

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 12 February 2021</b>	<b>Online Meeting</b>
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend High House Production Park as no one connected with this meeting will be present.

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

## Membership

Sarah Dance  
Cllr David Finch  
Cllr Roger Gough  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr Ron Woodley  
Simon Cook  
Rosemary Nunn

Chair  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex County Council  
Thurrock Council  
Southend-on-Sea Borough Council  
Further Education/ Skills representative  
Higher Education representative

## For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

**Telephone:** 033301 34594

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

## Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via online video conferencing.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

## **How to take part in/watch the meeting:**

**Participants:** (Officers and Members) will have received a personal email with their login details for the meeting. Contact Amy Ferraro -Governance Officer SELEP if you have not received your login.

## **Members of the public:**

### **Online:**

You will need the Zoom app which is available from your app store or from [www.zoom.us](http://www.zoom.us). The details you need to join the meeting will be published as a Meeting Document, on the Meeting Details page of the Council's website (scroll to the bottom of the page) at least two days prior to the meeting date. The document will be called "Public Access Details".

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## **Accessing Documents**

If you have a need for documents in, large print, Braille, on disk or in alternative languages and easy read please contact the Democratic Services Officer before the meeting takes place. For further information about how you can access this meeting, contact the Democratic Services Officer.

The agenda is also available on the Essex County Council website, [www.essex.gov.uk](http://www.essex.gov.uk). From the Home Page, click on 'Running the council', then on 'How decisions are made', then 'council meetings calendar'. Finally, select the relevant committee from the calendar of meetings.

Please note that an audio recording may be made of the meeting – at the start of the meeting the Chair will confirm if all or part of the meeting is being recorded.

**1 Welcome and Apologies for Absence**

**2 Minutes 20.11.20**

**7 - 18**

To approve the minutes of the meeting held on 20th November 2021.

**3 Declarations of Interest**

To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

**4 Public Questions**

In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat ([hello@southeastle.com](mailto:hello@southeastle.com)) by no later than 10.30am on the Monday morning 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 Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually.

A copy of the Policy for Public Questions is made available on the SELEP website.

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**21 Date of Next Meeting**

To note that the next meeting will be held on Friday 12 March 2021 via Zoom.

**22 Urgent Business**

To consider any matter which in the opinion of the Chair 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.**

**23 A28 Sturry Link Road CONFIDENTIAL APPENDIX A**

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

**24 Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chair 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 online on Friday, 20 November 2020

### Present:

Sarah Dance	Chair
Cllr David Finch	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Ron Woodley	Southend Borough Council
Cllr Rob Gledhill	Thurrock Council
Rosemary Nunn	Higher Education representative
Simon Cook	Further Education/Skills representative

Marwa Al-Qadi	East Sussex County Council
Miles Adcock	Teledyne
Roshna Ahmad	Member of the public
Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Stephen Bishop	Steer
Trudie Bragg	Castle Point Borough Council
Chris Brodie	SELEP
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Matthew Brown	Colchester Borough Council
Alex Byford	Riding Sunbeams Ltd
Joanne Cable	Medway Council
Edmund Cassidy	Steer
Paul Chapman	Essex County Council
Dominic Collins	Braintree District Council
Ellie Clow	SELEP
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Sylvester Eyong	Braintree District Council
Richard Fern	University of Essex
Vimbai Foroma	SELEP
Amy Ferraro	SELEP

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Sophie Fearnley-Whittingstall	Riding Sunbeams Ltd
Vimbai Foroma	SELEP
Crispin Freeman	Cuckmere Community Solar Ltd
James Gardner	Harlow District Council
Rhiannon Hughes	North Kent College
Lawrence Jenkins	North Kent College
Aidan Kelly	Braintree District Council
Chris Lee	Gladman
Ian Lewis	Opportunity South Essex
Richard Longman	Thames Gateway Kent Partnership
Chris Lydon	North Kent College
Matthew Lynwood	Faybrook Ltd
Rob Macdonald	Essex County Council
Clare Marten White	Riding Sunbeams Ltd
Gary MacDonnell	Essex County Council
Claudia McKibbin	Essex County Council
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Charlotte Moody	Essex County Council (Legal representative for the Accountable Body)
Bryn Morris	University of Essex
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	KMEP
Lindsey O'Malley-Flack	North Kent College
Sarah Read	Essex County Council
Tim Rignall	Southend Borough Council
Alex Riley	SELEP
Julian Sanchez	Essex County Council
Christopher Seamark	Kent County Council
Peter Shakespear	Essex County Council
Lisa Siggins	Essex County Council
Stephen Taylor	Thurrock Council
Christopher Tilly	SQW
Simon Thomas	Canterbury City Council
Adam Thompson	Essex County Council
Charles Wimborne	Somerlee Homes

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Robert Willis	Essex County Council
Katherine Wyatt	SELEP

## **1 Welcome and apologies for absence**

There were no apologies.

The Chair informed the Board that Chris Brodie, the Chair of the Strategic Board was present at today's meeting as a visible presence but would not have any voting rights.

## **2 Minutes 16.10.20**

The minutes of the meeting held on Friday 16th October were agreed as an accurate record.

## **3 Declarations of interest**

Councillor Chambers declared a non-pecuniary interest in respect of agenda 10 Growing Places Update which concerned the Historic Dockyard Chatham, as he is a trustee thereof. Whilst no decision was sought in relation to the Historic Dockyard Chatham project during the meeting, Councillor Chambers did not vote on this item.

## **4 Questions from the public**

There were none.

## **5 Capital Programme Update**

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

The Board were advised that it is currently forecast that £78.240m LGF will remain unspent at the end of 2020/21. This figure includes £58.342m LGF from Ministry of Housing Communities and Local Government (MHCLG) and £19.899m LGF from the DfT.

There followed a discussion concerning the risks (both financial and reputational) associated with such an underspend and it was acknowledged that a detailed discussion would need to be had at the February Board meeting.

### **Resolved:**

- To Agree** the updated total planned LGF spend in 2020/21 of £69.236m excluding Department for Transport (DfT) retained schemes and increasing to £89.301m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
- To Note** the deliverability and risk assessment, as set out in Appendix B of

the report.

3. **To Note** the mitigation/action required in relation to high risk projects as set out in Appendix C of the report.

## 6 **A28 Sturry Link Road Update Report**

The Board received a report (Appendix A was considered under Exempt items) from Rhiannon Mort, the purpose of which was for the Board to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.

The Board were advised that planning applications considered by Canterbury City Council's Planning Committee on 17th November 2020 had unfortunately not been successful. This was in relation to the developments which are due to financially contribute to the project.

Councillor Gough updated the Board and asked that the £4.79 funding not be reallocated at this stage, and for other options to be considered. He also advised that a planning appeal may be submitted for the developments.

Simon Thomas, Head of Planning at Canterbury City Council gave the Board further details regarding the refusal of the planning application. He explained that there were some details issues that could be resolved leading to either a reapplication or an appeal. He also stressed the importance of the project to the Local Plan.

There followed a discussion by the Board of the situation, including timescales, risks and the likelihood of planning consent being granted. The Board felt that an extension to the deadline should be granted and that an update would need to be given to the Strategic Board.

### **Resolved:**

1. **To Agree** to extend the deadline to 12 February 2021 for planning consent to be secured for the Broad Oak Farm and Sturry developments
2. **To Agree** a deadline for planning to be in place by 12 March 2021 for the Project
3. **To note** an update will be presented to the Strategic Board on 11 December 2020
4. **To Note** the requirement for the full funding package to be in place by 12 March 2021 for the delivery of the Project

## 7 **Queensway Gateway Road Project Update**

The Board received a report (Appendix B was considered under Exempt items) from Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Officer, the purpose of this report is for the Board to receive a further update on the delivery of the Queensway Gateway Road (the Project)

Councillor Glazier provided an update on the position regarding the Compulsory Purchase Order and advised that as the project was three quarters complete,

that it really did need to be completed. He stressed that he was equally frustrated and disappointed at the delay.

There followed a discussion, which included the strategic importance of the project.

**Resolved:**

- 1 To Note the latest position on the delivery of the Project; and
- 2 To Agree that the Board will be provided with a further update on the Project at its meeting on 12th February 2021.

**8 M11 J8 Update**

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the delivery of the M11 Junction 8 project (the Project), Essex.

Councillor Finch advised that he was confident that funding will be in place by the February deadline.

**Resolved:**

- 1 **To Agree** that written confirmation must be provided by Essex County Council to SELEP Accountable Body, by 12 February 2021, to confirm the funding package is in place for the Project, to enable the release of the remaining £0.495m LGF to Essex County Council for the delivery of the Project beyond 31 March 2021.
- 2 **To Agree** that if written confirmation is not provided by Essex County Council as stated in 1.(above) then the remaining £0.495 LGF will be reallocated to the LGF pipeline.
- 3 **To Agree** that if written confirmation is not provided by Essex County Council as stated in 1.(above) there is compelling justification for SELEP Accountable Body not to recover the £2.239m LGF spent on the Project to date, subject to the LGF spend to date on the Project continuing to meet the LGF grant conditions for capital expenditure.

**9 University of Essex Parkside 3**

The Board received a report from Howard Davies, the purpose of which was for the Board to receive an update on the delivery of the University of Essex Parkside 3 project (the Project), Essex.

The Board were advised of the funding difficulties encountered due to Covid 19, but that Section 106 funding was now in place.

There followed a discussion regarding the funding issues, and it was agreed that the SELEP secretariat will formally write to the Council of the University setting out the requirements regarding LGF funding.

