director <a href="mailto:adam.bryan@southeastlep.com">adam.bryan@southeastlep.com</a> 07884 475191
<b>3. Name and address of Accountable Body</b>	Essex County Council, County Hall, Chelmsford, Essex, CM1 1QH
<b>4. Level of additional funding being sought (up to £200,000).</b>	£288,000

	£	Description – activities/resources	Why? The capability gap that it is addressing
<p><b>5. Local Enterprise Partnership additional funding requirements.</b></p> <p>Please set out in the table the key elements of the partnership’s additional budgetary requirements by March 2019 to support the funding request of up to £200K.</p>	£62,000	Interim Project Manager recruited by end of Nov 2018 – extending through to Sep 2019	There are multiple workstreams necessary to implement the LEP Review recommendations. Currently there is no spare capacity within the Secretariat to manage this process. This additional resource will help eliminate the risk of non-delivery.
	£100,000	Legal and other technical advice on incorporation	Whilst SELEP will utilise generic legal advice that has been procured via the LEP Network and will access other guidance from Government, it will be necessary to take advice on the specifics and the impacts of the potential options for SELEP, ensuring that the model is cost effective and commensurate with the needs of partners across the area.
	£15,000	Additional costs to be incurred by the Accountable Body	The additional workload resulting from the LEP Review within the Accountable Body will be recharged to SELEP. There is not sufficient funding within local authorities to simply absorb these costs.
	£60,000	Recruitment of in-house data analyst in November/December to support the construction of LIS evidence base – through into financial year 2019/20	The requirement to construct an evidence base to support the LIS will need additional resource. The evidence base will be wider, broader and more detailed than anything produced before, including the recently completed evidence base for the Strategic Economic Plan. This is a full cost,

			including on-costs.
	£51,000	Recruitment of in-house stakeholder support plus funding for stakeholder events, engagement and consultation	Additional outward-facing and stakeholder management capacity and capabilities required to support the development of a comprehensive LIS evidence base, leading to the early stages of LIS policy development. This will also tackle the issue of engaging a larger and perhaps unfamiliar audience with Local Industrial Strategy and what the approach means in practical terms across our area.
	<b>Total: £288,000</b>		

<b>6. Provide confirmation that the Local Enterprise Partnership has a clear plan of activity to implement and communicate reforms in alignment with the LEP review policy statement.</b>	<p>SELEP reports on implementation of the Assurance Framework to all meetings of the Accountability Board and will simply update this approach to ensure that it reflects the implementation of the LEP Review overall. The Accountability Board provides best practice in respect of transparency, so all progress will therefore be publicly accessible. The Board meets between 4 and 8 times per year according to the requirements of the Local Growth Fund programme. The next meeting is scheduled for November 16<sup>th</sup>.</p> <p>SELEP is also developing a revised communications plan which will ensure that the reform of the LEP is communicated clearly and effectively to a wider business audience using all digital channels and all resources supporting federated boards as well.</p>
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**7. Signature of Local Enterprise Partnership Chair**



Christian Brodie

**Date**

30<sup>th</sup> October 2018

**8. Signature from section 31 accountable local authority**



Margaret Lee

**Date**

30<sup>th</sup> October 2018

**Forward Plan reference number:** (N/A)

<b>Report title:</b> Assurance Framework and Deep Dive Implementation Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Adam Bryan, SELEP Managing Director	
<b>Date:</b> 16 <sup>th</sup> November 2018	<b>For:</b> Information
<b>Enquiries to:</b> samantha.grant@southeastlep.com	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

1.1 The purpose of this report is to make the Accountability Board (the Board) aware of:

1.1.1 The progress which has been made by the South East Local Enterprise Partnership (SELEP) team and the federated areas in implementing the changes necessitated by the refreshed Assurance Framework and Deep Dive. *The Board is reminded that it is accountable for assuring that all requirements of the Assurance Framework are implemented.*

1.1.2 The progress made against the Governance and Transparency Performance Indicators.

## 2. Recommendations

2.1 The Board is asked to:

2.1.1 **Note** the SELEP team and federated area progress in implementing the:

2.1.1.1 SELEP Assurance Framework and

2.1.1.2 Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations.

