

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 15 February 2019</b>	<b>High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ</b>
--------------	-------------------------------------	---

**Quorum: 3 (to include 2 voting members)**

## **Membership**

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr John Lamb  
Angela O'Donoghue  
Lucy Druesne

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

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

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

**[democratic.services@essex.gov.uk](mailto:democratic.services@essex.gov.uk)**

**Tel: 03330134594**

## **Meeting Information**

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

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

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

The agenda is also available on the Essex County Council website

## **Part 1**

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

		<b>Pages</b>
<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Minutes</b>	<b>7 - 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>LGF spend within Growth Deal period</b>	<b>15 - 24</b>
<b>6</b>	<b>A127 The Bell and A127 Essential Maintenance LGF funding decision</b>	<b>25 - 52</b>
<b>7</b>	<b>Fairglen New Link Road LGF funding decision</b>	<b>53 - 62</b>
<b>8</b>	<b>Beaulieu Park Railway Station</b>	<b>63 - 76</b>
<b>9</b>	<b>Southend Central Area Transport Project Phase 3</b>	<b>77 - 86</b>

<b>10</b>	<b>Eastbourne Town Centre Movement and Access Package LGF funding decision</b>	<b>87 - 96</b>
<b>11</b>	<b>Eastbourne and South Wealden Walking and Cycling</b>	<b>97 - 106</b>
<b>12</b>	<b>Basildon Integrated Transport Package</b> Appendix 1 is to be considered under Exempt items.	<b>107 - 118</b>
<b>13</b>	<b>Innovation Park Medway</b>	<b>119 - 138</b>
<b>14</b>	<b>Grays South Local Growth Fund decision</b>	<b>139 - 164</b>
<b>15</b>	<b>Capital Programme Management of the Local Growth Fund</b>	<b>165 - 192</b>
<b>16</b>	<b>A131 Braintree to Sudbury</b>	<b>193 - 198</b>
<b>17</b>	<b>A133 Colchester to Clacton Project Change Request</b>	<b>199 - 206</b>
<b>18</b>	<b>A414 Harlow to Chelmsford</b>	<b>207 - 210</b>
<b>19</b>	<b>Growing Places Fund update</b>	<b>211 - 230</b>
<b>20</b>	<b>SELEP Revenue Budget update</b>	<b>231 - 240</b>
<b>21</b>	<b>Assurance Framework Implementation Plan Delivery Update</b>	<b>241 - 256</b>
<b>22</b>	<b>Date of Next Meeting</b> To note that the next meeting of the Board will be held on Friday 12th April 2019 at High House Production House.	
<b>23</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)

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

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they**

involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

**24 Basildon Integrated Transport Package CONFIDENTIAL  
Appendix 1**

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

**25 Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.



---

**Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 16 November 2018**

**Present:**

Geoff Miles	Chair
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 John Lamb	Southend Borough Council
Angela O'Donoghue	Further Education/Skills representative
Tony Inglis	Higher Education representative.

**ALSO PRESENT      Having signed the attendance book**

Iwona Bainbridge	SELEP
Suzanne Bennett	SELEP
Lee Burchill	Kent County Council
Adam Bryan	SELEP
Edmund Cassidy	Steer
Kim Cole	Essex County Council (Legal representative for the Accountable Body)
Helen Dyer	SELEP
Sunny EE	Medway Council
Sam Grant	SELEP
Dwight Harrison	Member of the Public
Joel John	Essex County Council
Paul Martin	SELEP
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	KMEP
Andy Rayfield	MAXIM
Paul Rogers	Thurrock Council
Lisa Siggins	ECC Democratic Services

---

Stephen Taylor      Thurrock Council  
John Shaw          Sea Change East Sussex

**1 Welcome and Apologies for Absence**

The following apologies were received:

- Audrey Songhurst (substituted by Tony Inglis)
- Councillor Rob Gledhill

**2 Minutes**

The minutes of the meeting held on Friday 14th September 2018 were agreed as an accurate record and were signed by the Chair.

**3 Declarations of Interest**

As a private Businessman, Geoff Miles declared an interest in respect of agenda items 6 and 11. His interest in respect of agenda item 6 was in respect of being the Chairman of Kent Music which was looking to potentially move into a Javelin Way property.

He advised of his intention to step out of the room whilst Agenda Item 11 Growing Places Fund Update is discussed. It was confirmed that Angela O'Donoghue would chair this Agenda Item.

Councillor Rodney Chambers declared a non-pecuniary interest in any items on the agenda which concerned the Historic Dockyard Chatham, as he is a trustee thereof.

**4 Questions from the Public**

There were none.

Adam Bryan updated the Board that a draft report had been received from the Ombudsman following a complaint made relating to the Rochester Airport project. Once a final report has been issued it will be circulated to all Board members. An update of the findings of the Ombudsman was given verbally.

**5 A127 The Bell and A127 Essential Maintenance LGF Funding Decision**

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer, the SELEP Independent Technical Evaluator (ITE), the purpose of which was for 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 (ITE) review process.

The Board discussed the importance of this project and it was suggested that in future the use of Maps, for example, extracts from Google Maps would assist Members to understand the location of projects and what is trying to be achieved.

Board Members raised concerns about the maintenance costs for de-trucked roads and asked for SELEP support in writing to Government on this point, but also recognising the role of Transport for the South East and Transport East, Sub-National Transport Bodies.

**Resolved:**

1. **To 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 though one of two potential sources;
  - 1.1. LGF3b additional LGF allocation; or
  - 1.2. Additional funding contribution from Southend Borough Council
2. **To 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.
3. **To 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.

**6 Javelin Way Growing Places Fund Award**

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer, the purpose of which was for the Board to consider the award of £1.597m of Growing Places Fund (GPF) Loan to the Javelin Way Project, in Ashford (the Project).

**Resolved:**

**To 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.

**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.

Members voiced their concerns regarding unrealistic deadlines and felt that it was important for there to be flexibility and for a "common sense approach" to be applied.

Paul Carter raised some issues regarding recommendation 6 in the report, feeling that this created unnecessary work. Rhiannon explained that there need to be a clear audit trail for the cancellation and/or change to projects included within the Growth Deal. It was agreed to amend this recommendation which is reflected below.

### **Resolved:**

1. **To Note** the updated LGF spend forecast for 2018/19, as set out in section 4 of the report
2. **To Note** deliverability and risk assessment, as set out in section 6 of the report
3. **To Approve** the acceleration of LGF spend in 2018/19 for the following seven projects:
  - 3.1. Eastbourne and South Wealden Walking and Cycling LSTF package (£70,000).
  - 3.2. Kent Thameside LSTF (£221,000);
  - 3.3. Kent Rights of Way Improvement Plan (£100,000);
  - 3.4. A2500 Lower Road (£97,000)
  - 3.5. Kent Engineering, Design, Growth and Enterprise (EDGE) hub (£2m)
  - 3.6. Chatham Town – Centre Place-Making and Public Realm Package (£200,000); and
  - 3.7. London Gateway/ Stanford le Hope (£2.157m)
4. **To Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following thirteen projects:
  - 4.1. Eastbourne Town Centre and LSTF walking and cycling (£505,000);
  - 4.2. Tunbridge Wells Junction Improvements and cycle scheme (£556,000);
  - 4.3. Kent Strategic Congestion Management Programme (£437,000);
  - 4.4. Kent Sustainable Interventions Programme (£169,000);
  - 4.5. Maidstone Integrated Transport Package (£1.587m);
  - 4.6. A28 Sturry Link Road (£289,000)
  - 4.7. Dartford Town Centre Transformation (£730,000);
  - 4.8. Fort Halsted (£200,000)
  - 4.9. A2 off-slip Wincheap, Canterbury (£354,000)
  - 4.10. Sandwich Rail Infrastructure (£351,000)

- 4.11. A289 Four Elms Roundabout to Medway Tunnel Journey Time Improvements (£586,000)
- 4.12. Strood Town Centre Journey Time and Accessibility Enhancements (£2.526m)
- 4.13. Medway City Estate Connectivity Improvement Measures (£273,000)

**5 To 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.

**6. To Note** the proposal to bring forward proposed change of scope for the Maidstone Integrated Transport Package, to be considered by the Board in February 2019 following a revised Business Case being reviewed by SELEP Independent Technical Evaluation, subject to a review of the process by the SELEP Secretariat.

**7. To 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.

**8. To Note** that options will be presented to the SELEP Strategic Board on the 7th 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.

## **8 Harlow Advanced Manufacturing and Engineering Centre (HAMEC) skills capital round one underspend utilisation update**

The Board received a report from Louise Aitken which was presented by Rhiannon Mort the purpose which was 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).

Members expressed their disappointment that match funding had not materialised as had been envisaged. They proceeded to discuss the repercussions of this situation and how this might be avoided in the future.

### **Resolved:**

- 1. **To Approve** a change request to reduce the scope and cost of the Project as Harlow College have been unsuccessful in securing all 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. **To Approve** the reduced match funding requirement for the Project from £250,415 to £80,663.

## 9 **A28 Chart Road – Update**

The Board received a report (Appendix 1 was considered under Exempt items) which was introduced by Lee Burchill, KCC LGF Programme Manager which and subsequently presented by Rhiannon Mort, the purpose of which was 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).

The Board discussed the decision-making progress and expressed the need for local consideration by the Federated Board. It was consequently agreed to amend recommendation 3 of the report as reflected below.

Resolved:

1. **To Note** the progress made to date towards the delivery of the Project and the Project funding risk as set out in Section 4 of the report.
2. **To 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.
3. **To Note** that KMEP will consider the project and will bring forward an option for consideration by the SELEP Strategic Board and the Accountability Board on 15th February 2019.

## 10 **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 Board with an update on the A13 widening project (the Project).

Resolved:

To Note the update report on the A13 widening Project.

## 11 **Growing Places Fund Update**

Geoff Miles left the room due to his previously made declaration of interest. This item was chaired by Angela O'Donoghue as the Vice Chair.

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 Note** the risk to the repayment schedule for the Priory Quarter Project;
3. **To Note** the risk to the repayment schedule for the Workspace Kent

Project;

4. **To 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 of the report.

Cllr Carter, Cllr Chambers and Angela O' Donoghue left the meeting at this point

## 12 **SELEP Revenue Budget Update**

The Board received a report from Lorna Norris and Adam Bryan, the purpose of which was for 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.

### **Resolved:**

- 1 **To Note** the latest forecast revenue outturn position for 2018/19 of an under spend of £548,000;
- 2 **To Approve** the outline revenue budget for 2019/20; and
- 3 **To Confirm** that Local Authority partners will continue to provide revenue support and match for core funding in 2019/20.

## 13 **Assurance Framework and Deep Dive Implementation Update**

The Board received a report from Adam Bryan 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 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.*
2. The progress made against the Governance and Transparency Performance Indicators.

Board members discussed the need to ensure that the good work of the LEP is promoted widely and to ensure that key messages are shared with local MPs in a timely manner.

## 14 **Date of Next Meeting**

The Board noted the following future meeting dates:

- 15th February 2019
- 12th April 2019
- 7th June 2019
- 13th September 2019
- 15th November 2019
- 14th February 2020

All the above to be held at 10am at High House Production House.

There being no urgent business the meeting closed at 12.12pm

**15 Exclusion of the Public**

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

**16 A28 Chart Road CONFIDENTIAL APPENDIX 1**

The Board considered A28 Chart Road Confidential Appendix 1.

**Chairman**

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

<b>Report title:</b> LGF spend within Growth Deal period	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Adam Bryan, SELEP Managing Director	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek agreement from Accountability Board (the Board) on SELEP's position in relation to expenditure of Local Growth Fund (LGF) within/ beyond the Growth Deal period.

## 2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Approve** one of the three following options, detailed in Section 8 of this report, including:

**Option 1** – Reallocate LGF funding which cannot be spent within the Growth Deal period

**Option 2** – Retain LGF allocations against projects, subject to certain conditions being satisfied, as detailed in section 8.9 of this report; or

**Option 3** – Hold such funding decisions until the 12<sup>th</sup> April 2019 whilst clarity is sought from MHCLG to confirm whether it is considered acceptable for SELEP to plan for LGF spend beyond 31<sup>st</sup> March 2021

- 2.2. **Note** that Government have not confirmed whether they are comfortable with the planned spend of LGF beyond 31<sup>st</sup> March 2021 and therefore the repercussions of SELEP agreeing planned LGF spend beyond this timescale are unclear.
- 2.3. **Note** that the business case assessment and LGF funding award for the A127 Fairglens Interchange Junction Improvements (£15m LGF) project will be considered by the Department for Transport (DfT) directly, as a fully DfT retained LGF project. As such, the project is exempt from the principles agreed through this report.

### **3. SELEP's Growth Deal commitment and funding context**

- 3.1. The Growth Deal agreed between SELEP and Central Government, provides a mechanism through which LEPs drive economic growth through local capital infrastructure. Through the three Growth Deals to date, SELEP has been awarded a total of £570m Local Growth Fund (LGF), as a means to unlock the delivery of jobs and houses within SELEP's geography. In receiving this funding award from Central Government, SELEP provided a commitment to deliver a total of 78,000 jobs and 29,000 houses by 31<sup>st</sup> March 2021.
- 3.2. The Government has provided funding allocations to the end of 2020/21, with SELEP having received £335.548m LGF to date. SELEP is due to be awarded £54.915m LGF in 2019/20 and £77.873m LGF in 2020/21, subject to compliance with the requirements of the LEP review. *This excludes the funding for DfT retained schemes.*
- 3.3. The early years of LGF allocations were received by SELEP with messages from Central Government, that future year LGF allocations would be dependent on the outcome of the annual conversation, which focuses on Growth Deal delivery. As a result, SELEP have always worked on the basis that if we were unable to show LGF spend and delivery progress, the future year allocations may be reduced.
- 3.4. This has been the case with the funding received directly from the DfT in relation to the six DfT retained schemes, as detailed in the Capital Programme Update (Agenda Item 15). Whilst the total funding to be received by SELEP for retained schemes will remain the same as previously committed by the DfT through the lifetime of the project, the annual funding awards having been reduced to take account of the funding slippage from the previous financial year.
- 3.5. SELEP has developed mechanisms to accelerate LGF spend wherever possible. Where it has not been possible to spend the grant in full on LGF projects, SELEP has worked with local partners to implement temporary capital swaps of LGF into local authority capital programmes. This funding is then returned to the LGF programme for spend on LGF projects during subsequent years.
- 3.6. There has been continuous use, by MHCLG and BEIS, of LGF spend as a performance measure for SELEP's success in delivering on its Growth Deal. LGF expenditure is reported back to Central Government on a quarterly basis.
- 3.7. Whilst capital funding streams beyond the current Growth Deal are unclear, the 2018 LEP Review was undertaken by Central Government with the intension of strengthening LEPs to act as custodians of future funding streams, such as the Shared Prosperity Fund. The criteria for awarding this future funding is currently unknown, but LEP performance and record of delivery is likely to be a consideration.



#### 4. LGF slippage to date

- 4.1. SELEP continues to make good progress on the delivery of its Growth Deal, having spent £256.334m to date (excluding LGF retained funding) and completed a total of 23 projects. However, the amount of LGF slippage between financial years, relative to the LGF available, has been relatively high to date. Table 1 below sets out the LGF slippage to date.

**Table 1 LGF slippage (excluding Department for Transport retained schemes)**

Financial Year	LGF available (£m)			LGF spend (£m)	LGF slippage to next financial year (£m)	LGF slippage relative to LGF available (%)
	Grant from MHCLG	Carried forward (from previous financial year)	Total available			
2015/16	69.450	-	69.450	55.563	13.887	20.00%
2016/17	82.270	13.887	96.157	69.681	26.476	27.53%
2017/18	92.088	26.476	118.565	79.332	39.233	33.09%
2018/19	91.739	39.233	130.972	87.637*	43.334*	33.09%*

*\*These figures are forecasts rather than actuals.*

- 4.2. In the final year of the Growth Deal period current spend forecast is a total of £96.619m LGF. If a slippage of 33.09% were also experienced during the final year of the programme (such as the scale of slippage from 2017/18 to 2018/19), this would result in £31.971m LGF being spent beyond 31<sup>st</sup> March 2021.
- 4.3. In addition, there are a number of projects for which LGF spend is already anticipated beyond the Growth Deal period, as set out in section 6 below. If the Board choose to award funding to these projects or enable these projects to retain their LGF allocation then a planned re-profiling of LGF spend beyond the Growth Deal period will substantially increase LGF expenditure beyond 31<sup>st</sup> March 2021.
- 4.4. Furthermore, introducing flexibility to spend LGF beyond 31<sup>st</sup> March 2021 will remove the pressure on projects to progress in delivering the outputs committed to within the Business Case and spending LGF contributions. It is likely that a substantial number of projects would come forward to seek the reallocation of LGF beyond the Growth Deal period.
- 4.5. The following projects have been identified as having a very high risk of LGF spend beyond the Growth Deal:
- 4.5.1. Beaulieu Park (£12m LGF allocation)
  - 4.5.2. A28 Chart Road (£10.2m LGF allocation);

- 4.5.3. Leigh Flood Storage Area and East Peckham (£4.636m LGF allocation);
- 4.5.4. A289 Four Elms Roundabout to Medway Tunnel - Journey and Network Improvements (£11.1m LGF allocation).  
*(Note: An extension to LGF spend has been sought by Medway Council, to align with the Housing infrastructure Fund bid. However, if the flexibility is not possible then Medway Council will deliver the project, as per the original programme.)*

## 5. Current LGF programme

- 5.1. A funding decision in relation to the Beaulieu Park Railway Station which is showing a slippage of £9.7m LGF beyond the Growth Deal is sought later in the meeting agenda.
- 5.2. To date, the Board has only **approved** LGF awards to projects which, at the time of Board decision making, have planned to spend the full LGF allocation within the Growth Deal period.
- 5.3. Whilst some minor slippages to LGF spend beyond 31<sup>st</sup> March 2021 are inevitable, due to delays to the project during the construction phase of the project, a number of funding decisions are now being brought forward to the Board for **planned** LGF spend beyond the Growth Deal at the point of the funding decision being taken by the Board.
- 5.4. The issue of slippage beyond the Growth Deal has been raised with Central Government on a number of occasions, including through a letter to MHCLG in November 2018 and the SELEP Annual Performance Review in January 2019. However, MHCLG has been unable to formally confirm its position and are unlikely to be able to do so until at least April 2019.
- 5.5. To date, Government officers have informally indicated that, “The expectation of Government is that LEPs will deliver on the outcomes they have specified in their published Growth Deal documents”.

“LEPs have flexibility to manage delivery of their programmes, using the flexibility of wider local authority budgets to swap projects around where some can deliver sooner and thereby compensate for delivery delays with other projects. The Grant Offer letter confirms that LEPs are expected to use this flexibility to manage their programmes”.

## 6. LGF3b Pipeline Development

- 6.1. As an outcome of the Annual Conversation in January 2018 and the subsequent Deep Dive by MHCLG, Government has identified the need for SELEP to develop a single pipeline of LGF projects to utilise any LGF underspends which are identified.
- 6.2. SELEP has therefore established the LGF3b process to develop this single pipeline and which has received an overwhelming level of interest. The 60

## LGF spend within Growth Deal period

project bids submitted, seeking over £145m LGF, demonstrated the substantial demand for capital investment in 2019/20 and 2020/21 from emerging priorities.

- 6.3. Through January 2019, the Independent Technical Evaluator (ITE) has met with the scheme promoters for all projects which have been submitted to SELEP through the LGF3b process. These meetings have provided the opportunity for scheme promoters to respond to the technical assessment and provide additional clarification and information, as appropriate.
- 6.4. It also provided the opportunity for the ITE to probe further on the deliverability and pace of benefit realisation. This aims to ensure that, as the technical assessment is concluded in advance of the Investment Panel meeting, the ranked list of projects reflects those aligned to strategic priorities, but also projects where there is a high level of certainty on deliverability and benefit realisation (as per the agreed assessment criteria).
- 6.5. As such, the LGF3b pipeline of projects, due to be agreed by the Investment Panel at their meeting on the 8<sup>th</sup> March 2019, will provide a list of projects which can maximise LGF spend by 31<sup>st</sup> March 2021 and support the delivery of SELEPs Growth Deal commitments, in terms of houses, jobs and skills.

## 7. What other LEPs are doing

- 7.1. SELEP is aware that similar discussions are being held between other LEPs and Central Government. From discussions with neighbouring LEPs it is understood that they are working to spend their LGF allocations in full by the 31<sup>st</sup> March 2021 and are currently in a similar position to SELEP in opening new calls for projects which can utilise any LGF underspends.

## 8. Options available to SELEP

- 8.1. With a number of projects coming forward to seek a funding award beyond 31<sup>st</sup> March 2021, there is a need for SELEP to develop a position as to whether planned spend beyond the Growth Deal should be permitted.
- 8.2. As such, three options are available:

### **Option 1 – Reallocate LGF funding which cannot be spent within the Growth Deal period**

- 8.3. The first option is to agree that no LGF planned spend should be agreed by the Board beyond the 31<sup>st</sup> March 2021. Under this scenario then the project can remain on SELEP's investment pipeline but alternative future funding sources would be sought by the relevant authorities to support the delivery of these interventions.

## LGF spend within Growth Deal period

- 8.4. The LGF funding allocation which cannot be spent within the Growth Deal period will be reallocated to support those LGF3b pipeline projects which can demonstrate LGF spend by the 31<sup>st</sup> March 2021.
  - 8.5. In practice, this would mean that the Board can agree the award of LGF which can be spent within the Growth Deal period but cannot support the award of funding where it is planned for spend beyond 31<sup>st</sup> March 2021.
  - 8.6. For projects that are identified as high risk of LGF spend beyond the Growth Deal, there is a requirement for these projects to come back for consideration by the Board within 6 months of the issue being flagged. This requirement is aimed at tackling stalled projects, where LGF has been awarded to the project, but there are concerns about the deliverability of the project due to delivery constraints which have materialised since the funding decision was made.
  - 8.7. If Option 1 is agreed, local partners will be required to provide reassurance that mitigation measures can be undertaken to address the delivery constraints or the LGF allocation to these stalled projects will be considered for reallocation.
- + The reallocation of the funding will enable alternative investments to progress, rather than the funding being held unutilised within SELEP accounts. This provides the opportunity to accelerate jobs and housing delivery through alternative interventions and new LGF3b priorities to support economic growth.
  - The benefits which will be delivered through the alternative use of LGF in LGF3b projects may not deliver the same magnitude of benefits which could be achieved through the original intervention. However, the scale of benefits will be considered as one of the assessment criteria as part of the LGF3b prioritisation.

### **Option 2 – Retain LGF allocations against the project, subject to certain conditions being satisfied.**

- 8.8. Alternatively Board members could support Option 2; for existing LGF projects to retain the LGF allocation against specific projects, with the expenditure being incurred beyond the 31<sup>st</sup> March 2021, subject to certain conditions being satisfied, as set out in 8.9 below.
- + This will support existing LGF projects which have been previously been identified by the Strategic Board as a funding priority.
  - The consequences of slipping LGF spend beyond the Growth Deal on future funding allocations is currently unclear. However, if SELEP stills holds a substantial amount of LGF underspend in 2021/22, 2022/23 and beyond, this is highly likely to weaken the case for further funding.
  - The holds of LGF allocations against specific projects for spend in future years will prevent the delivery of alternative projects which have been identified through the LGF3b process.

- 8.9. Should Option 2 be supported by the Board, it is recommended that certain conditions must be satisfied for the funding allocation to be retained by a project beyond the Growth Deal. These conditions include requirements for the Project to have:
- 8.9.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
  - 8.9.2. A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area;
  - 8.9.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;  
and
  - 8.9.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31<sup>st</sup> March 2021.
- 8.10. Under this Option, a specific grant agreement would be required to transfer the LGF for such projects. This grant agreement would require the local authority to spend the grant within their own local authority capital programme in 2020/21 and swapped out for spend on the LGF project when it is required for spend. If the LGF funding was not spent by the local authority by 31<sup>st</sup> March 2024, the local authority would be required to return the grant to SELEP.
- 8.11. For projects which have previously received full funding approval but which are currently RAG rated as high risk of LGF slippage beyond the Growth Deal period, these projects will be required to come back to the Board for a funding decision within six months to confirm that the conditions listed in 8.9 can be satisfied.

**Option 3 – Hold such funding decisions until the 12<sup>th</sup> April 2019 whilst clarity is sought from MHCLG to confirm whether it is considered acceptable for SELEP to hold substantial amounts of LGF spend beyond 31<sup>st</sup> March 2021**

- 8.12. SELEP is still awaiting a formal response from Central Government, to confirm whether it is considered acceptable for SELEP to plan for LGF spend beyond 31<sup>st</sup> March 2021 and to understand the consequences of this slippage.
- 8.13. There is a requirement for all projects to come forward for a funding decision by the 12<sup>th</sup> April 2019, at the next Accountability Board meeting. The Board may wish to delay considering a funding decision until this meeting, to allow further time to seek clarity from Central Government.
- + The clarification of Government's position would be helpful in informing the decision making by the Board and ensure that the decision by SELEP does not conflict with the advice from Central Government.

- While it has been indicated that Government is more likely to be able to confirm its position by the April Accountability Board meeting, there is no certainty as to the timing of this response.
- Waiting until the next Board meeting in April is likely to delay the delivery of projects and will reduce the amount of time available to deliver alternative projects. For specific projects, such as Beaulieu Park Railway Station (to be considered under agenda item 8), the funding decision by the Board is time pressured due to the need to submit the Housing Infrastructure Fund (HIF) Business Case to MHCLG on the 22<sup>nd</sup> March 2019.

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

9.1. LGF is transferred to Essex County Council, as the Accountable Body of the SELEP, for allocation to delivery partners to support delivery of projects within the Growth Deal. All funding allocations must meet the requirements of the SELEP Assurance Framework.

9.2. LGF is allocated through a grant determination from MHCLG via section 31 of the Local Government Act 2003; this is subject to the following condition:

The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.

9.3. The Accountable Body is ensuring that the grant is spent in line with the Grant Determination letter condition, which does not impose an end date for use.

9.4. Alongside the annual grant determination letter, Government has written to SELEP and the Accountable Body, emphasising the requirement for the grant to be spent on the Growth Deal (which has a lifetime of April 2015 to March 2021) and that future funding allocations remain subject to the outcome of future annual conversations and compliance with the National Local Growth Assurance Framework.

9.5. SELEP have raised the issue of the application of the LGF grant beyond the end of the growth deal period with central government and have sought clarity on this over a number of months, but this is not yet confirmed, and it remains unclear when a response will be provided.

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

10.1 The implications of the Board approving the allocation of LGF beyond the Growth deal period is currently unknown, despite SELEP's best efforts to seek clarification from Government on the issue. If the announcement from Government determines that expenditure beyond March 2021 is not permissible, then SELEP will have to revisit its decision, and either seek approval from Government to continue on the proposed course of action, seek

to re-scope projects where permissible so as to enable spend within the Growth Deal period, or look at reallocation. Any decisions taken by the Board will need to fully understand the risk associated with the LGF allocation, until such time as ultimate clarification has been obtained from Government.

- 10.2 If the Board approves spend beyond the Growth Deal period, then all projects will require a grant agreement to be in place between SELEP and the delivering Authority. The Agreement will require the local authority to spend the grant within their own local authority capital programme in 2020/21 and swapped out for spend on the LGF project when it is required for spend. If the LGF funding was not spent by the local authority by 31<sup>st</sup> March 2024, the local authority would be required to return the grant to SELEP. In doing so this would result in an underspend of the LGF, which would need to be reported to Government, and which will be considered in the future funding allocations to SELEP.

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

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

## **12. List of Appendices**

- 12.1. None

## **13. List of Background Papers**

- 13.1. None

LGF spend within Growth Deal period

**(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, S151 Officer, Essex County Council)	07/02/19



**Forward Plan reference number: FP/AB/174**

<b>Report title:</b> A127 The Bell and A127 Essential Maintenance LGF funding decision	
<b>Report to Accountability Board on 15<sup>th</sup> February 2019</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 1 <sup>st</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, Helen.Dyer@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 £9.9m Local Growth Fund (LGF) to the A127 The Bell and Essential Maintenance project (the Project) based on the Full Business Case, which has been through the Independent Technical Evaluator (ITE) review process.

## **2. Recommendations**

- 2.1. The Board is asked to:
- 2.1.1. **Approve** the award of £9.9m LGF 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 high certainty of achieving this.
- 2.1.2. **Note** that all LGF payments to local partners are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

## **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 project with the A127 The Bell project. 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. The remaining £6.6m LGF allocation to the A127 Essential Maintenance project has been combined with the £4.3m LGF allocation to A127 The Bell project, with a total LGF allocation to the Project of £10.9m.
- 3.5. In November 2018 the Board approved the award of £1m LGF to support the further development of the Project, as identified in the Outline Business Case. At the time of the Board decision there were still a number of options under consideration for the Project and as a result the total cost of the Project and the associated funding sources were unconfirmed. Consequently, the Board required confirmation that any funding gap had been successfully bridged before any funding was released.
- 3.6. Following the outcome of the public consultation Southend-on-Sea Borough Council have confirmed that there is no longer a funding gap and that all other funding sources for the Project have been confirmed.
- 3.7. Southend-on-Sea Borough Council have now brought forward a Full Business Case seeking release of the remaining LGF allocation of £9.9m.

#### **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 the 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** - Extensive surveys have been undertaken on the drainage network along the A127 corridor which have shown areas that require attention to ensure the network can operate as intended. Delivery of these works will provide immediate road safety improvements on the A127;

4.5.2. **A127 Safety Barrier Improvements** - Condition surveys of the existing safety barrier system within the central reservation of the A127 have shown sections that require remedial works. These remedial works will be completed at discrete locations along the corridor; and

4.5.3. **A127 Pavement Improvements** - 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. The preferred option for carriageway works has been determined through a combination of highway inspections and surveys. The specific locations identified for treatment include:

- 4.5.3.1. A127 Progress Road Junction to Borough boundary;
- 4.5.3.2. A127 Bellhouse Lane/Bellhouse Road Junction to A127 Kent Elms Junction;
- 4.5.3.3. A127/B1013 Tesco Junction to A127/A1159 Cuckoo Corner Junction;
- 4.5.3.4. A127/A1159 Cuckoo Corner Junction to A127 Fairfax Drive Junction;
- 4.5.3.5. A127 Fairfax Drive to A127 East Street/West Street; and
- 4.5.3.6. A127 East Street/West Street to A127 Victoria Gateway.

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 Junction Improvements

- 5.1. 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.
- 5.2. Each of the options looks to improve walking and cycling within the area.
- 5.3. A127 The Bell Option 1 is based on addressing the issues surrounding the right turn lane from the A127 into Hobleythick Lane, and maintaining the existing footbridge. To overcome the queuing traffic spilling back into lane 2 on the Southend bound A127, additional capacity would be provided by extending the right turn lane by 90m which will accommodate an additional 15 vehicles. This would 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.
- 5.4. 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 improve the performance of the junction. 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.
- 5.5. The option is contained within the highway boundary and is estimated to cost £2.061m.
- 5.6. A127 The Bell Option 2 includes the improvements to the right turn lane into Hobleythick 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.
- 5.7. 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.

- 5.8. 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, as the footbridge will encroach into the proposed carriageway.
- 5.9. Additional land will be required to enable the delivery of Option 2. This land is already owned by Southend-on-Sea Borough Council, however, it is currently designated as public open space so will need to be transferred to highway use to enable this option to proceed.
- 5.10. The delivery of Option 2 is expected to cost £4.401m.
- 5.11. 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 Hobleythick Lane.
- 5.12. For pedestrians to cross on Hobleythick 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.
- 5.13. As result of the new pedestrian crossing island on Hobleythick 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 estimated construction cost at £6.405m.
- 5.14. A127 The Bell Preferred Option – Option 2 is the preferred option. 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 was been recommended to Southend-on-Sea Borough Council Cabinet as the preferred option on the 6<sup>th</sup> November 2018.
- 5.15. On 6<sup>th</sup> November Southend-on-Sea Borough Council resolved that the preferred option should be taken forward for delivery. This decision was made by Cabinet following consideration of comments received during the public consultation, utility constraints, programming, environmental mitigations and deliverability within the Growth Deal period.

### **LGF3b application**

- 5.16. In advance of the preferred option being considered by Southend-on-Sea Borough Council Cabinet an LGF3b application was submitted to SELEP to seek an additional £2.1m LGF to bridge the funding gap should the larger

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

scale Project be supported by Southend-on-sea Borough Council Cabinet for delivery.

- 5.17. Given that Option 2 has now been chosen as the preferred option for the Project, meaning there is no longer a funding gap, Southend-on-Sea Borough Council have made the decision to withdraw their LGF3b application for this project.
- 5.18. Delivery of the larger scale project remains an aspiration and is fully supported by Ward Councillors, however, Southend-on-Sea Borough Council is not currently in a position to confirm a programme for completing the works by March 2021 as is required for all LGF projects.

### A127 The Bell Footbridge

- 5.19. 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 widened carriageway. The current footbridge is stepped and, as such, does not comply with the current Equality Act 2010 requirements.
- 5.20. 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.
- 5.21. At the Cabinet meeting on 6<sup>th</sup> November Southend-on-Sea Borough Council decided that due to delivery constraints and difficulties in delivering a footbridge which complied with the Equality Act 2010, the footbridge should be removed from the Project scope.

## **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 was considered as part of the local decision-making process by Southend-on-Sea Borough Council and was used to inform the preferred scheme highway option and footbridge option. On 6<sup>th</sup> November Southend-on-Sea Borough Council resolved that Option 2 (the preferred option outlined in section 5) should be taken forward for delivery. It was also resolved that a footbridge would not be delivered as part of the Project. These decisions were made following consideration of comments from the public consultation, utility constraints, programming, environmental mitigations and deliverability within the Growth Deal period.

- 6.3. In addition, a public engagement exercise has been undertaken 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. The total cost of delivering the Project is estimated at £11.68m, as set out in Table 1 below. This includes funding contributions from the following sources:

- 7.1.1. £1.0m LGF allocation – approved in November 2018;
- 7.1.2. £9.9m LGF allocation – considered in this report;
- 7.1.3. £0.72m Southend-on-Sea Borough Council Capital Programme; and
- 7.1.4. £0.063m S106 contributions.

- 7.2. The total cost of delivering the Project includes the £1.0m LGF allocation that was approved by the Board in November 2018 to support further development of the Project.

**Table 1 – A127 The Bell and Essential Maintenance – spend profile (£m)**

	Up to 2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF		1.230	3.820	5.850	<b>10.900</b>
Southend- on-Sea Borough Council	0.191			0.529	<b>0.720</b>
S106 contribution			0.063		<b>0.063</b>
<b>Total</b>	<b>0.191</b>	<b>1.230</b>	<b>3.883</b>	<b>6.379</b>	<b>11.683</b>

- 7.3. The S106 funding contribution has been confirmed and the proposed interventions under this Project comply with the terms of the S106 agreement.
- 7.4. Following the outcome of the public consultation exercise the funding contribution required from Southend-on-Sea Borough Council has been confirmed as £0.720m. Southend-on-Sea have committed to contributing this funding to the delivery of the Project.
- 7.5. As a result of the outcome of the public consultation and the removal of the footbridge from the project scope, there is no longer a funding gap for the Project. Southend-on-Sea have provided written confirmation that no LGF funding above the original allocation for the Project is required to deliver the works in full.

## 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 high levels of certainty around the Value for Money categorisation.
- 8.3. Through the development of the Full Business Case further consideration has been given to the impact of the scheme upon the local transport network, which has increased the robustness of the economic appraisal.
- 8.4. The ITE review confirms that a reasonable assessment approach has been employed, with the Department for Transport's WebTAG appraisal guidance having been used to calculate the transport related benefits of the scheme.

## 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.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have	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



<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance (RAG Rating)</b>	<b>Evidence in the Business Case</b>
been taken into account		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 of 17.9:1 has been calculated, which indicates 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.
- 10.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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. 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.

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

- 11.1. There are no legal implications arising out of the decision set out within this report. The LGF award will be made to Southend Borough Council under the terms and conditions of the SLA already in place with the Accountable Body.

## **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 6).

## **14. List of Background Papers**

- 14.1. Full 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>	

A127 The Bell and A127 Essential Maintenance LGF funding decision

Stephanie Mitchener  (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19
--	----------



# Independent Technical Evaluator - Growth Deal and Growing Places Fund Business Case Assessment (Q4 2018/19)

---



# Independent Technical Evaluator - Growth Deal and Growing Places Fund Business Case Assessment (Q4 2018/19)

---

Prepared by:

Steer  
28-32 Upper Ground  
London SE1 9PD

+44 20 7910 5000  
www.steergroup.com

Prepared for:

South East Local Enterprise Partnership  
c/o Essex County Council  
County Hall  
Market Road  
Chelmsford  
Essex  
CM1 1QH  
Client ref: F1523058  
Our ref: 22790507

Contents

1     Independent Technical Evaluation of Q4 2018/19 Growth Deal Schemes ..... 1

2     Independent Technical Evaluation of Q4 2018/19 Local Growth Fund Allocation  
Change Requests..... 10

Tables

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for  
Q4 2018/19 ..... 6



# 1 Independent Technical Evaluation of Q4 2018/19 Growth Deal Schemes

## Overview

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

## Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' 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/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG and DGLG/MHCLG Appraisal Guide.

---

<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 December 2018 and January 2019.

## Evaluation Results

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

### *Recommendations*

- 1.12 The following schemes achieves high value for money with high to medium certainty of achieving this:
- **S-CATS (£4m):** S-CATS (Southend - Central Area Transport Scheme) Phase 3 will deliver public realm improvements and place-making interventions at Victoria Circus and London Road in the Southend Central Area. The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Department for Transport active mode appraisal guidance and delivers high levels of certainty around this value for money categorisation.
  - **Fairglen Link Road (£6.2m):** The proposed new link road and slip road form part of the Fairglen Improvement Scheme. The business case analysis provides a proportionate assessment of the scheme costs and benefits which resulted in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out based on WebTAG guidance and delivers high levels of certainty around this value for money categorisation.
  - **Eastbourne Town Centre Movement and Access (£3m):** The scheme centres on providing greater priority and accessibility for pedestrians along the middle section of the town centre's Terminus Road corridor. It builds on and complements phase 1 of the Eastbourne Town Centre Movement & Access Package which supported the extension of the Town Centre's Arndale (now 'The Beacon') shopping centre. The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Department for Transport's active mode appraisal toolkit and delivers high levels of certainty around this value for money categorisation.
  - **Eastbourne and South Wealden Walking and Cycling (£4m):** The Eastbourne & South Wealden Cycling & Walking Package – Phase 2 includes a combination of dedicated cycle facilities, shared cycle/walking schemes, pedestrian crossings, cycle parking across Eastbourne and Hailsham, and wayfinding. The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Department for Transport's active mode appraisal toolkit and delivers high levels of certainty around this value for money categorisation.

- **Basildon Flagship Cycle Scheme (£0.5m):** this scheme is the second identified flagship route and runs from Basildon station to the Industrial area and Retail Park at Pipp's Hill to the north of the town with an additional spur to Laindon. The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Department for Transport's Active Mode Appraisal Toolkit and delivers high levels of certainty around this value for money categorisation.

1.13 The following schemes achieve high value for money with medium certainty of achieving this:

- **Innovation Park Medway Phase 2 (£3.7m):** the scheme is to provide enabling infrastructure for the first section of the northern site of the Innovation Park Medway, unlocked by closing an airport runway. The works will include: Access roads; Lighting and directional signage; Drainage and water; Electricity; Gas; Fibre; Site surveys and associated capital project consultancy. The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using DCLG Land Value Uplift methodology and delivers high levels of certainty around this value for money categorisation.

The wider Innovation Park Medway scheme has secured additional grant funding from previous Local Growth Fund rounds as well as loan funding from the Growing Places Fund. Very limited progress has been made on delivering these projects for which funding has been allocated. There is a requirement to spend this additional funding as well as all other allocated but unspent funding by 2020/21. This presents a deliverability risk which we would invite the Accountability Board to consider before determining whether or not to approve funding for the scheme.

1.14 The following scheme achieves low value for money with high certainty of achieving this:

- **Beaulieu Park (£12m):** This is for a proposed railway station located adjacent to residential and mixed-use developments in north east Chelmsford (4,000+ homes). There are some doubts over the value for money assessment with the transport benefits assessment excluding wider benefits showing low value for money, and some concerns over the robustness and reliability of the assessment of additional wider benefits (including land value uplift).

The planned profile of Local Growth Fund spend extends to financial year 2022/23. It has not yet been made clear to SELEP that Local Growth Fund monies can be spent beyond 2020/21. In addition, the scheme as presented in the business case represents low value for money with an initial benefit cost ratio of 1:1. An adjusted benefit cost ratio has also been presented which indicates that the scheme represents medium value for money however, there is less certainty around the assumptions and analysis underpinning the adjusted BCR.

We would invite the Accountability Board to consider the risk that the spend profile and the low value for money of the scheme presents before determining whether or not to approve funding for the scheme.

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

- **A127 Major Maintenance and The Bell Junction Improvement (£10.9m):** 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 keep the 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.

The additional work carried out as part of Full Business Case development has involved further consideration of the impact of the scheme upon the local transport network which has increased the robustness of the economic appraisal. The procurement of the works has not yet taken place which we would expect at Full Business Case stage and we would invite the board to consider this risk. However, through cost benchmarking and market testing the revised business case has provided significantly increased levels of certainty around the scheme costs and deliverability.

Table 1.1: Gate 1 &amp; 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q4 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
Outline business cases										
S-CATS Phase 3	£4m	Gate 1: 1.3	Amber	Amber	Amber	Amber/ Green	Amber	A reasonable approach has been adopted using WebTAG guidance including the active mode appraisal guidance (WebTAG Unit A5-1), with local data being used where available. Any additional impacts on the visitor economy have not been quantified.	Full details of the assumptions behind the analysis have been provided giving confidence that the approach is robust.	Whilst a risk register has been created there is uncertainty created by a lack of commentary to explain the key risks and how they will be mitigated. The low BCR (<2:1) creates substantial uncertainty.
		Gate 2: 3.4	Green	Green	Green	Green	Green	The interaction between the scheme and visitors/tourists is acknowledged (though remains unquantified).	As above	A High BCR and additional commentary on risks has reduced the uncertainty leaving no significant concerns.
Fairglen Link Road	£6.2m	3.2	Green	Amber/ Green	Green	Green	Green	A reasonable approach using WebTAG v1.10 has been used.	Assumptions are clearly recorded, and guidance followed resulting in robust analysis.	Sensitivity tests have not been undertaken (awaiting DfT growth scenarios).
			Green	Green	Green	Green	Green	As above	As above	In the absence of approved growth scenarios, a no-growth (worst case) scenario has been used as the central case. This is a reasonable (conservative) way of dealing with uncertainty.