**Resolved:**

1. **To Agree** that the Project be paused and no LGF grant transferred until confirmation can be provided to the Board at its next meeting on 12 February 2021 that the outstanding planning and funding issues have been resolved.
2. **To Agree** that should the Council of the University of Essex NOT agree to continue to support the Project at their meeting on 30 November 2020, the LGF grant allocation will be removed from the Project and allocated to the next project available in the LGF pipeline once agreed by Strategic Board in December 2020.
3. **To Agree** that if all issues aren't resolved by 12 February 2021 the funding should be considered for reallocation to the next project in the LGF pipeline
4. **To Note** that following the confirmations set out above, further approval will be required from SELEP Strategic Board in March 2021 to allow spend beyond the Growth Deal period.
5. **To Note** that the SELEP secretariat will formally write to the Council of the University setting out the requirements regarding LGF funding.

**10 Growing Places Fund Update**

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

It was pointed out that there was a minor typographical error in the current repayment schedule which should be £0.5m repayment in 20/21 (rather than £0.55m) table 5 of the report.

It was also pointed out that the Herne Relief Road project that not been included in the report. The funding decision for the project is now due to be considered at the February Board meeting instead.

**Resolved:**

1. **To Note** the updated position on the GPF programme;
2. **To Approve** the revised repayment schedule for the Workspace Kent project;
3. **To Approve** the revised repayment schedule for the Live Margate project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan;
4. **To Approve** the revised repayment schedule for the No Use Empty Commercial project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan;
5. **To Approve** the revised repayment schedule for the North Queensway



project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan;

6. **To Approve** the revised repayment schedule for the Sovereign Harbour project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.

**11 Update on SELEP Revenue Budget 2020-21 and Proposed Revenue**

The Board received a report from Lorna Norris, Senior Finance Business Partner the purpose of which was for the Board to consider latest financial forecast position for the SELEP Revenue budget for 2020/21. In addition, a proposed budget for 2021/22 was recommended for approval, based on current best knowledge of funding streams in 2021/22.

Councillor Finch raised concerns regarding future budget deficits as detailed in the report and the impact on the SELEP secretariat.

Lorna Norris advised that funding options are extremely limited and that they are looking to secure other sources of funding from the Government. It was also confirmed that all other LEPs are in a similar situation regarding future funding.

Chris Brodie pointed out that a spending review by the Government was due in the next week and that this may provide some more clarity.

There followed a detailed discussion with the Board expressing its concern regarding the budget restraints and its future impact on the Secretariat. It was agreed that a further discussion would be organised to consider the local authority contributions and whether any changes were required to the method of calculating the contributions.

Suzanne Bennet confirmed that a revised budget could be considered by the Board in 2021/22 if any additional funding was received.

**Resolved:**

1. **To Note** the current forecast revenue outturn position for 2020/21 of an underspend of £142,000;
2. **To Approve** the revenue budget for 2021/22 set out in Table 5 of the report, including the net contribution to reserves of £96,000 as set out in Table 8 of the report;
3. **To Confirm** that Local Authority partners will contribute the match funding required to secure the core funding expected from MHCLG in 2021/22 as set out in Table 7 of the report;
4. **To Approve** the recommended increase in the minimum level of reserves to £260,000 from 2021/22, held to meet the costs of closure should SELEP cease to function.

5. **To note** that a review of the budget will be made in 2021/22 when further information is available.

**12 SELEP Operations Update**

The Board received a report from Suzanne Bennett, Chief Operating Officer, the purpose of which was for the Board to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes details on risk management and updates on items of governance. The financial update is in a separate report.

**Resolved:**

1. **To Note** the new 2020 Assurance Framework as agreed by the Strategic Board and the updated Assurance Framework monitoring; and
2. **To Note** the Risk Register at Appendix C of the report.

**13 Getting Building Fund Programme Update**

The Board received a report from Rhiannon Mort the purpose of which was to provide the Board with an overview of the Getting Building Fund (GBF) programme and agree the planning spend in 2020/21.

The Board were advised that funding for the current tranche had been received and that a further £42.5m GBF has been provisionally allocated to SELEP in 2021/22 but formal confirmation of this funding is not expected until April 2021. Rhiannon confirmed that meetings and conversations were in progress to obtain the necessary confirmation.

The Board proceeded to discuss the funding risk with Simon Cook enquiring as to whether there could be some funding reallocation. Rhiannon advised that she look into this and report back the Board at the February meeting.

**Resolved:**

**To Agree** the updated total planned GBF spend of £29.687m GBF in 2020/21.

**14 Award of Getting Building Fund funding – High Certainty**

The Board received a report (Appendix D was considered under Exempt items) from Katherine Wyatt, Capital Programme Officer, and a presentation from Steer, the purpose of which was for the Board to consider the award of £48,636,190 Getting Building Fund (GBF) to the twelve projects (the Projects) detailed at Appendix C of the report. The Projects are included in the £85m package of 34 GBF projects agreed with Government in July 2020.

A change to the recommendations under agenda item 14 – 16 was proposed during the meeting so that all funding decisions for GBF projects were made subject to Government agreeing any changes to the project outcomes identified. This change to the recommendations of the report was proposed due to Government having sought more detailed information about the outcomes of GBF projects.

**Resolved:**

1. **To Approve** the award of a total of £48,636,190 GBF to the following twelve projects which have been assessed as offering High Value for Money with High certainty of achieving this, subject to Government agreeing any changes to project outcomes identified for these projects:

1.1. Enterprise Centre for Horizon 120 Business Park, Essex - £7,000,000 GBF award

1.2. Harlow Library, Essex - £977,000 GBF award, subject to the full funding package being confirmed by 9th November 2020 or the GBF will be automatically reallocated to the next project on the GBF pipeline.

1.3. Harlow College, Essex - £1,500,000

1.4. Swan Modular Housing Factory, Essex - £4,530,000 GBF award, subject to written confirmation being provided by the scheme promoter to confirm that the four risks to the project proceeding have been mitigated. If written confirmation has not been provided by 12th February 2020, the GBF will be automatically reallocated to the next project on the GBF pipeline.

1.5. UTC Maritime & Sustainable Technology Hub, East Sussex - £1,300,000 GBF award

1.6. First and Second Floors, Building 500, Discovery Park, Sandwich, Kent - £2,500,000 GBF award

1.7. Javelin Way Development, Kent - £578,724 GBF award

1.8. New Performing & Production Digital Arts Facility @ North Kent College, Kent - £12,301,786 GBF award

1.9 Romney Marsh Employment Hub, Kent - £3,536,466 GBF award

1.10 Thanet Parkway Railway Station, Kent - £11,999,000 GBF award

1.11 The Meeting Place Swanley, Kent - £1,490,000 GBF award.

1.12 Transport and Logistics Institute, Thurrock - £600,000 GBF award

2. **To Note** that the award of GBF funding to the twelve projects is subject to sufficient GBF being received by SELEP from Central Government in 2021/22. This point is considered further in the GBF update report (agenda item 13).

**15 Award of Getting Building Fund funding – High value for money**

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 £4.789m Getting Building Fund (GBF) to the seven projects (the Projects) detailed at Appendix B of the report. The Projects are included in the £85m package of 34 GBF projects agreed with Government in July 2020.

A change to the recommendation was proposed during the meeting, as per agenda item 14.

**Resolved:**

1. **To Approve** the award of a total of £4.789m GBF to the following seven projects which have been assessed as offering High Value for Money with medium/low certainty of achieving this, subject to Government agreeing any changes to project outcomes identified for these projects:

1.1. Charleston Access Road, East Sussex- £89,293 GBF award

1.2. Tindal Square, Chelmsford - £750,000 GBF award

1.3. South Essex, No Use Empty - £1.200m GBF award

1.4 Sussex Innovation Falmer, Covid Secure adaptations - £200,000 GBF award

1.5 Creative Hub, 4 Fishers Street, Lewes - £250,000 GBF award

1.6 Nexus, Harlow - £1.600m GBF award

1.7 Labworth Car Park, Canvey Island modernisation - £700,000 GBF award

2. **To Agree** that once the No Use Empty project has been completed, a decision must be brought back to the Board to agree how any GBF held by Southend Borough Council in relation to the project should be spent.

3. **To Note** that the award of GBF funding to the seven projects is subject to sufficient GBF being received by SELEP from Central Government in 2021/22. This point is considered further in the GBF update report (agenda item 13).

**16 Award of Getting Building Fund funding – High Value for Money and Medium Certainty**

The Board received a report (Appendix D was considered under Exempt items) from Howard Davies, the purpose of which was for the Board to consider the award of £13,672,500 Getting Building Fund (GBF) to the six projects (the Projects) detailed at Appendix B of the report. The Projects are included in the £85m package of 34 GBF projects agreed with Government in July 2020.

A change to the recommendation was proposed during the meeting, as per agenda item 14.

**Resolved:**

1. **To Note** the risk to the value for money and outputs/outcomes offered by the Riding Sunbeams project due to the issues set and set out in section 4.11 of the report.

2. **To Approve** the award of a total of £13,672,500 GBF to the following five projects which have been assessed as offering High Value for Money with

Medium certainty of achieving this, this because either the projects do not have planning permission or exhibit a benefit cost ratio that may be sensitive to any net downside risks, or other, subject to Government agreeing the changes to project outcomes identified for these projects:

2.1. Better Queensway Opportunity South Essex - £4,200,000 GBF award, subject to:

- Written confirmation from Southend Borough Council that planning permission has been granted, by 31 March 2021, the Board will be asked to agree that the GBF will be reallocated to the next project on the GBF pipeline at the first Board meeting in 2021/22

2.2 Jaywick Market and Commercial Space, Essex - £1,972,000 GBF award

2.3 Rocheway Independent Living, Essex - £713,000 GBF award

2.4 Modus (Essex) - £1.960m GBF award

2.5 Tendring Bikes and Cycle Infrastructure, Essex - £2.300m GBF award and

2.6 Riding Sunbeams Solar Railways, East Sussex - £2,527,500 GBF award

3. **To Agree** that if the planning consent for the Jaywick Market and Commercial Space project has not been successfully secured for the project by end of Q1 2021/22, the GBF must be returned to SELEP in full for reallocation to the next project on the GBF pipeline.