2.1.2 **Note** the progress made against the Governance and Transparency Performance Indicators.

### **3. Context**

- 3.1 In February 2018, the Strategic Board agreed an updated version of its Assurance Framework to meet the requirements of the Mary Ney Review and the Local Enterprise Partnership governance and transparency: best practice guidance, which followed.
- 3.2 It is necessary to ensure that all requirements are being fully implemented to ensure receipt of future years core funding and Local Growth Fund (LGF) allocations.
- 3.3 To ensure that SELEP fully satisfies the requirements of the SELEP Assurance Framework and the additional recommendations of the SELEP Deep Dive, an implementation plan is in place to monitor progress. In addition, quarterly update reports are provided to the Board to support the Board's oversight of these governance and transparency arrangements.
- 3.4 MHCLG in July 2018 published its review of LEPs, titled '*Strengthening Local Enterprise Partnerships*'.
- 3.5 Discussions with Government and local partners in relation to the LEP review have been on-going and the LEP review has been discussed at the Strategic Board meetings on the 28<sup>th</sup> September and on 25<sup>th</sup> October 2018.
- 3.6 It is expected that an updated National Assurance Framework will be published later this month, (November 2018). The refreshed document is expected to incorporate Governments expectations following the LEP review and to provide clarity on requirements identified through the LEP review, such as the development of Local Enterprise Partnership delivery plans.
- 3.7 Until any changes necessitated by the LEP review are more clearly understood, progress will continue in delivering on the requirements of SELEP's existing Assurance Framework and the Deep Dive recommendations.

### **4. MHCLG Deep Dive Review and Implementation Process**

- 4.1 In terms of the Deep Dive findings, the key areas identified for improvement, as stated in the Deep Dive report include:
  - 4.1.1 Ensuring open funding calls in all federated areas. It was noted by the deep dive assessors that federated areas use existing networks to disseminate information and promote funding opportunities. Alongside this approach, however, efforts should be made to advertise funding including on local authority websites, social media and through press notices. Open advertisement of funding opportunities is a requirement of the National Assurance Framework.
  - 4.1.2 Recruitment to Federated Boards and decisions on representation at Strategic Board level must operate to an open, transparent and consistent process. There should be a much stronger requirement



than currently is in place for the Federated Boards to follow such a process, and this should be actively enforced by SELEP.

- 4.1.3 SELEP should take steps to satisfy themselves that any underspend is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the 'Investment Panel' should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.
  - 4.1.4 A formal process of induction for new board members needs to be introduced.
  - 4.1.5 Declarations of interest of board members should be reviewed every six months.
- 4.2 In addition to the key areas for improvement, a list of actions was identified in the Deep Dive Report. These actions have been included in the Assurance Framework and Deep Dive recommendations implementation plan.
- 4.3 A summary of the outstanding actions for the Assurance Framework and Deep Dive recommendations implementation plan is set out in Appendix 1. Completed actions have been removed from the table.

## **5. Progress in delivering on Deep Dive recommendations**

- 5.1 Following receipt of the Deep Dive report, substantial progress has been made to meet the recommendations, such as work towards SELEP's pipeline development.
- 5.2 A Governance Officer has now been appointed to the SELEP team to lead on work in delivering on the Implementation Plan.

### **Pipeline development and investment decision making**

- 5.3 A process is currently underway to update SELEP's pipeline of investment, should Local Growth Fund (LGF) underspend become available. To date, this has involved an open call for projects, for which there has been substantial interest.
- 5.4 The Investment Panel has also now been established, which will meet for the first time on the 7<sup>th</sup> December to agree the pipeline of projects for LGF and to ensure that LGF is invested in the projects which can demonstrate the highest value for money.