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
Eastbourne Town Centre Movement and Access	£3m	3.4	Green	Green	Green	Amber/ Green	Green	A reasonable approach has been used based on Urban Realm benefits using VURT, and active mode appraisal using WebTAG Unit 5-1.	Assumptions are clearly recorded, and guidance followed resulting in robust analysis.	There was some uncertainty over the availability of matched from ESCC.
			Green	Green	Green	Green	Green	As above	As above	The funding allocation has been reflected in the County Council's financial planning programme reducing uncertainty.
Eastbourne and South Wealden Walking and Cycling	£4m	2.4	Green	Green	Green	Amber/ Green	Green	A reasonable approach has been used to calculate value for money (active mode appraisal toolkit WebTAG Unit 5-1), with other non-quantified benefits also considered including indirect support for new jobs and homes.	Assumptions are clearly recorded, and guidance followed resulting in robust analysis.	There was some uncertainty over scheme costs.
			Green	Green	Green	Green	Green	As above	As above	Cost uncertainty has been managed through a QCRA process.

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
Basildon Flagship Cycle Scheme	£0.5m	3.9	Green	Amber	Green	Amber	Green	A reasonable approach has been used to calculate value for money using the active mode appraisal toolkit (WebTAG Unit 5.1) plus locally collected data.	Not possible to tell given the lack of information concerning assumptions used.	Considerable uncertainty given the lack of information concerning assumptions used.
			Green	Green	Green	Green	Green	As above	Additional information provided provides assurance that a robust approach has been taken and that the guidance has been followed.	Additional information provided has reduced uncertainty over scheme costs, risks, funding commitment, and results of sensitivity analysis.
Innovation Park Medway Phase 2	£3.7m	2.6	Green	Amber	Green	Green	Amber	A reasonable approach using the DCLG Land Value Uplift method has been used.	There is a lack of clarity concerning the scheme being evaluated	The lack of clarity around the basis of the BCR calculation creates uncertainty.
			Green	Green	Green	Green	Amber	As above	Separate assessments for different scheme phases has clarified the basis of the analysis.	Uncertainty has been reduced by the provision of an estimated BCR for Phase 2 alone. There is some outstanding uncertainty given the dependence on completion of enabling works, and potential delays being caused by opponents of the airport development.



Independent Technical Evaluation – Growth Deal and Growing Places Fund Business Case Assessment (Q4 2018/19)   Report										
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
Beaulieu Park	£12m	1.2 (1.8 including Land Value Uplift)	Green	Red	Green	Amber	Red/Amber	A reasonable approach using WebTAG guidance has been used to calculate the transport related benefits. The adjusted BCR takes into account wider benefits though it is not clear that these are appropriate.	Sensitivity analysis indicates that the VfM assessment is not robust in that it is subject to substantive variability.	There is some uncertainty caused by the appropriate treatment of car parking revenue and wider economic benefits. There is also uncertainty over whether the LGF fund will be spent by March 2021.
			Green	Amber	Green	Amber	Red/Amber	Clarification of the calculation of wider benefits has helped, but some doubts remain over the reasonableness of the higher estimate.	As above.	Concerns around the spend profile of the scheme raised at Gate 1 have not been addressed.
Full Business Case										
A127 Essential Major Maintenance and The Bell Junction Improvement	£10.9m	Gate 5: 17.9	Green	Green	Green	Green	Green	A reasonable approach using WebTAG guidance has been used to calculate the transport related benefits.	Both scheme elements (major maintenance and junction improvements) represent very good value for money.	The provision of the economic appraisal results and the underlying assumptions used has shown that the scheme has a very high BCR. This has provided certainty around the value for money.

## 2 Independent Technical Evaluation of Q4 2018/19 Local Growth Fund Allocation Change Requests

### Overview

- 2.1 The SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.

### A133 Colchester to Clacton

- 2.2 Essex County Council (ECC) is seeking approval to reduce the scope of the A133 Colchester to Clacton Route Based Strategy (RBS) project to accommodate reductions in ECC's capital spending.
- 2.3 The scheme comprises two main elements (Frating Roundabout and Weeley Roundabout) plus four complementary elements (Frating to Progress Way Safety Measures, Bromley Road/Clacton Road Junction Improvements, Signage Review, Salary Brook to Slough Lane Cycle Way). Approval is being sought to continue with the two primary elements but not the above complementary elements.
- 2.4 The de-scoping would have no effect on the LGF allocation, but would reduce local contributions. There would be some impact on outputs and outcomes (largely qualitative/unquantified benefits associated with improved safety, signage and facilities for cyclists).
- 2.5 The original business case for A133 Colchester to Clacton, as reviewed by Steer in October 2017 was based on a scheme cost of £5.5m, with a BCR of 5.9:1. This represented very high value for money, with a medium/high level of certainty of that value for money.
- 2.6 The components of the scheme which remain within scope are those components with the highest value for money: Frating Roundabout with a BCR of 11.6:1 and Weeley Roundabout with a BCR of 12.9:1 therefore, there is high level of certainty that the overall value for money categorisation will remain very high despite the de-scoping.
- 2.7 Given the fact that the scheme is in its delivery phase, any uncertainty about the delivery and benefits realisation can be reduced. Therefore, this scheme, with the reduced scope considered, represents high value for money with high certainty of achieving that value for money.

## Control Information

### Prepared by

Steer  
28-32 Upper Ground  
London SE1 9PD  
+44 20 7910 5000  
www.steergroup.com

### Prepared for

South East Local Enterprise Partnership  
c/o Essex County Council  
County Hall  
Market Road  
Chelmsford  
Essex  
CM1 1QH

### Steer project/proposal number

Our ref: 22790507

### Client contract/project number

Client ref: F1523058

### Author/originator

Tony Duckenfield

### Reviewer/approver

Edmund Cassidy / Steven Bishop

### Other contributors

Scheme assessors

### Distribution

Client: South East Local Enterprise Partnership      Steer: Project team

### Version control/issue number

V1.0 for PM Review  
V1.1 for PD Review  
V1.2 Project Updates  
V1.3 Project Updates

### Date

04/02/2019  
04/02/2019  
05/02/2019  
06/02/2019



**Forward Plan reference number:** FP/AB/176

<b>Report title:</b> Fairglen New Link Road LGF funding decision	
<b>Report to:</b> SELEP Accountability Board	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £6.235m Local Growth Fund (LGF) to the Fairglen New Link and Slip Road project (the Project) based on the Outline Business Case, which has been through the Independent Technical Evaluator (ITE) review process.

## 2. Recommendations

2.1. The Board is asked to:

- 2.1.1. **Approve** the award of £6.235m LGF to enable the delivery of the Project, which has been assessed as presenting high value for money with medium to high certainty of achieving this.
- 2.1.2. **Note** that all LGF payments to local partners are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

## 3. Background

- 3.1. Through the Growth Deal, SELEP is supporting the delivery of both the Fairglen Interchange Improvements, through a £15m LGF allocation and the new link and slip road, through a £6.35m LGF allocation.
- 3.2. This Project brings forward the new link road and slip road only. The Business Case for the larger scale Fairglen Interchange Improvements will be considered for a funding award of £15m by the Department for Transport (DfT) directly, as a DfT 'retained' project.
- 3.3. The two schemes are mutually beneficial and will both act to reduce congestion at the A127 Fairglen Junction. It is intended that the Business Case for the Interchange Improvements will be considered for DfT approval in February 2020. Subject to approval by the DfT, the two projects will be delivered under the same construction contract.

- 3.4. The Project is being brought forward ahead of the Interchange Improvements in order to spend the £6.235m LGF allocation within the Growth Deal period.

#### 4. Fairglen Link Road and Slip Road (the Project)



4.1. The Project will involve:

- 4.1.1. the addition of a new link road from the southbound A130 on to the A1245 southbound: and
  - 4.1.2. a dedicated left turn slip from the A1245 southbound on to the A127 eastbound.
- 4.2. The A127 corridor is an important primary route for the South Essex area which connects the M25, Basildon and Southend (including London Southend Airport). It also provides access to the wider areas of Basildon, Billericay, Brentwood, Canvey Island, Rochford and Wickford and has strategic links to the A13, A128, A129 and A130.
- 4.3. The interchange, which is located halfway between Southend-on-Sea and the M25, along the A127, carries over 110,000 vehicles in a 12 hour period. It suffers significant congestion and journey time delays during peak periods and high traffic flows throughout the rest of the week. The slip roads onto the A127 and the main A127 carriageway, either side of the interchange, have been found to be operating above their design capacities, which results in reduced performance. In addition, there are safety concerns relating to poor visibility and poor lane management.
- 4.4. Improvements to this interchange will enable and support planned growth, along with the housing identified in the south Essex Strategic Housing Market Assessment (SHMA). The SHMA identifies the 'objectively assessed need' for Basildon, Castle Point, Rochford and Southend as being 2,350 to 2,770

dwelling per annum, resulting in around 12,800 new homes being required by 2021.

- 4.5. The interchange is located at the boundary of Basildon Borough Council, Castle Point Borough Council and Rochford District Council and it forms the main junction for strategic routes heading to / from Southend and London Southend Airport. For this reason, any traffic growth across this area will have a significant impact on the Fairglen Interchange. The local authorities each have significant plans for growth in housing and jobs, estimated to be around 26,000 houses and 25,000 jobs by 2031. Improvement of the interchange is essential to increase the road capacity required to meet the traffic demand generated by this growth.
- 4.6. The potential impact of the Lower Thames Crossing on the Fairglen Interchange has been modelled by Highways England. The current modelling results suggest that the Lower Thames Crossing would lead to an increase in trips, passing through the interchange, of approximately 100 to 200 additional vehicles per hour in the peak hours, in each direction. This further highlights the need to provide additional capacity at the Fairglen Interchange to facilitate movement and growth in this area.
- 4.7. The Project will help alleviate traffic flows at Fairglen and will reduce demand at the main interchange by negating the need for vehicles travelling from Chelmsford, southwards down the A130, to complete two sides of the 'Fairglen triangle' south of the A127 to access the A127 heading eastbound towards Southend. Travel distance (approximately 1km) will also be saved.
- 4.8. The Project objectives relate to the problems and opportunities and issues raised at stakeholder workshops held as part of the options development, including:

Objective 1 - Accommodate / manage future travel demands to facilitate proposed growth in south Essex

Objective 2 - Ensure good connectivity to South Essex via key transport corridors

Objective 3 - Improve opportunities for residents and employees in south Essex to access alternative modes of transport and encourage their use

Objective 4 - Protect and enhance the natural, built and historic environment

Objective 5 - Improve connectivity for non-motorised users through Fairglen / A130 Interchange

Objective 6 - Improve safety at Fairglen / A130 Interchange

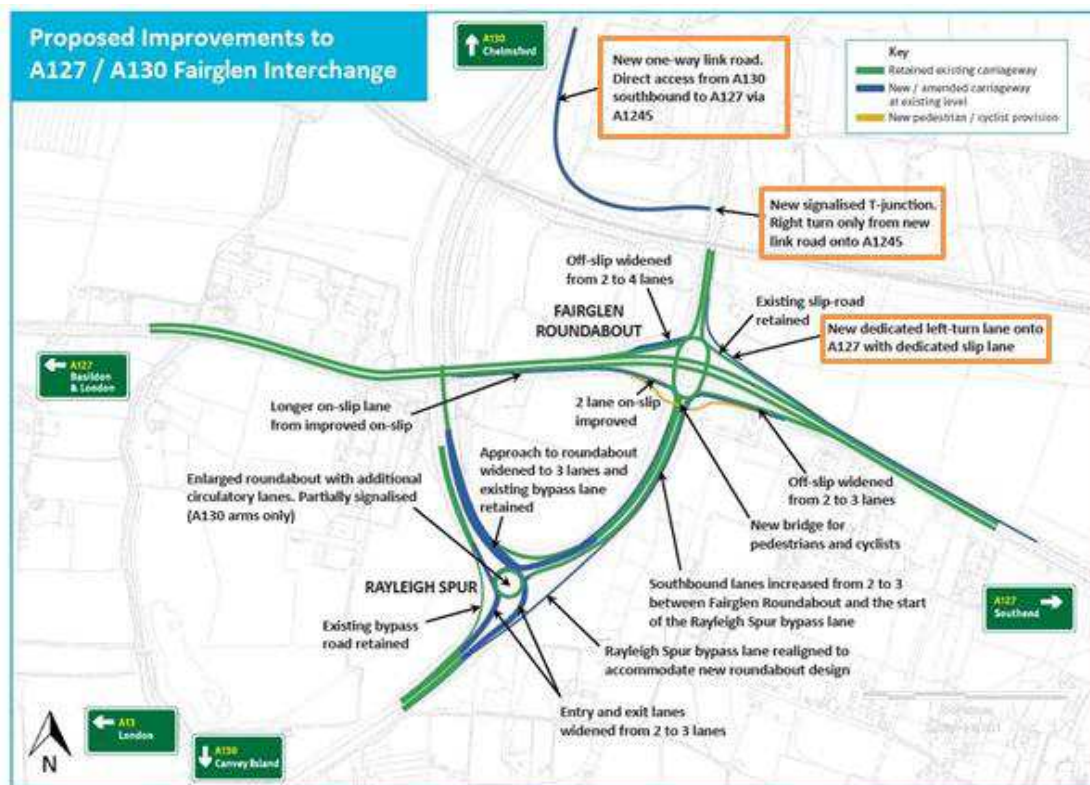
Objective 7 - Manage congestion at peak times to ensure reliable journey times through the Fairglen / A130 Interchange

Objective 8 - Ensure Essex County Council (ECC) assets are appropriate for a future highway network

Objective 9 - Keep Fairglen / A130 Interchange operational through improved maintenance provision and incident management.

- 4.9. Figure 1 below, highlights in the orange boxes, the aspects that will be delivered through the Project, as well as the improvements to be delivered through the larger Fairglen Interchange Improvements

**Figure 1 Interventions to be delivered through the Project and the wider Fairglen Interchange Improvements**



*The aspects of the Project to be delivered through the £6.235m LGF award considered through this report are highlighted by the orange text boxes.*

## 5. Fairglen Interchange Improvements

- 5.1. In addition to the interventions to be delivered through the Project, the wider Fairglen Interchange Improvements will also deliver:
- 5.1.1. Widened slip roads on most of the arms of the Fairglen Roundabout;
  - 5.1.2. Lengthened slip lanes on both A127 on-slip roads;
  - 5.1.3. Improvements at the Rayleigh Spur Roundabout, including new traffic lights at two arms of the junction and an additional lane on the roundabout itself; and
  - 5.1.4. A new bridge for pedestrians and cyclists, linking to existing routes alongside the A127.



## **6. Options considered through consultation and engagement**

- 6.1. The interventions to be delivered through the Project and the wider Fairglen Improvements have been identified through substantial consultation and engagement.
- 6.2. Options were generated through an 'Options Workshop' in July 2015, involving 20 stakeholders, to consider the current and future transport problems impacting the junction.
- 6.3. The initial 35 options which were generated were then sifted based on their fit with the objectives of the improvements, deliverability, feasibility, affordability and the impact on traffic flows at the junction. Through this analysis, the number of options was reduced to eight.
- 6.4. The eight options were further considered and then classified as short and long term interventions. The short term options are those that can be accommodated within the available funding and could also be constructed within the next 5-10 years. These short term options have been further developed to inform the preferred options for delivery.
- 6.5. The preferred options for delivery, as detailed in sections 4.1 and 5.1 above, were consulted on through further public consultation in February and March 2018. Detailed information about the proposed interventions was made public via various channels. The public and stakeholders were invited to give feedback, with a total of 196 responses received through the consultation.
- 6.6. Through the consultation, proposals were put forward by the public and stakeholders to deliver additional improvements beyond the current scope of the Project, given the level funding available. Where possible, this feedback will be considered through the detailed design stages of the Project.
- 6.7. It is recognised that further improvements will be required to the Fairglen Interchange in the long term to accommodate the high level of growth planned in South Essex, over and above the scope of the interventions detailed in this report. However, sufficient funding has not yet been identified to deliver these long term options and are therefore not included in the scope of the schemes to be delivered through the SELEP Growth Deal.

## **7. Project Cost and Funding**

- 7.1. The total cost of the Project is £9.844m. This cost will be funded through the 6.235m LGF and funding contributions from Essex County Council totalling £3.609m.
- 7.2. Essex County Council capital funding of £3.504m has already been included in ECC's aspirational part of the Essex County Council capital programme (2019/20 and 2020/21).

- 7.3. Essex County Council will need to formally approve its funding levels in advance of each of those years. In addition Essex County Council intends to contribute £105,000 in revenue funding in 2020/21 towards the monitoring and evaluation of the project, subject to formal approval as part of the budget setting in February 2020.

**Table 1 Funding available for the new link and slip road (£m)**

Funding source (£m)	Expenditure Forecast			
	18/19	19/20	20/21	Total
SELEP		0.673	5.562	6.235
ECC Capital		0.338	3.166	3.504
ECC Revenue			0.105	0.105
<b>Total funding requirement</b>		<b>1.011</b>	<b>8.833</b>	<b>9.844</b>

## 8. Outcome of ITE Review

- 8.1. The Value for Money assessment has been completed to assess the combined impact of the Project and the Fairglen Interchange Improvements, which is subject to DfT approval. This approach has been adopted due to the interdependency between the two projects and to ensure no double counting of benefits.
- 8.2. Whilst it is not possible to model and appraise the Value for Money impact of the new link road and slip independently from the Fairglen Interchange Improvements, the impact of the Project in removing traffic from the roundabout is expected to deliver substantial benefits, particularly during the PM peak.
- 8.3. The business case analysis provides a proportionate assessment of the scheme costs and benefits which resulted in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out based on WebTAG guidance and delivers high levels of certainty around this value for money categorisation.
- 8.4. If the £15m LGF funding contribution to the Fairglen Interchange Improvements are not forthcoming then ECC have confirmed that they would continue to progress with the delivery of the Project.

## 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.
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 quantified risk assessment has been prepared as part of the Business Case.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 3.17:1 has been calculated for the Project and the wider DfT retained Fairglen Improvements project

## 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the

outcome of which is expected in March 2019.

- 10.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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. 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.

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

- 11.1. The allocation concerns a small aspect of the wider package of works to the Fairglen Junction. To date, the wider scheme funding has not yet been approved by the DfT, although this is expected to be determined by February 2020. ECC has indicated that should this funding not be approved by the DfT, that they will still wish to proceed with the delivery of the Project; for the new link road and slip road. Whilst this allocation is not subject to the DfT decision, if the funding is not obtained from the DfT then the impact on the Project should be reported back to the Board.

## **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 6).

### **14. List of Background Papers**

- 14.1. Business Case for the A127 Fairglen New Link and Slip Road

**(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, S151 Officer, Essex County Council)	07/02/19



**Forward Plan reference number:** FP/AB/178

<b>Report title:</b> Beaulieu Railway Station LGF funding decision	
<b>Report to:</b> SELEP Accountability Board	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of Local Growth Fund (LGF) to Beaulieu Railway Station (the Project) based on the Outline Business Case, which has been through the Independent Technical Evaluator (ITE) review process.
- 1.2 As this Project is seeking LGF beyond the Growth Deal, it is therefore linked to the decision making by the Board under Agenda Item 5 which considers SELEP's position in relation to LGF spend beyond the 31<sup>st</sup> March 2021.
- 1.3 If the decision under Agenda Item 5 is deferred then the decision making as part of this report will also need to be deferred.

## 2. Recommendations

- 2.1. The Board is asked to approve one of the three following options:

**Option 1** - Approve the award of the full £12m LGF allocation to the Project, subject to:

- 2.1.1.1. A Value for Money review being completed for the overall Project by the Ministry for Housing Communities and Local Government (MHCLG), as part of the Housing Infrastructure Fund (HIF), that meets the requirements of the value for money exemption 2 of the SELEP Assurance Framework; and
- 2.1.1.2. Receipt of evidence from MHCLG that they have approved the award of sufficient funding through its Housing Infrastructure Fund (HIF), to bridge the Project funding gap; and
- 2.1.1.3. Board agreement, under Agenda Item 5, that planned LGF spend beyond 31<sup>st</sup> March 2021 is permissible; and
- 2.1.1.4. Endorsement from the SELEP Strategic Board that the LGF can be retained against the Project beyond 31<sup>st</sup> March 2021; or

**Option 2** - Approve the award of the £2.73m LGF allocation to the Project, subject to:

- 2.1.1.5. A Value for Money review being completed for the overall Project by the Ministry for Housing Communities and Local Government (MHCLG), as part of the Housing Infrastructure Fund (HIF) , that meets the requirements of the value for money exemption 2 of the SELEP Assurance Framework; and
- 2.1.1.6. Receipt of evidence from MHCLG that they have approved the award of sufficient funding through its Housing Infrastructure Fund (HIF), to bridge the Project funding gap.

Under Option 2 the remaining £9.27m which cannot be spent within the Growth Deal period would be reallocated through LGF3b pipeline development process.

**Option 3** - Reallocate the £12m provisional allocation to the Project through the LGF3b process given the low BCR value and the substantial LGF spend beyond 31<sup>st</sup> March 2021.

### **3. Background**

- 3.1. In June 2014, a provisional funding allocation was made to the Project, for the delivery of a new railway station in North East Chelmsford. The Project has previously been unable to draw down on the LGF allocation to the Project due to the substantial funding gap.
- 3.2. The Project is now progressing through the MHCLG process to be considered for a HIF award which, if successful, will bridge the funding gap for the Project.
- 3.3. In advance of the HIF bid being submitted to MHCLG on the 22<sup>nd</sup> March 2019, a funding decision is being sought from the Board in relation to the LGF allocation to the Project.

### **4. Context**

- 4.1. Chelmsford plays a key role in ensuring the prosperity of the wider Essex region. Strategic infrastructure is needed to support the ambition of Chelmsford and in particular North Chelmsford as a location for significant new development growth to deliver its potential.
- 4.2. The north of Chelmsford is a key focus for the City's growth to 2036. Development is already underway toward the delivery of 4,000 homes. Of these 4,000 homes, 1,100 have received outline planning permission subject to the provision of Beaulieu station or an alternative sustainable transport mechanism.
- 4.3. In addition, the Chelmsford City Council Draft Local Plan, which is now subject to Examination, proposed a further 3,000 homes and 45,000m<sup>2</sup> of office/business park in North East Chelmsford, 1,100 homes in Great Leighs and 450 homes in Broomfield over the Local Plan period to 2036, with a further 2,500 homes in North East Chelmsford beyond 2036.



- 4.4. In order to capitalise on its prime location adjacent to the Great Eastern Main Line, A12 and A130 (A131), a station is required in order to provide the connectivity for residents and firms to jobs, suppliers, customers and workers both within Essex and to London and further afield.
- 4.5. Chelmsford's transport network is acting as a constraint to some of this potential growth. There is neither the desire nor the space to expand the city centre's road network, which is widely reported to be at 96% capacity at peak periods. City centre car parks and Chelmsford station itself are unable to cater for significant growth in demand.
- 4.6. Chelmsford station is the busiest two platform station outside London. Investment has been made in Chelmsford station both through a second station access, improved ticket hall, public transport interchange and cycle storage and the SELEP supported Mill Yard improvement, but it is a constrained 2 platform site on a viaduct making further enhancement likely prohibitive in cost and benefit.
- 4.7. Chelmsford is also a transport and economic hub for a wider sub-region beyond its administrative boundaries. Improved access to the rail network for growing communities (Maldon, Heybridge, Great Dunmow and Braintree) in the Heart of Essex will help to spread the benefits and increase the attractiveness of these adjacent districts as places to live, work and visit.
- 4.8. Maldon East & Heybridge station closed in 1964, Great Dunmow formally in 1961 and Braintree's rail service is provided on an hourly frequency and perceived as unreliable and not well located for recent growth areas such as Great Notley.
- 4.9. The use of Chelmsford Station by people living in communities outside of the town itself is exacerbating transport problems in the city. Traffic modelling of Chelmsford has identified that in the morning and evening rush hours, Chelmsford's road network is currently operating at approximately 96% capacity.
- 4.10. The Project is therefore being brought forward to support the growth of North Chelmsford, tackle congestion issues within Chelmsford Town Centre, and improve rail access and capacity.

**Figure 1 Beaulieu Railway Station Location**



## **5. Beaulieu New Railway Station (the Project)**

- 5.1. The new station is being proposed on the existing Great Eastern Main Line (GEML) on the eastern side of Beaulieu, 3 miles north east of Chelmsford, located adjacent to the A12/A138/B1137 junction 19 to serve the growth in North Chelmsford as well as wider growth in parts of Maldon, Braintree and Uttlesford districts not well served by rail.
- 5.2. Outline planning consent had been granted for the station and Project development work has continued to develop the design of Beaulieu station. The design has evolved through NR's GRIP stage 1 and 2 processes to become a three-platform station with a passing loop.
- 5.3. The turnback / passing loop provides operational resilience and flexibility in a network that is heavily used and operating at near capacity. This scheme option gives Network Rail full operational ability to turn back trains in both directions and also allows trains to pass each other in both directions. The station is proposed to be a rail head and would be used to start / terminate some of the services that today start / terminate at Chelmsford, to distribute demand effectively and to allow for services to be timetabled effectively.
- 5.4. The station will provide train services for residents and workers, support future business development and existing business activity, and will relieve pressure on Chelmsford station. The station design also incorporates a public transport interchange, multi-storey car parking, cycle parking and access.

5.5. The intended benefits of the Project include:

- 5.5.1. Acceleration of planned new homes and jobs and their associated economic benefits
- 5.5.2. Facilitation of dependent development - new homes and jobs and their associated economic benefits which otherwise could not happen
- 5.5.3. Increase in fare box revenue for the railway
- 5.5.4. Reduced congestion at Chelmsford station
- 5.5.5. Reduced congestion in Chelmsford city centre at peak times (weekday and weekends)
- 5.5.6. Improved access to the rail network for residents and businesses in the Heart of Essex not well served by rail; and
- 5.5.7. Improved network resilience and reliability for train services using the Great Eastern Main Line.

## **6. Options Considered**

6.1. Three mains options were considered to tackle the challenges raised under section 4. These options include:

- 6.1.1. A 3 platform Railway Station with turn-back and loop facilities (preferred option);
- 6.1.2. Enhancements to Chelmsford Station with additional station capacity, alongside business rapid transit, walking and cycling improvements to Chelmsford station.
- 6.1.3. Increased frequency and quality of buses between Chelmsford and Beaulieu only. This option has been used as the 'do minimum' option within the economic appraisal, but is not an option supported by local partners.

6.2. The new railway station has been identified as the preferred option to deliver the scale of growth planned in North Chelmsford.

6.3. The new station has been included within the Adopted Chelmsford Local Plan and New Chelmsford Local Plan (currently subject to Examination), which has been widely consulted on.

6.4. Further public consultation and engagement is expected as part of the detailed planning application for the Project. The public and stakeholder feedback received through this consultation will be considered through the further development of the Project.

## **7. Delivery and risk**

7.1. Given the scale and complexity of the Project it is intended that Network Rail will deliver the whole Project on behalf of Essex County Council.

- 7.2. Network Rail's GRIP process governs how risks associated with the station design and construction are identified, mitigated or removed, and re-evaluated at each GRIP stage. A Quantified Risk Assessment will be developed at GRIP Stage 3 which is then re-assessed and updated at each subsequent stage.
- 7.3. Based on the GRIP Stage 2 Risk Register, included In the Business Case, no risks have been identified as high likelihood and high impact of materialising.
- 7.4. The completion of the Project is not expected until 2025. This coincides with the end of the current franchise, which is currently operated by Abellio Greater Anglia. As such, the station will need to be included in the new franchise from October 2025 onwards for trains to serve the new station.

## **8. Project Cost and Funding**

- 8.1. The total cost of the Project has been based on a GRIP Stage 2 cost estimate which ranges between £154m and £157m, including risk and inflation costs.
- 8.2. In addition to the £12m LGF allocation, the Project also has a contribution from developers Countryside Zest, secured through a S106 agreement. To date the developer has funded the GRIP Stage 2 development, with the remaining developer contribution towards the Project's delivery now totalling £20.350m.
- 8.3. The Project also forms part of a wider HIF bid to MHCLG for infrastructure to support growth in Chelmsford. The bid will include a HIF ask to bridge the gap in funding required to deliver the Project. The Project has passed an initial expression of interest stage and a Business Case will now be submitted to MHCLG on the 22<sup>nd</sup> March 2019, seeking £124.67m towards the delivery of the Project. The outcome of this process is expected to be determined in May 2019.
- 8.4. The allocation of LGF to the Project is likely to increase the chances of HIF being successfully awarded. The HIF business case process includes questions on whether bidders have the support of Local Enterprise Partnerships and how the projects contribute to the economic growth goals of the locality and region, beyond just housing.
- 8.5. As the Project is not due to complete until Q4 2025, only £2.73m of the total £12m LGF allocation can be spent within the Growth Deal period.
- 8.6. Under agenda item 5, the Board is asked to consider its position in terms of whether it is acceptable to spend the LGF contributions beyond the Growth Deal period. As such the decision making as part of this report is interlinked with Agenda Item 5.

**Table 1 Funding available for Beaulieu Railway Station (£m)**

	18/19	19/20	20/21	21/22	22/23	23/24	Future Years	Total
LGF	0	0	2.73	1.31	7.96	0	0	
Developer Contributions	1.3	1.3	0.32	1.25	4.63	4.62	6.93	20
ECC revenue funding	0	0	0	0	0	0	0.05	0
HIF(TBC)	0	0	0	0.85	4.98	34.91	83.93	124
Total	1.3	1.3	3.05	3.41	17.57	39.53	90.91	157

## 9. Value for Money and outcome of ITE Review

- 9.1. The Value for Money assessment has been completed for the Project, to consider the transport benefits of delivering the Project, such as the benefits of improving journey time. This assessment has been calculated following a robust approach based on Department for Transport (DfT) WebTAG guidance. The initial Benefit Cost Ratio (BCR) based on this assessment approach is 1.16:1. Anything with a BCR of 1.0 to 1:5 is categorised as low value for money by the DfT, accordingly this Project falls within that remit.
- 9.2. The economic appraisal gives consideration to factors such as the dis-benefit to rail passengers travelling through Beaulieu Park, as the new station will create an additional stopping point and increase the journey time for passengers that are not using Beaulieu Park. Given the considerable number of passengers that use the GEML this reduces the net economic benefits which are expected to occur as a result of the Project.
- 9.3. An adjusted BCR value is also included in the Business Case. This considers the wider economic benefits of the Project and increases the BCR to 1.79, which would place it within the remit of being considered medium value for money. However, the ITE has raised concerns that the inclusion of wider economic benefits within the BCR for LGF will double count the land value uplift benefits which will be considered as part of the HIF bid.
- 9.4. The HIF bid which is being submitted to MHCLG will calculate the BCR value based on the land value uplift relative to the HIF funding contribution which is being sought. As such, the inclusion of these benefits within the Business Case for LGF will double count these benefits. As such, the ITE has raised concerns as to the robustness and reliability of the assessment of the wider benefits and the adjusted BCR.

- 9.5. Given the requirement, under the SELEP Assurance Framework, for projects to demonstrate BCR values of at least 2.0:1, the Project does not meet this requirement. However, the Project can be considered under Value for Money Exemption 2 of the Assurance Framework.
- 9.6. Exemption 2 may be applied where a project does not demonstrate a High Value for Money (a Benefit Cost Ratio of over 2:1), but has a Benefit Cost Ratio of over 1:1, and only if the following conditions are satisfied:
- (a) there is an overwhelming strategic case that supports the prioritisation of this project in advance of other unfunded investment opportunities identified in the SEP; and
  - (b) there is demonstrable additionality which will be achieved through investment to address a clear market failure; and
  - (c) there are no project risks identified as high risk and high probability after mitigation measures have been considered; and
  - (d) there are assurances provided from the organisations identified below that the project business case, including value for money, has been considered and approved for funding through their own assurance processes.
    - (1) A Government Department;
    - (2) Highways England;
    - (3) Network Rail;
    - (4) Environment Agency; or
    - (5) Skills Funding Agency.
- 9.7. The Project can be considered by the Board under the Exemption on the basis that the Project will also be assessed by MHCLG for HIF. If the Project is supported for a HIF award through MHCLG's assurance processes then the Project can also be supported by SELEP, on the basis that the Board is satisfied that:
- 9.7.1. An overwhelming strategic case has been made which supports the prioritisation of this project in advance of alternative investment opportunities;
  - 9.7.2. The level growth which will be unlocked through the delivery of this Projects demonstrates additionality which can be achieved through public sector investment in this Project; and
  - 9.7.3. There are no high probability risks identified which cannot be mitigated.
- 9.8. Accordingly, in order to rely upon the exemption conditions, the Board will want to see evidence from MHCLG that they have successfully approved the Project, and made a sufficient award allocation that will bridge the gap funding.

## 10. Recommendations to the Board

- 10.1. As a result of the low BCR value, the uncertainty around the HIF allocation to the Project and the planned spend of LGF beyond the Growth Deal, several options are presented to the Board for consideration.
- 10.2. **Option 1** - Approve the award of the full £12m LGF allocation to the Project, subject to:
  - 10.2.1.1. A Value for Money review being completed for the overall Project by the Ministry for Housing Communities and Local Government (MHCLG), as part of the Housing Infrastructure Fund (HIF), that meets the requirements of the value for money exemption 2 of the SELEP Assurance Framework; and
  - 10.2.1.2. Receipt of evidence from MHCLG that they have approved the award of sufficient funding through its Housing Infrastructure Fund (HIF), to bridge the Project funding gap; and
  - 10.2.1.3. Board agreement, under Agenda Item 5, that planned LGF spend beyond 31<sup>st</sup> March 2021 is permissible; and
  - 10.2.1.4. Endorsement from the SELEP Strategic Board that the LGF can be retained against the Project beyond 31<sup>st</sup> March 2021.
- 10.3. The award of the full LGF allocation to the Project, subject to the conditions listed above, will support this strategically important Project, but will result in £9.27m LGF slippage beyond 31<sup>st</sup> March 2021.
- 10.4. Under Options 1 and 2, if LGF is awarded by the Board, but the Project is unable to progress due to the HIF contribution not materialising, then it is expected that the LGF will be returned to the central LGF unallocated pot.
- 10.5. **Option 2** - Approve the award of the £2.73m LGF allocation to the Project only, subject to:
  - 10.5.1. A Value for Money review being completed for the overall Project by the Ministry for Housing Communities and Local Government (MHCLG), as part of the Housing Infrastructure Fund (HIF), that meets the requirements of the value for money exemption 2 of the SELEP Assurance Framework; and
  - 10.5.2. Receipt of evidence from MHCLG that they have approved the award of sufficient funding through its Housing Infrastructure Fund (HIF), to bridge the Project funding gap
- 10.6. This Project would demonstrate SELEPs support for the Project through the award of the £2.7m3 LGF which can be spent within the Growth Deal.
- 10.7. The remaining £9.27m LGF to be reinvested through the LGF3b prioritisation process to an alternative project which can spend the grant within the Growth Deal and presents higher value for money.

- 10.8. The award of only part of the provisional funding allocation could weaken the case for HIF investment in the Project, however, the LGF is only a small contribution to the overall Project cost.
- 10.9. **Option 3** - Reallocate the £12m provisional allocation to the Project through the LGF3b process given the low BCR value and the substantial LGF spend beyond 31<sup>st</sup> March 2021.
- 10.10 As LEP support will be considered by MHCLG in assessing the strength of the HIF bid, there is the potential that the reallocation of the £12m may negatively impact on the bid. However, the reallocation of the £12m will enable spend of the LGF by 31<sup>st</sup> March 2021 on emerging priorities, as identified through LGF3b prioritisation process.
- 10.11 In addition, there may be alternative projects which can demonstrate higher value for money. Although the scale of benefits to be achieved through the LGF3b projects may not be as substantial as the magnitude of Project benefits detailed in sections 4 and 5 above.
- 10.12 The allocation of LGF to the Project is likely to increase the chances of HIF being successfully awarded. The HIF business case process includes questions on whether bidders have the support of Local Enterprise Partnerships and how the projects contribute to the economic growth goals of the locality and region, beyond just housing.

## 11. Project Compliance with SELEP Assurance Framework

- 11.1. 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, subject to confirmation from the MHCLG that the Project meets the value for money requirements under exemption 2b in the SELEP Assurance Framework, as set out in section 7 above.

**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	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with



<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance (RAG Rating)</b>	<b>Evidence in the Business Case</b>
the Strategic Economic Plan		the objectives identified in the Strategic Economic Plan.
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 economic benefits of the Project.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A detailed risk register has been developed for the Project and a Quantified Risk Register will be completed at the end of GRIP Stage 3. In the absence of a Quantified Risk Register a 40% contingency has been applied to the total project cost.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber /Red	The initial BCR for the Project is low at 1.16:1. Whilst the adjusted BCR increases to 1.79, there is uncertainty as to the robustness of this value, as detailed in Section 7. However, the Project may be considered under Exemption 2b based on the conditions set out in Section 7 above.

## 12. Financial Implications (Accountable Body comments)

- 12.1. 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the

outcome of which is expected in March 2019.

- 12.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.
- 12.3. Approval by the Board of the full £12m of LGF will exacerbate the slippage in spend and delivery in the Programme due to the spend profile extending significantly beyond the end of the Growth Deal.
- 12.4. There is an SLA in place with the sponsoring authority, Essex County Council, which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body. Should the Board approve spend beyond the Growth Deal period, a separate agreement is expected to be required to enable the spend beyond the 31<sup>st</sup> March 2021.

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

13.1 The Board will need to be mindful that the decisions sought within this report are on the premise of future decisions and approvals being secured in the future outside of the SELEP control. Failure to achieve those requirements will mean that the Boards decision will cease to take effect, which will have an impact on the Project and the LGF allocation.

### **14. Equality and Diversity implication**

- 14.1. 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.

## **15. List of Appendices**

- 15.1. Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 6).

## **16. List of Background Papers**

- 16.1. Business Case for the Beaulieu Railway Station

**(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, S151 Officer, Essex County Council)	07/02/19



**Forward Plan reference number:** FP/AB/179

<b>Report title:</b> Southend Central Area Transport Project Phase 3 LGF funding decision	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<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 £4m Local Growth Fund (LGF) to the Southend Central Area Phase 3 transport project (the Project) based on the Outline Business Case, which has been through the Independent Technical Evaluator (ITE) review process.

## 2. Recommendations

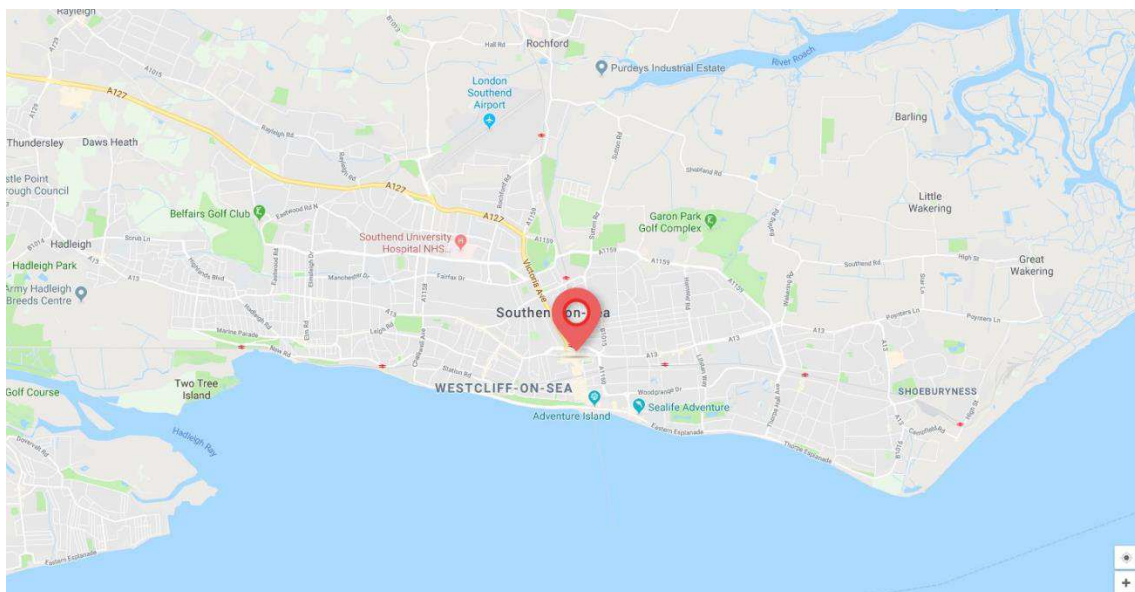
2.1. The Board is asked to:

- 2.1.1. **Approve** the award of £4m LGF to enable the delivery of the Project and which has been assessed as presenting high value for money with medium to high certainty of achieving this.
- 2.1.2. **Note** that all LGF payments are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

## 3. Background

- 3.1. The Project forms the final phase of the Southend Central Area Transport Scheme (S-CATS), which has been supported by SELEP through a £7m LGF allocation.
- 3.2. To date the Board has approved the award of £3m LGF to S-CAT Phases 1 and 2, as detailed in section 4 below. This reports brings forward the final phase of S-CATS, for the award of £4m LGF.
- 3.3. The overall aim of the S-CATS project is to support the continued growth and regeneration of the Southend Central Area, as scoped within the Southend Central Area Action Plan. The programme of works being delivered through S-CAT will strengthen and transform the Town Centre sub-regional role as a successful commercial and retail destination, cultural hub, educational centre of excellence, leisure and tourism attraction. The Southend Central Area Action Plan is part of the spatial planning strategy for the Borough.

#### 4. Southend Central Area Transport Project (S-CATS) Phase 1 and 2~



- 4.1. Phase 1 included a series of junction improvements along Victoria Avenue to improve traffic flow into and out of the town centre, funded through a £1m LGF award.
- 4.2. These junction improvements were completed in 2017.
- 4.3. As a result of the scheme, vehicles can turn right from Carnarvon Road as well as Great Eastern Avenue on to Victoria Avenue northbound. These two junction improvements allow for the redevelopment of the library car park in the future and have reduced rat running through the residential area, which used to run behind the police station and the Civic Centre and previously added to the traffic on East-Street.
- 4.4. Phase 1 has helped in reducing the severance created by the Victoria Avenue stretch of the A127, including amendments to the pedestrian crossing on Victoria Avenue to allow the right turn movements on to Victoria Avenue.
- 4.5. East Street – West Street junction was remodelled to allow greater right turn movement from Victoria Avenue eastbound into East Street. This has also reduced rat running through the residential area to the north of the Civic Centre.
- 4.6. Further, public realm improvements along Victoria Avenue service road have created a more welcoming access to new residential developments on Victoria Avenue and encourage walking and cycling in the area.
- 4.7. S-CATS Phase 2 (London Road area) included improvements to the streetscape, public realm and walking/cycling facilities along the segment of London Road between Queensway Roundabout and College way, College Way, Queens Road and Elmer Avenue that provide access to the high street,

## Southend Central Area Transport Project Phase 3 LGF funding decision

the main library (The Forum), College, University and other key destinations in the Town Centre.