4 **To Note** that the award of GBF funding to the six projects is subject to sufficient GBF being received by SELEP from Central Government in 2021/22. This point is considered further in the GBF update report (agenda item 14).

**17 Date of next meeting**

The Board noted that the next meeting will take place on Friday 12th February 2021, which is likely to be held online.

The Chair offered her thanks to everyone for the huge amount of work involved in producing the reports for today's meeting.

There being no urgent business the meeting closed at 12.45 pm

**18 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.

**19 A28 Sturry Link Road CONFIDENTIAL APPENDIX A**

The Board noted A28 Sturry Link Road CONFIDENTIAL APPENDIX A.

- 20 Queensway Gateway Road Project Update- CONFIDENTIAL APPENDIX B**  
The Board noted Queensway Gateway Road Project Update- CONFIDENTIAL APPENDIX B.
- 21 Award of Getting Building Fund funding – High Certainty- CONFIDENTIAL APPENDIX D**  
The Board noted Award of Getting Building Fund funding – High Certainty- CONFIDENTIAL APPENDIX D.
- 22 Award of Getting Building Fund funding – High Value for Money CONFIDENTIAL APPENDIX D**  
The Board noted Award of Getting Building Fund funding – High Value for Money CONFIDENTIAL APPENDIX D.

**Chair**

<b>Report title:</b> Local Growth Fund Capital Programme Update	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 2 February 2021	<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 overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.
- 1.2. This report sets out the forecast LGF spend by the end of 2020/21 and the spend which is expected to be incurred beyond this Growth Deal. The information set out in this report in relation to project risks should be used to help inform the decision making under agenda item 15; to agree the amount of LGF to be transferred to partner authorities before the end of 2020/21.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 1.1.1. **Agree** the updated total planned LGF spend in 2020/21 of £50.189m excluding Department for Transport (DfT) retained schemes and increasing to £73.183m including DfT retained schemes, as set out in Table 1 and Appendix A.
  - 1.1.2. **Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the 18 projects listed in appendix C.
  - 1.1.3. **Agree** that the Bexhill Enterprise Park North project should remain on hold and no LGF will be transferred, over and above the £0.440m LGF currently held by East Sussex County Council, until the outcome of the planning appeal is considered by the Accountability Board on 12 March 2021.
  - 1.1.4. **Agree** the cancellation of the Basildon Innovation Warehouse project from the LGF programme
  - 1.1.5. **Note** the £870,000 LGF allocation from the cancellation of the Basildon Innovation Warehouse project is reallocated to the next project on the LGF programme.

### **3. Summary position**

- 3.1. To receive the final tranche of LGF funding in 2020/21, SELEP was required to provide confirmation to Government that all LGF would be contractually committed and spent by 31 March 2021.
- 3.2. In practice, it is not feasible to spend the full remaining balance of LGF on LGF projects in 2020/21, as a result of Covid-19 related project delays and planned LGF spend beyond 31 March 2021.
- 3.3. It has previously been agreed that SELEP should use the 'freedoms and flexibilities' awarded by Central Government to transfer the unspent LGF at the end of this financial year into local authority's own capital programmes. Local authorities are then required to finance the cost of the LGF investment in future years. This mitigation is referred to within this report as an option 4 capital swap and does not convene the grant conditions under which LGF has been awarded to SELEP by Central Government.
- 3.4. Alternatively, if local authorities choose not to implement an option 4 capital swap, the LGF can still be transferred from SELEP Accountable Body to local authorities before the end of 2020/21 and held by the local authority as a ringfenced grant at year end.
- 3.5. At this meeting, the Board are asked to agree the value of the remaining LGF to be transferred to partner authorities before the end of 2020/21. Information about this transfer of funding is set out in agenda item 15. To inform this decision making, under agenda item 15, this report provides a summary of the key project and programme risks to help inform the board about the risks in transferring the remaining LGF.

### **4. Award of Local Growth Fund**

- 4.1. To date, the Board has approved the award of £554m LGF to 113 projects, relative to a total LGF allocation of £578.9m.
- 4.2. At the Strategic Board meeting on 11 December 2020, a pipeline of LGF projects was agreed by SELEP Ltd. Ten projects were identified to receive additional LGF, based on the £6.693m LGF unallocated at the time of the meeting. A ranked pipeline of projects was also established to identify the next LGF projects in line to receive additional funding, if LGF becomes available. This pipeline is set out in Appendix B.
- 4.3. Under agenda items 8 and 9 the Board is asked to agree the award of £4.162m LGF to eight of the 10 projects identified by the Strategic Board. The funding decisions for A13 widening and M11 Junction 8 will be considered by the Board on 12 March 2021.
- 4.4. The prioritisation of M11 Junction 8 and Eastbourne Fisherman project is subject to confirmation of local funding sources being provided to the



Accountability Board at this meeting. An update on these two projects is set out under agenda items 9 and 14

- 4.5. Should the Board agree the recommendations set out in section 2 of this report it is expected that £0.901m LGF will be available for reinvestment at the meeting on 12 March 2021. This is based on the return of £0.870m LGF from Basildon Innovation Warehouse and £0.031m LGF currently being unallocated.
- 4.6. The meeting on the 12 March 2021 is the last opportunity to contractually commit LGF before the end of 2020/21. Any LGF not committed by this date will need to be reported back to Central Government as uncommitted and unspent.

### 5. Local Growth Fund spend position

- 5.1. LGF spend in 2020/21 is now forecast to total £50.189m excluding DfT retained schemes and increasing to £73.183m including DfT retained schemes.
- 5.2. The 2020/21 spend forecast has been updated to reflect the removal of Basildon Innovation Warehouse from the LGF programme (as detailed in section 6 below), the award of additional LGF under item 6 and delays to LGF projects.
- 5.3. The net impact of the changes to LGF spend across the programme has led to a substantial reduction to the forecast LGF spend in 2020/21, from £128.803m planned spend at the outset of the year to £73.183m LGF (including DfT retained schemes); a reduction of £55.620m. This change is shown in table 1 below.

**Table 1 Updated spend forecast 2020/21**

LGF (£m)						
	Planned LGF spend in 2020/21	Total forecast spend in 2020/21 (as reported in January 2021)	Variance (between planned and updated forecast January 2021)	Forecast LGF spend relative to planned spend in 2020/21 (%)	Additional spend/slippage identified for 2020/21 since the last board meeting	Additional spend/slippage previously considered by the Board
East Sussex	15.602	5.126	-10.476	32.9%	-3.558	-6.918
Essex	11.709	11.557	-0.152	98.7%	0.121	-0.273
Kent	24.963	20.090	-4.873	80.5%	-2.733	-2.140
Medway	13.649	4.080	-9.570	29.9%	-1.832	-7.738
Southend	11.496	5.649	-5.847	49.1%	0.000	-5.847
Thurrock	10.574	3.687	-6.887	34.9%	-4.352	-2.535
Skills	0.000	0.000	0.000	-	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000	-	0.000	0.000
LGF Sub-Total	87.994	50.189	-37.805	57.0%	-12.354	-25.451
Retained	40.809	22.994	-17.815	56.3%	2.928	-20.743
Total Spend Forecast	128.803	73.183	-55.620	56.8%	-9.425	-46.194

**Table 2 - Summary LGF spend forecast – all years**

	LGF (£m)					% LGF allocation to be spent by 31 March 2021
	LGF spend to end of 2019/20	LGF forecast spend 2020/21	LGF forecast spend 2021/22	LGF forecast spend 2022/23 onwards	Total	
East Sussex	59.699	5.126	15.579	1.615	82.020	79.0%
Essex	78.642	11.557	7.970	15.593	113.763	79.3%
Kent	87.784	20.090	21.082	0.000	128.957	83.7%
Medway	21.357	4.080	7.003	0.000	32.440	78.4%
Southend	25.299	5.649	2.694	0.000	33.642	92.0%
Thurrock	22.642	3.687	5.881	0.000	32.210	81.7%
Skills	21.975	0.000	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	0.000	19.700	100.0%
<b>Sub-total</b>	<b>337.098</b>	<b>50.189</b>	<b>60.209</b>	<b>17.208</b>	<b>464.705</b>	
DfT retained	70.636	22.994	16.970	0.000	110.600	
<b>Total spend forecast</b>	<b>407.735</b>	<b>73.183</b>	<b>77.180</b>	<b>17.208</b>	<b>575.305</b>	

- 5.4. It is currently forecast that **£94.388m** LGF will remain unspent at the end of 2020/21. This figure includes £77.418m LGF from Ministry of Housing Communities and Local Government (MHCLG) and £16.970m LGF from the DfT.
- 5.5. It is proposed that, at the end of this financial year, the remaining £77.418m unspent LGF from MHCLG will be transferred to local authorities, either for investment as an option 4 capital swap or held by the local authority as a ringfenced grant. The use of an “option 4 capital swap” is permissible under the SLA’s in place between Essex County Council (ECC) as Accountable Body and the local authority partners and the under the grant conditions from Central Government. This approach is set out in more detail in agenda item 15.
- 5.6. The Strategic Board has previously extended the delivery of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by both the Strategic Board and Accountability Board on a case by case basis. The Board is asked to agree the spend of LGF beyond 30 September 2021 and the revised project completion date for the 18 projects listed in appendix C.
- 5.7. If the Project completion date is delayed by more than 6 months, a further decision will be required from the Board to grant this extension. This requirement is in line with the change request process set out in the Assurance Framework and Service Level Agreements between SELEP Ltd, Essex County Council, as Accountable Body and local authorities.
- 5.8. The Board has previously agreed that for LGF to be spent beyond 30 September 2020, the project must meet five conditions. These five conditions include projects demonstrating that:
- 4.1.1. There is a clear delivery plan with specific delivery milestones and completion date has been agreed with the Board;
  - 4.1.2. there is a direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;