### **Strategic Board and Federated Board recruitment**

- 5.5 Federated Boards have been reviewing their approach to Board member recruitment. In East Sussex, a Selection Panel was organised, to review the applications from the business community to join the Team East Sussex (TES) Board.

- 5.6 This Board recruitment process was conducted through an open and transparent process, reaching new businesses who wanted to be involved with SELEP. This has resulted in two new businesses being appointed onto the TES Board.
- 5.7 The selection panel, comprised of private and public sector partners, met in September. Information about the process which has been undertaken by TES will be shared with other Federated Boards as an exemplar for other areas to consider.
- 5.8 At the Strategic Board meeting on 25 October 2018, the Board discussed the diversity of SELEP and made a commitment to increasing the female representation on the Strategic Board, with a target of 50% of the non-public sector cohort (28% overall) by 2020. The Board agreed actions to meet this target, including for SELEP to produce a job specification for Board Members, to extend the pool of candidates attracted and pro-actively reached out to during the recruitment process. For the job specification to define measurable skills, experience, knowledge and personal capabilities required for the role; and to widen representation and build a talent pipeline, with SELEP harnessing the power of existing networks and reaching out to create new networks – to identify the next generation of Board members.

### **Registers of Interest**

- 5.9 SELEP has an agreed Register of Interest Policy, which was agreed by the Strategic Board on 29<sup>th</sup> June 2018. This states that members review and update their interests in advance of each meeting. Outside of this, board members have 28 days to update their form and return to the secretariat should any changes be identified.
- 5.10 MHCLG has dictated that LEPs must use the Register of Interest template which they have provided. Concerns raised by Board members about the suitability of the template have been fed in to Government officers on a number of occasions.
- 5.11 To support Board members in completing comprehensive Registers of Interest, a guidance note has been shared (and is provided as Appendix 3).

### **6. Assurance Framework requirements**

- 6.1 In addition to the Deep Dive recommendations, SELEP continues to monitor its delivery of the SELEP Assurance Framework, which was agreed by the Strategic Board in February 2018 via electronic procedure.
- 6.2 Further to the progress being made by the SELEP Secretariat to implement the requirements of the SELEP Assurance Framework, implementation plans are in place for each Federated Area to ensure full compliance.

- 6.3 A full list of the outstanding actions for the SELEP Secretariat and Federated Boards to implement is set out in Appendix 1. Actions have been removed from this list where they have been achieved or are fully embedded within SELEP's working practice.
- 6.4 Both the secretariat team and federated boards are monitored against their ongoing Key Performance Indicators. These are reported back at each Accountability Board and progress made on these can be found in Appendix 2.
- 6.5 Outstanding actions from SELEP and Federated areas include:
  - 6.5.1 All Federated Board members to complete a Declaration of Interest and for these to be published on their and the SELEP website respectively.
  - 6.5.2 Federated Boards will ensure their Terms of Reference have been updated to include updates from the National Assurance Framework, Mary Ney Recommendations and improvements from the Deep Dive report. These should be shared with secretariat team and published online.
  - 6.5.3 A Forward Plan of Decisions is to be available on the Federated Boards and SELEPs website at least 28 days in advance of the meeting.
  - 6.5.4 All meeting papers to be published on SELEP's website 5 clear working days in advance of a meeting.
  - 6.5.5 All draft minutes are to be published on SELEP's website 10 clear working days following a meeting.
  - 6.5.6 All final minutes are to be published on SELEP's website 10 clear working days following approval.