- 4.8. The Phase 2 scheme, completed in 2018, included changes to the allocation of road space on London Road. This has provided a larger area for pedestrians and an improved street environment, while also maintaining essential access for delivery vehicles and taxis. The carriageway width on London Road was reduced to 3 meters, a central island for planters and lighting was created. Traffic calming treatments like raised pedestrian and cyclist crossings were introduced. Furthermore, new block paving, on footways and parking bays, surface treatment at College Way junction and guidance strip for blind and partially sighted on footways has created a pedestrian-priority area. Footway improvements were extended to College Way, Queens Road and Elmer Avenue.
- 4.9. These improvements have helped in encouraging more pedestrian footfall and cycling in the area as well created a more welcoming gateway into the Town Centre. Additionally, improvements were made to the drainage system along London Road to help adapt to increased surface water run-off and the impacts of climate change.

## 5. Southend Central Area Transport Project Phase 3



Figure 1 - S-CATS Phase 3 Project Area – Victoria Circus and stub end of London Road

- 5.1. S-CATS Phase 3 is the final phase of the S-CATS project; delivering public realm improvements and place-making interventions at Victoria Circus and stub end of London Road.

- 5.2. The interventions to be delivered as part of the Project have been identified through the EU Horizon 2020 SUNRISE action research project (SUNRISE).
- 5.3. The SUNRISE project has involved Southend-on Sea Borough Council collaborating with stakeholders, including local residents, businesses and partner organisations. The SUNRISE project aims to develop, implement, assess and facilitate co-learning about new, collective ways to address common urban mobility challenges in the area. The outcomes of the SUNRISE project have informed the scope of the Project which is being recommended for the award of £4m LGF.
- 5.4. As the key Gateway into the Town Centre, Victoria Circus and the stub end of London Road has been the focus of improvement plans to be delivered through the Project. This area of the Town Centre attracts approximately 3,000 pedestrians on weekdays and 4,000 pedestrians at weekends.
- 5.5. Victoria Circus is a key space that pedestrians need to cross to get to and from any of the 5 areas in this end of the Town Centre – High Street, London Road (restaurants, bars and main supermarket in Town Centre), Southchurch Road (shops and bars), Victoria Shopping Centre and alleyway connecting Victoria Gateway and train station.
- 5.6. Through investment in public realm and improved walking and cycling infrastructure, the Project will improve the quality of journey for pedestrians/cyclists, further increase the modal share of walking/cycling to the Town Centre, and provide a more attractive gateway into the Town Centre. In addition, the Project will also contribute to tackling health and wellbeing issues resulting from physical inactivity.
- 5.7. The overall objectives of the Project are to:
  - 5.7.1. Create a welcoming gateway to the Town Centre
  - 5.7.2. Provide a useable public space that is attractive, thriving, and reflects the character of Southend
  - 5.7.3. Improve wayfinding in the Town Centre
  - 5.7.4. Encourage walking and cycling in the Town Centre; and
  - 5.7.5. Improve safety for pedestrians at all times of the day

## **6. Options considered through consultation and engagement**

- 6.1. Through the SUNRISE EU project there has been extensive engagement in defining the interventions to be delivered through LGF investment.
- 6.2. Initially a series of 'co-identification' engagement activities were organised, including public events, drop-in sessions and workshops to identify mobility issues in the project area as well as ideas and potential solutions for addressing these issues. This generated a long-list of ideas that were categorised into the following 6 groups of improvement types:



## Southend Central Area Transport Project Phase 3 LGF funding decision

- 6.2.1. Planting – ideas for greening including, trees, planters, grassed areas as well as water features
  - 6.2.2. Street Furniture – ideas for addition of elements like seating, lighting, public art, covered area, play equipment etc.
  - 6.2.3. Use of public space – ideas for change of layout, reallocation of road space and use of space.
  - 6.2.4. Wayfinding – ideas related to signage and wayfinding in the Town Centre
  - 6.2.5. Walking and cycling – ideas for improving walking and cycling facilities; an
  - 6.2.6. Improving safety – ideas to improve safety and security
- 6.3. Subsequently a core group has been established as a steering group and administrative secretariat to short list the interventions to be included with the scope of the Project. This core group involves representatives from Southend Borough Council, 6 representatives from partner organisations including the Business Improvement District (BID) and 3 local residents.
- 6.4. The core group has shortlisted the interventions set out in Table 1 below.

**Table 1 Interventions to be delivered under the scope of the Project**

Improvements	Specific intervention
Planting	Water features Planning and 'greening' of space
Street Furniture	Seating Lighting Entrance features Public art Extend the cover over the Deeping underpass
Usable public space	Amphitheatre style events space Move taxi rank Big restaurant seating area in the middle
Wayfinding	Increasing links to the station
Walking/Cycling	Cycle parking
Safety Improvement	Improvements to safety to support night time economy and improvements to design out anti-social behaviour.

- 6.5. These options will now be further refined through a process of borough wide voting. These votes will be collected online and on location, to enable further

consultation on the options which have been identified and to consult with as wider a reach of people as possible.

- 6.6. The preferred options which are identified through this borough voting will include elements of the 6 improvements listed in section 6.2 above.

## **7. Project Cost and Funding**

- 7.1. The total estimated cost of delivering the Project is £4.060m, with a further £60,000 to be invested in the Project through the SUNRISE project, as set out in Table 1 below.

***Table 1 Funding available (£m)***

	2019/20	2020/21	Total
SELEP LGF	1.359	2.641	4.000
SUNRISE EU Horizon Project	0.060		0.060
Total	1.419	2.641	4.060

## **8. Outcome of ITE Review**

- 8.1. The outcome of the ITE assessment confirms that the business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money.
- 8.2. The analysis was robustly carried out using Department for Transport active mode appraisal guidance and delivers high levels of certainty around this value for money categorisation.

## **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.
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 active mode 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 quantified risk assessment has been prepared as part of the Business Case.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 3.38:1 has been calculated for the Project.

## 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.

- 10.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.

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.

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

- 11.1. There are no legal implications arising out of the decision set out 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 6).

## **14. List of Background Papers**

## Southend Central Area Transport Project Phase 3 LGF funding decision

### 14.1. Business Case for the Southend Central Area Transport Project Phase 3

**(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, S151 Officer, Essex County Council)	07/02/19



Forward Plan reference number: FP/AB/180

<b>Report title:</b> Eastbourne Town Centre Movement and Access Package LGF funding decision	
<b>Report to Accountability Board on 15<sup>th</sup> February 2019</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 23.01.2019	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, <a href="mailto:Helen.Dyer@southeastlep.com">Helen.Dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex	

## 1. Purpose of Report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Eastbourne Town Centre Movement and Access Package – phase 2 (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £3m Local Growth Fund (LGF) to be devolved to East Sussex County Council for Project delivery.

## 2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Approve** the award of £3m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high to medium certainty of achieving this.
- 2.1.2. **Note** that all LGF payments to local partners are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

## 3. Background

- 3.1. This report brings forward the Project for release of the remaining LGF allocation, following the completion and ITE review of an Outline Business Case for the Project.
- 3.2. The Eastbourne Town Centre Movement and Access Package was initially allocated a total of £6m LGF through LGF Round 1. This funding was allocated to ensure that Eastbourne Town Centre could retain and strengthen its retail offer, improve pedestrian safety and accessibility and provide a quality public realm environment.

- 3.3. In February 2018 the Board approved the reallocation of £2m from the Eastbourne and South Wealden Walking and Cycling project to the Project, increasing the total project budget to £8m.
- 3.4. To date the Board has approved £5m LGF to the Project. £3m of the allocation was approved in April 2016 and was awarded to deliver Phase 1 of the Project. The use of the additional £2m allocation towards delivery of Phase 1 of the Project was approved in February 2018. This report is seeking the release of the remaining £3m LGF allocation for the Project to facilitate delivery of Phase 2.

#### **4. Phase 1**

- 4.1. Phase 1 of the Project was considered by the Board in April 2016. Construction work has commenced onsite with completion of Phase 1 expected in June 2019.
- 4.2. The £5m LGF funding was awarded to allow delivery of a complementary package of integrated sustainable transport measures, which will improve public realm and will provide a gateway to the town centre corridor of Terminus Road/Cornfield Road. The package of measures included:
  - 4.2.1. Bus stop relocation, a bus shuttle lane and new bus stops integrating with Eastbourne train station;
  - 4.2.2. Footway widening, improved pedestrian crossing facilities; and
  - 4.2.3. Street furniture/signage, soft landscaping and new street lighting.
- 4.3. Phase 1 of the Project was designed to support the improvement and extension of the town centre's Arndale shopping centre (now renamed as The Beacon), works which have been funded through private sector investment.
- 4.4. To date £3.8m of the £5m allocation for Phase 1 of the Project has been spent, with the remaining spend forecast to be spent by Q2 2019/20.
- 4.5. The benefits offered through delivery of Phase 1 of the Project include:
  - 4.5.1. The current issues of pedestrian congestion experienced along Terminus Road were addressed;
  - 4.5.2. Implementation of the first phases of developing civic space along Terminus Road for cultural and social activities;
  - 4.5.3. Support for local economic growth by providing a step change in the quality of the environment for local residents and visitors to Eastbourne; and
  - 4.5.4. Improving traffic and access to the town centre around the Arndale Centre extension (private sector investment).



- 4.6 In addition the Beacon shopping centre is now open and has already attracted many new retailers to the town, supporting the towns move to providing a stronger image and identity as a major retail centre.

## **5. Phase 2**

- 5.1. Phase 2 of the Project will build on the improvements to the Terminus Road corridor delivered through Phase 1. Phase 2 of the Project will deliver a complementary package of improvements which create a pedestrianised area at the eastern end of the primary retail corridor in Eastbourne Town Centre and high-quality urban environment on the middle section of Terminus Road.
- 5.2. There are four scheme elements within the Project, as follows:
- 5.2.1. Pedestrianise the top end of Bolton Road, converting it into a two-way road and installation of a turning head;
  - 5.2.2. Pedestrianise the top end of Langney Road, converting it into a two-way road and installation of a turning head;
  - 5.2.3. Upgrade existing pedestrianised area from 'Bankers Corner' to junction with Bolton Road; and
  - 5.2.4. Furniture/signage, soft landscaping and new street lighting.
- 5.3. Delivery of these elements will further improve pedestrian accessibility and urban realm in Eastbourne town centre, with the purpose of ensuring that Eastbourne can retain and strengthen its retail offer, improve pedestrian safety and accessibility and provide a quality public realm environment.

## **6. Options Considered**

- 6.1. Through the development of the Project, consideration has been given to the different options available. These options are considered in detail within the Business Case.
- 6.2. The long list of options under consideration were derived from the Eastbourne Town Centre Local Plan, which sets out the council's vision for Eastbourne Town Centre, and through considerable citizen-led engagement with key stakeholders within Eastbourne. This vision includes an ambition to attract more shoppers, residents, workers and visitors into the town centre, through investing in the local urban realm.
- 6.3. The Local Plan identifies that some parts of the town centre's urban realm are currently in use beyond their expected lifetime, and as a result are in a poor condition. The poor condition of these items is thought to be acting as a barrier for further investment by private sector partners.

- 6.4. The Local Plan identified several key approaches, gateways and streets which need investment to leverage further private sector investment, however, the cost of upgrading these areas is unaffordable within the current funding settlement. As a result, and in conjunction with key stakeholders, a long list of options was identified for consideration for inclusion within the Project, as follows:

- 6.4.1. Option 1 – Relocate Ring Road to The Avenue and Cavendish Place;
- 6.4.2. Option 2 – Pedestrianise Terminus Road between Seaside Road and Grand Parade;
- 6.4.3. Option 3a – Pedestrianise Terminus Road between Langney Road and Bolton Road;
- 6.4.4. Option 3b – Option 3a with additional pedestrianisation over the whole length of Langney Road and the top portion of Bolton Road;
- 6.4.5. Option 4 – Zebra crossings all-round Memorial Roundabout plus small kerb line changes;
- 6.4.6. Option 5 – Simplify junction of Grove Road, South Street and Meads Road;
- 6.4.7. Option 6 – Grove Road 20mph and reduced carriageway width;
- 6.4.8. Option 7 - Pedestrianise area in front of Town Hall;
- 6.4.9. Option 8 - Two-way operations on Ashford Road between Gildredge Road and Susan's Road;
- 6.4.10. Option 9 – Bus Hub and Interchange Under Existing Station Canopy;
- 6.4.11. Option 10 – Two-way operations on Susan's Road between Ashford Road and Seaside Road;
- 6.4.12. Option 11 – Two-way operations on Seaside Road between Terminus Road and Cavendish Place;
- 6.4.13. Option 12 – Town Centre Cycle Network;
- 6.4.14. Option 13 – Pedestrianise South Street between Grove Road and Gildredge Road (6 – 33).

- 6.5. Through the Town Centre Modelling Study it was established that none of the above options had a significantly negative impact on traffic operations, and therefore all options were considered in terms of the logical sequencing of improvement works, dependency between options and funding available to deliver other improvements within the area.

- 6.6. As a result of this analysis two options were shortlisted, as follows:

- 6.6.1. **Option 1** – The pedestrianisation of Terminus Road between Bolton Road and Langney Road, and the upgrade of an already-pedestrianised section of Terminus Road between Cornfield Road and Bolton Road.
- 6.6.2. **Option 2** – The pedestrianisation of Terminus Road between Bolton Road and Langney Road, and the upgrade of the already pedestrianised sections of Terminus Road between Cornfield Road and Bolton Road, and between Langney Road and Seaside Road.

- 6.7. The costs of delivering both options have been re-assessed in light of the costs of delivering Phase 1 of the Project and based on the level of funding available through SELEP and East Sussex County Council, resulting in option 1 being selected as the preferred option.
- 6.8. Option 1 aligns with the objectives set out in the Eastbourne Town Centre Local Plan and based on the impact of delivery of Phase 1 on the level of business investment in the area, it is reasonable to expect investment to continue as a result of the works proposed under option 1. In addition, it is expected that delivery of option 1 will lead to an increase in the number of people opting to move around the town centre on foot, offering positive environmental impacts through a reduction in carbon emissions and air pollution.
- 6.9. At the point of Project completion, anticipated by March 2021, the Project is expected to indirectly support the delivery of the following outcomes:
- 6.9.1. 1,120 jobs created in Eastbourne;
  - 6.9.2. 13,182sqm of employment space delivered in Eastbourne;
  - 6.9.3. 642 homes completed in Eastbourne.
- 6.10. Delivery of these outcomes will also be indirectly supported through the delivery of the Eastbourne and South Wealden Walking and Cycling Package.

## **7. Public Consultation and Engagement**

- 7.1. East Sussex County Council and Eastbourne Borough Council have been involved in extensive resident led engagement to co-develop and co-design the scheme options to be included within the Project. This engagement has also informed the preparation of a pipeline of future masterplan schemes for the entire town centre, which will support the accessible and sustainable transport measures that will enable the town centre to thrive.
- 7.2. In addition, further engagement has been carried out in Eastbourne which offered the opportunity to work closely with stakeholders from a variety of town centre community and business groups to identify a list of preferred movement and access scheme options. Engagement took the form of a series of interactive workshops, which resulted in a list of preferred movement and access schemes which were then tested within the new town centre transport model. These workshops informed the elements detailed within the Project.
- 7.3. Stakeholder aspiration for a renewed Eastbourne Town Centre remains high, as does the level of support and interest in the Project. To retain this level of support and engagement further public consultation will be undertaken by East Sussex County Council once the preliminary design for the scheme elements has been completed. It is expected that this consultation will take place during 2019/20.

- 7.4. The engagement during the development of Phase 2 of the Eastbourne Town Centre Movement & Access Package, which was undertaken between January and May 2018, was received positively by key stakeholders within Eastbourne and resulted in Option 3a being put forward within the Business Case.

## 8. Project Cost and Funding

- 8.1. The total cost of the Project (Phase 2 only) is estimated at £3.486m, as set out in Table 1 below. This includes funding contributions from the following sources:

8.1.1. £3m LGF allocation – considered in this report;

8.1.2. £386,000 East Sussex County Council – Local Transport Capital Programme

8.1.3. £100,000 Developer Contributions.

- 8.2. The £100,000 contribution from the 2018/19 East Sussex County Council Local Transport Capital Programme has been approved by the County Council's Lead Cabinet Member for Transport and Environment and is therefore secure.

- 8.3. Whilst there is a clear intention to allocate additional funding to the project from future years of the Local Transport Capital Programme, these contributions cannot be formally approved until shortly before the start of the relevant financial year.

- 8.4. The Developer Contributions are currently held by East Sussex County Council and are therefore considered to be secure.

**Table 1 – Eastbourne Town Centre Movement and Access Package – Phase 2 Spend Profile (£)**

	2018/19	2019/20	2020/21	Total
SELEP LGF		1,000,000	2,000,000	3,000,000
East Sussex County Council – Local Transport Capital Programme	100,000	100,000	186,000	386,000
Developer Contributions		100,000		100,000
Total	100,000	1,200,000	2,186,000	3,486,000

## 9. Outcome of ITE Review

- 9.1. 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 high Value for Money.
- 9.2. The analysis was robustly carried out and delivers high levels of certainty around the Value for Money categorisation.
- 9.3. The ITE review confirms that a reasonable assessment approach has been employed, with TfL's Valuing the Urban Realm Toolkit having been used to consider the Urban Realm benefits, whilst Department for Transport's WebTAG appraisal guidance was used to appraise active mode impacts.

## 10. Project Compliance with SELEP Assurance Framework

- 10.1. 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.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are detailed in the economic case. TfL's Valuing the Urban Realm toolkit, the World Health Organisation's Health Economic Assessment Tool and the Department for Transport's WebTAG guidance have been used to assess the expected outputs and outcomes of the Project.
Considers deliverability and risks	Green	The Business Case demonstrates clear experience

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		of the project team 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 as 3.39:1, which indicates high value for money.

## 11. Financial Implications (Accountable Body comments)

- 11.1. 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.
- 11.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.
- 11.3. 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.

## 12. Legal Implications (Accountable Body comments)

- 12.1. There are no legal implications arising out of the decisions contained within this report.

### **13. Equality and Diversity implication**

- 13.1. 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.
- 13.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 13.3. 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.

### **14. List of Appendices**

- 14.1. Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 6).

### **15. List of Background Papers**

- 15.1. Business Case for the Eastbourne Town Centre Movement and Access Package – phase 2.

**(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	07/02/19
(On behalf of Margaret Lee, S151 Officer, Essex County Council)	





**Forward Plan reference number:** FP/AB/181

<b>Report title:</b> Eastbourne and South Wealden Cycling and Walking LGF funding decision	
<b>Report to Accountability Board on 15<sup>th</sup> February 2019</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 23.01.2019	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, Helen.Dyer@southeastlep.com	
<b>SELEP Partner Authority affected:</b> East Sussex	

## 1. Purpose of Report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Eastbourne and South Wealden Cycling and Walking package – phase 2 (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £4m Local Growth Fund (LGF) to be devolved to East Sussex County Council for Project delivery.

## 2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Approve** the award of £4m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high to medium certainty of achieving this.
- 2.1.2. **Note** that all LGF payments to local partners are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

## 3. Background

- 3.1. This report brings forward the Project for release of the remaining LGF allocation, following the completion and ITE review of an Outline Business Case for the Project.
- 3.2. The Eastbourne and South Wealden Cycling and Walking Package was initially allocated a total of £8.6m LGF through LGF Round 1. This funding was allocated to deliver a number of routes and complementary measures that are interdependent and that will support an expanding walking and cycling network.

- 3.3. The package of works focusses on enabling walking and cycling for short local journeys, or as part of longer journeys, between residential areas to key trip attractors in Eastbourne and Hailsham, as well as linking with future development sites identified in the adopted Local Plan for each area.
- 3.4. In February 2018 the Board approved the reallocation of £2m from the Project to the Eastbourne Town Centre Movement and Access Package, reducing the total project budget to £6.6m.
- 3.5. To date the Board has approved £2.6m of LGF funding for the Project. This funding was approved in 2015 and was awarded to deliver Phase 1 of the Project. This report is seeking the release of the remaining £4m LGF allocation for the Project to facilitate delivery of Phase 2.

#### **4. Phase 1**

- 4.1. Phase 1 of the Project was considered by the Board in 2015 and is now predominantly complete.
- 4.2. The £2.6m LGF funding was awarded to allow delivery of the first tranche of seven schemes in the Eastbourne and South Wealden area. These schemes were:
  - 4.2.1. Seafront Cycle Route: Wish Tower to Fishermans Green (shared walking and cycling route);
  - 4.2.2. Cross Levels Way/Lottbridge Drove and Willingdon Drove (walking and cycling improvement/cycle route);
  - 4.2.3. Eastbourne Town Centre to Seafront (walking and cycling improvements);
  - 4.2.4. Langney to Sovereign Harbour and Sovereign Centre (cycle route);
  - 4.2.5. Vulnerable road user improvement scheme – University area to town centre, station and seafront areas, including in the Meads area (safety measures to improve environment for pedestrians and cyclists);
  - 4.2.6. Eastbourne District General Hospital to town centre (cycle route);
  - 4.2.7. Walking and Cycling Improvements – Hailsham – Willingdon (Cuckoo Trail between Hailsham and Polegate/Hindlands Development site/Dittons Road) (shared walking and cycling route/cycling route).
- 4.3. The full £2.6m allocation for Phase 1 of the Project has been spent, resulting in the delivery of 2km of new off-line cycle paths, which are designed to encourage cycling and walking in order to alleviate congestion on the road network.

- 4.4. The delivery of Phase 1 of the Project has resulted in the following benefits being realised:
- 4.4.1. Horsey Cycle route has provided a safer, largely traffic-free route, and also provides an alternative to cycling along the A259 Seaside corridor, which is a heavily congested route for significant parts of the day;
  - 4.4.2. The route has provided links from the town centre and railway station to one of the town's major development, retail and employment hubs at Sovereign Harbour; and
  - 4.4.3. Cycle and pedestrian improvements in the Mead areas has improved connectivity to the town centre.

## **5. Phase 2**

- 5.1. Phase 2 of the Project will build on the improvements to cycling and walking infrastructure delivered through Phase 1. The package of works includes a combination of dedicated cycle facilities, alongside shared cycle/walking schemes and pedestrian crossings, which are complemented by cycle parking across Eastbourne and Hailsham and wayfinding specifically for Eastbourne town centre.
- 5.2. There are six scheme elements within the Project, as follows:
- 5.2.1. London Road – Battle Road – Hawkswood Road – Hailsham – improved footways and improved access onto the shared use path;
  - 5.2.2. Cycle Parking Hailsham – provision of cycle parking for 36 bikes;
  - 5.2.3. Stone Cross – Royal Parade via Langney – Eastbourne – improvements to shared use paths and cycle crossing provisions at busy junctions;
  - 5.2.4. Cycle Parking Eastbourne – provision of cycle parking for 155 bikes;
  - 5.2.5. Eastbourne town centre cycle routes – provision of both on road cycle routes and shared cycling and walking routes around Eastbourne town centre;
  - 5.2.6. Eastbourne town centre wayfinding – installation of finger posts and monoliths around Eastbourne town centre.
- 5.3. Delivery of these elements will support the immediate and growing local demand for cycling and walking infrastructure, to enable local communities to choose cycling and walking for short local journeys. More widely the Project will be an important element of the approach for tackling and mitigating traffic congestion in the area to support sustainable economic growth. Whilst also capturing the opportunities to tackle health and wellbeing issues which are associated with physical inactivity.

## 6. Options Considered

- 6.1. Through the development of the Project, consideration has been given to the different options available. These options are considered in detail within the Business Case and are summarised as:
- 6.1.1. **Do Nothing (no LGF investment)** – If the LGF contribution is not forthcoming the Eastbourne and South Wealden Cycling and Walking Package will have to be delivered as individual scheme elements, on a piecemeal basis as and when other funding sources become available.
  - 6.1.2. Whilst there are other funding opportunities that could be considered in the absence of LGF funding, including the use of the East Sussex County Council's Capital Programme for Local Transport Improvements, developer contributions or other sources of external funding, it is unlikely that East Sussex County Council would be in a position to prioritise enough funding to enable the delivery of the entire package in the short term.
  - 6.1.3. Failure to deliver the Project in its entirety would remove a critical element of mitigation for planned growth as identified in the respective Local Plan Infrastructure Delivery Plan.
  - 6.1.4. **Do Minimum** – if a reduced allocation of LGF funding was available the Project could potentially be scaled back, as the programme has been designed to enable some flexibility in delivery. A further assessment would be undertaken to prioritise schemes for inclusion within the reduced Project.
  - 6.1.5. Delivery of a scaled back Project would reduce the impact of the Project and would therefore not address all the issues outlined within the Business Case.
  - 6.1.6. **Do Something** – This option would allow for delivery of the full package of walking and cycling measures outlined in the Project Business Case. This option will maximise the benefits within the geographic area, will facilitate realisation of the economic benefits, and will contribute to overcoming key issues within both Hailsham and Eastbourne through mitigating the impacts of planned growth. The estimated cost of these works is £4.3m.
  - 6.1.7. **Do Maximum** – If additional LGF funding was available the scale of the Project could be increased and additional cycling and walking schemes delivered.
  - 6.1.8. **Preferred Option** – The preferred option is the Do Something option as this will facilitate delivery of the full package of measures proposed and will maximise the benefits within the geographic area as well as

contributing to overcoming key issues within both Hailsham and Eastbourne.

- 6.2. At the point of Project completion, anticipated in March 2021, the Project is expected to indirectly support the delivery of the following outcomes:
- 6.2.1. 1,120 jobs created in Eastbourne and 1,647 jobs created in Hailsham;
  - 6.2.2. 13,182sqm of employment space delivered in Eastbourne and 43,389sqm of employment space delivered in Hailsham;
  - 6.2.3. 642 homes completed in Eastbourne and 2,587 homes completed in Hailsham.
- 6.3. Delivery of the outcomes stated for Eastbourne will also be indirectly supported through the delivery of the Eastbourne Town Centre Movement and Access Package.

## **7. Public Consultation and Engagement**

- 7.1. East Sussex County Council has undertaken considerable engagement with representatives from local cycling and walking groups. This engagement was through the development of the East Sussex County Council emerging Local Cycling and Walking Infrastructure Plan, which has enabled identification of a network of cycling infrastructure schemes and measures to improve walking. This engagement offered local group representatives the opportunity to provide direct input into the consideration of potential schemes for inclusion in the Project.
- 7.2. In addition, extensive engagement has been carried out in Eastbourne as part of the development of Phase 2 of the Eastbourne Town Centre Movement and Access Package. This engagement offered the opportunity to work closely with stakeholders from a variety of town centre community and business groups to identify a list of preferred movement and access scheme options. Engagement took the form of a series of interactive workshops, which resulted in a list of preferred movement and access schemes which were then tested within the new town centre transport model. These workshops resulted in a new town centre cycle network which is included within the Project.
- 7.3. The outcome of the intensive engagement undertaken with key stakeholders enabled the identification of schemes for inclusion in the Local Cycling & Walking Infrastructure Plan audit for Eastbourne and South Wealden, which was positively received. Further engagement with stakeholders utilising the Local Cycling and Walking Infrastructure Plan document was undertaken between April 2017 and March 2018 to prioritise cycle routes and cycle parking schemes for inclusion in the Business Case.
- 7.4. Whilst the engagement undertaken to date has provided the opportunity for a variety of community groups to input into the wider scheme proposals, there will be further public consultation on each of the proposed routes within the Project by East Sussex County Council or Eastbourne Borough Council (as

applicable) as preliminary designs are completed. This consultation is expected to take place during 2019/20.

## 8. Project Cost and Funding

8.1. The total cost of the Project (Phase 2 only) is estimated at £4.3m, as set out in Table 1 below. This includes funding contributions from the following sources:

8.1.1. £4m LGF allocation – considered in this report.

8.1.2. £300,000 Developer Contributions.

8.2. The Developer Contributions are currently held by East Sussex County Council and are therefore considered to be secure.

**Table 1 – Eastbourne and South Wealden Cycling and Walking Package Spend Profile (£)**

	2018/19	2019/20	2020/21	Total
SELEP LGF	805,000	1,695,000	1,500,000	4,000,000
Developer Contributions		150,000	150,000	300,000
Total	805,000	1,845,000	1,650,000	4,300,000

## 9. Outcome of ITE Review

9.1. 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 high Value for Money.

9.2. The analysis was robustly carried out and delivers high levels of certainty around the Value for Money categorisation.

9.3. The ITE review confirms that a reasonable assessment approach has been employed, using the Department for Transport's WebTAG active mode appraisal toolkit. In addition, other non-quantified benefits have also been considered including indirect support for new jobs and homes.

## 10. Project Compliance with SELEP Assurance Framework

10.1. 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**

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance (RAG Rating)</b>	<b>Evidence in the Business Case</b>
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.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are detailed in the economic case. The Department for Transport's WebTAG Active Mode Appraisal Toolkit has been used to assess the expected outputs and outcomes of the Project.
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 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 as 2.4:1, which indicates high value for money.

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

- 11.1. 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.

- 11.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.
- 11.3. 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.

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

- 12.1. There are no legal implications arising out of the decisions within this report.

## **13. Equality and Diversity implication**

- 13.1. 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.
- 13.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 13.3. 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.

## **14. List of Appendices**

- 14.1. Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 6).



## 15. List of Background Papers

- 15.1. Business Case for the Eastbourne and South Wealden Cycling and Walking Package – phase 2.

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

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19



**Forward Plan reference number:** (FP/AB/184 and FP/AB/196)

<b>Report title:</b> Basildon Integrated Transport Package	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 29 <sup>th</sup> January 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer – helen.dyer@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex County Council	
<b>Confidential Appendix</b> This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of the 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 proposed cancellation of the Endeavour Drive Bus Link, as part of the wider Basildon Integrated Transport Package (the Programme).
- 1.2 In addition, the report will make the Board aware of the value for money assessment for the Basildon Integrated Transport Package – Tranche 3 Flagship Cycle Route (the Tranche 3 Project) which has been through the Independent Technical Evaluator process, to enable a Local Growth Fund (LGF) allocation of £453,000 to be devolved to Essex County Council (ECC) for project delivery.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** to discontinue the delivery of the Endeavour Drive Bus Link;
  - 2.1.2. **Agree** that the £1.9m Local Growth Fund (LGF) which was awarded in relation to the Endeavour Drive Bus Link will be returned to the central SELEP LGF pot for reallocation through the LGF3b process, as set out in section 5 of this report.
  - 2.1.3. **Approve** the award of £453,000 LGF allocation to support the delivery of the Tranche 3 Project identified in the Business Case and which has been assessed as presenting high value for money with high to medium certainty of achieving this;

2.1.4. **Note** that all LGF payments to local partners are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

2.1.5. **Agree** that the remaining balance of £514,000 LGF from the original funding allocation for Tranche 3 of the Programme will be returned to the central SELEP LGF pot for reallocation through the LGF3b process.

### **3. Basildon Integrated Transport Package (the Programme)**

- 3.1. The Programme comprises three tranches aimed at delivering traffic management and sustainable travel infrastructure improvements in Basildon, with a total LGF allocation of £9m.
- 3.2. In 2015, £1.633m LGF was allocated to Tranche 1 of the Programme which has delivered a package of sustainable transport schemes providing bus, rail, cycling and walking improvements within the Basildon Borough area. These works have now been completed in full and have utilised the full LGF allocation.
- 3.3. Tranche 2 of the Programme was approved by the Board at its meeting on the 26<sup>th</sup> May 2017, at which point a further £6.4m LGF was allocated for the delivery of three packages of work:
  - 3.3.1. Town Centre Highway Improvements;
  - 3.3.2. Cycling Schemes; and
  - 3.3.3. Endeavour Drive Bus Lane.
- 3.4. The intended positive outcomes to be achieved through Tranche 2 of the Programme include:
  - 3.4.1 Net journey time savings;
  - 3.4.2 Increased bus patronage;
  - 3.4.3 Increased levels of cycling and walking;
  - 3.4.4 More cycle storage;
  - 3.4.5 Improved connectivity between the town centre, rail and bus stations, business park and leisure facilities; and
  - 3.4.6 Supporting the delivery of 234 direct jobs, 1,603 indirect jobs, 1,800 safeguarded jobs and 1,032 new homes.
- 3.5 A further £967,000 LGF remains provisionally allocated to Tranche 3 of the Programme as set out in Table 1.

**Table 1 Basildon Integrated Transport Funding Package**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Tranche 1	£1.633m						<b>£1.633m</b>
Tranche 2				£2.800m	£3.100m	£0.500m	<b>£6.400m</b>
Tranche 3						£0.967m	<b>£0.967m</b>
<b>Total</b>	<b>£1.633m</b>	-	-	<b>£2.800m</b>	<b>£3.100m</b>	<b>£1.467m</b>	<b>£9.000m</b>

#### 4. Endeavour Drive Bus Lane

- 4.1. As part of Tranche 2 of the Programme, Endeavour Drive Bus Lane was awarded £1.9m LGF, with a further £346,000 being contributed by ECC. No LGF has been spent on this element of the Project to date.
- 4.2. The intention was to provide a new bus link, including provision for walking and cycling, from business premises on Endeavour Drive and the Enterprise Corridor, through the adjacent Retail Park and onwards to the outlying district of Rayleigh and Wickford. This was expected to help manage congestion and aid delivery of Basildon's Local Plan. However, following the award of funding by the Board in May 2017, considerable delivery constraints have been identified in taking forward this scheme.
- 4.3. After careful consideration by ECC and work by ECC to investigate all available options to progress with the bus lane, no deliverable intervention has been identified. Whilst this scheme is viewed as a key part of the local plan growth by Basildon Borough Council, investigations have evidenced substantial legal and deliverability constraints, and these are set out in the Confidential Appendix.

#### 5. Options

- 5.1. Table 2 below sets out the options which have been considered by ECC.

**Table 2 – Option appraisal**

Option	Pros	Cons
1. Discontinue scheme and reallocate the funding through the agreed SELEP Prioritisation approach (Recommended option)	<ul style="list-style-type: none"> <li>Reallocation of the funding will enable alternative LGF projects to be brought forward for delivery during the Growth Deal period.</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk</li> <li>Local growth, jobs and Basildon Borough Council Local Plan will not be supported.</li> <li>Developers may use this example to push through developments</li> </ul>

		<ul style="list-style-type: none"> <li>Some abortive costs to be incurred by ECC</li> </ul>
2. Pursue developers with Essex Legal Services (ELS) and take legal action	<ul style="list-style-type: none"> <li>If successful, this will allow the scheme to progress unhindered</li> </ul>	<ul style="list-style-type: none"> <li>Unknown timescale (likely to be lengthy)</li> <li>Legal costs will be expensive</li> <li>Legal action may not be successful</li> </ul>
3. Continue with scheme, subject to additional funding being identified.	<ul style="list-style-type: none"> <li>Scheme will be built, and the benefits set out in the Tranche 2 Business Case will be achieved.</li> </ul>	<ul style="list-style-type: none"> <li>The increase in the cost of the scheme will reduce the Benefit Cost Ratio to below the low value for money threshold.</li> <li>No funding has been identified to cover the increase in project cost (as set out in the confidential appendix).</li> </ul>
4. Discontinue the scheme and use the LGF to replace part of ECC's £1.927m contribution to the other aspects of Tranche 2	<ul style="list-style-type: none"> <li>This will unlock ECC capital contributions for spend elsewhere in Essex's capital programme.</li> </ul>	<ul style="list-style-type: none"> <li>No additional benefits will be received for the increased LGF investment in the Basildon Town Centre Highway Improvements and Cycling schemes.</li> </ul>

5.2. The recommended option is for the delivery of the Endeavour Drive Bus Lane to be discontinued and for the LGF to be reallocated through the Investment Panel (Option 1). No LGF has been spent to date, but there may be some abortive costs which will be incurred by ECC as a result of not progressing with the delivery of the scheme.

5.3. In agreeing to discontinue with the delivery of the bus lane, it is recommended that the £1.9m LGF allocation to the Endeavour Drive Bus Lane should be returned to the central SELEP pot. This is in accordance with the recommendations of the Governance and Transparency Deep Dive report, which stated that:

*“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”.*

- 5.4. The recommendations within the Governance and Transparency Deep Dive report were considered and agreed by Strategic Board at their meeting on 16<sup>th</sup> March 2018. Subsequently at their meeting on 29<sup>th</sup> June 2018, Strategic Board agreed the approach to developing a SELEP wide single pipeline of projects. This approach is now being implemented to inform the LGF3b process, identifying projects which can be considered for LGF investment by the Investment Panel.
- 5.5. On the 8<sup>th</sup> March, the SELEP Investment Panel will be meeting to agree the prioritisation of Projects for any LGF underspend. It is intended that the £1.9m LGF will be reallocated through this process.

## **6. Value for Money Impact**

- 6.1. The Tranche 2 Business Case was assessed by the SELEP Independent Technical Evaluator (ITE) in advance of the LGF award to Tranche 2 of the Programme in May 2017.
- 6.2. SELEP’s Assurance Framework stipulates that all projects must demonstrate high value for money, with a Benefit Cost Ratio (BCR) of 2.0:1 or fall within one of the value for money exemptions, defined in the Assurance Framework.
- 6.3. The ITE assessment in 2017 found that whilst the Tranche 2 assessment just met SELEP’s value for money requirements, with a BCR of 2.01:1, the BCR was on the threshold between medium and high value for money. When considering just the Endeavour Drive Bus Lane, the BCR fell to 1.88:1, based on a cost of £2.246m.
- 6.4. As a result of the increase in costs, detailed in the confidential appendix, the BCR for the works would decrease and the BCR for Tranche 2 would fall below the 2.0:1 threshold. As such, LGF spend on Tranche 2 of the Programme would no longer comply with the requirements of the Assurance Framework.
- 6.5. If Tranche 2 of the Programme progresses without the inclusion of the Endeavour Drive Bus Lane then the BCR of the Tranche 2 Programme will increase, above the 2.0:1 threshold and there will be greater certainty of value for money being achieved.

- 6.6. In terms of the delivery of jobs and houses, the Project forms part of the infrastructure required to deliver Basildon's Local Plan. The Endeavour Drive bus link is a key piece of infrastructure for the Basildon Local Plan, especially for east-west movement. It is a key recommendation to help offset the traffic generation from the Gardiners Lane development site, and represented the opportunity to get a sustainable transport link through the growing Basildon Enterprise Corridor. The scheme future proofs the transport network in the area through provision of a direct sustainable bus link for commuters in terms of reducing vehicular traffic and managing congestion. However, the scheme is not practical in delivery terms and as a result, alternatives will need to be sought. In the meantime, the Basildon Local Plan will be disadvantaged in terms of accommodating housing and jobs growth in the vicinity.

## **7. Tranche 3 of the Programme - Flagship Cycle Route (the Project)**

- 7.1. ECC has now brought forward the Business Case for the final Tranche of the Programme. The Tranche 3 Project is for the delivery of one of the Flagship Cycle Routes identified within the Basildon Cycling Action Plan, which was published by Essex Highways in 2017.
- 7.2. This Project is independent from the delivery of the Endeavour Drive Bus Lane.
- 7.3. A Flagship Cycle Route is a key corridor providing safer, faster and more direct access to one or more key attractors. The routes will be on high demand corridors, will be able to meet demand and will encourage a focus on innovation/design best practice.
- 7.4. The Flagship Cycle Routes aim to increase the level of cycling on key corridors through provision of improved crossings, signage and surfacing of cycle routes. In addition, the proposed works focus on linking up existing short sections of cycle route which were built in the 1950's, as this is perceived to be one of the factors that discourage residents from cycling.
- 7.5. The Project will deliver a cycle route from Basildon Railway Station to the Pipp's Hill Industrial Area and Retail Park. A link will also be added between Laindon and Pipp's Hill. The cycle route will cover a total distance of 2.4 miles.
- 7.6. It is expected that delivery of the Project will not only significantly increase the number of people cycling but will also offer an improved journey quality for those who already cycle, through provision of clear signage, lighting, resurfaced routes and separation from the road network.
- 7.7. Delivery of the Project will lead to an increase in the number of residents who choose to cycle when undertaking shorter journeys which will assist in the reduction of congestion at peak times and will enhance the provision of reliable journey times in Basildon. In addition, it is expected that the Project



will manage future travel demands in order to facilitate proposed growth in Basildon.

## **8. Options Considered**

- 8.1. The option selected for the Project was identified as a priority in the Basildon Cycling Action Plan document which was published in November 2017.
- 8.2. As part of the development of the Cycling Action Plan a large number of potential cycle routes were identified, with the overall objective of creating a step-change in cycling conditions across Basildon.
- 8.3. The routes were prioritised according to four criteria:
  - 8.3.1. Deliverability – consideration of land ownership issues, which will determine how easy the scheme will be to deliver;
  - 8.3.2. Directness – considered in terms of where the route is proposed to provide access to, for example the town centre or the railway station;
  - 8.3.3. Extension of existing network – this considered connectivity with existing cycle routes;
  - 8.3.4. Key attractors – this considered the number of key attractors the route connected.
- 8.4. This resulted in a prioritised list of cycle routes being identified for the Basildon area.
- 8.5. In addition to these routes the Cycling Action Plan set out an ambition to deliver Flagship Cycle Routes in Basildon. Two potential Flagship Cycle Routes were identified – East/West Flagship Route and North/South Flagship Route (the Project).
- 8.6. The East/West Flagship Route focussed on upgrading the existing cycling network that runs alongside Broadmayne (A1321) from Westgate in the East to Pitsea Road in the West.
- 8.7. The North/South Flagship Route focussed on access to Pipp's Hill Industrial Estate from Basildon Railway Station. The North/South Flagship Route will facilitate delivery of a number of the cycle routes identified previously.
- 8.8. As with the other potential cycle routes the Flagship Cycle Routes were prioritised on the basis of deliverability, directness, extension of existing network and key attractors. This process resulted in both Flagship Cycle Routes being considered a high priority in terms of future delivery.
- 8.9. Since the publication of the Cycling Action Plan funding has been received from Defra to deliver the East/West Flagship Route, as part of a wider project. As a result of this funding being awarded the North/South Flagship

Cycle Route has now become the highest priority route within the Cycling Action Plan and has, as a result, been selected for progression as the Project.

## 9. Public Consultation and Engagement

- 9.1. The Flagship Cycle Route, which will be delivered by the Project, was identified during the development of the Basildon Cycling Action Plan document. Local knowledge, obtained through Stakeholder Consultation, was used to inform the Cycling Action Plan.
- 9.2. During the development of the Cycling Action Plan, the opinions of all interested parties and stakeholders were taken into account for the proposed schemes. This ensured that the proposed actions have been considered against the economic, social and environmental wellbeing of the residents or persons affected.
- 9.3. A Basildon Flagship Routes Workshop was held in January, which brought together a number of key stakeholders including Essex County Council, Essex Highways and Basildon Council.

## 10. Project cost and Funding

- 10.1. The total cost of delivering the project is estimated at £953,000, which includes contributions from the ECC Capital Programme and ECC Revenue budget, as set out in Table 3 below.