- 4.1.3. all funding sources having been 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;
  - 4.1.4. endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and
  - 4.1.5. contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project.
- 5.9. Not all the conditions have been fully satisfied by all 18 projects.
- 5.10. The requirement for projects to have a direct impact in unlocking jobs, houses or improving skill levels has not been satisfied by all projects; particularly by the transport projects, where the project is expected to have an indirect impact on job creation, housing delivery and skills. Eight transport projects are identified as having an indirect impact, rather than direct. These projects include (Hailsham/Polegate/Eastbourne Movement and Access Package, Eastbourne and South Wealden Walking and Cycling, Hastings and Bexhill Movement and Access Package, Eastbourne Town Centre LSTF, M11 Junction 8, Maidstone Integrated Transport Package. The objectives of transport projects, as set out within their business case, mainly relate to delivering transport benefits, including benefits such as reducing congestion or encouraging sustainable and active travel. This, in turn, will indirectly support the delivery of jobs, homes, and access to education and employment.
- 5.11. The funding packages have not yet been confirmed in writing for the Eastbourne Fisherman, Beaulieu Park, M11 Junction 8 or A28 Sturry Link Road, as considered under the individual update reports for these projects.
- 5.12. The requirement for contractual commitment to be in place has also not been satisfied for Beaulieu Park project. However, the Board were made aware of this position at the point of the funding decision being made by the Board in February 2019, but agreed to support the project nonetheless.
- 5.13. Finally, endorsement of LGF spend beyond 30 September 2021 will be required on 19 March 2021 for Grays South and Colchester grow-on space.

## **6. Deliverability and Risk**

- 6.1. Appendix D sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates, as set out in the original business cases.
- 6.2. The summary project risk assessment position is set out in Table 4 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).

6.3. The risk assessment has been conducted for LGF projects based on:

5.1.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.

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

5.1.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spent forecast beyond 31 March 2021.

5.1.4. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd.

**Table 4 LGF project risk**

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 31 March 2021 (£m)
Low risk - 1	46	179.445	0.000
Low/Medium risk - 2	13	92.964	4.970
Medium risk - 3	23	146.410	9.167
Medium/high risk - 4	16	115.580	57.230
High risk - 5	9	44.536	23.021
Total	107	578.935	94.388

6.4. In total, £23.021m of unspent LGF is currently allocated to high risk projects.

6.5. At the last meeting of the Board, an update was provided about the impact of the COVID-19 public health measures on the delivery of the Growth Deal programme. As anticipated, the impact of the public health measures and the economic downturn have resulted in project delays, project cost increases and/or funding gaps and is expected to slow the pace of benefit realisation. The risk rating for each project is presented in appendix D, having been reviewed to reflect the known impacts of the pandemic to date on project delivery. Further details about the high-risk projects are set out in Appendix E and individual update reports are included under agenda items 9 to 14 on specific high - risk projects.

6.6. Specific actions are recommended to the Board in relation to the following two high risk or medium/high-risk projects, under this report.

Bexhill Enterprise Park North

- 6.7. In September 2020, the Board agreed that the Project should remain on hold until the planning appeal has been concluded and, if successful, planning consent has been granted. If the planning appeal is unsuccessful the full £1.94m LGF allocation will be returned to SELEP for reallocation.
- 6.8. At the time of this decision by the Board it was expected that the outcome of the planning enquiry would be understood by Feb 2021. Whilst the planning inquiry was heard from 19<sup>th</sup> – 20<sup>th</sup> January 2021, the outcome is not expected to be known for approximately 6 weeks (3<sup>rd</sup> March 2021). As such, the Board will not receive an update on the outcome of the appeal until the Accountability Board on 12 March 2021.
- 6.9. The Board is therefore asked to agree that the project should remain on hold, meaning that no LGF will be transferred, over and above the £0.4m LGF currently held by East Sussex County Council, until the outcome of the planning appeal is considered by the Accountability Board on 12 March 2021.
- 6.10. In March 2021, if the planning appeal has been successful, it will be recommended that the remaining LGF is transferred to East Sussex County Council in advance of the grant being spent in 2021/22.
- 6.11. If the appeal is unsuccessful, the Board has previously agreed that the full £1.94m LGF will be returned to SELEP for reallocation through the LGF project pipeline.
- 6.12. If the outcome of the planning appeal is not known by 12 March 2021, a further decision will be sought from the Board to consider whether a further extension should be granted for planning to be confirmed or if the £1.94m LGF should be reallocated.

Basildon Innovation Warehouse

- 6.13. The project was awarded LGF in July 2020, but given the nature of the project, in providing flexible workspace, the demand for the commercial space is currently uncertain. As such Basildon Borough Council has taken the decision not to proceed with the delivery of the project at this time. No LGF spend has been incurred on the project to date. It is therefore recommended to the Board that the project is removed from the LGF programme and the £870,000 LGF allocation is reallocated to the next project on the LGF programme.

**7. Projects remaining on LGF pipeline**

- 7.1. As set out in section 4, the first 10 projects identified on the LGF pipeline are now able to proceed for a funding decision based on the LGF unallocated funding currently available.

- 7.2. For the remaining 10 projects on the pipeline (listed in appendix B), additional LGF can only be awarded to the projects if further LGF unallocated funding is made available through the cancellation of existing projects included within the LGF programme.
- 7.3. In advance of additional funding becoming available it is expected that these projects will proceed, as per the agreed scope in the project business cases, and that any increases in project cost will be met by local partners, as per the conditions of the grant.
- 7.4. Risks have been raised that it may no longer be feasible to deliver the Dartford Town Centre project to the original scope within the available budget for the project. An update report is expected to be presented to the Board in May 2021 on this project. This does not impact the decision making under agenda item 15, on whether to transfer the remaining funding allocation as the LGF is due to be spent in full by 31 March 2021.
- 7.5. For the other nine projects, no concerns have been raised about the deliverability of the projects, as local partners plan to meet the increase in project costs. These projects will remain under review and risks to the delivery of the Board will be brought to the Board's attention.

## **8. LGF Programme Risks**

- 8.1. In addition to project specific risks, Appendix F sets out the overall programme risks. The main risks include the impact of the COVID-19 crisis on the delivery (and pace of delivery) of project outputs and outcomes, which could impact the overall value for money achieved through the delivery of the programme.

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

- 9.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body has now received the final third of LGF from MHCLG in August 2020, meaning the full allocation of totalling £77.873m has been received.
- 9.2. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's S151 Officer that the financial affairs of the SELEP are being properly administered.
- 9.3. A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2019/20 into 2020/21 totalling £49.926m; in addition, slippage in excess of £77.418m (excluding DfT programmes) is reported into 2021/22.

- 9.4. At the end of this financial year 2020/21 it is proposed that the remaining balance of LGF for each project is transferred to each Local Authority using the 'freedoms and flexibilities' afforded to SELEP, to demonstrate spend of LGF by the end of the Growth Deal, 31 March 2021. The proposed methods of transfer are presented in Agenda Item 15 for decision, these are Option 4 capital swap or to be held as a ringfenced grant by Local Authorities.
- 9.5. The use of "Option 4 capital swap" as outlined is permissible under the SLA's in place between ECC as Accountable Body and the local authority partners. If local authority partners choose to apply the transfer of LGF as a ringfenced grant, a deed of variation to the LGF SLA will be put in place to accommodate this process.
- 9.6. Written confirmation from the S151 officer for each local authority that they are comfortable with either proposed approach and the forecast value to apply the option 4 LGF capital swap or to transfer funding to be held by local authorities as a ringfenced grant, as required at the end of 2020/21, has been requested.
- 9.7. Should the Board agree the Recommendation at 2.1.4 in this report the £870,000 LGF allocation to Basildon Innovation Warehouse project will become unallocated and allow for consideration of award to the next project on the LGF pipeline. No funding has been transferred to Essex County Council in relation to the Basildon Innovation Warehouse project.
- 9.8. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 9.9. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 9.10. 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.

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

- 10.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government, and used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities.
- 10.2. If the projects fail to proceed, in line with the conditions of the SLA or grant conditions from Central Government, the Accountable Body may clawback the funding for reallocation by SELEP Ltd.

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

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

## **12. List of Appendices**

- 12.1. Appendix A – LGF spend forecast update
- 12.2. Appendix B – LGF pipeline, agreed by the Strategic Board in Dec 2020
- 12.3. Appendix C – Projects spending LGF beyond 30 September 2021
- 12.4. Appendix D – Project deliverability and risk update
- 12.5. Appendix E – High Risk Projects
- 12.6. Appendix F – LGF Programme Risks