## **7. Governance and Transparency Performance Indicators**

- 5.1 As agreed at the March 2018 Board Meeting, Appendix 2, outlines progress made to date on the Governance and Transparency Indicators.
- 5.2 These performance measures focus on ensuring that the specific requirements as set out by Government in their LEP Governance and Transparency Best Practice Guidance continue to be met.
- 5.3 For those indicators that are currently not met, as outlined in points 6.5.1 – 6.5.6 actions are in place or planned. These include
  - 5.3.1 For Strategic Board meetings, a timeline to be in place from 7<sup>th</sup> November, for producing agendas and papers and clearly identified roles within this.
  - 5.3.2 For agendas, papers and minutes from Federated Boards, a tracker in place from 7<sup>th</sup> November, with the Governance Officer contacting Boards to request information (and to load onto SELEP website).
  - 5.3.3 By the end of November for all DOIs to be updated and on SELEP website. From the beginning of December, for a tracker for DOIs to

be in place, with prompts to be made to Board members, to note that the six months review point is due on a specified date.

## **6 Accountable Body comments**

- 6.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 6.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 6.3 It is recognised that a number of actions within the implementation plan and the performance indicators have been subject to delay in meeting the requirements and that this has largely been a result of resourcing constraints within the Secretariat.
- 6.4 It is noted that the Governance Officer is now in post and actions are in place to progress the outstanding requirements.
- 6.5 It is understood that in advance of this year's Annual Conversation with the Government, compliance checks are being undertaken to confirm whether SELEP is meeting the Assurance Framework requirements; the outcome of this assessment, and that of the Annual Conversation, contributes to the decision by Government to award next year's Local Growth Fund allocation. In recent years, compliance has meant that the funding has been allocated without additional reporting and approvals required from Government. Non-compliance with the Assurance Framework requirements puts this position at risk with regard to next year's allocation.
- 6.6 An additional requirement of funding from Government is ensuring that the delivery of the Growth Deal is being actively monitored and evaluated by the Strategic Board and other key stakeholders, including the public, through the provision of regular updates to the Board and on the SELEP website. It is noted that arrangements are being addressed by the SELEP Secretariat to progress meeting this requirement.
- 6.7 Any new requirements arising from the refreshed National Assurance Framework, due to be published by Government this Autumn, will need to be taken into consideration in a refresh of the SELEP Assurance Framework; once updated, the framework will need to be c by the Strategic Board, in advance of the annual certification, by the s151 Officer of the Accountable Body, that all requirements are met within the Assurance Framework and are being implemented.

## **7 Financial Implications (Accountable Body Comments)**

7.1 Following the Annual Conversation and Deep Dive processes required by the Government, SELEP received its full LGF allocation for 2018/19 of £91.7m. In the Grant Offer Letter, the Government reiterated that the use of all LGF must fulfil the following requirements:

- It must be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that the Government expects SELEP and the Accountable Body to use the freedoms and flexibilities that are in place to manage the capital budgets between programmes.
- It must be deployed solely in accordance with decisions made through the Local Assurance Framework agreed between the LEP and the Accountable Body. This must be compliant with the standards outlined in the LEP National Assurance Framework.
- That progress is tracked against the agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
- That the LEP and Accountable Body follow the branding guidance and communicate the on-going outcomes and outputs of the growth deal.

7.2 The implementation plan set out in Appendix 1 is intended to demonstrate that the requirements of the SELEP Assurance Framework are being implemented as certified by the S151 Officer of the Accountable Body to the MHCLG in February 2018. The 2018/19 LGF grant payment has been made on this basis and it is therefore essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full – this will support the certification that is required by the S151 Officer of the Accountable Body to the MHCLG for 2019/20.

## **8 Legal Implications (Accountable Body Comments)**

8.1 There are no legal implications arising from this report

## **9 Staffing and other resource implications**

9.1 A Governance Officer has been appointed by the SELEP Secretariat to oversee the full implementation of the Assurance Framework.