**Table 3 – Flagship Cycle Route (Tranche 3) spend profile (£m)**

Source	2018/19	2019/20	Total
SELEP LGF	0.250	0.203	0.453
ECC Capital Programme	0.250	0.247	0.497
ECC Revenue Budget		0.003	0.003
<b>Total</b>	<b>0.500</b>	<b>0.453</b>	<b>0.953</b>

- 10.2. The £250,000 contribution from the 2018/19 ECC Capital Programme has been approved and is therefore considered to be secure.
- 10.3. The £250,000 contribution from the 2019/20 ECC Capital Programme and Revenue Budget has been provisionally allocated, however, the allocation will not be formally approved by Cabinet until February 2019.
- 10.4. As noted at point 3.5, £967,000 LGF was provisionally allocated to the Project. The scheme proposals that were brought forward within the Business

Case for the Project only require £453,000 of this allocation, leaving a balance of £514,000.

- 10.5. ECC do not intend to bring forward any further Tranches of the project for LGF funding, beyond the £453,000 set out in this report for Tranche 3. Therefore, in approving the £453,000 allocation to the Project, it is expected that the remaining £514,000 LGF allocation to the Project, from the original provisional allocation of £967,000, will be returned to the central SELEP pot. This is in accordance with the approach for the prioritisation of unallocated LGF funding agreed by Strategic Board in March 2018.
- 10.6. As with the Endeavour Drive Bus Lane, it is intended that the remaining £514,000 LGF will be reallocated through the LGF3b process.

## **11. Outcome of ITE Review**

- 11.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high Value for Money.
- 11.2. The analysis was robustly carried out and delivers high levels of certainty around the Value for Money categorisation.
- 11.3. The ITE review confirms that a reasonable assessment approach has been employed, using the Department for Transport's WebTAG active mode appraisal toolkit,

## **12. Project Compliance with SELEP Assurance Framework**

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

**Table 4 – Assessment of the Project against the requirements of the SELEP Assurance Framework**

<b>Requirement of the Assurance Framework to approve the Project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		<p>The Business Case identifies the current problems and why the Project is needed now.</p> <p>The Project objectives align with the objectives identified in the Strategic Economic Plan.</p>

Requirement of the Assurance Framework to approve the Project	Compliance	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		<p>The expected project outputs and outcomes are set out in the Business Case and are detailed in the Economic Case.</p> <p>The Department for Transport active mode appraisal kit was used to understand the potential benefits of the Project. The Department for Transport's WebTAG guidance has been used to assess the expected project outputs and outcomes.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating actions (the costs of which must be clearly understood)		<p>The Business Case demonstrates clear experience of the project team delivering similar schemes.</p> <p>A comprehensive risk register has been developed which outlines mitigation measures.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR of 3.85:1 has been calculated, which indicates high value for money.

### 13. Financial Implications (Accountable Body comments)

- 13.1. It is a requirement of the SELEP Assurance Framework that where funding allocations are no longer required by a Project, that they should be returned for reallocation and reprioritisation in accordance with the process agreed by the SELEP Strategic Board.
- 13.2. All funding allocations that are 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.
- 13.3. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.

- 13.4. 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.

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

- 14.1. The proposal being put forward by ECC is in line with the provisions set out within the SLA between SELEP and ECC. In line with the SLA's the Board might consider whether there is further work to be done with ECC to explore whether there is an alternative option which would allow for the delivery of the project, either in full or in a revised form. However, in light of the difficulties set out in the Confidential Appendix, it is unlikely that this would bring about a different outcome at this time.

#### **15. Equality and Diversity implication**

- 15.1. 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.
- 15.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 15.3. 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.

#### **16. List of Appendices**

- 16.1 Appendix 1 – Confidential Appendix

- 16.2 Appendix 2 – Report of the Independent Technical Evaluator (as attached to Agenda Item 6).

**17. List of Background Papers**

- 17.1. Business Case for Basildon Integrated Transport Package Tranche 2
- 17.2. Business Case for Basildon Integrated Transport Package Tranche 3
- 17.3. Accountability Board Agenda Pack 26<sup>th</sup> May 2017 (Approval of Tranche 2)

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

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19

**Forward Plan reference number:** FP/AB/185

<b>Report title:</b> Innovation Park Medway LGF funding decision	
<b>Report to Accountability Board on 15<sup>th</sup> February 2019</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 28 <sup>th</sup> January 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Medway Council	

## 1. Purpose of Report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for Innovation Park Medway (northern site) – Enabling Infrastructure (the Project) (formerly Rochester Airport – phase 2) which has been through the Independent Technical Evaluator process, to enable the £3.7m Local Growth Fund (LGF) allocation to be devolved to Medway Council for project delivery.

## 2. Recommendations

- 2.1. The Board is asked to:

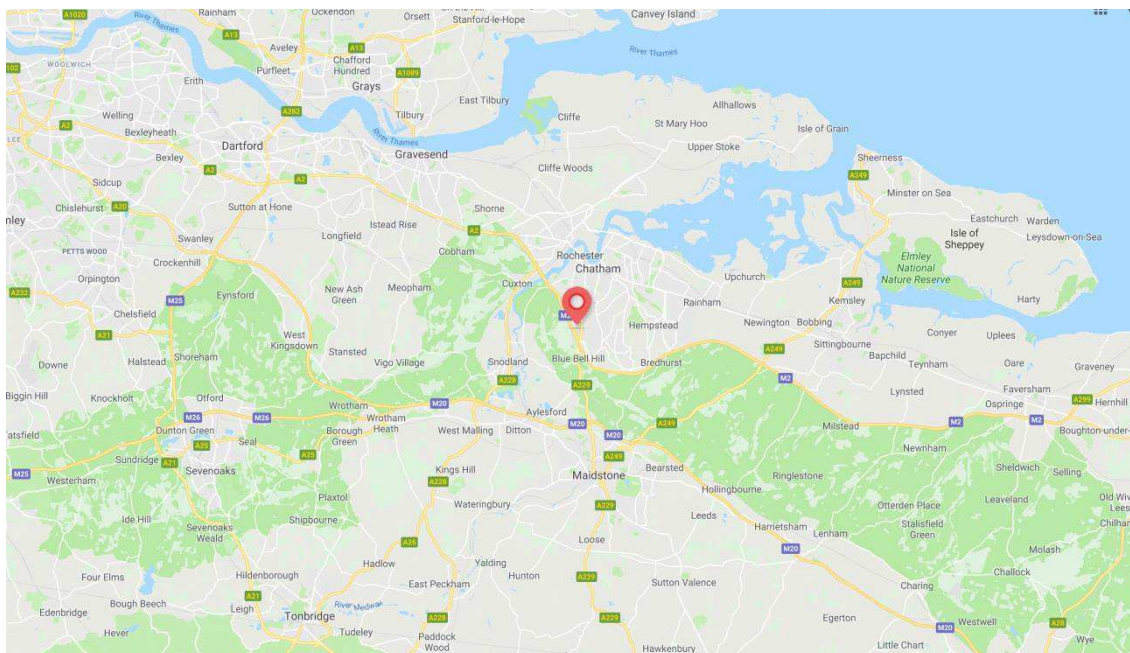
- 2.1.1. **Note** that the Project is dependent upon the delivery of the Rochester Airport Phase 1 project;
- 2.1.2. **Approve** the award of £3.7m LGF allocation to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high Value for Money with medium certainty of achieving this, **subject to** evidence relating to the Rochester Airport Phase 1 project being received that:
- 2.1.2.1. the determination of the planning application for the control tower and hub building has not been subject to a successful judicial review application;
  - 2.1.2.2. a construction contractor has been appointed, within the available budget, and a signed legal contract is in place between Medway Council and the construction contractor.

If confirmation is not provided by the 1<sup>st</sup> April 2019 that the two funding conditions set out above have been satisfied, it is expected that the funding decision will be revisited by the Board at its next meeting on the 12<sup>th</sup> April 2019.



2.1.3. **Note** that all LGF payments to local partners are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

### 3. Background



- 3.1. 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.
- 3.2. The vision for Innovation Park Medway is to attract high GVA businesses focused on the technology, engineering and knowledge intensive sectors. These businesses will deliver high value jobs in the area and contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.
- 3.3. Innovation Park Medway consists of two parcels of land, either side of Rochester Airport. The northern site is currently part of Rochester Airport and is in use as one of the two operational runways at the airport. The southern site is south of Innovation Centre Medway and is currently partially used as an overflow car park for the Innovation Centre but is primarily an unused site.
- 3.4. In June 2016 the Board awarded £4.4m LGF, from LGF round 2, to the delivery of the Rochester Airport Phase 1 project. This investment will change the configuration of Rochester Airport, whilst also delivering improvements to the airport infrastructure to help safeguard the future of the airport. Reconfiguration of the airport allows the closure of the second runway which releases the land required for the development of the northern site of Innovation Park Medway. The Project under consideration will deliver the



enabling infrastructure required to bring forward development on this section of the innovation park.

- 3.5. The Board has also approved the award of £650,000 Growing Places Fund (GPF) to the delivery of the Innovation Park Medway southern site enabling works project. This investment will bring forward enabling works on the southern site of the innovation park, which will make the site more attractive to businesses looking to relocate and expand in Medway.
- 3.6. The Rochester Airport Phase 1 enabling works (LGF2 funding) are required to enable both the Project and the Innovation Park Medway southern site enabling works GPF project to progress, as the Phase 1 works both release the land required for development on the northern site and free the southern site from current CAA flightpath safeguarding restrictions, through the closure of one of the two existing runways. The closure of the second runway will be required as soon as the Rochester Airport Phase 1 works begin onsite, in order to provide the required safety margin for both the construction contractor and pilots using the airport. This is expected to be in April 2019.

#### **4. Rochester Airport Phase 1**

- 4.1. In June 2016 the Board approved the award of £4.4m LGF funding to the Rochester Airport Phase 1 project. The funding was awarded to deliver airport improvement works, with the objective of enhancing the airport's operational infrastructure and improving its attractiveness to business investment whilst also unlocking longer-term commercial land opportunities to support high-value businesses, employment and skills in Medway.
- 4.2. Since the LGF funding was awarded by the Board in June 2016 a number of issues, including complications with the planning process and public opposition to the proposed airport improvements, have been encountered which have significantly impacted on project progress.
- 4.3. As a result of the delays encountered, costs rose significantly, prompting Medway Council to propose a change to the project scope. The proposed change in scope did not impact on deliverability of the overarching objectives of safeguarding the future of the airport and releasing the land for development of the innovation park.
- 4.4. The proposed change in project scope was considered and agreed by the Board in June 2018.
- 4.5. Following the Board's decision to approve the change in scope for the project, Rochester Airport Ltd. submitted two further planning applications to seek planning consent for the remaining works, including the new control tower and hub building and relocation of the helipads.
- 4.6. Both planning applications were considered by Medway Council's Planning Committee on 19<sup>th</sup> December 2018, with the planning application relating to

the relocation of the helipads being approved. The planning Committee were minded to approve the application for the control tower and hub building, however, due to an outstanding holding objection from Highways England they were not in a position to do so. The Head of Planning was granted delegated authority to approve the planning application if Highways England formally removed their objection.

- 4.7. On 21<sup>st</sup> January 2019 Highways England formally removed their holding objection, which allowed the decision notice for the second planning application to be issued to Rochester Airport Ltd.
- 4.8. Medway Council have begun the procurement process to appoint contractors to deliver all aspects of the Phase 1 works, with tenders received by 6<sup>th</sup> February 2019. It is anticipated that contractors will be appointed on 27<sup>th</sup> February (subject to planning) under a design and build contract. All works are being procured at the same time to confirm that the revised project outputs can all be delivered within budget, prior to any works being undertaken onsite.
- 4.9. Design work is programmed to take place during March 2019, with construction planned for April 2019 to March 2020.
- 4.10. If any further delays are encountered with the delivery of the Phase 1 works there is an increased deliverability risk for both these works and the Project under consideration given the proximity of the end of the Growth Deal period. Progress on the project will be closely monitored and the Board will be updated should any further delays be encountered.
- 4.11. Rochester Airport Ltd. have indicated that they have been approached with offers of private sector follow on investment, which would enable the construction of a second new hangar on the airport site (as was included in the original project scope). If these offers of private sector investment are realised it is intended that the additional hangar will be delivered at the same time as the other airport infrastructure improvement works, as this will enable cost savings. The other new hangar will be funded through the LGF allocation.
- 4.12. Work is ongoing by Medway Council and Rochester Airport Ltd. to determine how best to facilitate these works and realise the potential cost savings whilst also taking into account the procurement requirements associated with using public funding and the management of any cost over-runs given that the two new hangars are adjacent to each other and share an adjoining wall.

## **5. GPF funding**

- 5.1. In September 2018 the Board approved the award of £650,000 GPF funding to the Innovation Park Medway project.
- 5.2. This project will bring forward various site enabling works on the southern site at the innovation park; including:

- 5.2.1. Access road with shared footpath, cycle route, lighting and signage;
- 5.2.2. Utility ducting/service strip;
- 5.2.3. Fencing site boundary; and
- 5.2.4. Demolition of unused building.
- 5.3. Completion of these works will de-risk the southern site, making it more attractive to businesses looking to relocate and expand in Medway.
- 5.4. The GPF investment will enable the delivery of 4,500m<sup>2</sup> Net Internal Area of B1 land use, such as offices, research and development facilities etc. This will unlock approximately 307 net additional FTE jobs, as well as offering indirect benefits for the local economy.
- 5.5. The anticipated development on the site is subject to completion of the Rochester Airport Phase 1 works. Once completed the Phase 1 works will facilitate the closure of one of the two operational runways at Rochester Airport. Closure of this runway will release the southern site from current CAA flightpath safeguarding requirements, which places significant restrictions on the height and form of any development on the site.
- 5.6. Work is ongoing by Medway Council to finalise the GPF loan agreement which will facilitate the draw down of funding. In the meantime, preparatory work has begun with plans submitted for demolition of the unused building, with demolition expected to take place during 2018/19. Work will also shortly commence on the detailed design for the proposed works.
- 5.7. Completion of the GPF funded works is now expected in April 2020, rather than December 2019 as set out in the Business Case presented to the Board for approval of the funding award in September 2018. Medway Council have provided assurances that this change will not impact on the agreed GPF repayment schedule.

**6. Innovation Park Medway (northern site) enabling infrastructure (the Project)**

- 6.1. The Board are being asked to consider the award of £3.7m LGF funding to the Innovation Park Medway (northern site) enabling infrastructure project, which was provisionally allocated funding through LGF round 3.
- 6.2. The Project will bring forward enabling infrastructure for the first section of the northern site of the innovation park, including the delivery of:
  - 6.2.1. access road, with associated footpath, cycle path and public realm improvements;
  - 6.2.2. lighting and directional signage;
  - 6.2.3. new drainage piping and soakaways;
  - 6.2.4. new water main for potable water;
  - 6.2.5. electricity – ring main and secondary substation;

- 6.2.6. gas main provision;
  - 6.2.7. trenching for and provision of fibre cabling;
  - 6.2.8. site surveys; and
  - 6.2.9. associated capital project consultancy.
- 6.3. The Business Case indicates that the enabling works will be delivered by December 2020, with the first businesses occupying the site from late 2021.
- 6.4. It is expected that delivery of these enabling works will encourage private sector investment in the site, which will bring forward 38,500 sqm (gross external area – GEA) of commercial floorspace across the first section of the innovation park, creating 1,365 new highly skilled jobs in engineering and technology by 2030/31.
- 6.5. It is noted in the Business Case that there has been significant interest from businesses from the priority sectors identified within the vision for the site looking to locate at the Innovation Park prior to any works or active marketing being undertaken, with fifteen serious enquiries received from businesses looking to establish themselves on the site since the launch of Innovation Park Medway on 18<sup>th</sup> September 2018. As a result, significant levels of private sector investment are anticipated, as set out in the project spend profile. However, this funding has not yet been committed.
- 6.6. The Business Case indicates that Medway Council have not yet confirmed their preferred development approach for the Innovation Park site, although a significant amount of work has been undertaken to assess the available options. The options under consideration include:
- 6.6.1. Freehold sale of the site;
  - 6.6.2. Long leasehold sale of the site;
  - 6.6.3. Development Partnership; and
  - 6.6.4. Medway Council to act as Developer for the site.
- 6.7. A Delivery Plan and Business Rates Strategy for the site have been developed, and will be considered by the Innovation Park Medway Delivery Board in March 2019. The recommendation outlined in the report is procurement through leasehold to allow for delivery of the site either through a development partnership or with Medway Council as the developer. Whilst the formal democratic decision-making process will conclude at the Delivery Board meeting in March, engagement with Board members shows significant support for the recommended option and it is expected that the recommendation will be endorsed.
- 6.8. An updated Masterplan is currently being developed for the Innovation Park Medway site, which will set out the vision that will shape development on the site. It is anticipated that the Masterplan will be adopted in March 2019. Alongside this Medway Council, in partnership with Tonbridge and Malling Borough Council, are developing a Local Development Order (LDO) and Design Code for the site, with the aim of simplifying the planning process in order to deliver the Masterplan aspirations. It is expected that the LDO and

Design Code will be adopted in July 2019, however, consultation on the LDO is not expected to take place until Q1 2019/20. Any resultant delay in the adoption of the LDO and Design Code will impact on the delivery programme for the Project.

- 6.9. It is expected that Medway Council will provide an update on the LDO once it has been agreed through the Capital Programme update reporting.
- 6.10. The delivery of the Project outputs is dependent upon the Rochester Airport Phase 1 enabling works. The Phase 1 works will reconfigure and safeguard the future of Rochester Airport, enabling the closure of the second operational runway. The closure of the runway is required to release the land on which the northern site of the innovation park will be delivered.
- 6.11. As the Board is aware, through previous project updates, progress on the Rochester Airport Phase 1 project has been slow, predominantly as a result of complications encountered during the planning process and through public opposition to the proposed works. Any further delays to the Phase 1 works will impact on delivery of the Project, potentially making the Project undeliverable within the Growth Deal period.
- 6.12. Whilst some progress has now been demonstrated on the Rochester Airport Phase 1 project (as outlined in Section 4 of this report), the main works have not yet commenced onsite and only £369,000 of the £4.4m LGF allocation, as approved by the Board in June 2016, has been spent to date.
- 6.13. A contractor to deliver the works has not yet been appointed, meaning there remains a risk that the project outputs cannot be delivered within the agreed budget. It is noted in section 4 that the procurement process has now commenced in relation to design and build of all the outputs stated within the revised project scope, which will bring about increased certainty regarding affordability of the project. Medway Council will consider value engineering options if required to ensure that the works are delivered within the agreed budget.
- 6.14. It is noted in Section 4 of this report that planning consent has now been granted for all the works within the revised scope for the Rochester Airport Phase 1 project. A previous planning decision regarding the original Phase 1 works was subject to a judicial review application and therefore there is considered to be a significant risk that a judicial review could be sought against the recent Medway Council planning process.
- 6.15. Medway Council will know whether a judicial review application has been submitted by 4<sup>th</sup> March 2019, with initial consideration of the viability of the application being undertaken by 18<sup>th</sup> March. Should a judge consider that there is a case to answer, this will result in an indefinite delay in delivering the proposed Phase 1 works, as the planning application covers the key areas of work which facilitate the safeguarding of existing and creation of new jobs on the Rochester Airport site which are central to safeguarding the future of the airport. Any further significant delays to the delivery of the Phase 1 works

would cast doubt on the deliverability of both these works and the Project under consideration within the Growth Deal period.

- 6.16. For these reasons, and as a result of the dependency by the Project on the Phase 1 works, it is recommended that whilst funding is awarded for the Project it is subject to Medway Council providing evidence that the planning application has not been subject to a successful judicial review and that a construction contractor has been appointed and a legal contract put in place to ensure delivery of the Phase 1 works.

## 7. Options considered

- 7.1. Through the development of the project, consideration has been given to the options available. These options are considered in detail within the Business Case and are summarised as:
- 7.1.1. **Do nothing (no LGF investment)** – If the LGF contribution is not forthcoming development of the innovation park site will continue, however, the speed of development will be significantly slower. This would negatively impact upon the benefits released as a result of securing Enterprise Zone status, with limited development coming forward during the Enterprise Zone period.
- 7.1.2. In addition, the early opportunity to de-risk the site for both the Local Authority and/or a development partner would be missed, leading to a significantly reduced site value and interest in locating there.
- 7.1.3. **Do Minimum** – This option assumes 33% less available funding, which would mean that 33% less enabling works would be delivered. It is considered that this option would raise some interest in the site and would provide a small quantum of development by businesses. However, the level of development is likely to be limited as a result of the reduced provision of key infrastructure.
- 7.1.4. It is considered that this option will not enable delivery of the project objectives and it will slow the rate of development of the innovation park. In addition, this option will lead to increased infrastructure costs as the work will be delivered in a number of phases, which also has the potential to cause disruption for those businesses which are early occupiers of the site.
- 7.1.5. **Do Something** – This option, which assumes the £3.7m LGF investment requested, would involve the provision of the enabling infrastructure required to facilitate partial build out of the northern site of the innovation park, amounting to a total of 38,500m<sup>2</sup> GEA of commercial space. It is considered that this option will create substantial interest among the developer and end user business communities to develop further parts of the site and provide sufficient impetus for higher education stakeholders to collaborate in the

development of the site. This option is considered to be a less risky approach compared to developing the site in a single stage (Do Maximum).

- 7.1.6. **Do Maximum** – This option would involve provision of the enabling infrastructure required to facilitate the build out of the entire northern site of the innovation park, amounting to a total of 98,500m<sup>2</sup> GEA of commercial space. The additional cost of delivering the wider infrastructure could be funded through borrowing against future Business Rate receipts, but the exact cost of building out the entire site is currently unconfirmed.
- 7.1.7. Whilst this option has the potential to deliver large scale benefits, which meet the project objectives, there would be a need for a higher level of contribution from development partners, which carries greater risk.
- 7.2. The preferred option is to Do Something – partial build out of the site will deliver: an access road and surface parking, drainage and water, power, gas, broadband fibre and landscaping. The Business Case indicates that this option will ensure the project objectives are delivered, will minimise risk associated with developing the site and will offer good value for money.
- 7.3. It is expected that once this section of the innovation park is fully built out, the following outcomes will be achieved:
  - 7.3.1. Delivery of 38,500m<sup>2</sup> GEA of commercial floorspace;
  - 7.3.2. Creation of 1,365 new highly skilled jobs in engineering and technology;
  - 7.3.3. Fifty construction jobs delivered during 2020/21.

## 8. Public Consultation and Engagement

- 8.1. Medway Council has a long-held ambition to deliver a high-quality business, science and technology park on part of the Rochester Airport site. This was consulted on as part of the Medway Local Plan 2003.
- 8.2. A Masterplan is currently being developed for Innovation Park Medway. During the Masterplan process, the public were consulted on the proposals for the wider Innovation Park Medway site and were given the opportunity to put forward their ideas for the site which have been incorporated into the final Masterplan where appropriate. This consultation exercise took place between 17<sup>th</sup> September and 29<sup>th</sup> October 2018. In addition, two public consultation events were held at Innovation Centre Medway, which is adjacent to the Innovation Park Medway site.
- 8.3. The response received during the Masterplan public consultation was mainly positive, with the local community welcoming the proposals for the site and the creation of new highly-skilled jobs in the area. Concerns were raised regarding the impact on the transport network of the proposed Innovation Park and around proposed building heights on the site, and the impact these may

have on both local residents and the neighbouring Area of Outstanding Natural Beauty. These points were all taken into account as part of Medway Council's decision-making process, in relation to both the Project and the wider development of the Innovation Park.

- 8.4. The preferred planning mechanism for the innovation park site is a Local Development Order (LDO), as this will simplify and accelerate the planning process and will minimise risk for businesses looking to locate on the site. Further public consultation will be undertaken when a draft Local Development Order has been prepared. It is expected that this consultation will take place during quarter 1 of 2019/20, although the exact consultation dates are still to be confirmed.
- 8.5. There has been opposition to the Rochester Airport Phase 1 project from local residents, which the Board have been made aware of through previous Board reports. In addition, there have been a number of delays to the delivery of the Rochester Airport Phase 1 works, particularly through processes to secure planning consent.
- 8.6. Given the interdependency between the Rochester Airport Phase 1 works and the Project, there is a risk that the timescales for delivering the Project could be impacted by any further delays to Rochester Airport Phase 1 works.

## 9. Project Cost and Funding

- 9.1. The total cost of delivering the Project is estimated at £48.9m, which includes both expected public and private sector investment, as set out in Table 1 below.

**Table 1 – Innovation Park Medway (northern site) enabling infrastructure spend profile (£m)**

Source	2018/19	2019/20	2020/21	2021/22	2022/25	Total
SELEP LGF	0.21	2.18	1.31			3.7
Public Sector investment				0.2		0.2
Private Sector Investment (TBC)			5.0	10.0	30.0	45.0
<b>Total</b>	0.21	2.18	6.31	10.2	30.0	48.9

- 9.2. The Business Case indicates that the stated Project outputs can be delivered through the £3.7m LGF allocation alone. No other financial contribution is being made towards the enabling infrastructure works.



- 9.3. The project value and funding sources stated within the Business Case include both public and private sector investment in the site, with investment being shown beyond the Growth Deal period and forming a contribution to the wider development of Innovation Park Medway, beyond the enabling works outlined in the Business Case.
- 9.4. The public sector contribution stated within the Business Case refers to the reinvestment of Business Rates, received by Medway Council and Tonbridge and Malling Borough Council, from businesses who choose to locate at the Innovation Park. As Innovation Park Medway is located within the North Kent Enterprise Zone a commitment is made through a Memorandum of Understanding with Government that Business Rates received will be reinvested in the site. This reinvestment in the site will continue for a period of 25 years and is therefore likely to be more significant than set out in the spend profile, in Table 1.
- 9.5. Receipt of these Business Rates is dependent upon businesses coming forward to occupy the site. Whilst receipt of this income is considered to be low risk by Medway Council, due to the level of interest expressed in the site to date by businesses, it is noted that this funding is not yet secure.
- 9.6. The private sector contribution stated within the Business Case refers to the investment by private companies through building their premises on the innovation park site. The stated £45m contribution has been derived from a verified Royal Institution of Chartered Surveyors (RICS) costing, and assumes build out of approximately 21,000sqm of commercial space by 2025.
- 9.7. Whilst the Business Case indicates that there has been significant interest from the private sector in establishing commercial premises on the Innovation Park Medway site, it is also noted that the delivery approach has not yet been confirmed. Therefore, Medway Council have not been in a position to formally market the site, meaning that the private sector contribution reflects expectations for the site but it has not yet been secured.
- 9.8. Income received by Medway Council as a result of investment in the site will be re-invested to facilitate delivery of further enabling infrastructure across the wider site, thereby allowing development of the entire Innovation Park Medway site.
- 9.9. An LGF3b bid has been submitted by Medway Council seeking an additional £2.3m LGF funding to enable delivery of further enabling infrastructure across the wider site. The Project under consideration will provide the enabling infrastructure for the northern cluster on the northern site of the Innovation Park. It is envisaged that the LGF3b funding would be used to bring forward the enabling infrastructure for the southern cluster on the northern site of the Innovation Park.
- 9.10. Medway Council have indicated an intention to bring forward the Project and the LGF3b works (if funding is awarded) in tandem in order to streamline construction costs, whilst also maximising the benefits offered through being

within the North Kent Enterprise Zone. The enabling works outlined within the LGF3b application could, in the long term, be funded through reinvestment of Business Rates, however, this approach would result in fewer businesses realising the benefits of locating within the Enterprise Zone and would delay the creation of additional jobs on the site.

## **10. Outcome of ITE Review**

- 10.1. 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 high Value for Money.
- 10.2. The analysis was robustly carried out and delivers high levels of certainty around the Value for Money categorisation.
- 10.3. The ITE review confirms that a reasonable assessment approach has been employed, using the DCLG Land Value Uplift method.
- 10.4. The wider Innovation Park Medway project has secured additional grant funding through previous rounds of the LGF, as well as loan funding through the GPF. Limited progress has been made on delivering these projects and as a result the ITE review identifies a deliverability risk within the Growth Deal period in relation to the Project.

## **11. Project Compliance with SELEP Assurance Framework**

- 11.1. Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 11.2. 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**

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Project meets with the objectives of the SELEP Strategic Economic Plan through supporting the development of the Thames Gateway. The project objectives of raising GVA, increasing productivity and providing new highly skilled employment opportunities also align with SELEPs strategic objectives.

Requirement of the Assurance Framework to approve the project	Compliance	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		<p>The project outputs and outcomes are clearly defined.</p> <p>The schemes impact has been assessed following CLG Appraisal Guidance and HM Treasury Green Book.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>Work is underway on a Masterplan and Local Development Order for the site to support the delivery of the project.</p> <p>The Business Case highlights the Project dependency on completion of the Rochester Airport phase 1 works.</p> <p>A detailed risk register is included as part of the Business Case.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		<p>A BCR value has been calculated as 2.6:1, categorised as high value for money.</p> <p>The BCR calculations also consider the benefits offered by the Rochester Airport Phase 1 project.</p>

## 12. Financial Implications (Accountable Body comments)

- 12.1. It is noted that should the Board approve the funding for this Project, it is conditional and may require further consideration by the Board should these conditions not be met by the 1 April 2019; the conditions are viewed to be appropriate given the delays in delivery of the initial phases of this Project and the associated risk of potential spend beyond the Growth Deal period.
- 12.2. All funding allocations that are 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual

Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.

- 12.3. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.
- 12.4. 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.

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

- 13.1. There are no legal implications arising out of the decision set out within this report.
- 13.2.

### **14. Equality and Diversity implication**

- 14.1. 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.
- 14.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3. 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 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.

## **15. List of Appendices**

- 15.1. Appendix 1 – Rochester Airport – Phase 1 project background and update.
- 15.2. Appendix 2 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).
- 15.3. Appendix 3 – Innovation Park Medway Site Plan.

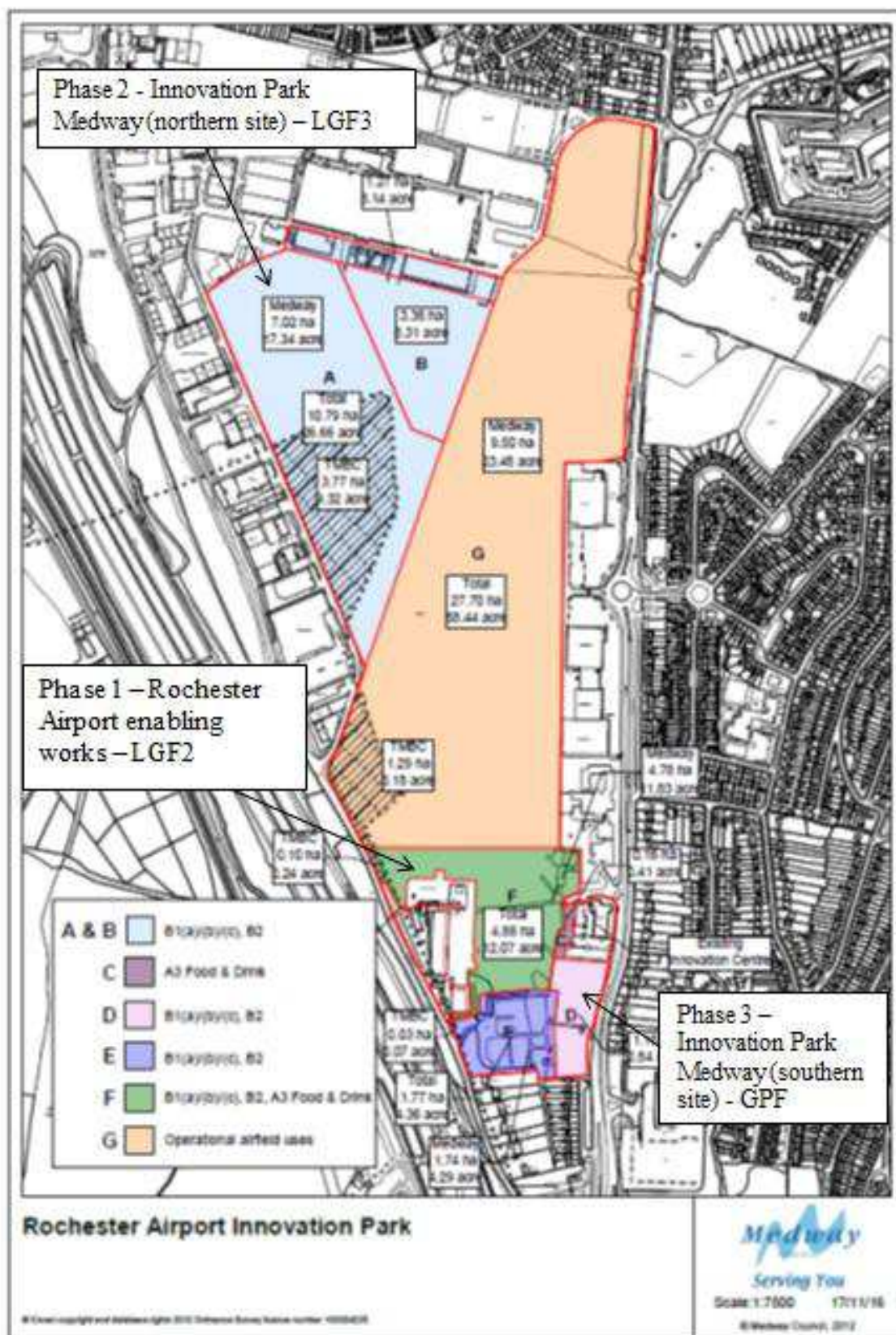
## **16. List of Background Papers**

- 16.1. Business Case for Innovation Park Medway (northern site) Enabling Infrastructure

**(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, S151 Officer, Essex County Council)	07/02/19

### Appendix 3 – Innovation Park Medway Site Plan



## Appendix 1

Forward Plan reference number: FP/AB/185

<b>Report title:</b> Innovation Park Medway LGF funding decision	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 28 <sup>th</sup> January 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort – Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Medway Council	

## 1. Background

- 1.1. This report serves as an appendix to the Innovation Park Medway LGF funding decision report to SELEP Accountability Board (the Board) and sets out the background and project update on the enabling Rochester Airport – Phase 1 project.

## 2. Rochester Airport Phase 1 - project background and update

- 2.1. In June 2016 the Board approved the award of £4.4m LGF funding to the Rochester Airport Phase 1 project. The funding was awarded to deliver airport improvement works, with the objective of enhancing the airport's operational infrastructure and improving its attractiveness to business investment whilst also unlocking longer-term commercial land opportunities to support high-value businesses, employment and skills in Medway. These works will both safeguard the future of Rochester Airport and enable the release of land for the development of Innovation Park Medway (the Project).
- 2.2. The scope of the Rochester Airport Phase 1 project as detailed in the original Business Case, was as follows:
- 2.2.1. Provision of a hard-paved runway with a parallel grass airstrip, new runway lighting and all other ancillary runway equipment;
  - 2.2.2. Provision of a new hub and control tower;
  - 2.2.3. Refurbishment of two existing aircraft hangars;
  - 2.2.4. Provision of two new hangars; and
  - 2.2.5. New working facilities and visitor viewing facilities for the Medway Aircraft Preservation Society.

- 2.3. At the time of submitting the original Business Case it was anticipated that these works could all be completed within the £4.4m LGF allocation. Completion of these works would safeguard the future of the airport through delivery of a reconfigured airport, with improved associated infrastructure. In addition, completion of the works would allow for closure of one of the two current grass runways, releasing commercially developable land enabling delivery of Innovation Park Medway on the site.
- 2.4. Since the LGF funding was awarded by the Board in June 2016 a number of issues, including complications with the planning process and public opposition to the proposed airport improvements, have been encountered which have significantly impacted on project progress.
- 2.5. As a result of the delays encountered with Phase 1, costs rose significantly, with an independent review by a Quantity Surveyor suggesting that the total cost of delivering all the proposed works would be in the region of £8.9m. As a result, Medway Council proposed a change to the project scope which involved the removal of the hard-paved runway and one of the new hangars from the list of project outputs. Based on the updated figures provided by the Quantity Surveyor the remaining works could be funded entirely through the £4.4m LGF allocation.
- 2.6. The proposed change in project scope was considered and agreed by the Board in June 2018. It was noted that despite the change in project scope the overarching objectives of safeguarding the future of the airport and releasing the land for development of the innovation park would still be achieved. In addition, the change in outputs did not impact on the outcomes that will be realised through the Phase 1 works.
- 2.7. An initial planning application, which covered some of the proposed project outputs, was approved by Medway Council's Planning Committee in March 2017. This planning application related to the 'erection of two hangars, erection of a new hangar for Medway Aircraft Preservation Society, erection of fencing and gates, formation of associated car parking areas, fuel tank enclosure, ancillary works and a memorial garden.'
- 2.8. Following the Board's decision to approve the change in scope for the project, Rochester Airport Ltd. submitted two further planning applications to seek planning consent for the remaining works, including the new control tower and hub building and relocation of the helipads.
- 2.9. Highways England submitted a holding objection in relation to the planning application for the control tower and hub building. Their objection was based on concerns that the proposed works could have the potential to impact on



the safe and efficient operation of the strategic road network, particularly the M2. Rochester Airport Ltd. commissioned a risk assessment as requested by Highways England which considered this issue. The report was submitted to Highways England in advance of the planning application being considered by Medway Council's Planning Committee.

- 2.10. Both planning applications were considered by Medway Council's Planning Committee on 19<sup>th</sup> December 2018, with the planning application relating to the relocation of the helipads being approved. Whilst Planning Committee were minded to approve the application for the control tower and hub building, due to the outstanding holding objection from Highways England they were not in a position to do so. However, the Head of Planning was granted delegated authority to approve the planning application if Highways England formally removed their objection.
- 2.11. On 21<sup>st</sup> January 2019 Highways England formally removed their holding objection, which allowed the decision notice for the second planning application to be issued to Rochester Airport Ltd. Based on the history of this project there remains a risk that a judicial review could be sought against the planning process. Medway Council will know whether a judicial review has been requested by 4<sup>th</sup> March 2019.
- 2.12. Medway Council have begun the procurement process to appoint contractors to deliver all aspects of the Phase 1 works, with tenders received by 6<sup>th</sup> February 2019. It is anticipated that contractors will be appointed on 27<sup>th</sup> February (subject to planning). All works are being procured at the same time to confirm that the revised project outputs can all be delivered within budget, prior to any works being undertaken onsite.
- 2.13. Design work is programmed to take place during March 2019, with construction planned for April 2019 to March 2020.
- 2.14. The Phase 1 works enable the delivery of the Project under consideration by releasing the land required for development. The Phase 1 construction works have not yet commenced onsite and only £369,000 of the £4.4m LGF funding allocation has been spent to date.
- 2.15. As the Board is aware, the Phase 1 works have been subject to ongoing public opposition, which has resulted in delivery of the project being significantly delayed. Whilst planning permission has now been granted for all the Phase 1 works there remains a risk that a judicial review could be sought against the planning process. If a judicial review is brought against the planning application and a judge considers there is a case to answer, this could result in an indefinite delay in delivering the proposed works.

- 2.16. Any further delays to the delivery of the Phase 1 works casts doubt on the deliverability of both these works and the Project under consideration within the Growth Deal period. Progress on the project will be closely monitored and the Board will be updated should any further delays be encountered.
- 2.17. Rochester Airport Ltd. have indicated that they have been approached with offers of private sector follow on investment, which would enable the construction of a second new hangar on the airport site (as was included in the original project scope). If these offers of private sector investment are realised it is intended that the additional hangar will be delivered at the same time as the other airport infrastructure improvement works, as this will enable cost savings. The other new hangar will be funded through the LGF allocation.
- 2.18. Work is ongoing by Medway Council and Rochester Airport Ltd. to determine how best to facilitate these works and realise the potential cost savings whilst also taking into account the procurement requirements associated with using public funding and the management of any cost over-runs given that the two new hangars are adjacent to each other and share an adjoining wall.

**Forward Plan reference number:** FB/AB/186

<b>Report title:</b> Grays South Local Growth Fund decision	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> rhiannon.mort@essex.gov.uk	
<b>SELEP Partner Authority affected:</b> Thurrock	

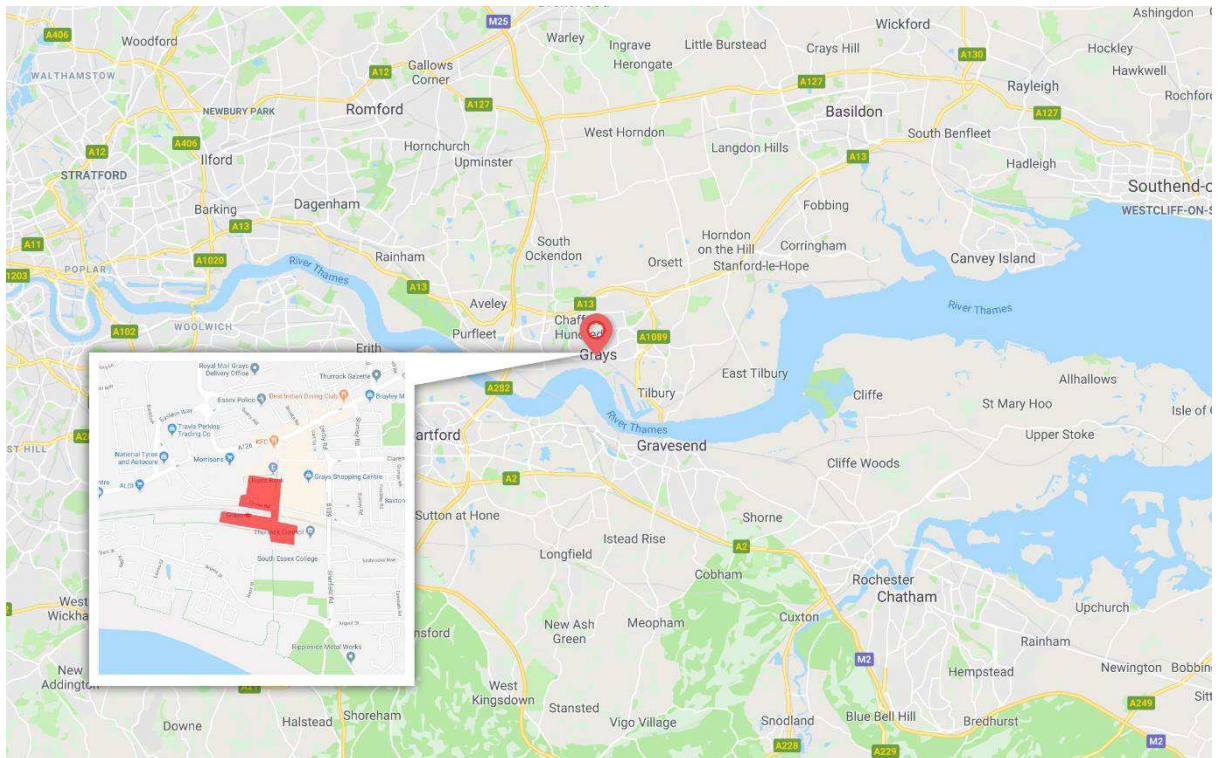
## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider an initial award of £3.7m Local Growth Fund to the Grays South project (the Project) , which has been through the Independent Technical Evaluator (ITE) review process based on an Outline Business Case.
- 1.2 A full Business Case will be brought forward in 2019/20 when further Project development work has been completed and has secured design approval in principle from Network Rail to confirm the project total cost. Through this full Business Case the Project will look to secure the remaining £7.1m LGF allocation.