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

- 13.1. None

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  04/02/2021



Appendix 1 LGF spend forecast update											
SELEP number	Project Name	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
<b>East Sussex</b>											
LGF00002	Newhaven Flood Defences	0.300	0.800	0.400	0.000	0.000	0.000	0.000			1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	0.000	0.000	0.254	0.000	1.009	0.335	0.502			2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	0.600	0.370	1.630	0.498	0.674	0.452	2.376			6.600
LGF00036	Queensway Gateway Road	1.419	1.121	5.000	0.890	1.066	0.504	0.000			10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	0.505	0.895	0.000	0.000	0.000	0.000	0.000			1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	0.530	1.170	0.000	0.000	0.000	0.000	0.000			1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	6.410	4.600	5.590	2.000	0.000	0.000	0.000			18.600
LGF00042	Hastings and Bexhill Movement and Access Package	0.000	0.000	0.345	0.796	1.408	1.241	3.631	1.579		9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with A22/A27)	0.000									
LGF00044	Eastbourne town centre LSTF access & improvement package	0.000	0.550	0.245	3.700	0.749	0.466	2.290			8.000
LGF00073	A22/A27 junction improvement package	0.000									
LGF00068	Coastal Communities Housing Intervention Hastings	0.000	0.000	0.667	0.000	0.000	0.000	0.000			0.667
LGF00097	East Sussex Strategic Growth Project	0.000	0.000	3.550	4.300	0.350	0.000	0.000			8.200
LGF00099	Devonshire Park	0.000	0.000	5.000	0.000	0.000	0.000	0.000			5.000
LGF00108	Bexhill Enterprise Park North	0.000	0.000	0.000	0.000	0.000	0.440	1.500			1.940
LGF00109	Skills for Rural Businesses Post-Brexit	0.000	0.000	0.000	0.000	0.229	1.062	3.123			4.413
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Centre)	0.000	0.000	0.000	0.000	0.065	0.073	0.362			0.500
LGF00116	Bexhill Creative Workspace	0.000	0.000	0.000	0.000	0.014	0.554	0.392			0.960
LGF00117	Exceat Bridge Replacement										
LGF00124	Eastbourne Fisherman	0.000	0.000	0.000	0.000	0.000	0.000	1.404	0.036		1.440
<b>Essex</b>											
LGF00004	Colchester Broadband Infrastructure	0.200	0.000	0.000	0.000	0.000	0.000				0.200
LGF00025	Colchester LSTF	0.911	1.489	0.000	0.000	0.000	0.000				2.400
LGF00026	Colchester Integrated Transport Package	1.527	0.673	1.400	1.400	0.000	0.000				5.000
LGF00027	Colchester Town Centre	0.955	2.574	1.071	0.000	0.000	0.000				4.600
LGF00028	TGSE LSTF - Essex	2.131	0.869	0.000	0.000	0.000	0.000				3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	5.870	2.130	2.000	0.487	0.000	0.000				10.487
LGF00032	A414 Maldon to Chelmsford RBS	1.000	1.000	0.000	0.000	0.000	0.000				2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	0.409	0.605	1.248	0.738	0.000	0.000				3.000
LGF00034	Basildon Integrated Transport Package	1.633	0.000	0.000	0.750	4.203	0.000				6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	5.800	0.000	0.000	0.000	0.000	0.000				5.800
LGF00048	A131 Chelmsford to Braintree	0.000	0.000	1.396	1.104	1.160	0.000				3.660
LGF00049	A414 Harlow to Chelmsford (removed from programme)										
LGF00050	A133 Colchester to Clacton	0.000	0.000	0.000	0.525	1.821	0.394				2.740
LGF00051	A131 Braintree to Sudbury (removed from programme)										
LGF00063	Chelmsford City Growth Area Scheme	0.000	0.000	1.000	2.500	4.000	2.500				10.000
LGF00064	Chelmsford Flood Alleviation Scheme (removed from programme)										
LGF00070	Beaulieu Park Railway Station	0.000	0.000	0.000	0.000	0.000	0.000			12.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	0.000	0.000	0.667	0.000	0.000	0.000				0.667
LGF00095	Gilden Way Upgrading, Harlow	0.000	0.000	5.000	0.000	0.000	0.000				5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	0.000	0.000	2.000	1.500	0.000	0.000				3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	0.000	0.000	1.000	1.000	0.000	0.000				2.000
LGF00101	STEM Innovation Centre - Colchester Institute	0.000	0.000	0.100	2.153	2.747	0.000				5.000
LGF00102	A127/A130 Fairgreen Interchange new link road	0.000	0.000	0.000	1.700	0.176	4.359				6.235
LGF00103	M11 Junction 8 Improvements	0.000	0.000	0.000	1.800	0.439	0.161	0.334	1.000		3.734
LGF00105	Mercury Rising Theatre	0.000	0.000	0.000	0.000	1.000	0.000				1.000
LGF00111	Basildon Digital Technologies Campus	0.000	0.000	0.000	0.000	0.000	2.150				2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	0.000	0.000	0.000	0.000	0.000	0.050				0.050
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning	0.000	0.000	0.000	0.000	0.000	0.743	0.157			0.900
LGF00114	Flightpath Phase 2	0.000	0.000	0.000	0.000	0.782	1.200				1.982
LGF00118	Basildon Innovation Warehouse	0.000	0.000	0.000	0.000	0.000	0.000	0.000			0.000
LGF00119	University of Essex Parkside (Phase 3)	0.000	0.000	0.000	0.000	0.000	0.000	3.200	1.800		5.000
LGF00125	New Construction Centre, Chelmsford	0.000	0.000	0.000	0.000	0.000	0.000	1.295			1.295
LGF00127	Colchester Grow on Space							2.984	0.793		3.777
<b>Kent</b>											
LGF00003	I3 Innovation Investment Loan Scheme	0.000	0.389	2.950	0.941	1.360	0.361	0.000	0.000	0.000	6.000
LGF00006	Tonbridge Town Centre Regeneration	1.833	0.799	0.000	0.000	0.000					2.631
LGF00007	Sittingbourne Town Centre Regeneration	0.345	2.155	0.001	0.000	0.000					2.500
LGF00008	M20 Junction 4 Eastern Overbridge	0.488	1.712	0.000	0.000	0.000					2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/5)	0.603	0.189	0.049	0.315	0.010	0.635	0.000	0.000	0.000	1.800
LGF00010	Kent Thameside LSTF	2.051	0.480	0.720	0.252	0.286	0.711	0.000	0.000	0.000	4.500
LGF00011	Maidstone Gyrotary Bypass	0.704	3.724	0.171	0.000	0.000					4.600
LGF00012	Kent Strategic Congestion Management Programme	0.863	0.687	0.604	0.236	0.389	1.921	0.100	0.000	0.000	4.800
LGF00013	Middle Deal transport improvements	0.000	0.800	0.000	0.000	0.000					0.800
LGF00014	Kent Rights of Way improvement plan	0.193	0.056	0.137	0.177	0.335	0.101	0.000			1.000
LGF00015	Kent Sustainable Interventions Programme	0.143	0.406	0.529	0.394	0.245	1.010	0.000	0.000	0.000	2.728
LGF00016	West Kent LSTF	0.800	1.308	0.333	1.388	0.196	0.875	0.000	0.000	0.000	4.900
LGF00017	Folkestone Seafrost : onsite infrastructure and engineering works	0.533	0.008	0.000	0.000	0.000					0.541
LGF00038	A28 Chart Road - on hold	0.885	0.984	0.887	0.000	0.000					2.756
LGF00039	Maidstone Integrated Transport	0.000	0.265	1.114	0.668	1.517	2.966	2.370			8.900
LGF00040	A28 Sturry Link Road	0.000	0.401	0.385	0.285	0.038	0.680	4.111	0.000	0.000	5.900
LGF00053	Rathmore Road	1.562	2.638	0.000	0.000	0.000					4.200
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	0.022	0.005	0.056	0.000	-0.084					0.000
LGF00055	Maidstone Sustainable Access to Employment	0.131	1.869	0.000	0.000	0.000					2.000
LGF00059	Ashford Spurs	0.000	0.167	4.173	1.414	1.903	0.230				7.887
LGF00041	Thanet Parkway	0.000	0.000	0.000	0.000	0.000	2.000	12.000	0.000	0.000	14.000
LGF00058	Dover Western Dock Revival	0.000	4.915	0.085	0.000	0.000					5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)										0.000
LGF00062	Folkestone Seafrost (non-transport)	0.000	1.967	3.033	0.000	0.000					5.000
LGF00072	A226 London Road/B255 St Clements Way	0.000	0.715	0.863	2.638	0.000					4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	0.000	0.000	0.063	0.511	0.093					0.667
LGF00086	Dartford Town Centre Transformation	0.000	0.000	0.000	0.522	2.732	1.046	0.000	0.000	0.000	4.300
LGF00088	Fort Halsted (removed from programme)										0.000
LGF00092	A2500 Lower Road	0.000	0.000	0.299	0.966	0.000					1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	0.000	0.000	1.953	4.167	0.000					6.120
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)										0.000
LGF00094	Leigh Flood Storage Area	0.000	0.000	0.000	0.983	0.810	0.556	0.000			2.349
LGF00106	Sandwich Rail Infrastructure	0.000	0.000	0.000	0.040	1.873	0.000	0.000	0.000	0.000	1.913
LGF00120	M2 J5 improvements	0.000	0.000	0.000	0.000	0.000	0.000	1.600	0.000	0.000	1.600
LGF00121	Kent and Medway Medical School - Phase 1	0.000	0.000	0.000	0.000	4.000	5.000	0.000	0.000	0.000	9.000
LGF00126	East Malling Advanced Technology Horticultural Zone	0.000	0.000	0.000	0.000	0.000	1.999	0.000	0.000	0.000	1.999
LGF00061	Rochester Airport - phase 1	0.000	0.179	0.182	0.104	0.412	1.969	1.554			4.400
LGF00089	IPM (Rochester Airport - phase 2)	0.000	0.000	0.000	0.000	0.471	0.426	2.704			3.700