## **10 Equality and Diversity implications**

10.1 None at present.

## **11 List of Appendices**

11.1 Appendix 1 – SELEP Assurance Framework Implementation Plan progress update

11.2 Appendix 2 – Governance and Transparency Performance Indicators

11.3 Appendix 3 – Guidance note for completing Registers of Interest

## 12 List of Background Papers

12.1 SELEP Assurance Framework

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee)	8/11/18

Assurance Framework and Deep Dive Implementation Update

Appendix 1 SELEP Assurance Framework and Deep Dive Recommendations Implementation Plan progress update

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Prioritisation of projects and development of a single pipeline							
Prioritisation Process	<p>Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board</p> <p>SELEP to ensure all its federated areas operate open calls for funding. This should include on local authority websites, social media and through press notices.</p>	SELEP and Federated Areas	H	In progress, as per the timescales agreed by the Strategic Board	<p>An approach to the development of a SELEP LGF single pipeline was agreed by the Strategic Board in June 2018.</p> <p>An open call for projects has been undertaken. This included publicising the LGF3B process through, local authority websites, social media and press releases. The deadline for expressions of Interests has now closed, as per the scheduled dates.</p> <p>The Strategic Outline Business Cases will now be assessed by SELEP's Independent Technical Evaluator based on the assessment criteria agreed by the Strategic Board.</p> <p>It is intended that the SELEP single pipeline will be agreed by the Investment Panel on the 7th December 2018.</p>	Dec-18	G

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Single list	A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	H	Planned	<p>A single list of priorities was identified as part of the GPF bidding process. This is now published on the SELEP website.</p> <p>Following the approval of a single prioritised list of LGF projects, as set out above, this will be published on the SELEP website.</p>	Dec-18	G
<b>Board Governance</b>							
Induction programme	SELEP to formalise an induction process for new board members	SELEP	H	<p>Planned</p> <p>----- Note: currently included in the proposed response to the LEP review</p>	<p>An induction checklist has been drafted. To be in place from Nov-18. (This will be linked to the registers of interest guidance on the website).</p> <p>Following this for further developments to be made in line with LEP review changes.</p> <p>----- Proposals currently include:</p> <p>Jan - Feb 2019, as part of developing an induction process for SELEP, to consult with non-local authority stakeholders on the type of support they would like from the secretariat, in order to devise a model of support that works for them.</p> <p>April 2019, Board members to go through an induction process</p>	Nov-18	A



Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
					on a rolling basis over the next 12 months		
<b>SELEP collateral</b>							
Comms strategy	Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	M	Planned in line with SEP launch	The Communication Plan is being developed alongside the SEP. A draft of the strategy will be prepared once the SEP is approved, estimated date for this is December 2018.	Dec-18	A
<b>Transparency and Declarations of Interest</b>							
Registers of Interest	All members of Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interest form	SELEP/Board members/ Federated Boards	H	Completed and Ongoing	Guidance has been made available by SELEP on the preparation of Registers of Interest to ensure that they are comprehensive.  Federated Board member Registers of Interest to be made available on SELEP website.	Oct-18	R
Register of Interests	LEPs should ensure senior members of staff or those staff involved in advising on decisions should also complete this form and report interests. Unless there is a relevant or new interest that pertains to a meeting or decision, LEP staff should review their interests every six months.	Officers	H	SELEP Secretariat Register of Interests have been completed. The Senior Officer group is being sought by 25 <sup>th</sup> October 2018	Senior Officer Group to complete a Register of Interests forms.	Oct-18	R

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Registers of Interests	All Registers of Interests to include a member, Chief Executive and Section 151 Officer signature.	SELEP	H	S151 sign off of Registers of Interests considered inappropriate	All registers of interest to be signed off by SELEP secretariat to confirm receipt.  Confirmation to be provided to the s151 Officer of the Accountable Body that all registers of interest have been received following 6 monthly review.	On receipt	A
Project information on websites	We recommend that where projects have been completed, or significant milestones have been met, that SELEP makes efforts to update this on individual project pages.	SELEP	M	A summary of project progress is currently provided on the website	Work is underway to review the information on the SELEP website, action is required to provide further updates on individual project pages. This is in train but will take some time to complete given the large number of projects. The information is already available online via Board papers, but the intention is to make it more accessible through individual project pages on LEP website.	Mar-19	A
<b>Specific to local areas</b>							
Recruitment	SELEP Board and Federated Board recruitment process	Federated Areas	M	This was agreed at the June 2018 Strategic Board Meeting and implemented with immediate effect	A Federated Board recruitment process was agreed by the Strategic Board in June 2018 Strategic Board.	Jun-18	G