## 2. Recommendations

- 2.1. The Board is asked to
  - 2.1.1. **Note** that the Project is at an early stage of development
  - 2.1.2. **Approve** the award of £3.7m LGF to the capital development costs of the Project
  - 2.1.3. **Note** the intention to bring forward a Full Business Case in 2019/20 to secure the remaining £7.1m LGF allocation to the Project.
  - 2.1.4. **Note** that all LGF payments are subject to SELEP's receipt of sufficient funding from Central Government, as detailed in the LGF Capital Programme Report, considered under Agenda Item 15.

### 3. Background



- 3.1. The Grays South Regeneration Area is part of the wider Grays Development Framework Refresh, and seeks to address challenges that are holding back the growth and regeneration of Grays' Town Centre.
- 3.2. It comprises two phases:
  - 3.2.1. Phase 1: Extension to Civic Offices
  - 3.2.2. Phase 2a: Creation of an underpass to replace the level crossing and creation of public squares
  - 3.2.3. Phase 2b: Creation of new, modern retail units and with residential use above, on land created by Phase 2a
- 3.3. The Project under consideration for LGF is Phase 2a. In addition to the delivery of an underpass and public realm works, the project will also include land acquisition and the demolition of existing properties.
- 3.4. The Project will be designed and constructed in partnership with Network Rail.
- 3.5. The highways relocations and property demolitions required for the underpass and public squares will create the space required for the retail development plots to be delivered through Phase 2b.
- 3.6. The total cost of these elements is £27.4m, of which £10.8m in funding from the LGF is being sought via a two phased approach.

### 4. Project Justification

- 4.1. The overall object of the Project is to address the gradual decline of Grays town centre since the opening of lakeside shopping centre in 1990. Despite this decline, the town centre continues to provide essential civic / educational functions for residents of Grays and wider Thurrock. The Retail and Leisure Study carried out in 2018 recommended that other town centre usage should build on these functions as they have the potential to support additional shops and retail services.
- 4.2. In response to these challenges, the Council led a wide ranging consultation and engagement programme to define a role for Grays going forward and develop a clear vision for the town's offer to local people. This public consultation, conducted in 2013, received almost 1,500 responses.
- 4.3. This consultation helped to develop a vision for the town. The vision, seeks to build on Grays' existing strengths and supplement those with a greater convenience retail function, increased day time population and the development of an evening economy.
- 4.4. Through the combination of studies and further public consultation, Thurrock: Your Place Your Voice completed in 2018, the Council has identified two key challenges that are holding back the growth and regeneration of Grays' Town Centre:
  - 4.4.1. The appearance and perception of the town has been identified as a significant barrier to securing the investment necessary to deliver new homes and jobs;
  - 4.4.2. The railway line, which bisects the town, is a barrier to pedestrian movements between Grays South and the town centre to the north. The closure of the level crossing for trains services acts as a physical barrier which severs the north and south of the High Street, resulting in low pedestrian flow along the southern part of the High Street.

The frequency of closures to the level crossing is expected to increase going forward as a result of additional commercial freight trains, which will worsen the situation.
- 4.5. The Project has therefore been developed to address these two issues.

## **5. Project Details & LGF Investment**

- 5.1. The Project will:
- 5.2. Create an 8m wide pedestrian underpass to replace the existing pedestrian level crossing. This will address safety concerns shared by Network Rail and Thurrock Council, and tackle the significant severance that the crossing creates within the town centre; and

- 5.3. Creation of new public squares at both ends of the underpass to create new public realm that provides a high quality arrival point and meeting place within the town centre, links to the existing College and High Street. These public squares will also provide the opportunity to host events within the town centre, thereby adding to its vibrancy and vitality and supporting local businesses.
- 5.4. The delivery of Project, including the underpass, its associated infrastructure and the public squares will help to:
- Address safety concerns identified by Network Rail;
  - Integrate public and private transport to create a genuine multi-modal hub for pedestrians and cyclists together with bus and taxi passengers – including Disability Discrimination Act (DDA) compliant access to the station platforms;
  - Redevelop plots around the public squares to create premises more conducive to attracting retail, cafés and restaurants with residential and office accommodation in upper floors – this has the potential to deliver up to 400 new homes;
  - Create public squares that can better support community events; and
  - Support the Council's refurbishment and development of the Civic Offices in Grays where it is proposed an extension to the main office will be built. This will help to maintain the Council's presence in Grays and enhance footfall for the town centre, as the extension will permit the consolidation of Council staff from other premises located throughout the borough and will also permit the co-location of other public services.
- 5.5. The Project seeks to achieve the following objectives:
- 5.5.1. To close Grays Level Crossing for pedestrian access and replace with a pedestrian underpass by January 2023;
- 5.5.2. To create an equalities act compliant, unimpeded route across the railway line from one side of Grays high street to the other by 2023;
- 5.5.3. To deliver and create a high quality public realm at Grays by 2024;
- 5.5.4. To improve connectivity between different modes of transport around Grays station by 2024; and
- 5.5.5. To enable delivery of 84 homes and 1,279 sqm of retail floorspace to complete the Urban Realm at Grays by 2025
- 5.6. Whilst it is intended that the LGF will be spent before 31<sup>st</sup> March 2021, the completion of the Project itself and the realisation of Project benefits will extend beyond the Growth Deal.
- 5.7. The timescales for delivering the Project will be driven by Network Rail's progress through the GRIP Stages It is expected that the Project will take five years to be delivered, with construction works expected to start in three years.

- 5.8. Design work has not yet commenced for the public squares at either end of the underpass. The early stage of the Project's development does create a high level of uncertainty and risk. As such, the Project risks, set out in Table 1 below include a 30% risk contingency cost.

## **6. Project Cost and Funding**

- 6.1. The total Project cost is £27.4m. In addition to the £10.84m LGF award to the Project, funding contributions have also been identified from Thurrock Council (£9.0m), S106 funding contributions (£1.2m), Network Rail (£800,000) and through Development Receipts (£5.597m). The breakdown of the cost is set out in Tables 1 and 2.
- 6.2. All Thurrock Council contributions are fully secured and can be drawdown as required.
- 6.3. Network Rail's funds are time limited and must be spent prior to the end of March 2019. The funding contribution from Network Rail is also dependant on the receipt of LGF. If the LGF is not secured then the Network Rail contributions will be reallocated elsewhere.
- 6.4. The funding in relation to the development receipts is a risk effectively borne by Thurrock Council. In the event that these development receipts are not produced in time to support the Project, Thurrock Council will provide the additional funding required through their own funds.
- 6.5. An initial £3.7m LGF is being sought through this decision report to support the capital costs of the Project's further development, in advance of a Full Business Case being submitted for the remaining £7.140m. As such, there is a risk should the Board not support the Full Business Case, then the £7.140m LGF would not be made available to support the delivery of the Project. Thurrock Council would be required to repay LGF abortive costs if these could no longer be accounted for as capital expenditure.
- 6.6. The breakdown of costs, set out in Table 1, includes contingency costs, as advised by Network Rail.

**Table 1 High level breakdown of project costs**

<b>Item</b>	<b>Cost</b>
Underpass and access steps and ramps	£12,295,499
Public Squares	£2,520,745
Relocation of Crown Road	£4,841,000
Lifts from rail station platforms	£2,391,932
Land acquisition (assuming CPO)	£5,387,805

<b>Total</b>	<b>£27,436,981</b>
--------------	--------------------

**Table 2 Project Funding Sources (£m)**

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
LGF	0.000	3.700	7.140			10.840
Thurrock Council	0.000	1.000		6.000	2.000	9.000
S106 Funds	0.400	0.400	0.400	0.000	0.000	1.200
Network Rail	0.800	0.000	0.000	0.000	0.000	0.800
Development Receipts	0			0.900	4.700	5.600
<b>Total</b>	<b>1.200</b>	<b>5.100</b>	<b>7.540</b>	<b>6.900</b>	<b>6.700</b>	<b>27.440</b>

## 7. Outcome of ITE Review

- 7.1. The ITE review confirms that the Project Business Case demonstrated high value for money with an initial Benefit Cost Ratio (BCR) of 2.5:1 and an adjusted BCR of 2.6:1 once the wider economic impacts have been considered.
- 7.2. The Economic Appraisal included in the Business Case contains a mixture of recognised appraisal spreadsheet tools and bespoke analysis. The appraisal included the following items:
  - 7.2.1. Safety benefits - calculated as a result of closing the level crossing;
  - 7.2.2. Active mode appraisal (a now standard DfT assessment methodology tool used in economic appraisal to capture scheme benefits associated with walking and cycling);
  - 7.2.3. Public realm benefits (TfL Ambience Benefits calculator tool, used by TfL and typically scheme promoters within London and the London region);
  - 7.2.4. Commercial and residential development impacts (using the MHCLG ready reckoner to capture residential land value uplift);
  - 7.2.5. Mode shift / reduction in vehicle operating costs (using output from DfT Active Mode Appraisal tool); and
  - 7.2.6. Journey time impacts (bespoke analysis)
- 7.3. The ITE review does note that the costs for the Project have only been provided at a high level. The costs have been based on Network Rail estimates, but have not been itemised. In addition, the maintenance and renewal costs have been excluded from the Business Case. As such, it is



expected that a more detailed itemised cost breakdown will be provided with the full Business Case.

- 7.4. The ITE confirms that even in the unlikely event that the costs increased by 50% the BCR would only just fall below the 2:1 requirement. If there is an escalation to the costs of delivering the Project, then a S151 officer letter of commitment has been provided to confirm that any cost overruns will be funded by the scheme promoter.
- 7.5. Furthermore, the programme for delivering the Project is also currently at a high level.
- 7.6. No design work, cost estimates or delivery programme have been prepared for the public realm works. This creates a level of uncertainty to the scope, cost and deliverability of that component of the scheme. However, this design work is now ongoing and it is expected that the Full Business Case will provide further detail on the costs, programme and the Project's critical paths.
- 7.7. In light of the further development work which is required for the Project, the certainty of the economic appraisal is considered to be medium, though a shift into a different VfM category is considered to be unlikely, as indicated though sensitivity test analysis.

## 8. Project Compliance with SELEP Assurance Framework

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

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

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The Business Case sets out how the project aligns with the delivery of the Strategic Economic Plan
Clearly defined outputs and anticipated outcomes, with clear		The Economic Case for the Project clearly sets out the

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
additionality, ensuring that factors such as displacement and deadweight have been taken into account		outputs and outcomes to be delivered through the project. Consideration has been given to displacement and deadweight within the assessment.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		A risk register has been prepared for the Project but a Quantified Risk Assessment has not yet been completed to consider the cost should the project risks materialise.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The Project Business Case demonstrates an initial BCR value of 2.5:1 and an adjusted BCR of 2.6:1.

## 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.
- 9.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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. 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.

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

- 10.1. There are no legal implications arising out of the decision set out within 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.
- 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.

## **12. List of Appendices**

- 12.1. Appendix 1 - Report of the Independent Technical Evaluator (made available under Agenda Item 6).

## **13. List of Background Papers**

- 13.1. Grays South Project Business Case

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener	07/02/19

Grays South LGF funding decision

(On behalf of Margaret Lee, S151 Officer, Essex County Council)	
---	--



## South East Local Enterprise Partnership (SELEP)

---

# INDEPENDENT TECHNICAL EVALUATOR REVIEW

South Grays







## South East **Local Enterprise Partnership (SELEP)**

---

# INDEPENDENT TECHNICAL EVALUATOR REVIEW

South Grays

TYPE OF DOCUMENT (VERSION) PUBLIC

PROJECT NO. 70051897

OUR REF. NO. 70051897





DATE: FEBRUARY 2019

WSP  
WSP House  
70 Chancery Lane  
London  
WC2A 1AF  
Phone: +44 20 7314 5000  
Fax: +44 20 7314 5111  
WSP.com





# QUALITY CONTROL

Issue/revision	First issue	Second issue	
Remarks	Draft	Final	
Date	31/10/2018	04/02/2019	
Prepared by	Ian Baker	Ian Baker	
Signature			
Checked by			
Signature			
Authorised by	Ian Baker	Ian Baker	
Signature			



# CONTENTS

<b>1</b>	<b>INTRODUCTION</b>	<b>2</b>
<b>2</b>	<b>THE EVALUATION</b>	<b>3</b>
<b>2.2</b>	<b>GENERAL CONSIDERATIONS</b>	<b>3</b>
<b>2.3</b>	<b>STRATEGIC CASE</b>	<b>3</b>
	Option alternatives	4
	Dependencies	4
	Stakeholder Support	4
<b>2.4</b>	<b>ECONOMIC CASE</b>	<b>4</b>
	Costs	4
	Benefits	5
<b>2.5</b>	<b>FINANCIAL CASE</b>	<b>7</b>
<b>2.6</b>	<b>COMMERCIAL CASE</b>	<b>7</b>
<b>2.7</b>	<b>MANAGEMENT CASE</b>	<b>7</b>
<b>3</b>	<b>OUTCOME &amp; RECOMMENDATIONS</b>	<b>8</b>

# 1 INTRODUCTION

---

- 1.1.1. WSP was commissioned by the South East Local Enterprise Partnership (SELEP) to provide Independent Technical Evaluator (ITE) services for the Grays South project for which an Outline Business Case (OBC) has been prepared by the promoter Thurrock Council.
- 1.1.2. The ITE assessment is based on adherence of scheme business cases to the guidance set out in the HM Treasury Green Book, and related departmental guidance, such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance), the Homes and Communities Agency's Additionality Guide and the DCLG Appraisal Guide.

## 1.2 GRAYS SOUTH PROJECT

- 1.2.1. The Grays South project (the Project) has been provisionally allocated £10.8m Local Growth Funding, with a total project cost of £27.4m.
- 1.2.2. The Project aims to create a new quarter within the town centre based around a boulevard underpass linking two new public squares.
- 1.2.3. The quarter will reconnect the two sides of the high street and create a high quality arrival point and meeting place at the heart of Grays. The specific £10.8m funding ask from the LEP is in relation to the:
  - Creation of an 8m wide pedestrian underpass to replace the existing pedestrian level crossing, thereby addressing Network Rail's, the Office of Road and Rail and the Council's safety concerns and the significant severance the crossing creates between key administrative and educational functions in Grays South and the town centre, and
  - Creation of new public squares at both ends of the underpass to create a new public realm that provides a high quality arrival point and meeting place within the town centre and links to the existing College and High Street.
- 1.2.4. This latest OBC submission is seeking to request £3.7m of funds, relating to expenditure in 2019/20, with the remainder (£7.1m) to be drawn down in late 2019 when a design approval in principle has been agreed with Network Rail with confirmed costings.

## 2 THE EVALUATION

---

- 2.1.1. This summary provides an update to an earlier assessment undertaken in October 2018. That assessment reviewed an earlier version of the OBC (October, 2018). The 2018 OBC has itself been updated (December, 2018) with additional information and alternative analysis in response to some of the perceived weaknesses outlined within the earlier review and assessment.
- 2.1.2. As agreed in the Stage gate review following the 2018 submission of the OBC, the SELEP 'Non-transport assessment template' has been used to assess the business case during this assessment, as it was deemed this scheme was a non-typical transport scheme. As such, many of the items deemed non-compliant with the 'Transport assessment template' from the previous review are not applicable / relevant within the "Non-transport" review (for example how costs are used within the economic case, which reflect differences which can arise between HM Treasury Green Book and DfT WebTAG methodologies).

### 2.2 GENERAL CONSIDERATIONS

- 2.2.1. The OBC generally is considered much stronger in this updated version. Primarily the need for the scheme is now extremely clear; evidence is provided in the form of a letter from Network Rail to confirm that the level crossing and footbridge will be closed, and that could occur any time (following expiration of a time-limited intent to close letter issued to Thurrock Council in January 2016). This is a compelling case for the intervention as the site of the closure is Grays High Street, which would be completely severed by the level crossing closure. In an assessment scenario sense, it is clear that the 'Do Minimum' situation (which is imminent) will be significantly worse than the current situation (one which already suffers from a declining retail offer, poor economic performance, poor quality urban realm, etc). The closure of the level cross would exacerbate these problems and create new ones, such as increased journey times for pedestrian and cyclists wishing to cross from one side of the railway track to the other, reduce accessibility to the rail station itself, both of which are felt more strongly by the mobility impaired. The impacts on businesses and shoppers in the area would be felt more acutely.
- 2.2.2. Overall, this story was not spelt-out as strongly in the previous iteration (though it was alluded to) and the evidence supporting it was not provided. This iteration of the OBC is therefore much stronger and more compelling with this new information included.
- 2.2.3. Generally, the economic analysis is also stronger (using more standard / commonplace analytical methodologies – see economic case below), and the quantum of economic benefit more realistic, with less emphasis on the indirect benefits attributable to land value uplift (attributable to future phases of the scheme, which are yet un-costed).
- 2.2.4. It should be noted that only the underpass part of the scheme is at a sufficient stage of development / design to describe and provide costs for, the public realm improvements are not described in any level of detail (though they have been considered, as specific urban realm interventions are contained within the TfL ambience tool, used to capture urban realm benefits). There are therefore no designs, costs or programme of works for the urban realm improvements, which is considered a weakness, as parts of the scheme therefore considered to be under-developed for a scheme at Outline Business Case stage, seeking approval for Programme Entry. However, given the reduced funding request, an initial £3.7m at this stage for the 2019/20, this could be provided at a later date when designs and associated costs are available.

### 2.3 STRATEGIC CASE

- 2.3.1. The key problems identified (both now and in the future) include:
- Problem 1 – poor rail safety associated with the level crossing
  - Problem 2 – connectivity / reduced severance
  - Problem 3 – poor public realm
  - Problem 4 – the retail offer is in decline
  - Problem 5 – housing demand in the area continues to outstrip supply and more houses are required to meet future demand.
- 2.3.2. It is clear the scheme will directly address (improve) the first 3 problems now or in the Do Minimum (imminent) future situation, but the housing demand could be addressed in later phases of the scheme Phase 2b - (as no housing forms part of the current phase).

- 2.3.3. Whilst various socio-economic problems within Grays are identified, not all of these problems are evidenced and quantified (such as the poor urban realm, which could have been demonstrated through pedestrian quality audits, via the use of PERS software) and then directly linked to the scheme / or the lack of adequate current or future infrastructure. Others are alluded to indirectly and found elsewhere in the analysis.
- 2.3.4. The objectives are still not SMART (Specific, Measurable, Achievable, Realistic, Time-limited), which is a missed opportunity and weakness (as it is a Green Book requirement), and one which could easily have been addressed. If all the problems had been quantified, they would naturally be measurable, and the link to how the infrastructure could reduce these impacts could more easily have been demonstrated. This would not be difficult to develop, especially as the monitoring and evaluation section is quite detailed.
- 2.3.5. The previous review had reservations about the dependency, and justification / evidence and of parts the scheme (housing) and some of the economic benefits that were later captured as a result of the scheme (land value uplift & construction benefits). This was partly due to the requirement to follow DfT methods more closely (as a transport scheme). It was noted that there was often no obvious link or dependency between many of the objectives of '*this scheme / project*' and the wider project, other than the desire for them to be linked.
- 2.3.6. This is considered to be resolved in this iteration by describing such impacts (in a strategic narrative, and noting their potential future existence, but qualifying this by stating they are not part of the current phase of the scheme. The construction impacts are no longer captured in the cost benefit analysis (within the economic case).
- 2.3.7. The promoter however has also provided an indication of the physical dependency - that part of the future development would be contained within the development compound of this scheme, and the demolition of existing land uses would offer the potential to unlock part of that site for redevelopment.

## OPTION ALTERNATIVES

- 2.3.8. The option assessment within the OBC is still relatively basic and has only really considered options for the replacement of the level crossing, not the urban realm proposals, which form a crucial part of the scheme. But this is a direct result of the urban realm proposals being less well developed than the more urgent part of the scheme, the level crossing replacement alternatives.
- 2.3.9. It is still considered to be a weakness of the OBC that none of the alternative options presented have been costed or economically appraised, as this does not allow decision-makers to make informed decisions on alternatives to the preferred scheme option without being given comparable levels of information for each option.
- 2.3.10. The scheme options assessed for the level crossing component do appear to be logical and outcomes do seem intuitive.

## DEPENDENCIES

- 2.3.11. Given the "scheme" assessed here is Phase 2a, the underpass and public realm, it would have been logical to describe the "wider scheme" (phases 1 and 2b) and the dependence / interrelationship of those phases in dependencies section of the OBC. These dependencies are described elsewhere in the OBC, but not in the dependency section. This is a structural / drafting observation rather than a content gap.

## STAKEHOLDER SUPPORT

- 2.3.12. There is very strong stakeholder support for the scheme (72.87% for the underpass).

## 2.4 ECONOMIC CASE

- 2.4.1. As noted above, the economic appraisal undertaken in the latest iteration of the OBC is considered superior to earlier versions because it uses more standard, commonplace appraisal methodologies, and the level of benefits generated are more in line with expected outcomes.

## COSTS

- 2.4.2. The lack of a schedule of costs is still considered to be an omission from the costing process as this reduces the transparency of the cost build-up and increases the level of risk that costs could ultimately increase as the project progresses.

- 2.4.3. It is the view of the promoter that the Network Rail provided costs are robust, but they have not been itemised / disaggregated in the way that are expected say by the DfT appraisal. It is noted where costs are broken down into individual items (such as including contingency), the values are within an expected / acceptable range (ie 30% of scheme costs).
- 2.4.4. Costs associated with maintenance and renewal are still excluded from the total scheme costs at this stage, which would slightly reduce the benefit cost ratio if included. Maintenance and renewal costs typically account for a much smaller proportion of whole life costs than the construction costs.
- 2.4.5. Additional no construction inflation is applied to the 2016 generated scheme costs.
- 2.4.6. The level of certainty that can be attributed to the costing and subsequent economic appraisal is would *usually* be considered to be low, but given the use of sensitivity testing (of a 50% increase in scheme costs), they are considered medium here (see later reference to sensitivity tests).
- 2.4.7. Costs will be able to be updated once Network Rail has refreshed the scheme designs. Additionally, the costs associated with the urban design parts of the scheme will be more reliably costed when the designs for those elements are further advanced.
- 2.4.8. As costs will always be updated with tendered prices at Full Business Case submission stage, this is one item where a decision to proceed with the investment can be deferred. However, given the promoter, via the assurances by the Section 151 Officer, will underwrite any scheme cost increases, this is a risk borne by the promoter and not SELEP. As cost increases would ultimately reduce any Benefit Cost Ratio (BCR) and subsequent Value for Money (VfM) assessment category, then there is a further risk to the promoter that the scheme, should it proceed through the OBC stage gateway, may not ultimately receive funding by passing the FBC stage gateway - if the BCR and VfM drops to a category not deemed sufficient by the SELEP assurance framework (ie a BCR less than 2). Any further scheme development costs are therefore also potentially at risk, a risk borne by the promoter.
- 2.4.9. What is perhaps unique here is the request for £3.7m of costs to cover expenditure in 2019/20, effectively a request for an interim funding release prior to FBC. This element would be at risk to SELEP if the payment was made. It would be prudent for the promoter to confirm to the SELEP what specifically the funding would pay for in this 2019/20 expenditure would cover.
- 2.4.10. Optimism has been applied at 13.5%, though only to the public sector costs, not to the entire cost estimate, which is non-standard.

## BENEFITS

- 2.4.11. There revised OBC contains a mixture of recognised appraisal spreadsheet tools and bespoke analysis. The appraisal included the following items:
  - Safety benefits - calculated as a result of closing the level crossing.
  - Active mode appraisal (a now standard DfT assessment methodology tool used in economic appraisal to capture scheme benefits associated with walking and cycling). This replaces the use of the WHO tool used in the previous OBC iteration (which generates more conservative results).
  - Public realm benefits (TfL Ambience Benefits calculator tool, used by TfL and typically scheme promoters within London and the London region)
  - Commercial and residential development impacts (using the MHCLG ready reckoner to capture residential land value uplift)
  - Mode shift / reduction in vehicle operating costs (using output from DfT Active Mode Appraisal tool)
  - Journey time impacts (bespoke analysis)

### Accident Reduction

- 2.4.12. The accident analysis appears logical and assumptions used appear reasonable. There is no change to the previous iteration.

### Active Mode Benefits

- 2.4.13. As noted above, this DfT method of appraisal to estimate the health and other user benefits of transport schemes replaces the previous WHO HEAT tool, which had been used in this iteration of the OBC. This produces a more conservative benefit stream than the previous method and is therefore more conservative and robust.

- 2.4.14. The assumptions and data (DfT Data book) used in calculation are logical, and also clearly displayed and explained in the text.

#### **Urban Realm Impacts**

- 2.4.15. The ambience / urban realm impacts assessment use the TfL business case team tool to assess pedestrian quality impacts. This is the same method as the previous OBC iteration.
- 2.4.16. All the assumptions contained within OBC iteration 1 appeared reasonable, as all such improvements to the public realm *could* be implemented. However, given that the public realm part of the scheme has not been designed yet, it is difficult to assign a high level of certainty to all these infrastructure improvements making it into the final design.
- 2.4.17. It was noted in the previous review that the TfL tool for capturing these benefits is not part of the DfT appraisal tool suite, and as such may be classed as an '*indicative impact*' (form of analysis) in the DfT VfM framework, as such it would usually be included within level 3 impacts, which cannot be included within the BCR, but can be included within the VfM scoring. It was however noted that there is much use of quality assessments within rail economic appraisal, therefore a strong case could be made for its inclusion in Level 1 which would be permitted for inclusion within an initial BCR.
- 2.4.18. However as the DfT TAG methodology is no longer applied to this 'non-transport scheme' that criticism can be discarded.

#### **Mode shift / Reduction in vehicle operating costs**

- 2.4.19. For each of the impacts assessed relating to a change in car use, the promoter has used the estimated annual change in car kilometres generated by the AMAT to estimate the vehicle operating costs associated with this change. These have been estimated using values from the DfT WebTAG Databook.
- 2.4.20. The assumptions, techniques and data used are all logical / appropriate.

#### **Journey time impacts**

- 2.4.21. These impacts are assessed using a bespoke analysis of the change in journey time associated with increased distance travelled (for pedestrians) after the closure of the level crossing and footbridge.
- 2.4.22. The assumptions and data used are all logical / appropriate.

#### **Land Value Uplift**

- 2.4.23. The magnitude of land value uplifts were questioned in the previous iteration of the OBC, especially as the dependency between the scheme and the residential development were not sufficiently evidenced.
- 2.4.24. This version of the assessment does show the housing cannot be delivered without the demolition of existing commercial property, and the intensification of development provides the opportunity (and location) for residential development to come forward.
- 2.4.25. The residential development is now said to form part of later phases of the scheme (2b), and the new quantum of economic benefit is much less (£2.3m instead of £11m previously).
- 2.4.26. The MHCLG ready reckoner tool is used to capture these scheme benefits. The assumptions appear reasonable (including use of the "high" multiplier) due to Thurrock 5 Year Housing Land Supply statement (which indicates only 2.7 years of housing supply).
- 2.4.27. The revised assessment and evidence are now considered to be more appropriate.

#### **Construction Impacts**

- 2.4.28. Construction impacts are no longer monetised and included within the cost benefit analysis which is in line with current guidance. The analysis is therefore more robust.

#### **Benefit Cost Ratio and Value for Money Assessment**

- 2.4.29. The stated initial BCR in the OBC is 2.5. The stated adjusted BCR is 2.6. This would put the scheme in the **High** VfM Category (i.e. above 2.0). These values are much more conservative than those generated in the previous cost benefit analysis, reported on in the last iteration of the OBC (where the value for money category was **Very High** (ie above 4.0)).
- 2.4.30. This is considered to be a reasonable BCR and VfM category using technical judgement / experience of the scale of impacts identified on other schemes.



- 2.4.31. It is noted still that there is still some uncertainty within the results associated with the weaknesses of the cost build up process (ie the exclusion of construction inflation since 2016 and maintenance and renewal costs).
- 2.4.32. However, the increase of scheme costs by 50% (sensitivity test 4) results in the value for money score dropping to BCR of 1.9 (medium VfM). It is not considered the maintenance and renewal costs, nor the application of inflation between 2016 and 2019 would result in such a large change, therefore the BCR and VfM category are considered to include sufficient buffer to offset the uncertainty in the cost build up.

## 2.5 FINANCIAL CASE

- 2.5.1. The main cost and risk considerations are summarised above.
- 2.5.2. It is noted that an £800,000 Network Rail contribution towards scheme costs is time limited and therefore may be at risk. It is unclear why the stated Network Rail contribution has fallen from £4m to £800,000.
- 2.5.3. It is unclear how the £5.6m of funding captured through development receipts has been calculated given the level of immaturity of any future development project, but as this is being underwritten by the promoter there is limited risk to SELEP. It is noted that if this sum doesn't materialise, this would further reduce the BCR as public sector costs would increase.

## 2.6 COMMERCIAL CASE

- 2.6.1. No information is provided on the contracting strategy (i.e. traditional, design and build, etc). This is therefore an omission.
- 2.6.2. A basic procurement strategy is outlined, but it does not include a programme (nor is it included within the overall project programme) and there is no evidence there has been any engagement with the market.
- 2.6.3. Network Rail are identified as having significant experience of delivering rail safety schemes, such as a rail underpass, and they will use their own GRIP process to procure the rail works. This is very strong. It is also positive that the project manager has technical experience with rail and rail infrastructure projects
- 2.6.4. There is no mention of risk allocation and transfer within the commercial case.

## 2.7 MANAGEMENT CASE

- 2.7.1. A very basic programme is provided related to the Network Rail Grip process. The Gantt chart has not been produced by any recognisable software (MS Project, Primavera), with no detail provided on specific tasks, their dependency, and therefore a critical path cannot be produced. It is noted that a detailed programme with a critical path cannot be produced until "Network Rail issue a revised programme which is normal practice at this early GRIP Stage".
- 2.7.2. As the wider development activities (residential and commercial development) do not form part of the scheme, these are not included within the programme.
- 2.7.3. Previously, it was noted that key risks were identified within the OBC and noted that these have not been allocated owners. This has been addressed within this iteration.
- 2.7.4. As only a very basic Gantt chart is included with no dependencies, a critical path has not been identified.
- 2.7.5. Programme management therefore considered to be inadequate at this stage, though it is noted that will be addressed shortly.

### 3 OUTCOME & RECOMMENDATIONS

- 3.1.1. Overall, the OBC generally is considered much stronger in this iteration. This is primarily because the need for the scheme is now clearer and evidence to confirm the closure of the level crossing and footbridge is provided in the form of a letter from Network Rail, with this closure being imminent. This is a compelling case for the intervention as the site of the closure is Grays High Street, which would be completely severed by the level crossing closure.
- 3.1.2. In an imminent Do Minimum scenario (without the level crossing and footbridge), various socio-economic indicators would decline further associated with a declining retail offer, poor economic performance, poor quality urban realm, etc. The closure of the level crossing would exacerbate these problems and create new ones, such as increased journey times for pedestrian and cyclists wishing to cross from one side of the railway track to the other, reduce accessibility to the rail station itself, both of which are felt more strongly by the mobility impaired. The impacts on businesses and shoppers in the area would be felt more acutely.
- 3.1.3. The economic analysis undertaken in this iteration of the OBC is also considered to be stronger (using more standard / commonplace analytical methodologies), and the quantum of economic benefits are more conservative (in some cases) and considered to be more realistic and robust, with less emphasis on the indirect benefits attributable to land value uplift.
- 3.1.4. Some deficiencies do remain including:
  - A suitable schedule of costs has not been provided to enable full scrutiny and validation of the scheme cost estimate. No costs have been identified for the development of the project (such as the design and planning costs), and similarly no costs have been provided associated with maintenance and renewal of the underpass. Each of these gaps contribute to higher levels of uncertainty in the scheme cost estimates provided. However, sensitivity testing associated with increased scheme costs of 50% indicate the BCR may fall to 1.9 (just shy of the SELEP BCR threshold of acceptance). It is however not considered that the omission of the items above would not generate scheme cost increases of 50%. Also given that cost increases will be borne by the promoter, this is not considered to be a risk to SELEP.
  - No design work, cost estimates or delivery programme have been prepared for the public realm works. This creates a level of uncertainty to the scope, cost and deliverability of that component of the scheme. However, this design work is now ongoing and the requirement for the additional detail and costing could be provided in the current financial year, especially as the funding ask has been reduced to £3.7m in 2019/20. This perhaps offers the opportunity to revisit the OBC cost benefit analysis on completion of the design and analysis.
  - No detailed project programme or delivery plan is provided, which creates additional uncertainty about the deliverability of the project by the end of the Growth Deal.
- 3.1.5. The certainty of the economic appraisal is considered to be **medium**, though as noted above the shift into a different VfM category is considered to be unlikely, as indicated through sensitivity test analysis.
- 3.1.6. It is acknowledged that the programmes and level of design for these different components / phases of the scheme (underpass / urban realm improvements / housing development) are not yet aligned, but this reflects the relative urgency of completion associated with the level crossing and pedestrian footbridge closure.
- 3.1.7. Following this review, the recommendation is for the scheme to proceed through the OBC approval gateway, but on the basis that the cost benefit analysis is revisited after an updated cost review by Network Rail, and completion of the urban realm design works.





WSP House  
70 Chancery Lane  
London  
WC2A 1AF

**wsp.com**

**Forward Plan reference number:** FP/AB/187 and FP/AB/188

<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> 15 <sup>th</sup> February 2019 <b>Date of report:</b> 31 <sup>st</sup> January 2019	<b>For:</b> Decision
<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.
- 1.4 The report also sets out the LGF budget for 2019/20 to be agreed by the Board.

## 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 2.
  - 2.1.2. **Note** deliverability and risk assessment, as set out in section 5.
  - 2.1.3. **Approve** the acceleration of £1.700m LGF spend in 2018/19 for the following A127 Fairglen New Link Road project, subject to approval under agenda item 7.
  - 2.1.4. **Approve** the acceleration of £0.896m LGF spend in 2018/19 for the A131 Chelmsford to Braintree.
  - 2.1.5. **Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following ten projects:

- Eastbourne and South Wealden Walking and Cycling LSFT (£84,000);
- Hasting and Bexhill Movement and Access Package (£85,000);
- A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements (£583,000);
- Strood Town Centre Journey Time and Accessibility Enhancements (£988,000);
- Chatham Town Centre Place-making and Public Realm Package (£399,000);
- Medway City Estate (£101,000);
- Rochester Airport Phase 1 (£51,000);
- Rochester Airport Phase 2 Innovation Park (£3,000)
- London Southend Airport Business Park (£1.051m);
- TGSE LSTF Thurrock (£163,000).

2.1.6. **Approve** the 2019/20 LGF budget, subject to confirmation of LGF grant in April 2019 as set out in section 4. This includes the planned spend of £79.503m LGF in 2019/20, excluding Department for Transport (DfT) retained schemes, and £107.314m LGF including DfT retained schemes.

2.1.7. **Note** the return of the LGF allocations in relation to the following three projects:

- Basildon Integrated Transport Package (£2.414m);
- A133 Braintree to Sudbury (£1.800m); and
- A414 Harlow to Chelmsford (£2.173m);

*The changes to these three projects are considered under Agenda Items 12, 16 and 18 respectively.*

2.1.8. **Agree** the removal of the Fort Halsted project from the Growth Deal programme and the reallocation of the £1.53m LGF provisional allocation to the project through the LGF3b process, as detailed in section 7 below.

2.1.9. **Agree** the removal of the A22/A27 Improvements Package from the Growth Deal programme and the reallocation of the £1m LGF provisional allocation to the project through the LGF3b process, as detailed in section 7 below

2.1.10. **Note** that SELEP's receipt of LGF awards from Central Government is dependent on the outcome of the Annual Performance Review and the confirmation by SELEP that the National Assurance Framework will be implemented in full, as detailed under Agenda Item 21.

## **1. LGF Delivery**

- 1.1. To date, the Board has approved a total of 77 LGF projects in full and a further 9 projects have received part approval (excluding the projects to be considered during the course of the meeting). There are 11 projects included in the LGF programme which have not yet received a funding award by the Board to date, as set out in Appendix 2.
- 1.2. A deadline was previously agreed for the approval of all projects within the current LGF programme by the end of the 2018/19 financial year. At its meeting on the 7<sup>th</sup> December, the Board agreed an extension to this deadline until the 12<sup>th</sup> April 2019.
- 1.3. As such, all LGF projects included within the current LGF programme must now come forward for a funding decision by the Board meeting on the 12<sup>th</sup> April 2019. 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.
- 1.4. A progress update and approval status on all 97 projects can be found in Appendix 2.

## **2. 2018/19 spend forecast update**

- 2.1. The planned LGF spend in 2018/19 has been updated to take account of the updated spend forecast provided by each local area through January 2019.
- 2.2. The expected LGF spend in 2018/19 now totals £87.637m in 2018/19, excluding Department for Transport (DfT) retained schemes (see Table 1). This is relative to £130.972m 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.
- 2.3. In comparison to the position reported at the last Board meeting, the planned spend in 2018/19 has reduced by £6.142m, 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.
- 2.4. No slippages to LGF spend has been identified for projects in Kent during the last quarter.

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

LGF (£m)					Reasons for Variance	
	Planned spend in 2018/19	Total forecast spend in 2018/19 (as reported in January 2019)	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	14.522	-2.128	87.2%	-0.705	-1.423
Essex	18.654	17.407	-1.247	93.3%	-1.099	-0.148
Kent	24.867	19.722	-5.144	79.3%	0.000	-5.144
Medway	16.755	6.530	-10.225	39.0%	-3.124	-7.100
Southend	17.573	5.070	-12.503	28.9%	-1.051	-11.452
Thurrock	13.647	12.986	-0.661	95.2%	-0.163	-0.498
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	87.637	-31.908	73.3%	-6.142	-25.766
Retained	35.454	12.884	-22.570	36.3%	0.200	-16.444
Total Spend Forecast	154.999	100.521	-54.478	64.9%	-5.942	-42.209

\*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	87.637
Total slippage from 2018/19 to 2019/20	43.334

- 2.5. When the DfT retained scheme funding is taken into consideration, for projects such as the A13 widening, the forecast LGF spend increases to £100.521m including retained schemes. The changes in forecast spend for retained schemes are set out in Section 5 below.
- 2.6. LGF spend in 2018/19 is currently under-profiled by £43.334m, 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.

- 2.7. 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.
- 2.8. 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 8<sup>th</sup> March 2019.

**Table 3 Identified slippages or acceleration to 2018/19 LGF spend (£m)**

Project	LGF forecast, as reported in October 2018	Latest LGF spend forecast (as reported in January 19)	Change to spend in 2018/19*
<b>East Sussex</b>			
Hailsham/ Polegate/ Eastbourne Movement and Access Package	0.600	0.588	-0.536
Eastbourne and South Wealden Walking and Cycling LSTF	0.805	0.720	-0.084
Hastings and Bexhill Movement and Access Package	1.012	0.927	-0.085
<b>Essex</b>			
Basildon Integrated Transport Package	2.800	0.750	-2.050
A131 Chelmsford to Braintree	1.104	2.000	0.896
A127 Fairglen New Link Road	0.000	1.700	1.700
A414 Harlow to Chelmsford	1.200	0.000	-1.200
A133 Braintree to Sudbury	0.445	0.000	-0.445
<b>Medway</b>			
A289 Four Elms Roundabout to Medway Tunnel	1.294	0.711	-0.583

<b>Project</b>	<b>LGF forecast, as reported in October 2018</b>	<b>Latest LGF spend forecast (as reported in January 19)</b>	<b>Change to spend in 2018/19*</b>
Strood Town Centre Journey Time and Accessibility Enhancements	<b>3.558</b>	<b>1.571</b>	<b>-1.988</b>
Chatham Town Centre Place-making and Public Realm Package	<b>1.503</b>	<b>1.105</b>	<b>-0.399</b>
Medway City Estate	<b>0.189</b>	<b>0.088</b>	<b>-0.101</b>
Rochester Airport Phase 1	<b>0.318</b>	<b>0.267</b>	<b>-0.051</b>
Rochester Airport Phase 2 Innovation Park	<b>0.210</b>	<b>0.208</b>	<b>-0.003</b>
<b>Southend</b>			
London Southend Airport Business Park	<b>4.471</b>	<b>3.420</b>	<b>-1.051</b>
TGSE LSTF Thurrock	<b>0.285</b>	<b>0.122</b>	<b>-0.163</b>

\*Change to spend between 2018/19 spend forecast received in January 2019, relative to LGF spend forecast received in October 2018. Negative values show slippages to LGF spend whilst positive values show acceleration to LGF spend.

### **3. Retained schemes 2018/19 spend forecast update**

- 3.1. 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.
- 3.2. The spend forecast for LGF retained schemes has marginally increased from £12.648m, as reported to the Board in October 2018, to £12.884m, as a result of a £200,000 acceleration of spend for the A127 Essential Maintenance Project.

### **4. LGF Budget 2019/20**

- 4.1. In 2019/20, SELEP has been provisionally allocated a total of £54.915m LGF, as per table 4 below.
- 4.2. In addition, it is forecast that £43.334m LGF slippage will occur from 2018/19 to 2019/20, as show in Table 2 above. As such, it is expected that £98.249m LGF will be available to spend in 2019/20.

**Table 4 SELEP confirmed and provisional future year LGF allocations (£)**

LGF received to date				LGF provisional funding allocations (to be confirmed)	
2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>69,450,000</b>	<b>82,270,227</b>	<b>92,088,396</b>	<b>91,738,956</b>	<b>54,914,715</b>	<b>77,873,075</b>

- 4.3. The planned LGF spend in 2019/20 totals £79.503m, excluding DfT retained schemes and £107.314m including retained schemes, as set out in Table 5 below.
- 4.4. Given that £98.249m LGF is available and the planned spend in 2019/20 is currently £79.503m (excluding retained schemes), a slippage of £18.746m LGF is planned between 2019/20 and 2020/21, as shown in Table 6.
- 4.5. As a result of LGF being returned to the central pot, the amount of unallocated LGF has increased to £16.248m, subject to the reallocation of LGF considered as part of the wider meeting Agenda. Spend of this unallocated LGF funding is currently being shown in 2020/21, however, through the LGF3b process, opportunities will be considered to accelerate the spend of the unallocated funding in order to reduce the amount of LGF slippage from 2019/20 to 2020/21.