Appendix 1 LGF spend forecast update											
SELEP number	Project Name	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
LGF00091	Strood Civic Centre - flood mitigation	0.000	0.000	1.122	2.378	0.000	0.000	0.000			3.500
LGF00115	IPM 2 (Rochester Airport - phase 3)	0.000	0.000	0.000	0.000	0.000	0.223	1.295			1.519
<b>Southend</b>											
LGF00005	Southend Growth Hub	0.018	0.702	0.000	0.000	0.000	0.000	0.000			0.720
LGF00107	Southend Forum 2	0.000	0.000	0.000	0.470	0.668	-1.138	0.000	0.000	0.000	0.000
LGF00029	TGSE LSTF - Southend	0.800	0.200	0.000	0.000	0.000	0.000	0.000			1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	0.000	0.767	1.211	1.011	0.650	2.000	1.362			7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including South	0.000	2.366	2.076	4.127	10.234	4.287	0.000			23.090
LGF00115	Southend Town Centre	0.000	0.000	0.000	0.000	0.000	0.500	1.125			1.625
	A127 Essential Maintenance - additional LGF							0.207			0.207
<b>Thurrock</b>											
LGF00030	TGSE LSTF - Thurrock	0.569	0.162	-0.015	0.160	0.125	0.000	0.000			1.000
LGF00046	Thurrock Cycle Network	0.000	0.096	2.384	2.520	0.000	0.000	0.000			5.000
LGF00047	London Gateway/Stanford le Hope	0.000	0.663	1.592	2.514	1.844	0.887	0.000			7.500
LGF00052	A13 Widening - development	0.000	2.708	0.000	2.292	0.000	0.000	0.000			5.000
LGF00056	Purfleet Centre	0.000	0.645	1.000	0.196	3.159	0.000	0.000			5.000
LGF00104	Grays South	0.000	0.000	0.000	0.000	3.659	1.300	5.881			10.840
LGF00123	Tilbury Riverside	0.000	0.000	0.000	0.000	0.029	0.000				0.000
	A13 widening - additional funding						1.500				1.500
<b>Managed Centrally</b>											
LGF00001	Skills	9.923	11.980	0.071		0.000					21.975
LGF00071	M20 Junction 10a				11.400	0.000					19.700
<b>Sub-total</b>		<b>54.563</b>	<b>70.405</b>	<b>78.983</b>	<b>73.797</b>	<b>63.010</b>	<b>50.189</b>	<b>60.209</b>	<b>5.208</b>	<b>12.000</b>	<b>468.335</b>
Provisional Funding Allocation from MHCLG		69.450	82.270	92.088	91.739	54.915	77.873				468.335
LGF slippage 2015/16 to 2016/17		14.887									
LGF slippage from 2016/17 to 2017/18			26.752								
LGF slippage from 2017/18 to 2018/19				39.858							
LGF slippage 2018/19 to 2019/20					57.800						
Forecast LGF slippage 2019/20 to 2020/21						49.705					
Forecast LGF slippage 2020/21 to 2021/22							77.389				
<b>DfT retained schemes</b>											
LGF00079	A127 Fairglens Junction Improvements	0.000	0.000	0.000	0.000	1.500	0.000	13.500			15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC	0.513	3.487	0.000	0.000	0.000	0.000				4.000
LGF00081	A127 Kent Elms Corner	0.500	2.389	1.411	0.000	0.000	0.000	0.000			4.300
LGF00082	A127 The Bell	0.000	0.000	0.000	0.369	0.848	1.271	1.813			4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	0.400	0.289	0.311	0.427	0.276	4.640	1.658			8.000
LGF00084	A13 Widening	0.000	0.000	13.408	11.507	33.002	17.083	0.000			75.000
<b>Sub-total retained schemes</b>		<b>1.413</b>	<b>6.165</b>	<b>15.130</b>	<b>12.303</b>	<b>35.625</b>	<b>22.994</b>	<b>16.970</b>	<b>0.000</b>	<b>0.000</b>	<b>110.600</b>
Provisional Funding Allocation from DfT		1.500	7.500	29.704	3.474	47.822	7.100	13.500			110.600
LGF slippage 2015/16 to 2016/17		0.087									
LGF slippage from 2016/17 to 2017/18			1.422								
LGF slippage from 2017/18 to 2018/19				15.996							
LGF slippage 2018/19 to 2019/20					7.167						
Forecast LGF slippage 2019/20 to 2020/21						19.364					
Forecast LGF slippage 2020/21 to 2021/22							3.470				

## Appendix B – LGF pipeline, as agreed by the Strategic Board in December 2020

Band	Project name	Existing LGF allocation (£m)	Additional LGF requested (£m)
<b>Projects to proceed with LGF currently available</b>			
1	Kent & Medway Medical School	8.000	1.000
1	Project Flightpath Phase 2	1.422	0.560
1	Dover TAP (KSCMP)	0.300	0.100
1	A127 Essential Maintenance/The Bell Part A	6.600	0.207
1	East Malling Advanced Technology Horticultural Zone	1.684	0.315
1	Southend Town Centre	1.500	0.125
2a	A13 Widening Part A	80.000	1.500
2a	Skills & Business Support for Rural Businesses post Brexit	2.918	1.495
2a	M11 Junction 8*	2.734	1.000
2a	Eastbourne Fisherman's Quay*	1.080	0.360
<b>Project pipeline (projects to proceed should LGF become available)</b>			
2b	Kent and Medway EDGE Hub	6.120	1.224
2b	Mercury Rising	1.000	0.228
2b	Southend Airport Business Park Part A	23.090	0.600
2b	Southend Airport Business Park Part B	23.090	0.500
2b	Southend Airport Business Park Part C	23.090	0.500
2b	Maidstone East Station Access Improvements (West Kent LSTF)	1.246	0.153
2b	A127 Essential Maintenance/The Bell Part B	6.600	0.393
2a	Parkside Phase 3	5.000	1.650
3	A13 Widening Part B	80.000	1.000
3	Dartford Town Centre improvements	4.300	1.000

\*Subject to confirmation of local funding sources at February 2021 Accountability Board

Appendix C - Projects spending beyond 30 September 2021							Does the project meet the criteria for spending LGF beyond 30 September 2021?				
SELEP number	Project Name	Promoter	LGF allocation (£m)	LGF spend beyond 30 September 2021 (£m)	% LGF spend beyond 30 September 2021	Expected project completion date	Is there a clear delivery plan with specific delivery milestones and completion date?	Is there a direct link between the delivery of jobs, homes or improved skills levels within the SELEP area?	Have all funding sources been identified to enable the delivery of the project?	Has the Strategic Board endorsed the spend of LGF beyond the 30 September 2021?	Will contractual commitments be in place for the delivery of the project beyond 30 September 2021?
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.100	0.248	11.8%	Mar-22	Yes	Indirect	Yes	Yes	Yes
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.600	1.176	17.8%	Dec-22	Yes	Indirect	Yes	Yes	Yes
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.000	3.410	37.9%	Dec-22	Yes	Indirect	Yes	Yes	Yes
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.000	1.095	13.7%	Mar-22	Yes	Indirect	Yes	Yes	Yes
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	4.413	1.498	33.9%	Jun-22	Yes	Yes	Yes	Yes	Yes
LGF00124	Eastbourne Fisherman	East Sussex	1.440	0.360	25.0%	Mar-22	Yes	Yes	Subject to change request being agreed under agenda item 9.	Yes	Yes
LGF00070	Beaulieu Park Railway Station	Essex	12.000	12.000	100.0%	Dec-25	Yes	Yes	Subject to HIF being signed	Yes	No
LGF00103	M11 Junction 8 Improvements	Essex	3.734	1.111	29.8%	Nov-22	Yes	Indirect	Subject to written confirmation of ECC contributions	Yes	Yes
LGF00119	University of Essex Parkside (Phase 3)	Essex	5.000	5.000	100.0%	Dec-22	Yes	Yes	Yes	Yes	Yes
LGF00127	Colchester Grow on Space	Essex	3.777	0.793	21.0%	Jul-22	Yes	Yes	Yes	Approval to be sought in March 2021	Yes
LGF00039	Maidstone Integrated Transport	Kent	8.900	3.114	35.0%	Sep-23	Yes	Indirect	Yes	Yes	In part - will be contractually committed for some projects but not all
LGF00040	A28 Sturry Link Road	Kent	5.900	2.111	35.8%	Mar-24	Yes	Yes	No	Yes	Yes
LGF00041	Thanet Parkway	Kent	14.000	3.952	28.2%	Dec-22	Yes	Yes	Yes	Yes	Yes
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.200	0.120	5.5%	Dec-21	Yes	Indirect	Yes	Yes	Yes
LGF00089	IPM (Rochester Airport - phase 2)	Medway	3.700	1.004	27.1%	Mar-22	Yes	Yes	Yes	Yes	Yes
LGF00115	Southend Town Centre	Southend	1.625	0.125	7.7%	Mar-22	Yes	Yes	Yes	Yes	Yes
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000	0.253	3.2%	Aug-21	Yes	Indirect	Yes	Yes	Yes
LGF00104	Grays South	Thurrock	10.840	4.081	37.6%	Jun-24	Yes	Yes	Yes	Approval to be sought in March 2021	Yes