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Monitoring local implementation of the AF	SELEP secretariat to work with Federated Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	H	Meetings to be scheduled	Discussions have been held around the requirements of the Assurance Framework with officers from each of the Federated Areas through SELEP's Senior Officer Group (SOG). For an update and discussion on outstanding areas to form part of the conversation at SOG on 19 <sup>th</sup> November.	Nov-18	A
Working Groups	Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	M	Ongoing	A member of the SELEP team will be linked to each of the Working Groups to help identify any gaps in the publication of information on the website. This includes ensuring information is held on membership of groups, updated terms of reference, meeting dates and relevant papers.	Nov-18	A
Secretariat							
Recruitment of Governance Officer	SELEPs should appoint a Governance Officer	SELEP	H	Within next quarter	A SELEP Governance Officer has been appointed (started 24 <sup>th</sup> September 2018).	Sept-18	G

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Implementation of Investment Panel	SELEP should take steps to satisfy themselves that any underspend at a federated level is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the 'Investment Panel' should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.	SELEP / Strategic Board	H	Within next quarter	The SELEP Strategic Board have agreed to establish an Investment Panel (the Panel). A Terms of Reference for the Panel was agreed at the Strategic Board meeting in June 2018.  The Panel will meet in December 2018 to review the LGF pipeline.	Jun-18	G
S151 attendance at SELEP meetings.	The Government recommend the S151 considers occasional attendance at key meetings throughout the year. This could include an open invitation to attend Strategic or Accountability Board meetings, or attendance at the Annual Conversation.	SELEP	M	Ongoing	S151 Officer, or her representative, attends all SELEP Strategic / Accountability Board meetings and the Annual Conversation		G

Appendix 2 – Governance and Transparency Performance Measures

Indicator	Target	Met (Y/N)	Comments
<b>Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the meeting?</b>	<b>28 days</b>		
Accountability Board - this is needed to ensure appropriate publication of funding decisions		Y	
Strategic Board		N	Forwards plan being populated and to be in place for the end of November 2018
Federated Boards		N	
<b>Are all papers published on the SELEP website 5 clear working days in advance of the meeting</b>	<b>5 days</b>		
Accountability Board		Y	The Agenda Pack was published as per the agreed schedule.
Strategic Board		N	The Agenda Pack for the September 2018 Strategic Board was published three days behind schedule. For the Strategic Board meeting on 25 October, the Agenda Pack was not published 5 days in advance (it was issued by e-mail on 23 October

			and published on 29 October).
Federated Boards		N	All papers are published on the SELEP website, but not all were received within the required schedule. Federated Board leads should send Federated Board Agenda Packs to SELEP on <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> at least 5 clear working days in advance of the Board meeting. In addition, the Governance Officer has put in a place a tracker to contact each Federated Board one day in advance of the deadline - requesting the agendas, papers.
<b>Are all draft minutes published within 10 clear working days, following the meeting?</b>	<b>10 days</b>		
Accountability Board		Y	
Strategic Board		N	The draft minutes of the 28th September 2018 Strategic Board were not published. (Note, a recording of the meeting was made available