**Table 5 Planned LGF spend in 2019/20 and 2020/21**

LGF (£m)	2019/20	2020/21	Total
East Sussex	9.346	7.948	17.294
Essex	15.210	18.396	33.606
Kent	18.289	31.692	49.981
Medway	16.555	6.160	22.716
Southend	15.693	9.035	24.728
Thurrock	4.410	7.140	11.550
Skills	0.000	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000
Unallocated	0.000	16.248	16.248
<b>LGF Sub-Total</b>	<b>79.503</b>	<b>96.619</b>	<b>176.122</b>
Retained	27.811	38.255	66.066
<b>Total Spend Forecast</b>	<b>107.314</b>	<b>134.874</b>	<b>242.188</b>

**Table 6 Forecast LGF slippage from 2019/20 to 2020/21**

	(£m)
LGF allocation in 2019/20 from MHCLG	54.915
Forecast LGF carried forward from 2018/19	43.334
Total LGF available in 2019/20	98.249
Total LGF spend in 2019/20	79.503
Total slippage from 2019/20 to 2020/21	18.746

## 5. Deliverability and Risk

- 5.1. Appendix 2 sets out a delivery update and risk assessment for all projects included in the LGF programme.
- 5.2. To date, it is reported that a total of 7,193 jobs and 15,535 dwellings have been completed through LGF investment, as shown in Table 7 below. No outputs in terms of jobs or homes have been reported by Southend or Thurrock to date. The delivery of jobs and homes reported to date is lower than expected, relative to the 78,000 jobs and 29,000 homes committed through the Growth Deal. However, it is likely that the output and outcomes of LGF investment to date is currently understated. A lag is also expected between the investment being made and the delivery of the project outcomes.

**Table 7 Jobs and homes delivered through LGF investment to date**

	To date	
	Jobs	Homes
East Sussex	1,241	1,661
Essex	5,684	6,240
Kent	169	2,626
Medway	99	1,144
Southend	0	3,864
Thurrock	0	0
Total	7,193	15,535

- 5.3. 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.

- 5.4. Deadlines have been agreed with local delivery partners 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.
- 5.5. The first wave of post scheme evaluation is due to be completed by the end of the financial year for the projects which have been completed to date.
- 5.6. The summary project risk assessment position is set out in Table 8 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 5.7. 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:
  - 5.7.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes
  - 5.7.2. Finances – considers changes to project spend profiles and project budget
  - 5.7.3. Reputation – considers the reputational risk for the delivery partner, local authority and LEP

**Table 8 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)**

Score	Delivery	Financials	Reputation	Overall
5	10	15	5	13
4	9	11	8	10
3	11	13	14	18
2	13	11	10	15
1	54	47	60	41
<b>Total</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>

- 5.8. A total of thirteen projects have been identified as having a high overall project risk (overall risk score of 5). Details are provided on each of these projects.

- A22/ A27 Improvements Package

An update on the delivery of this project is set out in section 7.2 to 7.8 below.

- Beaulieu Park Railway Station

The project is allocated £12m LGF but is currently categorised as high risk owing to the current substantial gap in funding to deliver the project, the low benefit to cost ratio for the project and the forecast spend of £9.7m LGF beyond 31<sup>st</sup> March 2021.

The project is considered in further detail under agenda item 8.

- Basildon Integrated Transport Package (ITP)

In total, Basildon ITP was originally allocated £9m, 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. A full project update is provided under agenda item 12.

Under agenda item 12 it is recommended that £1.9m in relation to the Endeavour Drive Bus Lane is returned to the central LGF unallocated pot, in addition to the £0.514m which is not required for Basildon ITP Tranche 3.

- 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.

Whilst it was originally intended that the project would be considered by the Board at this meeting, additional time has been allowed for local partners to confirm the availability of funding contributions to the project. An update will be provided at the next Board meeting on the 12<sup>th</sup> April 2019.

- 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.

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. A revised Business Case has been submitted for the revised scope of the Willington Street scheme and for the

final phase of the Maidstone ITP project, for consideration by the Board on the 12<sup>th</sup> April 2019.

- A28 Sturry Link Road

The project was awarded £5.8m LGF by the Board in June 2016. However, the 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 this would increase the public sector contribution sought for 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.

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. If this is not achievable, it is expected that the £300,000 allocated to the project will be returned to SELEP as part of the LGF3b process (to be confirmed at the Board meeting on the 12<sup>th</sup> April 2019). As such, the bus journey time reliability and the expected increase in bus use, anticipated as a result of the project, will not materialise.

- 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 8<sup>th</sup> March 2019.

A funding decision is expected to come forward to the Board on the 12<sup>th</sup> April 2019, as per the deadline agreed by the Strategic Board, once the outcome of the LGF3b progress has been agreed.

- 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. The remaining £2.287m is allocated to the East Peckham scheme, as part 2, but has not yet been considered by the Board for a funding award. 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, the value for which has not yet been confirmed.

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 projects. 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. It is expected that a decision will be brought to the Board on the 12<sup>th</sup> April 2019 in relation to the East Peckham scheme.

- Fort Halsted

A decision in relation to the project is sought in section 7 below.

- 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 Housing Infrastructure Fund (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 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 it would require longer to complete the development and the construction of the project. As such, a two year extension of LGF spend beyond the Growth Deal has been sought.

This request for an extension to LGF spend has been communicated with MHCLG, but no formal response has been received to date. As such, the project will be impacted by the decision making under agenda item 5 (LGF spend beyond the Growth Deal period).

If the requested two-year extension to the LGF programme isn't agreed then it is Medway Council's intention to deliver the LGF project 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.

- 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 Business Case 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 walking, cycling and river taxi options proposed within the original Business Case. Further options are currently being investigated and a revised Business Case will be brought forward for consideration by the Board in April 2019.

## 6. LGF Programme Risks

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

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

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 in 2019/20 has yet to be confirmed. The receipt of future year LGF allocations is also subject to full compliance with the requirements of the LEP review, National Local Growth Assurance Framework and successful outcome of the Annual Performance Review.

Mitigation: Agenda Item 21, Assurance Framework Implementation update, details the latest position in relation to compliance with the governance requirements from Central Government.

### *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 the 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 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 8<sup>th</sup> March 2019.

Further detail about this risk and the option to be considered by the board are set out in Agenda Item 5.

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

Risk: A slippage of £43.334m 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.

*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 homes 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.

## **7. LGF reallocation to Central 'unallocated' LGF pot**

- 7.1. Through agenda items 16 and 18 the Board have been made aware of the intention to remove the A141 Braintree to Sudbury and A414 Harlow to Chelmsford projects from the Growth Deal programme, as well as the

underspend from the Basildon Integrated Transport Package ( Agenda Item 12). In addition, delivery constraints have also been identified for the A22/A27 Improvements Package in East Sussex and Fort Halsted in Kent.

### **A22/A27 Improvements Package**

- 7.2. The A22/A27 Improvements Package was provisionally allocated £4m LGF in July 2014. These junctions comprised the Cophall roundabout, A27/A2270 traffic signals and A2270/Polegate High Street/Wannock Road traffic signals in Polegate, as well as the A27/A22 Golden Jubilee Way roundabout and the A22 Golden Jubilee Way/Dittons Road junction in Stone Cross.
- 7.3. Since the LGF allocation was initially made in 2014, the delivery of a number of the junction improvements has been successfully secured from different match funding sources. The A27/A2270 traffic signals along with dual carriageway in both directions to Cophall roundabout will be funded and delivered through Highways England's package of smaller interventions for the A27 (estimated cost £25-30m), whilst the Polegate High Street/Wannock Road signals will be implemented using LGF monies as part of the Hailsham–Polegate–Eastbourne Movement and Access Corridor (HPEMAC).
- 7.4. In addition, any potential improvements to Cophall roundabout are dependent on the much wider lobbying across the board for additional funding for a more comprehensive solution for the A27 between Lewes and Polegate, and whether this scheme will feature in Highways England's (HE) Roads Investment Strategy (RIS) 2020-25 which is expected in Autumn 2019.
- 7.5. As a consequence, and in light of other funding pressures on the East Sussex LGF programme, £2m was reallocated to the North Bexhill Access Road and £1m to the Queensway Gateway Road Project – leaving only £1m available for the remaining junctions in this proposed package.
- 7.6. To utilise the remaining £1m LGF, East Sussex County Council has progressed design work for two junctions in Stone Cross as part of the wider package of junction improvements in the south Wealden area in order to support the planned housing growth as set out in the Wealden Local Plan.
- 7.7. It has become clear from going through the design and latterly the costing process that the £1m LGF currently available is not sufficient to enable the delivery of any of the junctions within the package without significant additional monies being allocated.
- 7.8. Whilst the reallocation of the £1m will reduce the amount of investment along the A22/A27 corridor, a number of improvements to this corridor have already been delivered through interventions funded through alternative means and as such, it is not expected that the original outcomes, stated in the Growth Deal, will be lost.

## Fort Halsted

- 7.9 The Fort Halsted was identified as an LGF3 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.
- 7.10 The Fort Halsted scheme would have enabled the purchase and development of an ex-MOD site in Sevenoaks to open up housing, employment and commercial development in an area where availability of such sites is extremely low.
- 7.11 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.
- 7.12 The Merseyside Pension Fund (who took over ownership earlier in 2017 of the long leasehold interest in the site) are continuing to review their future strategy for this key employment led redevelopment site and, as part of that work, Sevenoaks District Council are continuing discussions with them. The Project will continue to be developed and should remain a priority for future funding opportunities (such as UK Shared Prosperity Funding).
- 7.13 As a result of the underspend from Fort Halsted, A22/A27 Improvements Package, Basildon Integrated Transport Package, A414 Harlow to Chelmsford and A133 Braintree to Sudbury, the amount of unallocated LGF now totals £16.248m, as set out in Table 9 below.

**Table 9 Unallocated LGF**

Originally Unallocated	8.331
Basildon ITP Tranche 2	1.900
Basildon ITP Tranche 3	0.514
A414 Harlow to Chelmsford	2.173
A133 Braintree to Sudbury	1.800
Fort Halsted	1.530
<b>Total</b>	<b>16.248</b>

- 7.14 This unallocated LGF funding will be reinvested through the projects prioritised through the LGF3b process to enable spend of this grant by the 31<sup>st</sup> March 2021 and to accelerate the delivery of projects outcomes, as committed to through the Growth Deal.

## 8. Financial Implications (Accountable Body comments)

- 8.1. 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. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.
- 8.2. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.
- 8.3. Any decisions regarding the use of the identified unallocated LGF through the LGF3b process, must include a full consideration of the spend profile of projects in delivery and the expected funding profile for future years.
- 8.4. 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. An approach for managing this risk is being considered under agenda item 20.

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

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

## **10. Equality and Diversity implication**

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

- 10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **11. List of Appendices**

- 12.1 Appendix 1 – LGF financial update  
12.2 Appendix 2 – Project deliverability and risk update

## **12. 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, S151 Officer, Essex County Council)	07/02/19

Appendix 1 - LGF spend profile									
SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20	2020/21	All Years
East Sussex									
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400	0.000	0.000	0.000	1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport	East Sussex	0.000	0.000	0.254	0.064	1.782	0.000	2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.721	1.779	1.500	6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	2.460	0.000	0.000	10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895		0.000	0.000	0.000	1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170		0.000	0.000	0.000	1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000	0.000	0.000	18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	0.927	4.280	3.448	9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined)	East Sussex							
LGF00044	Eastbourne town centre LSTF access & improvement package	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		0.000	0.000	1.000	1.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000	0.000	0.000	0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.650	0.000	0.000	8.200
LGF00099	Devonshire Park	East Sussex	0.000	0.000	5.000	0.000	0.000	0.000	5.000
Essex									
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000	0.000	0.000		0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000	0.000	0.000		2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400	0.000		5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796	0.000	0.000		4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000	0.000	0.000		3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487	0.000		10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000	0.000	0.000		2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.986	0.000	0.000		3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	0.750	4.203	0.000	6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	6.800	-1.000	0.000	0.000	0.000		5.800
LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	2.000	0.264		3.660
LGF00049	A414 Harlow to Chelmsford	Essex							
LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370		2.740
LGF00051	A131 Braintree to Sudbury	Essex							
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	0.000	0.000	12.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667	0.000	0.000		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 Airport	Essex	0.000	0.000	2.000	1.500	0.000		3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000	0.000		2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	1.900	3.000		5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	0.000		1.700	0.673	3.862	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	0.000			1.000	0.000		1.000
Kent									
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	0.000	0.000	2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000	0.000	0.000	2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000	0.000	0.000	2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Road)	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	0.000	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	0.000	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 engineering works	Kent	0.533	0.008	0.000	0.000	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	0.000	0.000	4.200
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.022	0.005	0.056	0.000	0.216	0.000	0.300
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000	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	2.355	6.645	10.000
LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000	0.000	0.000	5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent							
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033	0.000	0.000	0.000	5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638	0.000	0.000	4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.604	0.000	0.000	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							
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966	0.000	0.000	1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise	Kent	0.000	0.000	1.953	4.167	0.000	0.000	6.120
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	0.000	0.000	0.000	0.000	0.000	4.400	4.400
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	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	0.000	1.903
Medway									
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and	Medway	0.298	0.402	0.347	0.711	4.275	5.068	11.100
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancement	Medway	0.200	1.772	0.944	1.571	4.314	0.000	8.800
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	1.105	0.399	0.000	4.200
LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203	0.000	0.000	2.500

Appendix 1 - LGF spend profile									
SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20	2020/21	All Years
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.035	0.088	1.396	0.000	2.000
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.267	3.771	0.000	4.400
LGF00089	Rochester Airport - phase 2	Medway	0.000	0.000	0.000	0.208	2.400	1.093	3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378	0.000	0.000	3.500
Southend									
LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.000	0.000	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	0.000	0.000	0.000	1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	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 (including	Southend	0.000	2.366	2.076	3.420	12.693	2.535	23.090
Thurrock									
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.122	0.163	0.000	1.000
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520	0.000	0.000	5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	4.698	0.547	0.000	7.500
LGF00052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292	0.000	0.000	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	3.700	7.140	10.840
Managed Centrally									
LGF00001	Skills	Skills	9.923	11.980	0.071				21.975
LGF00071	M20 Junction 10a	Kent			8.300	11.400			19.700
	Unallocated LGF	Unallocated						16.248	16.248
Sub Total			55.563	69.681	79.332	87.637	79.503	96.619	468.335
Provisional Funding Allocation from MHCLG			69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF slippage 2015/16 to 2016/17			13.887						
LGF slippage from 2016/17 to 2017/18			26.476						
LGF slippage from 2017/18 to 2018/19			39.233						
Forecast LGF slippage 2018/19 to 2019/20			43.334						
Forecast LGF slippage 2019/20 to 2020/21			18.746						
DfT Retained schemes									
LGF00079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	0.000	0.000	15.000	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilien	Essex	0.513	3.487	0.000	0.000	0.000	0.000	4.000
LGF00081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411	0.000	0.000	0.000	4.300
LGF00082	A127 The Bell	Southend	0.000	0.000	0.000	0.400	0.800	3.100	4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	0.400	0.289	0.311	1.000	2.000	4.000	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	Construction started Nov 2016 and is scheduled to be completed by Feb 20. Construction constraints in the port area have required the EA to review the final design proposals and they are consulting with ESCC on flood risk. ESCC financial contributions are now finished but monitoring of the project continues. Anticipated completion in late 2019/early 2020. Areas 1-4 and Area 5 north are now complete.	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	Hailsham/ Polegate/ Eastbourne MAC was considered and approved at LMTE in June 2018. Whilst design is forecast during 2018/19, no construction is anticipated until 2019/20. The funding for this will be reprofiled to reflect the change in programme.	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 in Feb 2019.	There is a reduction in spend on the Eastbourne / South Wealden cycling and walking improvement package in 2018/19 as Eastbourne Borough Council are unable to spend the total allocation for the 'Wayfinding' scheme in 2018/19 and have agreed this will roll forward into 2019/20.	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 future financial years	1	
LGF00036	Queensway Gateway Road	East Sussex	10.000	Approval for spend of full LGF allocation	Construction of the embankment is complete. The western half of the project is now essentially complete, the new roundabout on Queensway having opened just before Christmas. Barrier and Street lighting works are scheduled to be completed for the end of January.  In respect of the eastern half of the scheme a contract has been awarded to extend the road further east. This work is due to commence in January and be completed in April 2019. A Contract for the construction of the A21 roundabout and final section of the new highway is being negotiated. The Utility diversions required by the scheme are being addressed by advanced works, being secured where possible.	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	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. update: 2/3/17 Vacgen Ltd occupation of front building at Swallows - employs 60 people 3/12/18 My life bathrooms occupation part of block E employs -8  Block E and G of 55,00 ft will complete January 2019 Block F will 11,000 ft will complete May 2019  There is a great deal of interest in this space	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	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	Project 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	Earthworks at the Northern embankment are almost complete over the Combe Haven. Construction of the junction works at Ninfield Road and Watermill Lane are now complete with this section of the road now open. Final wearing course commenced 3 Dec, Project is 95% complete. Sea Change Sussex views completion for early February 2019.	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. Scheme forecast costs for 2018/19 estimate reduction in spend of £111k compared to Q2 forecast. This is largely due to a reduction in design for the Hastings and Bexhill bus stop improvements and finalising the design study remit which is a reduction in spend of £50k. 2. The Alexandra Park to Conquest hospital feasibility study has now commenced but won't complete until June 2019. Therefore there is a reduction in design costs for 2018/19 of £20k. 3. The proposal for pedestrian provision at Dorset Road has been incorporated in the wider Bexhill Cycle Network. Finally, the Old Harrow Road pedestrian facility is progressing in design but as the design is only just progressing there is a design reduction in £19k. 4. The remaining schemes within this package were progressing as planned in Q2 and the forecast up to March 2019 seem realistic in terms of delivery.	Mar-21	1		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 in Feb 2019.	Phase 1: Design has been revised to take account of unchartered utilities and concrete slab found under carriageway. Changes resulted in revised levels, altered drainage solutions and revisions to tree pit designs. Various deadlines have been met to ensure that the initial phase of the scheme outside the entrance to the Beacon was completed ahead of the first tranche of new units opening. However in order to meet revised targets relating to completed works, resources were diverted from other areas of the scheme.  In the initial phases of construction, whilst design solutions were being developed to the problems listed above the phasing of the scheme was revised and work commenced on several different locations simultaneously. Work is now complete in many of these areas. Despite these efforts Mildren have indicated that the scheme will now be completed on the 28th June 2019. Further delays have been experienced due to a unforeseen obstructions being uncovered. In addition, delays were realised to the works in Terminus Road (east) due to disruption caused by the construction of the Beacon Shopping Centre Works. Overall expenditure is still anticipated to be within budget.  Phase 2: 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	LGF funding reduced from £4 to £1m. However, an increase in costs to delivery the project mean that the Project many no longer progress.  Project is subject to a decision as part of the LGF Capital Programme Update.	Mar-21	5	Project currently at feasibility stage	5	No LGF spend until future years of the programme.	3	
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667	Approval for spend of full LGF allocation	Grant agreement between ESCC and HBC 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. Leolyn House an empty property has been purchased and work has commenced on the initial strip out, completion estimated March 2020.	Mar-20	1	Property approved and purchased	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
LGF00097	East Sussex Strategic Growth Project	East Sussex	8.200	Approval for spend of full LGF allocation	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.Dry lining has progressed significantly during the period. Ground and first floor programmed to be 100% by Jan 19 Second floor shortly after. Mechanical and Electrical installations are progressing in line with programme. w/c 3rd January radiators will be installed to Ground floor ahead of raised floors commencing on the 8th January - slight delays in construction reported by contractors mainly due to unforeseenwork,additional time spent on robust detailing, VE and construction methods taking on board all the issues from the previous buildings. total of 6 week delay, completion of Highweald House estimated for end March 2019.	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. the Congress Theatre remains on track for late March 2019 opening and the Welcome Building for April 2. recent workshops with the contractor and design team have narrowed down risk items 3. theatre ticket sales are going well with £350,000+ already achieved for the first 3 months of shows in the Congress which is some 12% of the annual sales target 4. In terms of larger conferences in the Welcome Building; bookings made for 2,400 delegates and conferences generating a further 5,000 delegates in negotiation	Mar-20	1		1		1	
Essex												
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	Approval for spend of full LGF allocation	Complete	Mar-16	1	Complete	1	Complete	1	
LGF00025	Colchester LSTF	Essex	2.400	Approval for spend of full LGF allocation	Completed.	Dec-16	1	Complete	1	Complete	1	
LGF00026	Colchester Integrated Transport Package	Essex	5.000	Approval for spend of full LGF allocation	Mixture of design and construction underway.	Mar-21	4	Being implemented some procurement issues on one package.	2	One package has seen increased costs.	1	No current reputational risk.
LGF00027	Colchester Town Centre	Essex	4.600	Approval for spend of full LGF allocation	Project complete	Jan-18	1	Complete	1	Complete	1	
LGF00028	TGSE LSTF - Essex	Essex	3.000	Approval for spend of full LGF allocation	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	Project complete	Mar-19	1	Complete	1	Complete	1	
LGF00032	A414 Maldon to Chelmsford RBS	Essex	2.000	Approval for spend of full LGF allocation	Completed	Dec-16	1	Complete	1	Complete	1	
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	Approval for spend of full LGF allocation	Project has suffered significant delays but is now nearing completion.	Mar-19	1	Complex project and project delays previously experienced	1		1	
LGF00034	Basildon Integrated Transport Package	Essex	6.586	Approval for phases 1 and 2. Approval for Phase 3 to be sought from a future Board meeting in Feb 2019	Business case for tranche 3 to be considered by the Board and project issues with Tranche 2.	Mar-21	5		5		3	
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	Approval for spend of full LGF allocation	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.	Business case for the project is subject to DFT approval	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DFT / HE processes and planning (tbc) present programme risks.	3	Financial risk with programme extending.	4	Reputational risk high if project isn't fully delivered.
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	4.000	Approval for spend of full LGF allocation	Looking for readditional sources of funding for Warley junction..	Mar-22	5	Warley Junction on hold.	1	LGF fully spent	3	Issue with DFT for ECC to manage.
LGF00048	A131 Chelmsford to Braintree	Essex	3.660	Approval for spend of full LGF allocation	BC approved at Feb Board.	Mar-20	1		1		1	
LGF00049	A414 Harlow to Chelmsford	Essex	0.000	Approval for spend of full LGF allocation	Project posponed.	TBC	5	Project posponed	5	Project posponed	5	Project posponed
LGF00050	A133 Colchester to Clacton	Essex	2.740	Approval for spend of full LGF allocation	Early stage feasibility and options work done in 16/17.	Mar-20	1		1		1	
LGF00051	A131 Braintree to Sudbury	Essex	0.000	Approval for spend of full LGF allocation	Project posponed.	TBC	5	Project posponed	5	Project posponed	5	Project posponed
LGF00063	Chelmsford City Growth Area Scheme	Essex	10.000	Approval for spend of full LGF allocation	A number of small scale measures.	Mar-21	2	Varied mix of projects.	1		2	
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	Approval to be sought at a future meeting of the Board.	Project being delivered by the Environment Agency. To be considered by SELEP for Business Case approval in April 2019.	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 in Feb 2019.	Currently in GRIP Stage 3. To be considered for LGF award in Feb 2019.	TBC	4	Complex. Delay could also mean implementation post-LGF programme period.	5	Complex rail project and total project cost is currently uncertain	4	Very public project.



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
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.667	Approval for spend of full LGF allocation	Transfer completed.	Jun-19	1		1		1	
LGF00095	Gilden Way Upgrading, Harlow	Essex	5.000	Approval for spend of full LGF allocation	To be combined with M11 J7A.	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	Project complete	Sep-18	1		1		1	
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000	Approval for spend of full LGF allocation	Project progressing	Jan-19	1		1		1	
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	5.000	Approval for spend of full LGF allocation	Project progressing	Jan-19	1		1		1	
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	6.235	Approval to be sought at a future meeting of the Board in Feb 2019.	To be combined with Rd 1 Fairglen project.	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	3	Financial risk with programme extending.	4	Reputational risk high if project isn't fully delivered.
LGF00103	M11 Junction 8 Improvements	Essex	2.734	Approval for spend of full LGF allocation	Funding now in place.	Mar-21	1		2	Concern on £1m to be provided by GCGP LEP.	2	
LGF00105	Mercury Rising Theatre	Essex	1.000	Approval for spend of full LGF allocation	Work underway.	Mar-20	1		1		1	
Kent												
LGF00003	I3 Innovation Investment Loans (previously referred to as Kent and Medway Growth Hub)	Kent	6.000	Approval for spend of full LGF allocation	<ul style="list-style-type: none"><li>• Phase 1 agreed at I3 Approval Board and accepted by applicants to a value of £388,500 with private leverage of £418,500.</li><li>• Phase 2 complete with £700,000 of loans agreed and defrayed in full to R&amp;B, Tillet, Ovenden and Pettitt.</li><li>• Phase 3 complete with £450,000 of loans agreed and defrayed in full to Green Barn and Darent Wax.</li><li>• Phase 4 complete, with £950,000 defrayed in full to Betteshanger Sustainable Parks.</li><li>• Phase 5 complete with £375,000 defrayed in full to West Design). . £375k for West Design Ltd has been drawn down.</li><li>• Phase 6 complete with Bulgaro (£350k) and Task Masters (£100k) approved and money drawn down.</li><li>• Phase 7 complete with four applications taken through with a total loan value of £1.651m. (Exroid Tech Ltd - £401k and Algaecytes Ltd - £500k are likely to drawdown in Quarter 4 with Ming Foods Ltd - £500k and Structural &amp; Weld Testing - £250k possibly coming in early 2019/20 following confirmation of match funding security)</li><li>• Phase 8 submission window has now closed to applications (7th December 2018).</li></ul>	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	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	The phase 2 highway improvement works, which includes the re-alignment of the A2 as it passes through Sittingbourne Town Centre is now complete, although KCC is to provide a defect list which needs to be addressed. The phase 3 and 4 highways technical approval and legal agreements are scheduled for completion by the end of December 2018. KCC require assurance from Southern Water that the proposed drainage alterations are technically approved before the S278 design receives approval. This approval will allow a start on site in early 2019 and completion in 2019/20.	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	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	Grosvenor Road to Speldhurst Road - The majority of the cycle facility has been constructed leaving some side roads to have raised pedestrian tables which are planned for construction over the next few months. Bidborough Ridge to Brook Street – the design is ongoing although this has been delayed because of resource issues and is likely to run through into the next financial year.	Scheme Delivery	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	<p>Barrack Row Bus Hub -Ongoing liaison between KCC Property and the tenants to discuss the notice period .and the Asbestos surveys which are to be carried out by the PA Group in January</p> <p>Princes Rd cycle route - The project is progressing well with the consultation for the TRO closing on the 10th December 2018. An updated cost and programme are due in late December with a construction start date of March 2019.</p> <p>Burnham Rd Toucan - Construction began in July 2018 and civil works and signals were completed in August 2018, with small revisions to the buildout sizes. The signals were installed in early September.</p> <p>Gravesend Station to Cyclopark cycle route -A new route has been agreed although this would require land from Gravesham BC, which their property team have not agreed to. A new development is to come forward on Coldharbour Road (by Morrisons), which has brought forward plans to introduce new cycle infrastructure. Therefore, these elements could be removed from the LGF scheme to reduce the overall cost which has increased based on the most recent costings.</p>	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	Reprofiling 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.

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
LGF00011	Maidstone Gyratory Bypass	Kent	4.600	Approval for spend of full LGF allocation	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	Number of schemes completed  2017/18 schemes: A229 Bluebell Hill CITS Scheme - The Green Light Optimised Speed Advisory (GLOSA) site on the A229 was successfully installed and operated throughout European Test fest. The site is now switched off as the project is still to resolve ITS-G5 security protocols, which will not be completed until at least the end of January 2019. To date, no vehicle on-board units (OBUs) have been delivered to Kent by Highway England’s supply chain. There is current scope for the pilot period commencement to be delayed by up to a further 3 months which is outside of Kent's control.  2018/19 schemes: Wateringbury Crossroads – The scheme was due to go out to public consultation on the 5th December to gain feedback on two potential options. However, initial C3 estimates from BT came back higher than anticipated to divert their utilities. Therefore, the decision has been taken to postpone the consultation until the new year to allow full discussions with BT to be undertaken and a more accurate quote obtained. KCC are awaiting all the remaining C3 estimates to be returned before considering the design options. It may be that an alternative design will provide the benefits with regards to congestion without the high utilities cost. If not, a decision will be required on how to proceed with the scheme.  Tunbridge Wells link assessment – Phase 2 report received from Project Centre and revisions currently being are required, conference call arranged to discuss.  Dover TAP/ ITS assessment - Atkins has completed the Phase 1 feasibility work and Phase 2 has begun which will identify appropriate sites for implementation. KCC is	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	Quinn Estates have now received confirmation from the EA that the Environmental permit has been approved. The delay in obtaining this approval has prevented the remobilisation of the Civils Contractor before Christmas 2018 and the construction of the culverted section of Highway in early 2019. The Contractor is now likely to provide a revised programme of delivery in February 2019. Ouinn Estates planning team continue to resolve consultee queries relating to the reserved matters planning submission which is now due to take place in the new year and which will allow a refresh of the S278 agreement.	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
LGF00014	Kent Rights of Way improvement plan	Kent	1.000	Approval for spend of full LGF allocation	2015/16 schemes completed (Loose Greenway) 2016/17 schemes completed (Finberry to Ashford scheme - Path improvement scheme completed on 12th March 2018 in line with expected completion date)  2017/18 schemes in progress - Powder Mills scheme (Leigh to Tonbridge). Improvement works along the footpath have been completed and the path has been re-opened to the public. However, due to the deteriorating weather conditions, the remaining access track ‘finishing’ work has been put on hold until Spring 2019.  2018/19 feasibility schemes - St Peter’s Village scheme (extension from Aylesford to Burham). Following an initial site visit with the landowner and subsequent visit with a contractor, KCC is awaiting a quote for the surfacing works to improve the route from the junction with Bull Lane and Aylesford High Street to meet New Court Road leading to Peter’s Village. EA Permit applications are also being made alongside the ecological surveys which are required to be carried out.	December 2018	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.
LGF00015	Kent Sustainable Interventions Programme	Kent	2.728	Approval for 2015/16 - 2018/19. Approval required for 2019/20 - 2020/21 allocations	Number of schemes have already been completed  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 – The scheme is now at detailed design stage and has recently received JTB recommendation to proceed with the speed limit reduction which is required to provide the toucan crossing. • A2070 Barrey Road, Ashford – Junction Improvements - Highways England have started construction and are looking to fund the improvements in full.  Full update to the Board is expected in April 2019.	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 Public Realm Phase 2 - Traffic Regulation Order for the waiting restrictions is currently out for consultation and any objections or comments will be taken to the Joint Transport Board meeting on 21st January 2019. Construction is due to commence following this meeting in early February 2019.  Maidstone East - The demolition of the Vic P/H has been halted for 3 weeks due to blue asbestos being found in the loft space. The contractor (Osbourne's) are due to present a revised delivery plan to Network Rail following this discovery. A member of the public has requested that the Vic P/H is listed, and Historic England will now attend the site to assess the request. Although there is a risk, it is unlikely this will be upheld given the current state of the property. Further discussions to be held with Network Rail, South Eastern and MBC on whether communications can be put on the scheme hoarding surrounding the site.  Tonbridge Station - A scheme update was presented to the JTB on 26th November 2018. The programme has been delayed due to issues with flooding of shops which KCC have assisted with, although this was not a result of the works or contained within the programme. The resurfacing works are on target to be completed by the Christmas Embargo and the remaining works will be on the station forecourt so the KCC street works team are content with this approach. NR and South Eastern have also been made aware of this programme and the possible implications over the Christmas period. HGVs have overrun the Priory Road junction and broken up the kerbing, which has been widened as part of these works, so will provide added value to the project.	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	



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
LGf000038	A28 Chart Road	Kent	10.200	Approval for spend of full LGf allocation	The KMEP Meeting on 26th November 2018 agreed to make a recommendation to SELEP to give Hodson developers until 31st January 2019.  Project to be considered by the Board on the 12th April 2019.	TBC - scheme o	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 underpend 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.
LGf000039	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 - A change request was submitted to SELEP for decision at the Accountability Board on 16th November. The change request asked to reallocate the entire LGf allocation for Phase 1 to the A20 London Road j/w Willington Street scheme only (£1.3m). SELEP have confirmed that a light touch business case update can be completed to assess the value for money and deliverability of the revised scheme. This will be worked up as one business case in conjunction with the phase 3 schemes to give an overall delivery plan for the remaining MSITP allocation and allow a decision by SELEP Accountability Board on 12th April 2019.	Summer 2020	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.
LGf000040	A28 Sturry Link Road	Kent	5.900	Approval for spend of full LGf allocation	There has been delays to the KCC planning application and additional Air Quality and Ecology work that is required for the EIA. It is likely to be submitted in January 2019 and will go to KCC Planning committee. The delay has allowed work to be carried out in parallel with the other planning application from the developers, so all submissions can be consistent. There are still timing issues with the remaining match funding coming forward as this is dependent on the developers achieving planning approval and sufficient S106 contributions coming forward before the end of the Growth Deal.	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
LGf000053	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	
LGf000054	A28 Sturry Rd Integrated Transport Package	Kent	0.300	Approval for spend of full LGf allocation	No progress this period as scheme has been placed on hold.	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.
LGf000055	Maidstone Sustainable Access to Employment	Kent	2.000	Approval for spend of full LGf allocation	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	
LGf000059	Ashford Spurs	Kent	7.897	Approval for spend of full LGf allocation	Main project complete (April 2018) - There are ongoing issues with the AC/DC interface (Connectivity) which is still preventing the new trains from stopping at Ashford International. The working group is currently working towards various options to resolve the issue which are due to be presented to the Project Board.	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
LGf000041	Thanet Parkway	Kent	10.000	Approval to be sought from the Board at a future meeting	KCC has received feedback from Steer on the business case submission which highlighted concerns over the deliverability of the project due to the funding gap. Further feedback from Steer is to be received by 17th December 2018. Ground Investigations were completed on 30th November and have shown that the archaeology will need to be excavated. A level crossing risk workshop was held on 7th December and will now be subject to formal governance processes within Network Rail. Highway design has been completed but the cost estimate appears unreliable. Allen Dadswell are being instructed to provide a review of the highways cost in comparison to an alternative junction design. GRIP 4 is continuing but delayed owing to refusal of access by the landowner.	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
LGf000058	Dover Western Dock Revival	Kent	5.000	Approval for spend of full LGf allocation	The new junction layout has continued to run without any obvious problems alongside other development works that are continuing to be implemented (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 have now been resolved and KCC has received the final invoice for the LGf contribution which will be paid before Christmas 2018.  The Marina Pier (which was a key investment committed by DHB to enable the LGf Funding) is progressing on time alongside the whole DWDR project.	Apr-17	1	Main works complete (April 2017)	1		1	
LGf000062	Folkestone Seafont (non-transport)	Kent	5.000	Approval for spend of full LGf allocation	Main works complete (April 2018).	Mar-18	1	Main works complete (April 2018)	1		1	
LGf000072	A226 London Road/B255 St Clements Way	Kent	4.200	Approval for spend of full LGf allocation	Works during December and early January are now restricted due to a traffic management embargo for Bluewater. Works are therefore continuing in areas which don't require lane closures including the island of London Road roundabout and preparing for surfacing works at the end of January 2019. Newsletter No. 7 will be issued prior to the Christmas period, providing details of the programme in the new year.	May-19	1	Accelerated delivery	1	Accelerated LEP spend to help with underpend on programme	1	Good perception of scheme, some negative feedback regarding loss of vegetation, mitigated by further landscape design works.

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
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667	Approval for spend of full LGF allocation	Ethelbert Crescent Ethelbert Crescent is on programme currently in week 22 of 34 and on budget. Project is progressing well and TDC have invoiced KCC for works completed to date which has now been transferred from the LGF allocation. .  Warwick Road TDC received tenders back from contractors on 23th November 2018, with the first stage of the evaluation now complete. Additional questions need to be raised with bidders, but the prices are within the project budget. Contract Award is likely to be in January 2019, but TDC are confident to start on site prior to March 2019 and completion within 44 weeks i.e. January 2020.	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	
LGF00086	Dartford Town Centre Transformation	Kent	4.300	Approval for spend of full LGF allocation	DBC have continued to progress Phase 1 of the project through the detailed design stage and will be working on the outline design for Phase 2 in early 2019. DBC have submitted a financial claim which KCC has rejected on the grounds there is not enough evidence and more detail is required. The Trial area is now complete in Market Street (off highway) to demonstrate the type of paving that will be implemented in the overall scheme. Keith Longley and Jeremy Kite have been on site speaking to the public with exhibition boards.	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
LGF00088	Fort Halsted	Kent	0.000	Approval to be sought from the Board at a future meeting	No progress. Funding to be considered for reallocation.	TBC - scheme o	5	Project to be delivered by Sevenoaks DC	5	Spend risk in 18/19 if business case not approved this financial year	3	
LGF00092	A2500 Lower Road	Kent	1.265	Approval for spend of full LGF allocation	Phase 1 - The delivery of the Barton Hill Roundabout is on programme and budget with all LGF money spent this year. The contractor (Breheny) is continuing to work very well and have carried out an excellent presentation to the Parish Council.	Mar-19	2	Delivery will be needed outside of summer months when route is busy with summer trade.	1		1	
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.120	Approval for spend of full LGF allocation	The main construction contract has now been let and the contractor (Gilbery Ash) is on site, with a high degree of confidence that the building will be delivered on time. The first satellite centre at Discovery Park is now live and being used by chemical engineering students. The Community Lab is being developed and is due to be formally opened on Wednesday 23rd January 2019.	Sep-19	1	Project to be delivered by CCCU	1	Funding agreement finalised and LGF released	1	
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	4.400	Approval to be sought from the Board at a future meeting	A business case has been submitted to SELEP and will therefore be reviewed by the ITE in line with a funding decision by the Accountability Board in April 2019. SELEP has also received a letter from Ian Parsons (Highways England) which confirms that the Growth and Housing Fund (GHF) bid was not successful.	Oct-20	5		3		3	
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	4.636	Approval for phase . Approval required for phase 2.	There have been 3 public consultation events held in Hildenborough & Tonbridge, which were attended by approximately 180 people, including the Tonbridge & Malling MP & Chief Executive of Tonbridge and Malling BC. The contract for the detailed design of Hildenborough local defences has been prepared and the draft outline business case has been circulated internally within the EA.	April 2021 to July 2023	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	
LGF00106	Sandwich Rail Infrastructure	Kent	1.903	Approval for spend of full LGF allocation	The implementation agreement (IA) to support project stages Grip 4 to 8 is near completion and is due to be finalised before the end of 2018. This will support the project from February 2019 onwards. The tender process for award of contract for the design stage has been initiated, and this stage is planned to commence in February 2019. The project remains on target for overall completion by end of March 2020	Feb-20	1	Confirmation of funding contribution and 3 event deal iis 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	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. RIBA 4 detail design is expected to be complete Feb 2019, with accompanying costings. Utility diversions have been identified and pricing of works are being finalised with providers. Consultants have identified land-acquisition requirements and are currently carrying out valuations to ascertain likely land acquisition costs. The initial CPO processes are being initiated with a view to being implemented should negotiations fail with land-owners. An application for pre-planning advice has now been submitted with RIBA3 scheme proposals to clarify planning requirements and ecology investigations are also ongoing/programmed.	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	Work continues on-site. Recently amended restrictions on carriageway occupation have required extensive re-programming of works/spend profiling and it is expected that completion will be extended into late Q2 2019/20. A further update is to be provided once revised programming is agreed with the Contractor and the impact fully assessed/identified.	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	Work is progressing well onsite, with completion of the route improvement works expected by the end of Q1 2019/20.  Medway Council will work with Network Rail to deliver the planned improvements to the station forecourt, and work commenced in December 2018.	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	Work constructing new sections of cycle route in line with the Medway Cycling Action Plan is now significantly complete. The latest route sections to be delivered are now at the post construction review stage, with all projects scheduled to be completed 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	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. A revised Business Case will be produced and submitted to SELEP for approval, prior to release of funding. Further interventions for the MCE have now been identified and are being progressed to a level commensurate with a revised Business Case submission.	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.