Appendix D- Local Growth Fund Delivery and Risk (excluding completed projects)														
Appendix D- Local Growth Fund Delivery and Risk									Financial					
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (October 2020)	Expected completion date (January 2021)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (June 2020)	LGF allocation	LGF spend to end of 2020/21	LGF spend beyond 2020/21	Financials RAG rating (June 2020)	Reputational risk RAG rating (June 2020)	Overall (June 2020)
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	01/09/2021	01/01/2022	70	4	5	£10,000,000	£10,000,000	£0	4	4	5
Bexhill Enterprise Park North	Jun-19	Design in progress	01/03/2020	01/06/2021	01/06/2021	15	0	5	£1,940,000	£440,000	£1,500,000	5	4	5
Eastbourne Fisherman's Quayside and Infrastructure Development	Jul 2020 and Feb 2021	Construction in progress	01/07/2021	01/09/2021	01/03/2022	8	6	5	£1,440,000	£0	£1,440,000	5	4	5
Beaulieu Park Railway Station	Feb-19	Design in progress	01/03/2024	01/12/2025	01/12/2025	21	0	5	£12,000,000	£0	£12,000,000	5	4	5
Basildon Innovation Warehouse	Jul-20	Design in progress	01/02/2022	01/02/2022	01/02/2022	0	0	5	£0	£0	£0	5	3	5
A28 Chart Road	Nov-15	Design in progress	01/03/2020	TBC	TBC	0	0	5	£2,756,283	£2,756,283	£0	5	4	5
Maidstone Integrated Transport	Nov-15 and Jun-18	Design in progress	01/02/2020	01/12/2021	01/09/2023	43	21	5	£8,900,000	£6,530,187	£2,369,813	4	4	5
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	01/11/2023	01/03/2024	29	4	5	£5,900,000	£1,789,051	£4,110,949	5	4	5
M2 Junction 5	Feb-20	Design in progress	01/01/2023	31/12/2021	31/12/2021	0	0	5	£1,600,000	£0	£1,600,000	5	3	5
Hailsham, Polegate and Eastbourne Movement and Access Transport	Feb-17	Design in progress	01/03/2020	01/12/2021	01/03/2022	24	3	5	£2,100,000	£1,598,000	£502,000	4	3	4
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	01/08/2021	01/12/2022	21	16	4	£6,600,000	£4,224,000	£2,376,000	4	3	4
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	01/03/2021	01/08/2021	01/12/2022	21	16	4	£9,000,000	£3,790,000	£5,210,000	4	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	01/08/2021	01/03/2022	12	7	4	£8,000,000	£5,710,000	£2,290,000	4	3	4
Skills for Rural Businesses Post-Brexit (Plumpton College)	June 2019 and Feb 2021	Design in progress	01/03/2021	01/06/2022	01/06/2022	15	0	4	£4,413,000	£1,290,490	£3,122,510	4	4	4
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Design in progress	01/03/2021	01/10/2021	01/12/2021	9	2	4	£500,000	£138,180	£361,820	4	3	4
A127 Fairglens junction improvements	Pending	Approval pending	01/09/2022	01/01/2023	01/04/2023	7	3	3	£15,000,000	£1,500,000	£13,500,000	3	4	4
M11 junction 8 improvements	Nov 2017 and Feb 2021	Design in progress	01/03/2021	01/11/2022	01/11/2022	20	0	4	£3,733,896	£2,400,000	£1,333,896	4	4	4
University of Essex Parkside (Phase 3)	Feb-20	Design in progress	31/03/2021	01/03/2022	01/03/2022	11	0	4	£5,000,000	£0	£5,000,000	4	4	4
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18, and Feb 2021	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	4	£4,800,000	£4,700,000	£100,000	4	3	4
Thanet Parkway	Apr-19	Design in progress	01/12/2021	30/12/2022	30/12/2022	12	0	3	£14,000,000	£2,000,000	£12,000,000	5	4	4
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	01/09/2021	01/11/2021	43	2	4	£4,400,000	£2,845,722	£1,554,278	4	3	4
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	01/03/2022	01/03/2022	14	0	5	£3,700,000	£996,498	£2,703,502	5	4	4
Innovation Park Medway (phase 3)	Jul-20	Design in progress	31/12/2021	01/03/2022	01/03/2022	2	0	5	£1,518,500	£223,342	£1,295,158	5	4	4
Grays South	Feb-19	Design in progress	01/07/2022	01/10/2023	01/10/2023	15	0	4	£10,840,274	£4,959,317	£5,880,957	5	3	4
A127/A130 Fairglens Interchange new link road	Feb-19	Design in progress	01/04/2022	01/04/2022	01/04/2023	12	12	3	£6,235,000	£6,235,000	£0	3	3	3

Appendix D- Local Growth Fund Delivery and Risk (excluding completed projects)														
Appendix D- Local Growth Fund Delivery and Risk														
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (October 2020)	Expected completion date (January 2021)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (June 2020)	Financial LGF allocation	LGF spend to end of 2020/21	LGF spend beyond 2020/21	Financials RAG rating (June 2020)	Reputational risk RAG rating (June 2020)	Overall (June 2020)
Mercury Rising Theatre	Nov-17	Construction in progress	01/03/2020	01/08/2020	01/08/2020	5	0	1	£1,000,000	£1,000,000	£0	3	3	3
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	Design in progress	01/09/2020	01/09/2021	01/09/2021	12	0	4	£900,000	£743,000	£157,000	3	1	3
New Construction Centre, Chelmsford College	Jul-20	Design in progress	01/09/2021	01/09/2021	01/09/2021	0	0	3	£1,295,200	£0	£1,295,200	4	2	3
Colchester Grow on Space, Queen Street	Feb-21	Approval pending	30/07/2022	TBC	30/07/2022	0	0	3	£3,777,451	£0	£3,777,451	4	2	3
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Construction in progress	01/09/2019	31/03/2021	31/03/2021	18	0	4	£1,800,000	£1,800,000	£0	2	2	3
Middle Deal transport improvements	Feb-16	Construction in progress	01/12/2016	30/06/2020	30/09/2021	57	15	5	£800,000	£800,000	£0	1	3	3
Kent Rights of Way improvement plan	Mar-15	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£1,000,000	£1,000,000	£0	2	1	3
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£2,727,586	£2,727,586	£0	2	1	3
West Kent LSTF	Apr-16	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,900,000	£4,900,000	£0	2	2	3
Dartford Town Centre Transformation	Apr-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	5	£4,300,000	£4,300,000	£0	3	3	3
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	01/07/2023	01/07/2023	01/07/2023	0	0	4	£2,349,000	£2,349,000	£0	3	2	3
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2024	01/03/2024	38	0	4	£1,821,046	£1,821,046	£0	2	3	3
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	01/03/2021	01/03/2021	32	0	4	£8,600,000	£8,050,000	£550,000	3	2	3
Medway City Estate	Mar-15	Design in progress	31/03/2021	30/09/2021	30/12/2021	8	3	2	£2,200,000	£1,300,000	£900,000	4	3	3
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	01/07/2021	01/07/2021	3	0	3	£7,000,000	£5,638,123	£1,361,877	4	2	3
Southend Town Centre	Jul 2020 and Feb 2021	Design in progress	01/03/2021	30/06/2021	30/06/2021	3	1	2	£1,625,000	£500,000	£1,125,000	4	1	3
London Gateway/Stanford le Hope	Feb-17	Construction in progress	31/12/2018	01/08/2022	01/08/2022	43	12	4	£7,500,000	£7,500,000	£0	3	3	3
A13 widening	Apr-2017, Jul-2020 and Feb	Construction in progress	31/12/2019	01/09/2021	01/09/2021	20	0	4	£76,500,000	£76,500,000	£0	5	4	3
Bexhill Creative Workspace	Sep-19	Design in progress	01/05/2020	31/01/2021	30/04/2021	11	2	2	£960,000	£567,949	£392,051	3	2	2
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	Construction in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£6,586,000	£6,586,000	£0	1	1	2
Chelmsford City Growth Area Scheme	Dec-17	Construction in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£10,000,000	£10,000,000	£0	1	2	2
Gilden Way upgrading	Dec-17	Design in progress	01/03/2021	30/01/2021	30/01/2021	0	0	2	£5,000,000	£5,000,000	£0	1	1	2

Appendix D- Local Growth Fund Delivery and Risk (excluding completed projects)														
Appendix D- Local Growth Fund Delivery and Risk									Financial					
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (October 2020)	Expected completion date (January 2021)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (June 2020)	LGF allocation	LGF spend to end of 2020/21	LGF spend beyond 2020/21	Financials RAG rating (June 2020)	Reputational risk RAG rating (June 2020)	Overall (June 2020)
Kent Thameside LSTF	Mar-15	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,500,000	£4,500,000	£0	2	1	2
Kent and Medway EDGE hub	Sep-17	Construction in progress	31/08/2020	30/09/2020	30/09/2020	0	0	1	£7,021,128	£6,120,000	£901,128	4	2	2
Kent and Medway Medical School	Nov 2019 and Feb 2021	Construction in progress	01/09/2020	31/01/2021	31/01/2021	4	0	2	£9,000,000	£9,000,000	£0	1	2	2
A127 The Bell	Nov-18 and Feb-19	Construction in progress	31/03/2021	31/08/2021	31/08/2021	5	0	1	£4,300,000	£2,487,334	£1,812,666	4	1	2
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and	Construction in progress	31/03/2021	31/08/2021	31/08/2021	5	0	1	£8,207,000	£6,342,469	£1,864,531	4	1	2
London Southend Airport Business Park	Feb-16, Sep-17 and Sep-18	Construction in progress	31/03/2021	30/09/2021	30/09/2021	5	0	3	£23,090,000	£23,090,000	£0	3	2	2
A13 - widening development	Feb-17	Construction in progress	31/12/2019	31/12/2020	31/12/2020	12	0	3	£5,000,000	£5,000,000	£0	3	3	2
Newhaven Flood Defences	Jun-15	Construction in progress	01/02/2020	01/02/2020	01/02/2020	0	0	1	£1,500,000	£1,500,000	£0	1	1	1
Basildon Digital Technologies Campus	Jun-19	Design in progress	01/09/2020	01/11/2020	01/11/2020	2	0	1	£2,150,000	£2,150,000	£0	1	1	1
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£6,000,000	£6,000,000	£0	1	1	1
NIAB - EMR	June 2020 and Feb 2021	Approval pending	01/07/2021	01/07/2021	01/07/2021	0	0	1	£1,998,600	£1,998,600	£0	1	1	1