			later, on the same day as the meeting).
Federated Boards		N	<p>All draft minutes are published on the SELEP website, but not all were received within the required schedule.</p> <p>Federated Board leads should send Federated Board Agenda Packs to SELEP on <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> at least 10 working days following the Board meeting.</p> <p>In addition, the Governance Officer has put in a place a tracker to contact each Federated Board one day in advance of the deadline requesting the draft minutes.</p>
<b>Are final minutes published within 10 clear working days following approval?</b>	<b>10 days</b>		
Accountability Board		Y	
Strategic Board		Y	Final minutes were approved and uploaded for the 28 <sup>th</sup> September 2018 Strategic Board on 29 <sup>th</sup> October 2018. The minutes were approved

			at the 25 <sup>th</sup> October Strategic Board meeting.
Federated Boards		N/A	<p>TES, 19<sup>th</sup> October 2018 – final minutes published within timescale.</p> <p>KMEP 18<sup>th</sup> October 2018 – final minutes not published</p> <p>OSE 5<sup>th</sup> September 2018 – final minutes not published</p> <p>EB – 24<sup>th</sup> September – final minutes not published</p> <p>All approved minutes are to be sent to <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a>  In addition, the Governance Officer has put in a place a tracker to contact each Federated Board one day in advance of the deadline requesting the final minutes.</p>
<b>Are declarations of interest in place for all board members?</b>	<b>100%</b>		



Accountability Board		N	These are being reviewed, that all have been reviewed within the last 6 months, are signed and have been noted as being received by the SELEP office. For these to be in place by the end of November 2018
Strategic Board		N	These are being reviewed, that all have been reviewed within the last 6 months, are signed and have been noted as being received by the SELEP office. For these to be in place by the end of November 2018
Federated Boards		N	These are being reviewed, that all have been reviewed within the last 6 months, are signed and have been noted as being received by the SELEP office. For these to be in place by the end of November 2018. (Note KMEP DOIs up to date).

<b>Are declarations of interest in place for relevant staff?</b>	<b>100%</b>	<b>N</b>	SELEP Secretariat have completed their DOI's. The Senior Officer Group have been asked to complete DOI's by 25 <sup>th</sup> October 2018
<b>Are all interests declared and recorded in the meeting minutes with a note of actions taken?</b>	<b>100%</b>	<b>Y</b>	Spot checks are completed on the Federated Board minutes to ensure these are completed and noted.
<b>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?</b>	<b>100%</b>	<b>Y</b>	The project changes which have come forward have received Federated Board endorsement prior to consideration by the Accountability Board.
<b>Publication of Business Cases 1 month in advance of funding decision</b>	<b>100%</b>	<b>Y</b>	This has been achieved for projects seeking a funding award.

## **APPENDIX C – Declarations of Interest – Guidance Note**

In advance of each Board meeting, Members are reminded of their ongoing obligation to review their Declarations of Interest (DoI). If any interests previously declared on the DoI form have changed, the Member is required to submit an updated DoI form to the SELEP team within 28 days of the change.

Where Board Members have any interests which relate to the items to be considered on the Agenda, these interests must be disclosed during the meeting and the Declaration of Interest updated accordingly.

This guidance helps guide Members through the DoI Form, and provides some additional commentary, so as to enable the Member to fully understand the information which must be included within the form.

### **1. Context**

- 1.1. A template has been provided by the Ministry for Housing, Communities and Local Government (MHCLG), which must be completed by all SELEP Board Members, including members of the:
  - Strategic Board;
  - Accountability Board; and
  - Federated Boards.
- 1.2. Board members must:
  - Complete a Declaration of Interest within 28 days of becoming a Board Member;
  - Provide details of all Disclosable Pecuniary Interests;
  - Review their Declaration of Interest in advance of each Board meeting and provide the SELEP Secretariat with an updated version of the form if any interests have changed; and
  - Notify the SELEP Managing Director of any changes to interests within 28 days of the change occurring.