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
LGF00061	Rochester Airport - phase 1	Medway	4.400	Approval for spend of full LGF allocation	<p>In March 2017 Rochester Airport Ltd. were granted planning consent for the proposed new hangars, car parking and fuel tank.</p> <p>Planning permission has been granted on the 19th December 2018 for the relocation of heliports. The control tower and hub has also been granted planning permission, as we have received written confirmation of the removal of the holding objection from Highways England.</p> <p>Work has also commenced on preparing the procurement documents required to appoint a contractor to deliver the works. The procurement exercise is now live, with a contractor to be appointed early 2019.</p> <p>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.</p>	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 in Feb 2019.	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	<p>Business Case approved at Accountability Board in February 2018.</p> <p>Planning consent has been granted, detailed design completed and piling work is complete and the land raising and drainage work is underway.</p>	Mar 2019 (flood	1	Investment works started in April with completion expected within the stated project	2	Slight slippage within 2018/19.	1	
Southend												
LGF00005	Southend Growth Hub	Southend	0.720	Approval for spend of full LGF allocation	Completed March 2017.	Mar-17	1	Phase 1 complete. BC for Phase 2 to be brought	1	Phase 1 complete.	1	
LGF00107	Southend Forum 2	Southend	6.000	Approval for spend of full LGF allocation	RIBA stage 2 was completed during December 2018 and work is now underway on RIBA stage 3 which is scheduled to be completed by end of March 2019.	Sep-21	1		1		1	
LGF00029	TGSE LSTF - Southend	Southend	1.000	Approval for spend of full LGF allocation	Completed March 2017.	Mar-17	1	Being implemented	1	LGF spend in full	1	
LGF00081	A127 Kent Elms Corner	Southend	4.300	Approval for spend of full LGF allocation	<p>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. Footbridge is programmed to be installed spring 2019. LGF contribution will be spent 17/18.</p>	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 Liaison Officer used for the works and kept residents informed. All member briefings held and Ward Cllrs advised of the reason for the delays.
LGF00082	A127 The Bell	Southend	4.300	Part approval of the project in November 2018. Full project approval is still required.	Junction Improvement Options being considered including minimum impact on utilities and impact on air quality. Some Options include for a replacement footbridge. Combined A127 Essential Maintenance and The Bell Business Case submitted for November Accountability Board. Full Business Case submission for Accountability Board in February 2019.	Mar-21	1	20 plus Options been considered and 3 have been taken forward to public consultation. Following the outcome of the consultation the option to be	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 works under construction at the same time. There
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000	Approval for the first two phases. Phase 3 received part approval on the 16th November 2018. Full approval required.	<p>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 Full Business Case submitted for Accountability Board in February 2019.</p>	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 Liaison 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 in Feb 2019.	<p>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.</p> <p>Business 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 2 has been completed.</p> <p>Phase 2 to be considered by Accountability Board in February 2019.</p>	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	<p>The new pitches have been completed</p> <p>Access Road and Rugby Club House complete and expected to handover August 2019 once utility works completed. Procuring for remaining utilities in the Phase 1 area completed and contract to be signed January 2019. Procurement of Phase 2 works underway alongside a new phase 3 which includes site prep and utilities for IPECO.</p> <p>BDP appointed as design consultants for The Launchpad and expected start on site June 2020. Procurement of Operator for the centre underway to inform design works.</p>	Dec-20	4		4	Substantial LGF slippage has been agreed by the Board	2	

Appendix 2 Deliverability and Risk Update												
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)		Expected project completion date	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
Thurrock					Project Update							
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000	Approval for spend of full LGF allocation	Further traffic modelling has confirmed that Orsett Road can be made two-way provided that Crown Road is opened up to general traffic at the same time. Traffic order consultation underway. Report to the January 2019 PTR Overview & Scrutiny Committee. Project forecast to be complete in . 2019/20	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	The Cycle Infrastructure delivery programme is on track to be completed by March 2019.	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	Detailed design complete. Asset protection agreement and development agreement in place. Submission against Target cost received mid-November. Further work underway to address outstanding concerns.	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	LGF development funding due to be spent by end of 2018/19.	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	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. Working towards Planning Committee determining application in February 2019.	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.
LGF00104	Grays South	Thurrock	10.840	Approval to be sought from the Board at a future meeting in Feb 2019.	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. (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	
LGF00084	A13 Widening	Thurrock	66.058	Approval for spend of full LGF allocation	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												
LGF00001	Skills	Across SELEP	21.975	Approval for spend of full LGF allocation	All the skills funding has been allocated. The project outputs and outcomes are now being monitored.	Jun-17	1		1		1	
LGF00071	M20 Junction 10a	Kent	19.7	Approval for spend of full LGF allocation	Construction works are progressing on site.	May-20	1		1		1	



**Forward Plan reference number:** FP/AB/190

<b>Report title:</b> A131 Braintree to Sudbury Project Change Request	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

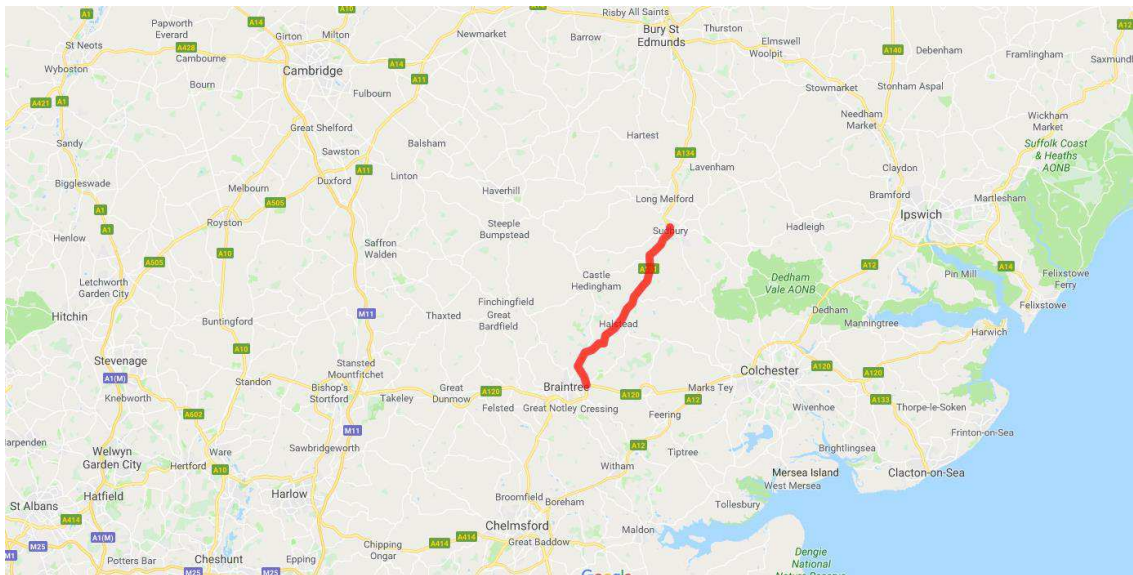
## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the cancellation of the A131 Braintree to Sudbury Project (the Project) from SELEP's Growth Deal as the result of a pause to the Project within Essex County Council's (ECC) own capital programme.
- 1.2 ECC has undertaken a substantive review of its own capital programme due to the pressures to review ECC's capital expenditure.
- 1.3 This report sets out the proposed cancellation and reallocation of LGF from the Project as a result of the ECC capital funding contribution no longer being available to enable the Project to progress to delivery.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** the cancellation of the Project from SELEP's Growth Deal and the return of the £100,000 of LGF incurred against this Project by ECC; and
  - 2.1.2. **Agree** the reallocation of the £1.8m LGF previously awarded to the Project into the central SELEP pot of unallocated LGF funding. This funding will then be reallocated through the LGF3b process referred to in section 4 below.

### 3. A131 Braintree to Sudbury Route Based Strategy



- 3.1. The Project was awarded £1.8m LGF by the Board in June 2018, with a total estimated Project cost of £3.6m. The £1.8m was due to be matched with a £1.8m contribution from ECC, which was committed by ECC through their formal governance processes at the time of the LGF funding decision being taken.
- 3.2. The scope of the Project included interventions at the following four locations:
  - 3.2.1. **Marks Farm** - widening of all four entry flares, introduction of a left turn slip from the A120 heading south and general improvements to the roundabout;
  - 3.2.2. **Broad Road** – improving entry flare from Broad Road and realignment to improve traffic flow.
  - 3.2.3. **High Garrett junction with A1017** – major improvements to layout, changes to signals, relocated and improved crossings and pedestrian facilities; and
  - 3.2.4. **Plaistow Green and Bulmer Tye** – safety improvements, including improved signage and non-slip surfacing.
- 3.3. The delivery of the Project was set to achieve the following six outcomes:
  - Improve journey times and reliability for all vehicles
  - Improve safety, especially for cyclists and pedestrians
  - Improve sustainable transport
  - Support the completion of at least 1,550 new homes
  - Support economic growth and businesses; and
  - Provide for incremental jobs associated with the new development.

### 4. Project Cost and Funding

- 4.1. ECC has notified SELEP that they are no longer able to provide the match funding required to deliver this Project, and, as a result, have decided not to progress with this Project at this time. As such, the delivery of the Project will be paused within ECC's Capital Programme and will be removed from the SELEP Growth Deal.
- 4.2. In reaching this decision, ECC considered options to decrease the scope of the Project, however, it was felt that the part delivery of the Project could not deliver sufficient benefit and that the Project should either be delivered in its entirety or not at all. As such, an ECC Cabinet Member decision has been taken to pause the delivery of the Project until sufficient funding is identified to complete the Project in full.
- 4.3. The cost of the original Project totalled £3.6m, with a £1.8m LGF contribution and a £1.8m ECC contribution from its own capital programme. To date, £100,000 LGF has been spent on the delivery of the Project. However, it is intended that the £1.8m LGF awarded will be returned to SELEP in full, including the £100,000 LGF which has been transferred and spent by ECC to date. The £100,000 LGF which has been transferred to ECC to date, in relation to the Project, will be returned to SELEP in Q4 2018/19.
- 4.4. The £1.8m LGF will be reinvested through the LGF3b process. This is in line with the Ministry for Housing Communities and Local Government (MHCLG) Deep Dive recommendations which set out the requirement for *"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"*.
- 4.5. The LGF3b single pipeline is due to be considered and agreed by the SELEP Investment Panel on the 8<sup>th</sup> March 2019. At the meeting, the Panel will be made aware of the additional LGF underspend and the increase in the amount of unallocated LGF available due to the cancellation of this Project.
- 4.6. As a result of the Project no longer being included within SELEP's Growth Deal and the pause to the delivery of the interventions included in the Projects scope, the proposed benefits of the Project will not be realised within the Growth Deal period.
- 4.7. The Project was intended to support the delivery of 1,550 new homes. Whilst it's understood that the delivery of these homes is not directly dependant on the Project, the residential development sites will need to be considered on a case by case basis by ECC as they come forward through the planning process, to ensure that the traffic impacts of these development sites are mitigated in order to promote sustainable development.
- 4.8. The reallocation of the £1.8m LGF through the LGF3b process will help support new investment opportunities for SELEP to support economic growth.

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

- 5.1. It is a requirement of the SELEP Assurance Framework and the SLAs in place with each partner, that, in circumstances where funding received by Partners can no longer meet the conditions of the grant, as set out in the relevant SLA, the funding must be returned to the Accountable Body as soon as reasonably possible.
- 5.2. In this instance, Essex County Council are required to repay the £100,000 of LGF incurred against the Project that is to be cancelled.
- 5.3. The full £1.8m of LGF allocated against this Project will become available for reallocation through the SELEP Investment Panel prioritisation process.

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

- 6.1. There are no legal implications arising out of the decision in this report.

## **7. Equality and Diversity implication**

- 7.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
  - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority ensured 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 were been identified. This report does not impact on those equality and diversity considerations by ECC.

## **8. List of Appendices**

- 8.1. None

## **9. List of Background Papers**

- 9.1. Business Case for the A131 Braintree to Sudbury

9.2. Accountability Board Agenda Pack 15<sup>th</sup> June 2018 (LGF funding decision)

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

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19



**Forward Plan reference number:** FP/AB/191

<b>Report title:</b> A133 Colchester to Clacton Project Change Request	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the Change Request which has been submitted by Essex County Council (ECC) for the A133 Colchester to Clacton project (the Project).
- 1.2 ECC has undertaken a substantive review of its own capital programme in order to reduce its capital expenditure.
- 1.3 ECC was originally due to fund the Project on a 50:50 basis, with SELEP contributing £2.74m Local Growth Fund (LGF) to the Project and an equal funding award from ECC. However, the £2.74m ECC capital contribution to the Project is no longer available in full.
- 1.4 Whilst £525,000 LGF has already been spent on the delivery phase of the Project, the review of ECC's capital programme has resulted in the loss of a majority of the ECC funding contributions towards the delivery of the Project.
- 1.5 Whilst ECC still commits £185,000 to the Project, ECC contribution to the Project has reduced by £2.555m.
- 1.6 A Change Request has been submitted by ECC to SELEP, for approval by the Board. The Change Request, detailed in this report, sets out the proposed changes to Project scope and total Project cost. This has reduced the total project cost and scope to align with the reduced amount of funding now available to deliver the Project.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** the change of scope to the Project.
  - 2.1.2. **Agree** that any Project under spends which are identified through the delivery of the Project must be returned to SELEPs single funding pot.

### 3. Background

3.1. The Project was awarded £2.74m LGF by the Board in November 2017. At the time of the funding decision being taken it was intended that the Project scope would involve the delivery of seven interventions including:

3.1.1. **Bromley Road Improvements** – Widen Bromley Road to a two lane approach from Colchester, introduce new Puffin crossing and modify the junction layout.

3.1.2. **Safety Improvements** – Implement a variety of safety improvements between Frating roundabout, Progress Way and Little Clacton, including actions to reduce potential collisions.

3.1.3. **Frating Roundabout** – Introduce a left-turn slip from A133 (A120 Spur) to A133 East and modifications to the roundabout to accommodate this slip

3.1.4. **Frating Roundabout** – Introduce a left-turn slip from A133 East to A133 West

3.1.5. **Weeley Roundabout** – Junction and signage improvements

3.1.6. **Signage** – Various signage improvements along the route

3.1.7. **Cycling** – Improve the cycle paths along the A133 (Salary Brook), including the section from Greenstead Roundabout, that provides links and access to the University of Essex and the B1441 which runs alongside the A133 from Weeley to Progress Way, Little Clacton.

3.2. The interventions were identified through the A133 Colchester to Clacton Route Based Strategy, with the objective of the Project being to:

- Deliver transport improvements to support and accommodate future housing and employment growth, encouraging and assisting economic growth;
- Tackle congestion;
- Improve journey-time reliability;
- Improve safety on the route and reduce the number of people killed or seriously injured;
- Promote sustainable forms of travel;
- Improve accessibility and connectivity into and within Colchester;
- Maintain and improve the public transport network;
- Facilitate and improve pedestrian and cycling routes into and around the city;
- Develop long-term solutions to resolve gaps in the transport network;
- Improve air quality and the environment by providing and promoting the use of more sustainable forms of travel; and



- Maintain assets ensuring that the highways network (including roads, footways and cycleways) is resilient, safe to use, and fit for purpose.
- 3.3. The proposed package of seven interventions was intended to improve access into Colchester as a major employment centre in Essex and to help accommodate the scale of the planned growth. Through increasing capacity and encouraging modal shift, the Project was intended to support and help enable the delivery of 700 new jobs and 2,450 new homes in Tendering and Colchester.

#### **4. A133 Colchester to Clacton Change Request**

- 4.1. As the ECC £2.74m contribution towards the Project is no longer available in full, ECC carried out a Project review.
- 4.2. There is now insufficient funding available to support all the aspects of the Project which were included within the original scope of the Project agreed by the Board in November 2017. However, ECC wish to progress with the delivery of:
- 4.2.1. **Frating Roundabout** – including the two segregated left turn lanes; one from A133 eastern arm to A133 western arm and the other from the A120 link road to the A133 eastern arm; and
  - 4.2.2. **Weeley Roundabout** – junction and signage improvements, including the widening of the A133 southern arm approach.
- 4.3. The delivery of improvements to the two junctions identified above is intended to utilise the £2.74m LGF which has previously been awarded to the Project.
- 4.4. The delivery of other aspects of the Project will be paused until sufficient funding is made available through an alternative funding source. These alternative funding sources have not yet been identified.
- 4.5. The interventions which will be paused and removed from the scope of the Project include:
- 4.5.1. Frating to Progress Way Safety Measures – Implement variety of safety improvements between Frating roundabout and Progress Way roundabout including actions to reduce potential collisions;
  - 4.5.2. Bromley Road/Clacton Road Junction Improvements – Widen from one to two lane approach from Colchester, introduce new Toucan crossing and modify junction layout;
  - 4.5.3. Signage Review – Various improvements along the full route; and
  - 4.5.4. Salary Brook to Slough Lane Cycle Way – Implement a new section of cycleway to link the University of Essex and Elmstead but also provide

access from the proposed East Colchester garden Community development

## **5. Impact on Value for Money**

- 5.1. Based on the reduced funding available to support the Project, the delivery of Frating and Weeley Roundabouts are identified as the two interventions which will yield the greatest economic benefits relative to the cost of investment.
- 5.2. The delivery of improvements to the Frating Roundabout and Weeley Roundabout are considered by ECC to be the main components of the Project. The elements which are being recommended for removal from the Project scope are considered as complementary works.
- 5.3. The Frating Roundabout and Weeley Roundabout were the aspects of the project which are expected to have the most direct impact in supporting the delivery of jobs and houses. As such, the Project is therefore expected to continue to support and unlock the delivery of most of the 2,450 homes and 700 jobs in Colchester and Tendring stated within the original Business Case.
- 5.4. The Value for Money assessment in the original Business Case provided an overall Benefit Cost Ratio (BCR) for the Project of 5.93:1, presenting High Value for Money. This BCR value for the overall Project was also supported by BCR values for each of the specific interventions to be delivered within the scope of the Project.
- 5.5. Frating Roundabout and Weeley Roundabout both present high value for money with a BCR of 11.57:1 and 12.93:1 respectively. As such the proposed revised scope of the Project continues to present High Value for Money relative to the revised public sector funding contribution to the Project.
- 5.6. Whilst some of the original Project benefits will no longer be delivered under the revised scope of the Project, the new focus of the Project on the aspects which generate the greatest economic benefit (Frating Roundabout and Weeley Roundabout) and the reduction in total Project cost means that the BCR value for the Project will actually increase as a result of this Change Request.

## **6. Outcome of ITE assessment**

- 6.1. The ITE has reviewed the Change Request, submitted by ECC.
- 6.2. The review confirms that there would be some impact on outputs and outcomes as a result of de-scoping the Project; largely qualitative/unquantified benefits associated with improved safety, signage and facilities for cyclists will not be delivered.
- 6.3. The original business case for A133 Colchester to Clacton, as reviewed by Steer in October 2017, was based on a scheme cost of £5.5m, with a BCR of

- 5.9:1. This represented very high value for money, with a medium/high level of certainty of that value for money.
- 6.4. The components of the scheme which remain within scope are those components with the highest value for money: Frating Roundabout with a BCR of 11.6:1 and Weeley Roundabout with a BCR of 12.9:1 therefore, there is a high level of certainty that the overall value for money categorisation will remain very high despite the de-scoping.
- 6.5. Given the fact that the scheme is in its delivery phase, any uncertainty about the delivery of the Project can be reduced. Therefore, this scheme, with the reduced scope is considered to represent high value for money with high certainty of achieving that value for money.

## 7. Project Cost and Funding

- 7.1. The cost of the original Project totalled £5.48m, with 50% of the funding due to be contributed by ECC. To date, project spend includes £525,000 LGF, along with ECC contributions toward the early development of the Project.
- 7.2. However, following the review of ECC's Capital Programme has been reduced substantially. As such, it is proposed that the remaining LGF is utilised to deliver the revised Project scope, set out in section 4 above.
- 7.3. Table 1 below sets out the updated LGF spend forecast, reflecting this change.

**Table 1 Original and updates funding profile (£m)**

<b>Original Funding Breakdown, at point of funding decision by the Board (Nov 2017)</b>					
Funding (£m)	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF		1.370	1.370		2.740
ECC contribution	0.048	0.525	2.047	0.120	2.740
Total	0.048	1.895	3.417	0.120	5.480
<b>Updated Funding Profile, based on proposed change to Project scope (Feb 2019)</b>					
Funding (£m)	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF		0.525	2.215		2.740
ECC contribution		0.000	0.185		0.185
Total		0.525	2.400		2.925

7.4. The final Project cost of delivering Frating and Weeley Roundabout have not yet been confirmed, as the contracts for the delivery of the interventions are currently out to tender. However, it is expected that these aspects of the Project can be delivered within the funding available.

7.5. If any LGF underspends are identified following the completion of these improvements, ECC is committed to returning this funding to SELEP.

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

8.1. The reduced contribution by ECC to this Project reduces the scope and outcomes to be delivered. However, in reducing the scope, ECC have sought to maximise the impact of the funding and the revised value for money assessment continues to meet the requirements of the Assurance Framework.

8.2. As with all funding that has been agreed by the Board, allocations 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 Government has made future funding allocations contingent on full compliance with the updated National Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.

8.3. There is a high level of forecast slippage within the overall programme which totals £43.3m 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.

8.4. 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.

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

9.1. The proposal being put forward by ECC is in line with the Change provisions set out within the SLA between SELEP and ECC. However, if the Board do not approve the Change to the Project Scope then the SLA's requires that the Project is delivered in full. However, ECC will be entitled to seek further approval from the Board around the Project and any alternative change to the Project scope at a later date.

## **10. Equality and Diversity implication**

## A133 Colchester to Clacton Project Change Request

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

## 11. List of Appendices

- 11.1. Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 6).

## 12. List of Background Papers

- 12.1. Business Case for the A133 Colchester to Clacton Project
- 12.2. A133 Colchester to Clacton Change Request

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

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19



**Forward Plan reference number:** FP/AB/192

<b>Report title:</b> A414 Harlow to Chelmsford Project Change Request	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 15 <sup>th</sup> February 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the cancellation of the A414 Harlow to Chelmsford Project (the Project) from SELEP's Growth Deal as the result of a pause to the Project within Essex County Council's (ECC) own capital programme.
- 1.2 ECC has undertaken a substantive review of its own capital programme due to pressures to reduce ECC capital expenditure, as set out under Agenda Item 18. This has resulted in ECC funding contributions no longer being available to support the delivery of a number of Essex projects included within SELEP's Growth Deal.
- 1.3 This report sets out the proposed cancellation and reallocation of LGF from the Project as a result of the ECC contribution no longer being available due to the Project having been paused within ECC's own capital delivery programme.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** the cancellation of the Project from SELEPs Growth Deal and the return of the £400,000 of LGF incurred against this Project by ECC; and
  - 2.1.2. **Agree** the reallocation of the £2.173m LGF previously awarded to the Project, into the unallocated LGF fund. This funding will then be reallocated through the LGF3b process referred to in section 4 below.

## 3. A414 Harlow to Chelmsford Route Based Strategy

- 3.1. The Project was awarded £2.173m LGF by the Board in November 2017, with a total estimated Project cost of £4.346m. The £2.173m was due to be matched with a £2.173m contribution from Essex County Council, which was committed by ECC through their formal governance processes at the time of the LGF funding decision being taken.

3.2. The scope of the Project included a package of five schemes to provide highway capacity, cycling and safety improvements for the A414 Chelmsford to Harlow corridor. These schemes included:

- 3.2.1. Widford Roundabout – extend entry flair from A414 west to improve capacity
- 3.2.2. Four Wantz Roundabout – Resize roundabout, widen approaches, improve lane designation and introduce new Toucan crossing
- 3.2.3. A1169 Southern Way to Clock Tower roundabout (A1025 Second Avenue) – widened road to two lanes
- 3.2.4. Safety Improvements – lighting, signing and lines which have been identified through safety audit
- 3.2.5. Public Transport – Bus stop improvements, including new/ upgraded shelters, information and footways.

3.3. These measures were identified through the A414 Chelmsford to Harlow Route Based Strategy, with the interventions intended to:

- 3.3.1. Provide a package of quality transport improvements to support and facilitate sustainable growth and regeneration along the A414;
- 3.3.2. Support economic growth, through business growth, new jobs and new houses. This includes improved access in Harlow Science Park and Enterprise Zone, supporting the delivery of 4,030 jobs and 910 homes, such as at the New Hall site off London Road.
- 3.3.3. Improve safety along the route, including reduced collisions
- 3.3.4. Encourage sustainable transport along the A414; and
- 3.3.5. Reduce congestion at key points along the corridor, to improve journey times and reliability for all vehicles.

#### **4. Project Cost and Funding**

- 4.1. Since the Board approval, ECC has informed SELEP that they no longer have the match funding available, and have therefore decided not to progress with the delivery of the Project at this time. As such, the delivery of the Project will be paused within ECC's Capital Programme and will be removed from the SELEP Growth Deal.
- 4.2. As part of ECC's consideration, options were considered to decrease the scope of the Project, however, it was felt that the part delivery of the Project could not deliver sufficient benefit and that the Project should either be delivered in its entirety or not at all. As such, an ECC Cabinet Member



decision has been taken to pause the delivery of the Project until sufficient funding is identified to complete the Project in full.

- 4.3. The cost of the original Project totalled £4.346m, with a £2.173m LGF contribution and a £2.173m ECC contribution from its own capital programme. To date, £400,000 LGF has been spent on the delivery of the Project. However, it is intended that the £2.173m LGF awarded will be returned to SELEP in full, including the £400,000 LGF which has been transferred to ECC to date. The £400,000m LGF which has been transferred to ECC to date will be returned to SELEP in Q4 2018/19.
- 4.4. It is proposed that the £2.173m LGF will be reinvested through the LGF3b process. This is in line with the Ministry for Housing Communities and Local Government (MHCLG) Deep Dive recommendations which set out the requirement for *“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”*.
- 4.5. The LGF3b single pipeline is due to be considered and agreed by the SELEP Investment Panel on the 8<sup>th</sup> March 2019. At the meeting, the Panel will be made aware of the additional LGF underspend and the increase in the amount of unallocated LGF available as a result of the cancelation of this Project.
- 4.6. As a result of the Project no longer being included within SELEP’s Growth Deal and the pause to the delivery of the interventions included in the Projects scope, the proposed benefits of the Project will not be realised within the Growth Deal period. However, the reallocation of the LGF through the LGF3b process will help support a new investment opportunity for SELEP.

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

- 5.1. It is a requirement of the SELEP Assurance Framework and the SLAs in place with each partner, that, in circumstances where funding received by Partners can no longer meet the conditions of the grant, as set out in the relevant SLA, the funding must be returned to the Accountable Body as soon as reasonably possible.
- 5.2. In this instance, Essex County Council are required to repay the £400,000 of LGF incurred against the Project that is to be cancelled.
- 5.3. The full £2.173m of LGF allocated against this Project will become available for reallocation through the SELEP Investment Panel prioritisation process.

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

- 6.1. There are no legal implications arising out of this decision.

## **7. Equality and Diversity implication**

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

## 8. List of Appendices

- 8.1. None

## 9. List of Background Papers

- 9.1. Business Case for the A414 Harlow to Chelmsford
- 9.2. Accountability Board Agenda Pack 17th November 2017 (LGF funding decision)

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

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19

<b>Report title:</b> Growing Places Fund update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 28 <sup>th</sup> January 2019	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Dyer, <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@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 accelerated repayment schedule for the Priory Quarter Project;
  - 2.1.3. **Approve** the proposed repayment schedule for the Workspace Kent Project;
  - 2.1.4. **Approve** the cancellation of the remaining element of the Harlow West Essex Project;
  - 2.1.5. **Approve** the accelerated drawdown of funding for the No Use Empty Commercial Project;
  - 2.1.6. **Note** the amended draw down schedule for the Eastbourne Fisherman's Quayside and infrastructure development Project.

## 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 has been allocated for investment in a total of 21 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion 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 £7,476,233 having been repaid to date. A further £8,696,200 is due to be repaid prior to the end of 2018/19 if all repayment schedules are met. This takes into account the accelerated repayment schedule for the Priory Quarter Project and the final repayment schedule for the Workspace Kent Project, as set out in sections 6 and 7 below.
- 4.3. No risks to repayment have been identified for any of the GPF Round 1 investments for which a repayment is expected in 2018/19.

#### **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 through loan repayments. This assumes that the repayments are made in accordance with the approved repayment schedules.

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

£	2018/19	2019/20
GPF available at the outset of year	7,312,602	4,825,602
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	98,602
GPF repayments expected	2,293,000	12,243,000
Carry Forward	4,825,602	12,341,602

- 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 taking into account all the proposed changes outlined within this report:
- 5.3.1. the accelerated repayment schedule for the Priory Quarter project, as set out in section 6 below;
  - 5.3.2. the updated repayment schedule for the Workspace Kent project, as set out in section 7 below;
  - 5.3.3. the cancellation of the remaining element of the Harlow West Essex Enterprise Zone project, as set out in section 8 below;
  - 5.3.4. the accelerated draw down in funding for the No Use Empty Commercial Project, as set out in section 9 below; and
  - 5.3.5. the amended draw down in funding against the Eastbourne Fisherman's Quayside and infrastructure development Project, as set out in section 10 below.

**Table 2: GPF Cash Flow Position taking into account the proposed project changes outlined in the report**

£	2018/19	2019/20
GPF available at the outset of year	7,312,602	11,675,002
GPF Round 1 planned investments	63,000	-
GPF Round 2 planned investments	4,342,000	3,602,000
Position before GPF repayments are made	2,907,602	8,073,002
GPF repayments expected	8,767,400	10,606,600
Carry Forward	11,675,002	18,679,602

- 5.4. If the Board approve the proposed project changes there will be no 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 updated project repayment schedules are set out in Appendix 2.

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

- 6.1. The Priory Quarter Phase 3 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.
- 6.2. The commercial workspace was delivered in accordance with the application for GPF funding, however, the take up of tenancies at the site was slower than anticipated. As a result, 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.
- 6.3. 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.
- 6.4. 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.
- 6.5. 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.
- 6.6. It was intended that, following discussion at Strategic Board the Board would make a decision on the proposed amended repayment schedule. However, at the November meeting the Board were made aware that options were being considered locally to enable the planned repayment schedule to be met.
- 6.7. The latest project update indicates that Priory Quarter has now been sold. This sale removes the need to amend the repayment schedule and will enable full repayment of the outstanding GPF funding (£6.870m) prior to the end of the 2018/19 financial year. This is in advance of the expected repayment date of 2020/21, as set out in the requested amended repayment schedule.

- 6.8. Full repayment of the Priory Quarter GPF allocation during 2018/19 will significantly improve the GPF cash flow position and will remove any risk of the GPF draw down schedule for 2019/20 exceeding the level of funding available. In addition, early repayment brings forward the opportunity for the funding to be reinvested in a different GPF project, subject to further applications for funding being sought.
- 6.9. The Board are asked to note the accelerated repayment schedule for the Priory Quarter project.

## **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.
- 7.3. The Workspace Kent project was brought forward in 2012 during the early rounds of the GPF and was awarded a £5m GPF allocation. A loan agreement was put in place in May 2015 between Essex County Council, as the Accountable Body, and Kent County Council but as the agreement was put in place prior to the implementation of the current Governance processes it did not set out explicit repayment dates for the loan. Loan repayment dates are, however, specified in the agreements between Kent County Council and the loan recipients.
- 7.4. Interim repayment schedules have been presented to the Board whilst Kent County Council have been negotiating contract variations with two of the loan recipients.
- 7.5. In addition, as reported at the last Board meeting a further risk to the repayment of the loan made to one of the four projects has been identified. In the latest project update Kent County Council have indicated that there is currently a slight delay on repayment of the loan, with the loan agreement being renegotiated in line with income received by the company. There remains a risk to future repayments as a result of 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. Kent County Council have now provided a repayment schedule for approval by the Board, which takes into account the risks identified. Under the revised repayment schedule the GPF investment will be repaid in full by the 2026/27 financial year. The repayment schedule reflects the fact that some of the

funding has only been issued to companies during the 2018/19 financial year and therefore an extended repayment schedule is required.

- 7.7. Whilst the extended repayment schedule will delay the return of funding into the central pot for reallocation to a new project, it increases the certainty of the funding being repaid in accordance with the schedule.
- 7.8. The repayment schedule provided by Kent County Council for the Workspace Kent project is shown in Table 3:

**Table 3: Repayment schedule for the Workspace Kent project (£)**

2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
219,526	145,507	667,400	145,600	78,000	8,400	8,400	8,600	9,600	11,200	197,767

- 7.9. A total repayment against this project of £667,400 has been confirmed for 2018/19, with a payment of £71,200 already having been made. This is a significant increase on the anticipated repayment for 2018/19 that was reported at the last Board meeting (£328,000) and will assist with the GPF cash flow position in 2019/20.
- 7.10. The Board is asked to approve this extended repayment schedule, which will be used as the baseline repayment schedule for the project and will be used as the basis for future monitoring. There is an expectation that any future changes to the repayment schedule will be managed in accordance with the agreed governance processes applied to all GPF projects, and will therefore require a decision from the Board.

## **8. Harlow Enterprise Zone**

- 8.1. As part of round 1 of the GPF a request for £3.5m GPF loan investment was put forward by Essex County Council, as the local Accountable Body, for infrastructure works across the two sites within the Harlow Enterprise Zone. These works would unlock both sites within the Enterprise Zone for development and the project was therefore considered to be of significant strategic importance. The Board approved the award of GPF funding to the project in September 2012.
- 8.2. The project was split into two separate elements. The first element focussed on supporting the construction of a new access road to the London Road site of the Enterprise Zone. This part of the project had a GPF allocation of £1.5m, which was to be repaid through S106 contributions from an adjacent development which would also benefit from the construction of the access road.
- 8.3. The access road has been constructed and is now in use. The construction of this road has been successful in unlocking the site for development.



- 8.4. The £1.5m GPF allocation to this part of the project has been repaid through the S106 contributions as expected.
- 8.5. The second element of the project focused on construction of a new access road into the Templefields site of the Enterprise Zone and associated junction improvements. This element of the project was allocated £2m and was due to be repaid through the increase in Business Rates that would be generated from development of the Enterprise Zone.
- 8.6. The lack of access to the Templefields site from Cambridge Road was considered to be the principal barrier to the long-term development of the site. At the time of the application the Templefields site consisted of a 1km long cul-de-sac with low value and low level uses congregated to the eastern end. The vision for the site was of a modern high-tech business park, however, this transformation would not be achievable without significantly improved road access, hence the request for GPF funding to bring about the required improvements.
- 8.7. To date no work has been undertaken to progress this element of the project, with none of the £2m GPF allocation having been drawn down.
- 8.8. Essex County Council have now confirmed that they are not progressing with the construction of the new access into the Templefields site. Whilst this decision may contribute to a delay in realising the vision for the site, through GPF revenue contributions to the Harlow Enterprise Zone SELEP has supported the vision for the site.
- 8.9. The application for GPF funding indicated that the GPF investment in the project would directly contribute to the provision of up to 7,000 jobs across the two sites. It is expected that some of these jobs will be created through the development of the London Road site, however, at the present time it seems unlikely that significant additional jobs will be forthcoming on the Templefields site in the short-term.
- 8.10. Given the stalled development of the Templefields site and that the project is currently unable to spend the GPF allocation, it is expected the reallocation of the funding to an alternative GPF project across the SELEP area would be a more effective way of utilising the GPF funding to deliver economic growth.

## **9. No Use Empty Commercial**

- 9.1. Kent County Council launched its 'No Use Empty' campaign in 2005, with the primary aim of improving the physical urban environment in Kent by bringing long-term empty properties back into use as quality housing accommodation.
- 9.2. The No Use Empty campaign has a proven track record, returning more than 5,000 empty homes back into use across Kent.

- 9.3. As part of round 2 of the GPF, Kent County Council requested GPF loan funding for the No Use Empty Commercial Property Scheme, which would run alongside the residential element of the No Use Empty scheme. The aim is to return long-term empty commercial properties to use, either as residential, alternative commercial use or for mixed-use purposes.
- 9.4. In February 2018 the Board approved the award of £1m GPF funding to the No Use Empty Commercial project. The project Business Case indicated that the GPF funding would be drawn down in 2018/19 (£500,000) and 2019/20 (£500,000).
- 9.5. The £500,000 of GPF funding that was drawn down by the project in 2018/19 has been fully invested, through short-term secured loans, in six long-term empty commercial properties across Dover, Margate and Folkestone. Work on the first of these properties, in Margate, has been completed and the property is now operating as a restaurant. Work is ongoing to bring the other five properties back into use.
- 9.6. Once all the committed works are completed a total of eight new commercial units and 16 residential units will have been supported by the project. The Business Case indicated that through the GPF investment, the Project would enable the delivery of 28 residential units and eight commercial units. The project is on track to meet, and potentially exceed, these projections.
- 9.7. In order to maintain momentum and have the opportunity to bring additional properties forward earlier Kent County Council have requested accelerated draw down of the £500,000 GPF funding which was originally programmed for spend in 2019/20, with the funding now required in 2018/19.
- 9.8. The cash flow position, set out in section 5, shows that there is sufficient funding available in 2018/19 to allow draw down of the remaining £500,000 allocation for the No Use Empty Commercial project as requested by Kent County Council. The Board are asked to approve the accelerated draw down of funding for the project.

**10. Eastbourne Fisherman's Quayside and infrastructure development project**

- 10.1. The Eastbourne Fisherman's Quayside and infrastructure development project sought GPF funding for the build of a Fisherman'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.
- 10.2. The project aims to protect the fishing fleet in Sovereign Harbour, safeguarding up to 72 fishing jobs and over £2m revenue per year, as well as the resulting impacts on the local economy.

- 10.3. The Board approved the allocation of £1.15m to the project in December 2017. The project Business Case indicated that the GPF funding would be drawn down in 2017/18 (£0.5m) and 2018/19 (£0.65m), however, as the GPF loan agreement was not in place by the end of the 2017/18 financial year this was revised to facilitate draw down of the entire project allocation in 2018/19.
- 10.4. The latest update provided on the project demonstrates that progress has been made towards delivering the stated outputs. Terms of the lease agreement have been negotiated and are awaiting ratification on 7<sup>th</sup> February 2019. Once the lease agreement has been ratified it will be possible to engage a contractor and begin the required construction works.
- 10.5. It is expected that construction will commence in 2018/19 and will continue into 2019/20. As a result, a revised funding draw down schedule has been provided, as shown in Table 4 below:

**Table 4: updated draw down profile for the Eastbourne Fisherman's Quayside and infrastructure development project**

	2018/19	2019/20	Total
Draw down required	£575,000	£575,000	£1,150,000

- 10.6. Despite the amendments to the draw down profile the project is still expected to meet the agreed repayment schedule, with full repayment expected by the 2020/21 financial year.

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

- 11.1. Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,849 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 5 below. Significantly it was noted in the last project update that a further 40 jobs have been delivered as a result of the Sovereign Harbour project.
- 11.2. 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 GPF programme.

**Table 5 - 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	159	211	115
Bexhill Business Mall	299	0	98	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	220	0
Workspace Kent	198	0	87	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	22
<b>Totals</b>	<b>9,318</b>	<b>2,125</b>	<b>1,849</b>	<b>626</b>

- 11.3. Benefits are also now being realised for some of the initial GPF round 2 projects. As outlined in section 9, the initial investment through the No Use Empty Commercial project is beginning to deliver benefits with one commercial unit already having been brought back into use, with a further seven commercial sites and 16 residential units expected to be returned to use in the coming months.
- 11.4. Construction works at the Fitted Rigging House in the Chatham Historic Dockyard are nearing completion and the first two tenants are now operating from the building. This has resulted in the delivery of 100 jobs on the site to date, with a further three tenants expected to move into the Fitted Rigging House during 2019.
- 11.5. The GPF investment in the Charleston Centenary project has enabled the refit of space to provide a café-restaurant. This café-restaurant is now open and all the forecast six jobs have been delivered.

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

- 12.1. The cashflow forecast position reported to the Board in November 2018, indicated that there was risk of insufficient funding being available in 2019/20 to meet the agreed investments due to a potential mismatch of payments and repayments in that year; it is noted, however, that the proposed early repayments recommended in this report have addressed this issue and provide a positive investment position moving into 2019/20.

- 12.2. 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.
- 12.3. 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 an 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.
- 12.4. It is recommended that consideration is given to commencing the next round of funding allocations during 2019/20, to enable the timely reinvestment of uncommitted GPF repayments.

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

- 13.1. Where changes are approved to the repayment or drawdown schedules for the projects, a deed of variation will be required to the credit agreements in place between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority for each project, in order to ensure that the Agreements are reflective of the actual position and approvals given.

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

- 14.1. 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.
- 14.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3. 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.

## **15. List of Appendices**

15.1. Appendix 1 – Growing Places Fund Project Summary

15.2. Appendix 2 – Growing Places Fund Repayment Schedule

## **16. List of Background Papers**

16.1. Accountability Board Agenda Pack 31st March 2017

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	  07/02/19

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Growing Places Fund Round One									
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which will deliver 2,247m <sup>2</sup> of high quality office space with the potential to facilitate up to 440 jobs.	The Priory Quarter (Havelock House) project is now complete and has delivered 2247m <sup>2</sup> of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still acheivable when the building is fully occupied.  The Priory Quarter has now been sold, which will enable full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Priory Quarter has been sold enabling full repayment to be made in 2018/19.	Tenancy agreement for full occupation of the building has now been agreed.		
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 16,000m <sup>2</sup> (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	Project Complete	Project Complete	Continued slow take up in land sales. Development of one new business is expected to catalyse interest in the other plots, which will enable the final repayment to be made in 2019/20.	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 in early February 2019 for the first three blocks of flats. The first housing is due to be completed in Q2 2019/20. 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.		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 January 2019, which will include 174 units. Mobilisation on site to start in Spring 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.	The number of homes to be delivered at Chatham Waterfront has reduced. Work is ongoing with the developer to see if the numbers can be increased through the detailed planning process.		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 2,345m <sup>2</sup> 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 currently provides space for 125 jobs. The tenant is currently recruiting which should see an increase in the number of jobs delivered.	Project Complete	Project Complete	Building 100% let with secure income to repay loan.	Building 100% let and currently housing 98 jobs, which is less than originally anticipated, however this does provide space for the tenant to grow over time.		

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
Parkside Office Village	Essex	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	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	Project Complete	Project Complete and loan repaid in full.	Project Complete		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	Project Complete	Project Complete and loan repaid in full.	Project Complete		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.	Project Complete	Project Complete			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 2,345m <sup>2</sup> of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m <sup>2</sup> 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.	220 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 four projects within this programme. Of these, two have been completed and GPF repayments are being made. The third project represents a repayment risk, whilst the fourth 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 has been completed.	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.	The project outputs and outcomes will be updated and brought forward on completion of the legal documentation. A further delay in finalising and completing the legal loan agreement due to complexities of company structure - rescheduled to March 2019.		



Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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.	"Phase 1" has been completed. "Phase 2" is underway.  Exchange of contract on two further sites is expected in the near future. The first site contains several derelict homes that require refurbishment before being placed on the market for purchase by the public. This will enable repayment in accordance with the loan agreement.  Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use. are being evaluated for purchase and development that accord with the loan agreement criteria.	An offer has been accepted on a site with several derelict houses. A work programme should bring the non-habitable houses back into use. Albeit, slightly delayed due to the nature of the property market, the issue is with solicitors and exchange is due shortly. An offer has also been made on a different property and exchange is due in February. 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 primary 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						
Growing Places Fund Round Two									
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 3,473m <sup>2</sup> of office space, of which 2,184m <sup>2</sup> 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 are now complete. External works have started and are due for completion by the end of January 2019. Two tenants are now in full occupation and negotiations are underway with a further three tenants who are expected to take occupation during 2019.	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 two tenants have moved into their space, with a further three tenants expected to take occupation during 2019.		Project is progressing well.

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
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>	The GPF loan agreement is still being finalised for the project. The Innovation Park Medway draft Masterplan has been consulted upon and is expected to be adopted in March 2019. The Masterplan (once adopted) will inform the development on the southern site. Plans have been submitted for the demolition of the unused building and design work has commenced.	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.		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 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.						
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.	Planning application was approved on the 20th July 2018. Contractor has been appointed to deliver the works, with works commencing onsite in January 2019. The loan agreement is being progressed to allow draw down of funds prior to the end of 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.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.	GPF works complete.		Strong business plan in place with clear revenue increases.			

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
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.	GPF loan agreements have been signed. Ground investigations have been completed. The terms of the lease have been negotiated and are awaiting sign off on 7th February 2019.	Terms of the lease have been negotiated but need to be ratified at a meeting on 7th February. Once agreed contractors will be engaged to deliver the works.	All funding is in place and the project is now expected to commence before the end of the current financial 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.
No Use Empty Commercial	Kent	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	No Use Empty Commercial has contracted with six projects (two in Dover, two in Folkestone and two in Margate). All projects have commenced and will provide eight commercial units and 16 residential units in total. One commercial unit in Margate was completed in December 2018. In the coming months suitable projects for the 2019/20 allocation will be sought.	Loan agreement with SELEP is now sealed. Funds of £500,000 were drawn down in July 2018.	No Use Empty Commercial has allocated all funds available from SELEP in 2018/19.	The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay back the first £500,000 by March 2021.		No other risks other than impact of delay in issuing documentation	
Javelin Way development project	Kent	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	A bid for £3.069m capital grant was submitted to Arts Council England in Autumn 2018 and a decision is expected on 20th March 2019. The planning application has been submitted to Ashford Borough Council.	Formal written (phase 2) approval for the £3.069m capital grant is expected from the Arts Council England on 20th March 2019. Planning application submitted to Ashford Borough Council.	Latest costs are in line with the original Business Case.	The project has a repayment date which will fulfil the requirement to repay back £1.597m in March 2022.	Project outcomes are anticipated to be delivered from 2020/21 onwards (i.e. 103 new jobs in the new industrial units and 12 new jobs at the creative laboratory).		



## 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 Q1	Total expected in 2018/19	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2	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	6,935									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	1,325	365		667	146	78	8	8	9	10	11	198	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	1,400	-	-	-	-	1,000	1,000	1,000	1,000	1,000			5,000
<b>Sub Total</b>		<b>48,705</b>	<b>40,903</b>	<b>6,840</b>	<b>565</b>	<b>9,332</b>	<b>9,954</b>	<b>8,622</b>	<b>6,945</b>	<b>2,538</b>	<b>1,009</b>	<b>1,010</b>	<b>11</b>	<b>198</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	120	-			53	36	31						120
Eastbourne Fisherman	East Sussex	1,150	-	-			900	250							1,150
Centre for Advances Automotive ar	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	500	-				500	500						1,000
<b>Total</b>		<b>58,022</b>	<b>44,073</b>	<b>6,840</b>	<b>565</b>	<b>9,332</b>	<b>11,107</b>	<b>9,758</b>	<b>13,973</b>	<b>2,538</b>	<b>1,009</b>	<b>1,010</b>			<b>55,776</b>



**Forward Plan reference numbers:**

<b>Report title:</b> <i>Quarter 3 Update on SELEP Revenue Budget 2018/19 and Update on the 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> February 2019	<b>For:</b> Information
<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 quarter 3 financial position for the SELEP Revenue budget, including an updated forecast outturn for 2018/19. In addition, an update to the assessment of the risks for the budget for 2019/20 has been included for information, 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 **£713,000**;
- 2.1.2 **Note** the assessment of risk for the 2019/20 budget.

## 3. Background

### 2018/19 Budget

- 3.1. The 2018/19 revenue budget for the SELEP Secretariat was set by the Board at its December 2017 meeting. The quarter 3 forecast outturn position is an under spend of £713,000 compared to a budgeted call on reserves of £385,000, details can be seen in Table 1 overleaf.
- 3.2. The under spend position has increased from that reported for the quarter 2 position by a net £165,000; this is due, primarily, to a reduced forecast on consultancy and project spend.
- 3.3. The key reasons for the under spend of the budget are:
- 3.3.1. delays in recruitment to the new posts in the SELEP Secretariat - (£140,000);
- 3.3.2. slippage in planned spend on consultancy and project activity with regards to the LEP review and delivery of the Local Industrial Strategy (£164,000) and

### Q3 Update on SELEP Revenue Budget

3.3.3. additional external interest receipts (£409,000) as a result of:

3.3.3.1. higher than forecast interest rates;

3.3.3.2. slippage in the Local Growth Fund (LGF) programme spend (subject to approvals in agenda item XX); and

3.3.3.3. earlier than budgeted Growing Places Fund (GPF) loan repayments (subject to approvals in agenda item XX).

**Table 1 – Total SELEP Revenue Budget Outturn Forecast, end of Quarter 3**

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %	Prior Quarter Forecast £000	Forecast Movement £000
Staff salaries and associated costs	620	760	(140)	-18.42%	620	-
Staff non salaries	32	32	-	0.00%	31	1
Recharges (incl. Accountable Body)	145	145	-	0.00%	145	-
<b>Total staffing</b>	<b>797</b>	<b>937</b>	<b>(140)</b>	<b>-14.94%</b>	<b>796</b>	<b>1</b>
					-	-
Meetings and admin	79	71	8	11.27%	77	2
Chairman's allowance	20	20	-	0.00%	20	-
Consultancy and projects	446	610	(164)	-26.89%	610	(164)
Local Area Support	150	150	-	0.00%	150	-
Grants to third parties	1,588	1,588	-	0.00%	1,588	-
<b>Total other expenditure</b>	<b>2,283</b>	<b>2,439</b>	<b>(156)</b>	<b>-6.40%</b>	<b>2,445</b>	<b>(162)</b>
					-	-
<b>Total expenditure</b>	<b>3,080</b>	<b>3,376</b>	<b>(296)</b>	<b>-8.77%</b>	<b>3,241</b>	<b>(161)</b>
					-	-
Grant income	(2,321)	(2,317)	(4)	0.17%	(2,317)	(4)
Contributions from partners	(200)	(200)	-	0.00%	(200)	-
Other Contributions	(4)	-	(4)	0.00%	(4)	-
External interest received	(883)	(474)	(409)	86.29%	(883)	-
<b>Total income</b>	<b>(3,408)</b>	<b>(2,991)</b>	<b>(417)</b>	<b>13.94%</b>	<b>(3,404)</b>	<b>(4)</b>
					-	-
<b>Net expenditure</b>	<b>(328)</b>	<b>385</b>	<b>(713)</b>	<b>-185.19%</b>	<b>(163)</b>	<b>(165)</b>
					-	-
<b>Contributions to/(from) reserves</b>	<b>328</b>	<b>(385)</b>	<b>713</b>	<b>-185.19%</b>	<b>163</b>	<b>165</b>
					-	-
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>

3.4. 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 General Reserves**

	£000
Opening balance 1st April 2018	511
<b>Planned changes in year</b>	
Growth hub withdrawal approved	-85
Updated contribution to reserves	328
<b>Total</b>	<b>243</b>
<b>Balance remaining</b>	<b>754</b>
Minimum value of reserve	100

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



## **LEP Review**

- 3.6. In November 2018, it was reported to the Board that SELEP had submitted a funding request to Government to support the LEP Review costs; a grant of £200,000 per LEP has been made available for this purpose. SELEP has yet to receive this funding as it was contingent on the requirements of the LEP Review being met in full, which is not currently the case.
- 3.7. A SELEP Strategic Board decision relating to the future composition of the Strategic Board is outstanding, at present, and if approved, is expected to enable the release of the LEP Review funding.
- 3.8. The £200,000 is not currently reflected in the quarter 3 forecast position set out above and it is now anticipated that this funding will primarily be required in 2019/20, once additional resource has been secured to support the implementation of the LEP review requirements.
- 3.9. The SELEP Secretariat are currently preparing a detailed delivery plan for 2019/20, which is a new requirement of the National Local Growth Assurance Framework, and is expected to be presented for consideration at the March Strategic Board.
- 3.10. As part of the delivery plan, the 2019/20 revenue budget, approved by Accountability Board in November 2018, will be presented in greater detail to demonstrate alignment of the budget against the delivery proposals.
- 3.11. It is currently advised that the under spend forecast in 2018/19, be carried forward through the general reserve to be applied in 2019/20 when the most significant costs of the LEP Review are expected to be incurred, along with costs associated with the development of the Local Industrial Strategy; this is expected to be reflected in the delivery plan when it is presented to the Strategic Board in March.

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

- 3.12. The Board approved the 2019/20 SELEP Secretariat budget in November 2018; this is set out in Table 3 for information. This budget does not currently 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.
- 3.13. This report sets out an assessment of budget risks that have been jointly considered by the SELEP Secretariat and the Accountable Body, to give assurance to the Board with regard to the robustness of the budget proposals.
- 3.14. The budget includes an assumed level of external interest receipts based on the forecast cash position for the year, this incorporates the expected Local

Growth Fund contribution for 2019/20; this contribution has yet to be confirmed by Government, as such, this represents a risk to the budget. The LGF allocation is due to be confirmed in March; should there be any revision required to the forecast as a result of this, an updated position will be presented to the Board at the earliest opportunity.

- 3.15. The lack of certainty from Government with regard to the longer term funding position for SELEP continues to present a risk to the sustainability of the SELEP; the reliance placed on use of reserves and interest receipts to support the activity of the SELEP, presents only a medium term solution to meeting the on-going operational costs. Once the LGF is fully utilised, the ability to generate income from interest receipts will be significantly reduced without an alternative funding source becoming available.

**Table 3 –2019/20 Base Revenue Budget – Secretariat Costs only**

	2019/20 Budget £000	2018/19 Budget £000	2018/19 Forecast £000	Budget Movement £000	Budget Movement %
Staff salaries and associated costs	744	761	620	(16)	-2.14%
Staff non salaries	39	32	32	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	59	-	0.00%
Chairman's allowance	20	20	20	-	0.00%
Consultancy and project work	877	482	318	395	81.95%
Local Area Support	150	150	150	-	0.00%
<b>Total other expenditure</b>	<b>1,098</b>	<b>703</b>	<b>547</b>	<b>395</b>	<b>56.19%</b>
<b>Total expenditure</b>	<b>1,939</b>	<b>1,559</b>	<b>1,263</b>	<b>380</b>	<b>24.34%</b>
Grant income	(500)	(500)	(504)	-	0.00%
Contributions from partners	(200)	(200)	(200)	-	0.00%
Other Contributions	-	-	(4)	-	-
External interest received	(839)	(474)	(883)	(365)	0.00%
<b>Total income</b>	<b>(1,539)</b>	<b>(1,174)</b>	<b>(1,591)</b>	<b>(365)</b>	<b>31.09%</b>
<b>Net expenditure</b>	<b>400</b>	<b>385</b>	<b>(328)</b>	<b>15</b>	<b>0.00%</b>
<b>Contributions to/from reserves</b>	<b>(400)</b>	<b>(385)</b>	<b>328</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.*

- 3.16. As the delivery plan for 2019/20 has yet to be fully developed and approved, a complete assessment of budget risks is not currently possible, however, Table 4 sets out the key anticipated risks impacting the budget in 2019/20. Table 5 indicates the risks to 2020/21 budget and beyond. The full SELEP risk register is included in Appendix 1.

Table 4 - Key SELEP Risks Impacting the 2019/20 Budget

Risk Description and impact	Likelihood	Impact	Score	Mitigation
LGF grant payment for 2019/20 isn't made because of either LEP Review non-compliance or APR Assessment. LGF Programme would have to stall. Potential possibility of legal action by delivery partners	3	5	15	Working with CLoG Officials to highlight the impact of withdrawing funding and working with project delivery organisations to identify projects to stall/not come forward.
Revenue grants for Core Funding and LIS/LEP Review support aren't made due to non-compliance. Reduced revenue budget to support Secretariat costs in 19/20 and reduced ability to begin work on LIS (see ref 3)	3	5	15	Proposed staffing take-on postponed or cancelled and reserves used to support staffing costs in 19/20. Work on LIS curtailed and emphasis put on supporting as-is operations. Implementation of LEP Review requirements also stalled.
Level of reserves held is insufficient to cover any potential severance costs as a result of the increasing size of the SELEP Secretariat.	2	3	6	The level of reserves will be held under review by the Accountable Body in light of recent and proposed future changes to the Secretariat; where required a revised position will be presented to the Accountability Board for approval.
SELEP Secretariat are unable to appoint the required additional resource to support delivery of the LEP review requirements expected to be implemented by February 2020; this may impact on receipt of funding in future	2	5	10	Funding has been included in the 2019/20 budget to support the development of the LIS and the implementation of other LEP review requirements, such as, incorporation of the SELEP.

Table 5 - Key SELEP Risks Impacting the Budget from 2020/21 and beyond

Risk Description and impact	Likelihood	Impact	Score	Mitigation
LEP Review recommendations (those agreed by Board) not implemented in line with Govt requirements. Potentially impacts on future years funding, including core funding, LGF, UKSPF and APR	2	4	8	Action plan put into place. Priority given to implementation of recommendations above other tasks using current resource.
Proposed approach to incorporation not agreed with Board or Government. Substantive shift of transactions/staffing to move into new company with consequent implications on staffing and costs	3	4	12	Present Chair and VC's proposed approach in advance of wider discussion. SOG/Directors to be informed and canvassed. CLoG team to be approached for view.
GPF projects do not repay or do not repay in timely manner, creating a gap in funding meaning future agreed but not completed projects are stalled	2	3	6	GPF repayments status updated to Board. Further rounds of GPF held back until further assurances made on repayments. Headroom held on fund to offset non-payment.
Future funding levels change	4	4	16	Current funding levels are boosted by the interest being earned on LGF/GPF balances held. As those balances run down the interest paid will reduce. This may be mitigated by further funding being made available by Govt and/or UKSPF being held.

- 3.17. It is proposed that the risks identified for the budget form part of the wider risk management process that is being introduced by the SELEP Secretariat and that an update is provided to the board on a quarterly basis.

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

- 4.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 4.2 The 2019/20 budget is considered to be robust and the level of reserves held is appropriate.
- 4.3 It is noted that there are a number of key risks highlighted that could significantly impact on the operation of the SELEP if incurred. It is therefore advised that an update on risks is presented to the Board on a quarterly basis.
- 4.4 The specific risk for the Accountable body with regards to potential severance and redundancy costs of staff employed by the Accountable Body on behalf of the SELEP, will be regularly reviewed as the number of staff, and the associated risk, increases. The Accountable Body will advise the Board should the level of reserves held by SELEP need to be amended to reflect changes to this risk.

**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 the 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**

**7.1 SELEP Risk Register**

**8. List of Background Papers**

8.1 November 2018 Accountability Board meeting - Agenda item 12 - SELEP Revenue Budget Update

<https://www.southeastlep.com/app/uploads/2018/07/Accountability-Board-Complete-Agenda-Pack-16th-November-2018-excluding-confidential-appendix.pdf>

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

Role	Date
Accountable Body sign off	
Stephanie Mitchener	07/02/19

*Q3 Update on SELEP Revenue Budget*

(On behalf of Margaret Lee, S151 Officer, Essex County Council)	
---	--

## South East LEP

### Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
1	LGF grant payment for 2019/20 isn't made because of either LEP Review non-compliance or APR Assessment. LGF Programme would have to stall. Potential possibility of legal action by delivery partners	3	5	15	Working with CLoG Officials to highlight the impact of withdrawing funding and working with project delivery organisations to identify projects to stall/not come forward	RM	31/03/2019	
2	Revenue grants for Core Funding and LIS/LEP Review support aren't made due to non-compliance. Reduced revenue budget to support Secretariat costs in 19/20 and reduced ability to begin work on LIS (see ref 3)	3	5	15	Proposed staffing take-on postponed or cancelled and reserves used to support staffing costs in 19/20. Work on LIS curtailed and emphasis put on supporting as-is operations. Implementation of LEP Review requirements also stalled	SB	31/03/2019	
3	LEP Review recommendations (those agreed by Board) not implemented in line with Govt requirements. Potentially impacts on future years funding, including core funding, LGF, UKSPF and APR	2	4	8	Action plan put into place. Priority given to implementation of recommendations above other tasks using current resource	AB/SB	Various	
4	SELEP unable or unwilling to reform size and make up of Board to meet LEP Review requirements and Govt unwilling to be flexible. Non compliance may impact current funding and future allocations of funding. Partners may seek to revisit geography issues	4	5	20	Chair to discuss with Ministers in early new year	AB	ASAP	
5	Proposed approach to incorporation not agreed with Board or Government. Substantive shift of transactions/staffing to move into new company with consequent implications on staffing and costs	3	4	12	Present Chair and VC's proposed approach in advance of wider discussion. SOG/Directors to be informed and canvassed. CLoG team to be approached for view	SB	31/03/2019	Current requirement to incorporate by 31/03/2019, obviously this can't be met but not clear whether this is a hard deadline
6	Resignations from Board members if unhappy with new requirements/liabilities due to revised model	4	2	8	Model to be designed to not increase liability of Board Members and stakeholder management plan to be devised and put into place	AB	Ongoing	
7	LGF Programme slips beyond agreed programme end date of 31/03/2021	5	2	10	Capital Programme Manager liaising with both CLoG and DfT to forewarn. If funding is available, impact should be limited but may impact on future funding allocations such as UKSPF	RM		Need confirmation from Rhi on timing of final decision on projects
8	LIS isn't produced in line with Government requirements and or deadlines. Potentially impacts on future funding allocations and reputation of LEP	4	3	12	Increase volume on the potential impact of withholding revenue funding. Use short term contracts funded through interest receipts and reserves to support work	AB	31/03/2020	LIS to be agreed by this date
9	Increase in scope of work and requirements from Government overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	5	5	25	Additional staff taken on and support from partners taken up. SB and AB to develop plan to ensure stress levels are manageable and how high workloads can be managed. Non core tasks are dropped	AB/SB	Ongoing	
10	End of Chair's term. Sourcing replacement adds additional load to Secretariat team and right candidate might be difficult to find	3	3	9	Work with LEP Network to identify good process. Have process planned in advance. Use Accountable Body where possible	AB	31/03/2020	
11	UKSPF planning requirements - currently don't know how UKSPF will operate and what the impact could be on team. Possibility that funding to area will be very limited and might lose traction with partners	2	2	4	Continue to work with LEP Network to keep abreast of developments	JS	Unknown	
12	GPF projects do not repay or do not repay in timely manner, creating a gap in funding meaning future agreed but not completed projects are stalled	2	3	6	GPF repayments status updated to Board. Further rounds of GPF held back until further assurances made on repayments. Headroom held on fund to offset non-payment	RM	Ongoing	
13	LGF Profiling gap in 2019/20 - funding is not available to support all projects in year	1	4	4	Slippages on in-flight projects and projects that are likely to drop out of programme reduce the risk, as does the postponement of decision on projects dropping out. However this does increase the risk at item 7	RM	31/03/2020	Gap will cease to exist by end of the year - sufficient funding in final two years of programme
14	ECC choses to no longer be the Accountable Body for SELEP. Transfer to another willing Accountable Body would be timeconsuming, expensive and undermine governance requirements	2	4	8	Continue to work with the Accountable Body providing all assurances needed. Secretariat to comply with AB requirements and be frictionless as a minimum	AB/SB	Ongoing	

Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
15	Grants aren't properly administered/applied and are clawed back by Government	2	3	6	Back to back agreements in place with delivery partners to ensure clawback from them is possible. Grants administer by AB in line with their grant accounting procedures	SB	Ongoing	
16	Brexit - no deal impact on staff road/access etc	4	4	16	Impact on staff, meetings and general ability to travel in the area - limited scope to influence but contingency plans can be put into place - homeworking, ensuring meetings are avoided in the early April period etc.	AB/SB	30/06/2019	Assumed by end of Q1 19/20 impact will be clear and so revised working plans can be put into place
17	Increased expectations from Govt dept for information on impact of Brexit	5	3	15	The management of a high volume of requests from different government departments will add a further burden onto the team. Unlikely that we'll hold the information needed so will be reliant on partners providing the information	AB/SB	30/06/2019	As before, hopefully requests will begin to reduce as the situation begins to stabilise
18	Brexit - policy paralysis in Whitehall	5	2	10	Whitehall and Government are currently distracted by Brexit and this will continue until it is clear what the exiting arrangements are. If it is a no-deal situation then this may continue beyond exit date	AB/SB	31/03/2019	
19	Achievement of Growth Deal outcomes	4	3	12	The outputs that were agreed in the LGF may not be deliverable due to changes to the economic environment on a national or sub-national basis. Whilst this is fairly likely, it is probably unlikely that there will be much impact as long as we can demonstrate the reasons for non-delivery	RM	Ongoing	
20	Future funding levels change	4	4	16	Current funding levels are boosted by the interest being earned on LGF/GPF balances held. As those balances run down the interest paid will reduce. This may be mitigated by further funding being made available by Govt and/or UKSPF being held	AB/SB	31/03/2021	LGF is due to be completed by this time
21	Economic shocks impacting on business engagement	3	3	9	Economic shocks whether from Brexit or otherwise could impact on our business representatives capacity and capability to engage with our agenda. In part this can be mitigated by more engagement with larger employers who have more capacity	ZG	Ongoing	Zoe exploring options for engagement with larger employers
22	Growth Hubs - the current model may hinder progress in changing the service shape of Growth Hubs to comply with Government policy requirements	4	4	16	Working to build a better relationship with Growth Hubs and increase Board visibility of the Growth Hubs and the requirements of Government. Ensuring Growth Hubs feature in the LIS as it develops	IB	Ongoing	
23	SELEP team are unable to appoint the required additional resource to support delivery of the LEP review requirements expected to be implemented by February 2020; this may impact on receipt of funding in future years	2	5	10	Funding has been included in the 2019/20 budget to support the development of the LIS and the implementation of other LEP review requirements, such as, incorporation of the SELEP.	AB / SB	31/03/2019	
24	Level of reserves held is insufficient to cover any potential severance costs as a result of the increasing size of the SELEP Secretariat.	2	3	6	The level of reserves will be held under review by the Accountable Body in light of recent and proposed future changes to the Secretariat; where required a revised position will be presented to the Accountability Board for approval.	Accountable Body	Ongoing	
25	Change in national government or change in policy direction requires wholesale changes to work plans and direction of travel during the year	2	5	10	SELEP Secretariat unable to control when general elections etc might take place but can and will make contingency plans if an election looks likely. Will continue to work with civil servants to maintain continuity whenever possible	AB/SB	Ongoing	
26	SELEP geographic boundaries become untenable and the partnership breaks	1	5	5	Confirmation from Ministers that they consider SELEP geography to be set at this point means the liklihood of breakup is currently low.	AB	Ongoing	
27				0				
28				0				
29				0				
30				0				
31				0				
32				0				
33				0				
34				0				
35				0				



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

<b>Report title:</b> Assurance Framework Implementation Plan Delivery Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Adam Bryan, SELEP Managing Director	
<b>Date:</b> 15 <sup>th</sup> February 2019	<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 existing Assurance Framework, based on the current National Assurance Framework and the Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations (from April 2018).

*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. (Appendix 1)

1.1.3 The Governance Assurance Statement provided to MHCLG as part of the SELEP's Annual Performance Review. (Appendix 2)

1.1.4 A forward look at the revised National Assurance Framework, published by MHCLG on the 9<sup>th</sup> January 2019.

## **2. Recommendations**

2.1 The Board is asked to:

2.1.1 **Note** the SELEP team and federated areas 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.
- 2.1.3 **Note** the Governance Assurance Statement provided to MHCLG as part of the Annual Performance Review for the SELEP. and that the outcome of the review is expected later in February / March 2019.
- 2.1.4 **Note** that this is the final report for 2018/19 and under the current Local Assurance Framework.
- 2.1.5 **Note** that the SELEP Local Assurance Framework will be revised for 2019/20 to reflect the revised National Assurance Framework requirements. This will be presented to the SELEP Strategic Board for approval at its next meeting on 22<sup>nd</sup> March 2019.

### 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 of the Local Assurance Framework 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 at the SELEP level and for each federated area. In addition, quarterly update reports are provided to the Board to support the Board’s oversight of these governance and transparency arrangements.
- 3.4 It is a requirement by Government for the S151 officer to submit an end of year Assurance Statement on the LEP and its compliance with the Assurance Framework requirements. This declaration has to be submitted by 28<sup>th</sup> February 2019.

### 4. Progress in delivering SELEP Assurance Framework requirements

- 4.1 Most of the SELEP Assurance Framework requirements are now fully embedded in the activities of the SELEP team, Strategic Board, Accountability Board, Federated Areas and local partners.

- 4.2 However, there are two outstanding actions for the SELEP secretariat and Federated Boards as set out below. These are now the only outstanding actions from the current SELEP Assurance Framework.
- 4.2.1 All Strategic Board members have Registers of Interests (ROIs) published and these have been reviewed within the last 12 months, however there are outstanding gaps in updated ROIs being published on the SELEP website which have been reviewed within the last six months.
  - 4.2.2 There are updated ROIs for some of the members of the Federated Boards, though these are not complete.
  - 4.2.3 The action being taken to resolve both issues is to progress with the lead officers for the Federated Boards. The end date for this is 22<sup>nd</sup> February 2019.
  - 4.2.4 Outstanding gaps for the SELEP working groups information being available on the SELEP website. Updated terms of reference and membership has been placed on the SELEP website for all of the active working groups. However, for some of the working groups there are gaps in terms of action points from meetings.
  - 4.2.5 The action being taken to resolve this is to have updates from each of the working groups by 7<sup>th</sup> March 2019, with members of the SELEP secretariat co-ordinating these reports. These update reports will form part of the agenda for the Strategic Board meeting on 22<sup>nd</sup> March 2019. They will be published on the SELEP website, as part of the 22<sup>nd</sup> March 2019 Strategic Board papers, and under each of the working group pages. The intention is to have these update reports quarterly, and for them to be uploaded to the working group pages, to reflect the key activities for the quarter.

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

- 5.1 Following receipt of the Deep Dive report, substantial progress has been made to meet the recommendations. These are summarised below:
- 5.2 **Ensuring open funding calls in all federated areas.** An approach to the development of a SELEP LGF single pipeline was agreed by the Strategic Board in June 2018. An open call for projects was undertaken. This included publicising the LGF3B process extensively through, local authority websites, social media and press releases.
- 5.3 **Where projects have been completed, or significant milestones have been met, that SELEP makes efforts to update this on individual project pages.** Work has been completed to review the information on the SELEP website, with updates on individual project pages for the Local Growth Fund (LGF), for a total of 97 projects. The project pages for the Growing Places

Fund (21 projects) are being reviewed and updated. This will be completed by 8<sup>th</sup> February 2019. This has been a substantial piece of work and provides much greater visibility of the projects.

- 5.3.1 **SELEP should take steps to satisfy themselves that any underspend is reallocated to the most promising and best value for money projects.** An Investment Panel has now been established, which will meet for the first time on the 8<sup>th</sup> March 2019. The Panel will agree the pipeline of projects for LGF based on the criteria for prioritisation agreed by the Strategic Board in June 2018. Significant work has been undertaken to consider a range of projects from across the SELEP area and feedback is being sought on the process to date, to inform future work.
- 5.4 **Recruitment to Federated Boards and decisions on representation at Strategic Board level must operate to an open, transparent and consistent process.** The Strategic Board agreed a recruitment policy in June 2018. This has been used for Federated Board recruitment. The Strategic Board has agreed actions to develop further this recruitment policy, for example to produce a job specification for Board Members to define measurable skills, experience, knowledge and personal capabilities required for the role. Once the SELEP Strategic Board has discussed the membership and composition of the Strategic Board, the recruitment policy will be developed and progressed at pace.
- 5.5 **A formal process of induction for new board members needs to be introduced.** An induction approach is in place as part of the recruitment policy. However, this requires more detailed to work to ensure that it is embedded into practice and fits any new requirements which result from the SELEP Strategic Board's agreement about its membership and composition.
- 5.6 Recruitment and induction will be a key focus of activity as the Local Assurance Framework is being refreshed to reflect the requirements in the revised National Assurance Framework. This will include actions to address the diversity of the SELEP Strategic Board and the wider partnership.
- 5.7 **The Governance Assurance Statement** (Appendix 2) submitted as part of the SELEP Annual Performance Review provides a brief formal assurance statement on the status of governance and transparency. It notes, *"To ensure that we have the best people at the table and as an enabler of increased diversity, we are reviewing our Board recruitment processes and terms of office policies. These revised policies will be in line with the LEP Review recommendations and will be put to Board for agreement during 2019"*.
- 5.8 At this time, in terms of the Deep Dive recommendations, and as outlined in section 4 (progress on delivering the Assurance Framework requirements) the outstanding actions for the SELEP secretariat and Federated Boards are in relation to further work on the **induction** process and **Register of Interests (ROIs)**. While ROIs are in place for members of these Boards, not all have been reviewed within the last six months.

## **6. Progress against governance and transparency performance Indicators**

- 6.1 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.
- 6.2 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 1.
- 6.3 Improvements in agenda and papers being published have been made since the last quarterly report, especially in terms of the timeliness of publishing agenda and papers in advance of meetings though further work is required to ensure that the agreed publishing deadlines are met.
- 6.4 The SELEP secretariat is now committing to publish the agenda and papers for the SELEP Strategic Board two weeks in advance of the Board meeting. This exceeds the requirement in the National Assurance Framework and is based on Board feedback about the substantive nature of Board agendas and having sufficient time to review the items and seek input from those they represent. The agenda and papers for the SELEP Strategic Board on 22<sup>nd</sup> March will be published on the 8<sup>th</sup> March 2019.
- 6.5 Outstanding actions from SELEP and Federated areas on the governance and transparency performance indicators are listed below:
  - 6.5.1 A forward plan of decisions for the SELEP Strategic Board and the Federated Boards is to be available on the Federated Boards and SELEPs website at least 28 days in advance of the meeting.
  - 6.5.2 All draft minutes are to be published on SELEP's website 10 clear working days following a meeting.
  - 6.5.3 All final minutes are to be published on SELEP's website 10 clear working days following approval.
  - 6.5.4 Registers of Interests (ROIs) to be reviewed and updated every six months and published on the SELEP website.
- 6.6 For those indicators that are currently not met, as outlined in points 6.5.1 – 6.5.4, actions are in place. It is noted that these indicators will remain in the refreshed Local Assurance Framework. The actions in place include:
  - 6.6.1 For agendas, papers and minutes for the SELEP Strategic Board and the Federated Boards, a tracker is in place, with the Governance Officer contacting Boards to request information (and to load onto SELEP website).
  - 6.6.2 There is a tracker for ROIs to be in place, with prompts made via lead officers for the Federated Boards.

6.6.3 As part of developing the delivery plan for 2019/20, a forward plan of anticipated decisions will be produced.

## **7. Forward look – revised National Assurance Framework (NAF)**

- 7.1 MHCLG in July 2018 published its review of LEPs, titled '*Strengthening Local Enterprise Partnerships*'.
- 7.2 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 SELEP Strategic Board meetings on the 28<sup>th</sup> September 25<sup>th</sup> October and 7<sup>th</sup> December 2018.
- 7.3 The revised National Local Growth Assurance Framework (NAF) was published by MHCLG on 9<sup>th</sup> January 2019.
- 7.4 The revisions and new mandatory areas within this are consistent with the LEP Review '*Strengthening Local Enterprise Partnerships*' recommendations.
- 7.5 It is noted that the revised NAF has many elements remaining the same as in the current National Assurance Framework (published November 2016).
- 7.6 The most significant changes within the NAF for SELEP relate to moving to incorporated status and the composition and membership of LEP Boards. In terms of membership and composition, these are summarised below.
  - 7.6.1 Membership of the LEP Board, at least two thirds to be representatives from the private sector, (to be compliant by 28/2/2020).
  - 7.6.2 Membership of the LEP Board to have a maximum of 20 people, with the option to co-opt an additional 5 Board members, (to be compliant by 28/2/2020).
- 7.7 Decisions about points 7.6.1 and 7.6.2 would be required at the 6<sup>th</sup> December 2019 Strategic Board meeting.
- 7.8 The SELEP Chair has written to members of the Strategic Board on the point of Strategic Board membership and composition, following a meeting in January between the Chair and Jake Berry MP about the SELEP Strategic Board's non-compliance with these requirements. The Chair has asked Strategic Board members to vote by electronic procedure on the points below.
  - 7.8.1 The Board is asked to vote on whether the SELEP Strategic Board should consist of no more than 20 full members with 5 co-opted members, with this change implemented prior to March 2020; and
  - 7.8.2 The Board is asked to vote on whether the SELEP Strategic Board should consist of 2/3<sup>rd</sup> private sector membership.

- 7.9 The vote was issued on 1<sup>st</sup> February 2019 with responses asked for by midday 15<sup>th</sup> February 2019. The result will be ratified at the 22<sup>nd</sup> March 2019 Strategic Board meeting.
- 7.10 Other points of interest in the NAF include:
- 7.10.1 To produce an annual delivery plan and end of year report.
  - 7.10.2 All LEP Board members and LEP officers to be able to access an induction and training programme.
  - 7.10.3 All LEPs are required to have an independent secretariat, to ensure that all Board Members, whether from a public, private or third sector organisation, can access impartial advice and support from the LEP as a collective enterprise.
  - 7.10.4 In places where not all local authorities are represented directly on the LEP Board, it is recognised as being important that their representative is given a mandate through arrangements which enable collective engagement with all local authority leaders.
- 7.11 SELEP's Local Assurance Framework (LAF) reflecting the mandatory areas of the NAF, needs to be agreed and in place for the beginning of 2019/20, with most of the new requirements implemented by the 1<sup>st</sup> April 2019.
- 7.12 To meet the requirements for the LAF to be in place by the 2019/20, the updated version of the LAF will be considered by the Strategic Board at its meeting on the 22<sup>nd</sup> March 2019.
- 7.13 A refreshed implementation plan to ensure delivery and tracking of the SELEP refreshed Local Assurance Framework will be produced and shared with the Accountability Board at its April meeting.

## **8. Accountable Body comments**

- 8.1 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.
- 8.2 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.
- 8.3 Whilst a number of actions within the Assurance Framework implementation plan were subject to delay, it is noted that plans are in place to progress the outstanding requirements.

- 8.4 The new requirements arising from the refreshed National Local Growth Assurance Framework, published in January 2019, will need to be taken into consideration in a refresh of the SELEP Assurance Framework.
- 8.5 The Accountable Body commissioned an internal audit of the controls and arrangements in place to assure SELEP's processes in meeting the requirements of the Assurance Framework. The internal audit function is yet to issue its final report, however, they have indicated that there are no critical or major findings from the review. Once the report is finalised, the Accountable Body will work with the SELEP secretariat to respond to any recommendations made.
- 8.6 In the section of the Annual Assurance Letter (see appendix 3) that is required to be completed by the s151 Officer of the Accountable Body, no specific issues of concern with regards to governance and transparency were raised, however, matters of best practice were raised in relation to:
- 8.6.1.1 Addressing diversity in the Strategic Board
  - 8.6.1.2 Provision of effective induction and training programme for Strategic Board members
  - 8.6.1.3 Monitoring of the effectiveness of the Investment Panel
  - 8.6.1.4 Implementation of a risk register (see agenda item 20); and
  - 8.6.1.5 Effective management of the transition to incorporation

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

- 9.1 The 2018/19 LGF grant payment has been made on this basis that the requirements of the current SELEP Assurance Framework are being implemented as certified by the S151 Officer of the Accountable Body to the MHCLG in February 2018; 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 annual certification that is required by the S151 Officer of the Accountable Body to the MHCLG with regard to compliance with the framework.
- 9.2 In advance of this year's Annual Conversation with the Government, compliance checks were undertaken to assess whether SELEP continues to meet 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 and Core Funding allocations. 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.
- 9.3 Further, to secure LGF and Core funding in future years, Government expects SELEP to implement an updated Assurance Framework that meets the requirements of the revised National Local Growth Assurance Framework,



which incorporates the recommendations of the LEP Review.

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

10.1 There are no legal implications arising from this report.

## **11. Staffing and other resource implications**

11.1 Due to the new requirements in the revised National Assurance Framework (linked to the LEP Review) – a project manager is being recruited to the SELEP secretariat to oversee the various elements of the work.

## **12. Equality and Diversity implications**

12.1 None at present.

## **13. List of Appendices**

- 13.1 Appendix 1 – Governance and Transparency Performance Indicators
- 13.2 Appendix 2 – Governance Assurance Statement submitted as part of the SELEP's Annual Performance Review
- 13.3 Appendix 3 – S151/73 Assurance Statement submitted as part of the SELEP's Annual Performance Review

## **14. List of Background Papers**

- 14.1 Current SELEP Assurance Framework [available here](#)
- 14.2 National Local Growth Assurance Framework [available here](#)
- 14.3 Guidance note for completing Registers of Interest [available here](#)

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

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19

## Appendix 1 – 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	Forward plan being populated and to be in place from 22 <sup>nd</sup> March 2019. Delayed from when originally planned due to activity on the LEP Review.
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	
Strategic Board		N	The Agenda Pack for the December 2018 Strategic Board was published one day behind schedule.
Federated Boards		N	<p>All papers were published on the SELEP website. The timeliness of publishing agendas and papers improved from the previous quarter though remains 'red' for this quarter.</p> <p>For November 2018 meeting; KMEP within the required timescale.</p> <p>For November 2018 meeting: OSE within the required timescale.</p> <p>For December 2018 meeting; EBB one day behind schedule.</p> <p>For December 2018 meeting; TES one day behind schedule.</p>

<b>Are all draft minutes published within 10 clear working days, following the meeting?</b>	<b>10 days</b>		
Accountability Board		Y	
Strategic Board		Y	
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>
<b>Are final minutes published within 10 clear working days following approval?</b>	<b>10 days</b>		
Accountability Board		Y	
Strategic Board		Y	
Federated Boards		N/A	For November and December Federated Board meetings – the next meetings are scheduled for 28 <sup>th</sup> Jan – 18 <sup>th</sup> Mar'19 and after this the final minutes should be available for publishing.
<b>Are declarations of interest in place for all board members?</b>	<b>100%</b>		
Accountability Board		Y	These continue to be reviewed. (Noting some have not been updated within the last 6 months).
Strategic Board		Y	These continue to be reviewed. (Noting some have not been updated within the last 6 months).
Federated Boards		N	These continue to be reviewed.
<b>Are declarations of interest in place for relevant staff?</b>	<b>100%</b>	Y	



<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>	
<b>Publication of Business Cases 1 month in advance of funding decision</b>	<b>100%</b>	<b>Y</b>	

## **Appendix 2 - Governance Assurance Statement (SELEP Annual Performance Review)**

The LEP Chair and Chief Executive should here provide a brief formal assurance statement on the status of governance and transparency. In particular, they should focus on any issues raised in Annex A. This statement should also be published on the LEP's website following conclusion of the Annual Performance Review process (in April 2019). You should cover any overview and scrutiny function undertaken by the Accountable Body. **(max 500 words)**

The SELEP continues to put good governance, transparency and the Nolan Principles at the heart of all its operations. All SELEP Board meetings are held in public, with Board papers published in advance and during this year many of our meetings have been attended by both members of the public and media.

Following the Deep Dive held in early 2018, governance arrangements have been strengthened and a new post was created to co-ordinate the processes required to ensure good governance. It is important to state that the holder of this role does not have responsibility for ensuring good governance; this can only be achieved through every Board Member, each officer and all partners embedding the processes and the principles of the governance framework in all that they do.

We continue to have a strong relationship with our S151 Officer and Accountable Body and they continue to provide appropriate challenge and oversight of our activities. We are also scrutinised by our local authority partners with invitations to scrutiny committees extended and accepted. The principle of ensuring democratic representation within decision making, especially where decisions pertain to the allocation of public funds, is of the highest importance to us and so we welcome the interest and scrutiny of our partners.

Much progress has been made over the last twelve months to strengthen and formalise the arrangements with our sub-Boards in federated areas. There are now full registers of interests for all members and meeting papers and minutes are published. We will continue to work with these Boards to ensure that the LEP Review recommendations are implemented across the Board in a timely manner.

It is clear that we have work to do to improve the diversity of our Boards and sub Boards and we have made that a priority. SELEP's strength comes from the large numbers of partners that are involved in some way in our cause and we will be working with them to bring forward candidates that properly represent our business community and our populations.

To ensure that we have the best people at the table and as an enabler of increased diversity, we are reviewing our Board recruitment processes and terms of office policies. These revised policies will be in line with the LEP Review recommendations and will be put to Board for agreement during 2019.

To increase full transparency of our Strategic Board meetings we now take an audio recording of the meeting and these recordings are available on our website for all interested parties to access.

We are currently working to produce a single, robust prioritised pipeline of projects to be applied to our remaining unspent Local Growth Fund in the first instance. This has been a challenging but ultimately instructive exercise to undertake and has included the establishment of a private sector led Investment Panel. The process has ensured that prioritisation has been made on an open, transparent and consistent basis across the Partnership. The development of this single pipeline is a significant development and is a clear indication of the continuing maturity of the partnership, which in turn gives us a strong base to build on the recommendations of the LEP Review.

**Name:** Christian Brodie  
**Position:** Chair of SELEP  
**Date:** 15/01/2019

**Name:** Adam Bryan  
**Position:** SELEP Managing Director  
**Date:** 15/01/2019

### Appendix 3 – S151/73 Assurance Statement (SELEP Annual Performance Review)

The Section 151/73 Officer should here provide a report to the Annual Performance Review on their work for the LEP over the last twelve months and their opinion with a specific requirement to identify any issues of concern on governance and transparency. In particular, you should focus on any particular issues raised in Annex A. **(max 500 words)**

The close working arrangements between Essex County Council and SELEP have continued in 2018. It is evident that advice and counsel is sought, and recommendations implemented, this was demonstrated through the successful Deep Dive process during March 2018.

I am satisfied that SELEP is meeting its obligations under the current Assurance Framework and the Secretariat and both Boards continue to make good efforts to improve transparency and accountability. In addition, SELEP Officers are required to adhere to Essex County Council policies and procedures. This gives me additional assurance on matters such as procurement and officer code of conduct. Also, the Assurance Framework implementation plan continues to be reviewed on a quarterly basis by the Accountability Board, providing assurance regarding delivery of requirements.

At this time there are no specific issues of concern to be raised on governance or transparency and our internal audit of the SELEP, that is currently being concluded, is not expected to identify any substantive areas of risk.

However, whilst I have no concerns, there are some matters of best practice that I would wish to see the SELEP team work towards over the next 12 months.

1. Board Diversity –the Board has recognised the need to achieve greater diversity in representation to ensure that it is more reflective of the population across the geography of the SELEP area. A plan to progress this issue should be developed and agreed and monitored by the Board, including consideration of how the Assurance Framework and Board terms and conditions are strengthened to support this.

2. Board Member Induction and Training – The SELEP induction process has been recognised as an area for further improvement for all new and existing board members; training should ensure full awareness and understanding of the requirements of the SELEP Assurance Framework and the respective Corporate Governance policies, in particular, how these apply to decision making and how business board members can access additional support and advice. The SELEP Governance Officer is leading on developing the induction and training programme and the Accountable Body has committed to support this process.

3. Investment Panel – This panel, designed to prioritise projects and develop a pipeline of future investment, has not yet met. The Panel is an important part of

the framework to support good evidenced based decisions and so it is recommended that it meets as soon as possible and becomes part of the everyday working of SELEP. The Accountable Body s151 officer, or their representative, will attend all panel meetings to provide advice, as appropriate. It is anticipated that the prioritisation process will be subject to on-going review and development as part of the SELEP team's commitment to continuous improvement.

4. Risk Management – Given the increasing responsibilities of SELEP, the work underway to develop a risk register is welcomed, as is the associated planned reporting to the board. The Accountable Body will continue to provide advice supporting the implementation of a more strategic approach to risk management.

5. Incorporation – The Government's requirement for incorporation by SELEP is noted and the Accountable Body is working with the SELEP team, to support development of options for consideration by the Board; any agreed approach must enable Essex County Council, as the SELEP Accountable Body, to meet its requirements under the SELEP Assurance Framework and seek to ensure that risks to the Authority don't increase in that role.

#### Asks of Government

1. SELEP have raised the issue of the application of the LGF grant beyond the end of the growth deal with central government and have sought clarity on this over a number of months, but this is not yet confirmed. The Government is therefore requested to clarify this to enable SELEP to continue to deliver projects included within the growth deal, that are expected to be completed beyond March 2021; the Accountable Body is ensuring that the grant is spent in line with the Grant Determination letter requirements which does not impose an end date, however, there has been a lack of clarity in communication from Government to SELEP with regard to this issue.

2. It should be noted by Government that both the SELEP team, and the Accountable Body team supporting the SELEP, may incur capacity issues due to the increasing requirements of Government, particularly in relation to governance and incorporation; the current teams remain comparatively small and do necessitate increased revenue resource from Government to ensure all future requirements can be complied with. In addition, as recommended by the Mary Ney report, timely confirmation with regard to future funding streams is essential to ensure that SELEP can plan for effective delivery, up to, and beyond the Growth Deal.

**Name:** Margaret Lee

**Position:** Executive Director for Corporate and Customer Services

**Date:** 14.01.19