### **2. Guidance on completing the DoI form**

- 2.1 Section 1 - Any employment, office, trade, profession or vocation carried on for profit or gain  
This section seeks information about you and your partner/spouse's employment and business activity.
- 2.2 Section 2 - Sponsorship  
This section seeks information about any additional financial benefits you or your spouse/partner receives as a result of being a member of the SELEP.
- 2.3 Section 2.1

Section 2.1 states, "*Any financial benefit obtained (other than from the LEP) which is paid as a result of carrying out duties as a Member. This includes any payment or*

*financial benefit from a Trade Union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 (a)”.*

In Section 2.1 Board Members should disclose any financial benefits (such as remuneration or allowances) paid by an organisation other than SELEP, which are received as a result of them being a SELEP Board Member. This obligation extends to your spouse/partner, and there if they receive any financial benefit from an organisation other than SELEP as a result of you being a SELEP Board member, this must also be included on the form.

#### 2.4 Section 3 - Contracts

This section seeks information about any contracts held by you, your spouse/partner or any business carried on by you or your spouse/partner and SELEP.

#### 2.5 Section 3.1

Section 3.1 states that, *“Any contract for goods, works or services with the LEP which has not been fully discharged by any organisation named at 1.1.”*

In this context, it is expected that the ‘LEP’ refers to SELEP, its Accountable Body and its Partners, including the Upper Tier Authorities and those organisations which the SELEP Accountable Body has a Service Level Agreement or Grant Agreement with.

Accordingly if you, your spouse/partner or any business carried on by you or your spouse/partner, hold a contract with any of these bodies, it must be disclosed within this section of the form.

#### 2.6 Section 3.2

Section 3.2 states that, *“Any contract for goods, works or services entered into by any organisation named at 1.1 where either party is likely to have a commercial interest in the outcome of the business being decided by the LEP”.*

In this section, Board members are required to declare any contracts for good, works or services entered into by their employer, or business carried on by them, that may be impacted by a decision taken by SELEP.

Board members should update this section where any new contracts are entered into and declarations must be made during meetings at which such decisions are taken.

#### 2.7 Section 4 – Land or Property

Section 4 states that, *“Any beneficial interest you or any organisation listed at 1.1 may have in land or property which is likely to be affected by a decision made by the LEP in a forthcoming meeting. This would include, within the area of the LEP:*

- Any beneficial interest in any land in the LEP areas, including your place(s) of residency
  - Any tenancy where the landlord is the LEP and the tenant is a body in which the relevant person has an interest
  - Any licence for a month or longer to occupy land owned by the LEP
- “For property interests, please state the first part of the postcode and the Local Authority where the property resides. If you own/lease more than one property in a single postcode area, please state this”.*

In this section, Board Members are required to state the first part of the postcode for any land or property within which the Board member, their employer or business (as stated in section 1.1) or their Spouse/partner, has a beneficial interest, which falls within the SELEP area.

This includes providing the first part of the postcode for their own home, where this is owned by the Board Member or spouse/partner and it is located within the SELEP area.

### **3. Declarations of Interest at Meeting**

- 3.1. Where a matter is considered at a meeting of the SELEP, and which the Board Member is present, and relates to or may have an impact upon a body or matter in which the Board Member has Disclosable Pecuniary Interest or a Code interest (as defined in the SELEP Policy for Registers of Interest), the Board member must disclose the existence and nature of that interest at the meeting, and prior to the matter being considered by the Board.
- 3.2. Where a Disclosable Pecuniary Interest declaration has been made, the Board Member must:
- 3.2.1. withdraw from the room where the meeting considering the business is being held at the time that item of business is being discussed; and
  - 3.2.2. not participate in any debate or vote on the matter.
- 3.3. Board Members are required to declare an interest on decisions, irrespective of whether or not they are able to attend the meeting at which the decision is to be taken. Where a Board member has declared a disclosable pecuniary interest, a substitute member will not be able to vote on their behalf, on the matter to be determined.

For more information about SELEP Declarations of Interest please see SELEP’s Register of Interest Policy -

<https://www.southeastlep.com/app/uploads/2018/07/SELEP-Register-of-Interests-Policy-June-2018.pdf>