Appendix E - High risk LGF projects					
Project	RAG Rating	LGF allocation (£m)	Percentage of LGF allocation to be spent by 31 March 2021	Main project risk	Decision required
High risk LGF projects - decision required on whether to transfer remaining LGF before 31 March 2021					
Beaulieu Park, Essex		12.0	0.0%	Housing Infrastructure Fund agreement has not been signed to complete the funding package for the project.	Decision required on whether funding should remain allocated to project and to transfer £12m LGF to Essex County Council before 31st March 2021.
Maidstone Integrated Transport Package, Kent		8.9	73.4%	Complex programme of interventions with planning consent required for specific interventions within the programme.	Decision required on whether funding should remain allocated to project and to transfer £2.4m LGF to Essex County Council before 31st March 2021
A28 Sturry Link Road, Kent		5.9	30.3%	Planning has not yet been confirmed for the delivery of the project or the developments due to financially contribute to the delivery of the project.	Decision required on whether funding should remain allocated to project and whether to transfer remaining £4.1m LGF to Kent County Council before 31st March 2021
M2 Junction 5, Kent		1.6	0.0%	Project awaiting approval by Secretary of State for Transport.	Decision required on whether funding should remain allocated to project and to transfer £1.6m LGF to Kent County Council before 31st March 2021
Eastbourne Fisherman Infrastructure		1.4	100.0%	Original project scope is no longer considered affordable and revised business case has been brought forward.	Decision required to agree the change of project scope, additional funding award and transfer the £1.4m LGF to the project to East Sussex County Council before 31 March 2021.
Bexhill Enterprise Park North, East Sussex		1.9	23.2%	Planning application was refused and outcome of the planning appeal will not be determined until, at least, March 2021.	Decision on whether to proceed with the project will be considered by the Board in March 2021 once outcome of planning appeal has been considered, as per the approach agreed by the Board in September 2020.
High risk LGF projects - No Option 4 capital swap required					
Queensway Gateway Road, East Sussex		10.0	100.0%	LGF due to be spent in full by end of 2020/21. Land acquisition required for several parcels of land to complete project.	No decision required from the Board at this time.
Basildon Innovation Warehouse, Essex		0.9	0.0%	Basildon Borough Council decision taken not to proceed with the delivery of this project at this time.	Decision required by the Board to remove the project from the LGF programme and reallocate £870,000 LGF.
A28 Chart Road, Kent		2.8	100.0%	Project on hold, awaiting confirmation of the local funding sources to enable the delivery of the project. Risk that LGF spend to date may become an abortive revenue cost and will need to be repaid to SELEP.	No decision required from the Board at this time.
Total		45.4			



**Appendix F - LGF Programme Risks (High Risks only)**

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Affordability of LGF projects</b>	There are likely to be substantial delays to LGF projects at each stage of project delivery as a result of COVID-19, with an impact on the total cost of LGF projects. In addition, there is also a risk to S106 funding contributions which have previously been committed towards LGF projects. Local authority budgets are likely to come under increased pressure and private sector contributions may not be available to the scale/timescales originally anticipated.	3	5	15	The risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all LGF projects.
<b>Resource to deliver LGF projects</b>	There is a risk to the availability of resource to deliver LGF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	4	4	16	SELEP Ltd has agreed to extend the delivery of the Growth Deal period by a minimum of six months to help ease some of the delivery pressures and to support the appropriate governance of projects.
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.
<b>Failure of third-party organisations to deliver LGF projects</b>	Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver LGF projects. If the external organisations experience financial difficulty and are unable to deliver LGF projects, it may not be possible to recover the LGF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	4	20	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring LGF to third party organisations and to ensure clear processes are in place for the oversight of LGF projects delivered by third party organisations.
<b>Operational budgets</b>	Given the current financial climate, there may be financial challenges to the future operation of LGF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery. Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.
<b>LGF spend within Growth Deal period</b>	Based on the current LGF spend forecast, SELEP is now forecasting £88.950m LGF spend beyond the original Growth Deal deadline of 31 March 2021. Using SELEP's 'freedoms and flexibilities' SELEP is required to spend the full LGF allocation by 31 March 2021.	3	5	15	All projects which are forecasting LGF spend beyond the revised Growth Deal deadline are required to meet five criteria, to help ensure that LGF spend beyond the Growth Deal is only permitted on an exceptional basis.  SELEP intends to use Option 4 Capital Swap to demonstrate the spend of the LGF in full in 2020/21. Whilst this is permitted under the terms of the grant from Central Government, there is a potential reputational risk to SELEP's delivery track record. This may impact SELEP's ability to successfully secure future funding from Central Government.

<b>Delivery of LGF project benefits</b>	<p>Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme.</p> <p>There is also a risk that, in light of COVID-19, there may be changes to projects scope brought forward to the Board, which could impact the scale of benefits achieved through LGF investment. As such, the forecast outcomes to be achieved through the Growth Deal, in terms of houses and jobs, will require revision.</p>	<b>3</b>	<b>5</b>	<b>15</b>	<p>SELEP will work with local partners over the coming months to understand the potential impact of COVID-19 on the expected benefits to be received through LGF investment.</p> <p>For any new LGF funding decisions brought forward to the Board, consideration will be given to ensure there remains a strong strategic and economic case for investment in the projects, in light of the potential impacts of COVID-19 in leading to longer term behaviour change.</p>
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## A127/A130 Fairglen Interchange – Local Growth Fund (LGF)

Forward Plan reference number: FP/AB/352

<b>Report title:</b> A127/A130 Fairglen Interchange – Local Growth Fund (LGF)	
<b>Report to Accountability Board:</b> 12 February 2021	
<b>Report author:</b> Howard Davies	
<b>Date:</b> 26 January 2021	<b>For:</b> Decision
<b>Enquiries to:</b> howard.davies@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

### 1. Purpose of Report

- 1.1. The purpose of this report is to present information to the Accountability Board (the Board) to allow them to consider the award of £13.5m Department for Transport (DfT) Retained Local Growth Fund (LGF) to the A127/A130 Fairglen Interchange Project (the Project) as detailed at Appendix A.
- 1.2. In February 2019 the A127/A130 Interchange New Link Road was approved for an investment of £6.235m from the Ministry of Housing, Communities & Local Government (MHCLG) LGF allocation by the Board. The Link Road Project formed the first part of a wider package of works on the Interchange and this investment would complete the funding for the full package of works to come forward.
- 1.3. £1.5m of advance funding for this project was approved in June 2019 to be drawdown to fund the development of the full business case. The remaining allocation of DfT Retained LGF is £13.5m. The Board and DfT are required to approve the Business Case for the Project before the investment can be made.
- 1.4. The Business Case has been submitted for assessment by the Independent Technical Evaluator and has been assessed as presenting high value for money with a high certainty of this being achieved. The Business Case has not yet been assessed by DfT and that approval is required before the funding will be released by DfT to SELEP for onward allocation. DfT require SELEP approval in advance of their own approvals.

### 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Approve** the award of **£13,500,000** of DfT Retained LGF to the Project which has been assessed, by the Independent Technical Evaluator (ITE), as offering high value for money with a high certainty of being achieved. This approval is subject to final approval of the Project by the Secretary of State for Transport

### **3. Background**

- 3.1. The Project is a DfT Retained LGF project. This means the Project is mostly funded by a direct DfT grant and DfT retains an element of oversight of the project. DfT retained projects are generally transport projects that are more complex and/or at greater scale. The A127/A130 Link Road component of the Project has been funded from the general MHCLG funded LGF pot. Despite the difference in funding sources, DfT considers the package to be one Project, including the Link Road elements, given the interdependencies between that intervention and the wider package of works.
- 3.2. Approval from the Secretary of State for Transport is required before DfT will transfer any further monies for the Project. DfT has requested that SELEP Accountability Board confirm their approval in advance of the DfT consideration of the Business Case. It is anticipated that the DfT decision will not be made during this financial year.
- 3.3. The total cost of the Project is £32.312m. The breakdown of spend is set out in Table 1.
- 3.4. The total cost of the Project is £32.312m, £15m of which is funded through DfT Retained LGF and £6.23m from the SELEP MHCLG funded LGF pot. The remaining £11.77m is funded by Essex County Council. To date £7.735m has already been approved to be spent. £1.5m was approved by the Board in June 2019, to fund the development costs of the Project and £6.235m was approved, in February 2019, for the Link Road component of the package. Approval for the remaining £13.5m is now being sought.

### **4. Project Overview**

- 4.1. The Project is a large scheme made up of a number of interventions to improve movement through the A127/A130 Fairglen Interchange which is a major junction that is beset with congestion and delays. The interchange is key to the flow of traffic in the south of Essex and the current constraints are restricting the growth and productivity of the area. Further details on the Project can be found at Appendix B.
- 4.2. Part of the wider scheme is the A127/A130 Fairglen Interchange Link Road Project (the Link Road Project). This was brought forward as a standalone project and was approved for investment by the Board in February 2019. The Link Road Project is a key part of the wider package and currently that project is now due to complete by the winter of 2022 slightly later than originally expected. The programme is expected to take 20 months from start.
- 4.3. As set out above, the Project does require a final approval from DfT before funding will be transferred. The Business Case is currently being reviewed but is unlikely to be approved before 31 March 2021. SELEP Secretariat has queried whether approval not being secured before the end of the Growth

Deal period would be an issue. Final confirmation on that query hasn't been received but it is understood that it shouldn't impact the Project.

- 4.4. DfT Retained LGF monies are transferred on a per project basis and therefore no funding is being held by the Accountable Body currently for the Project. These monies will transfer following the final approval from the Secretary of State being secured.

## **5. Project Outcomes**

- 5.1. This is a large, complex project with many components. The aim of the Project is to increase capacity at a key junction for South Essex. This will reduce travel times whilst addressing existing safety concerns and improving pedestrian and cycling connectivity.
- 5.2. Outcomes expected from the Project (including the Link Road project) include:
- 5.2.1. Connectivity to accommodate/manage future travel demands to facilitate proposed growth in South Essex
  - 5.2.2. Improved opportunities for residents and employees in South Essex to access alternative modes of transport
  - 5.2.3. Better safety at the junction through improved design, changes to signage, speed limits and visibility
  - 5.2.4. Increased resilience of the highways network and reliability of journey times through better management of congestion at peak times and during maintenance and incidents
- 5.3. Further information on outcomes and outputs can be found in Appendix B.

## **6. Project Costs**

- 6.1. The Strategic Board agreed in January 2020 that the Project could spend beyond the Growth Deal period. As stated above, funding is not expected to transfer until 2021/22. A separate funding agreement will be put into place for the transfer of the funding for the Project.
- 6.2. Table 1 below outlines the spend profile for the Project assuming DfT approval is granted in early 2021/22. The Essex County Council contribution to the Project is confirmed and the SELEP contribution is the MHCLG funded LGF allocation made to the Link Road project.

**Table 1 – Spend Profile (£000s)**

<b>Funding (£'000m)</b>	<b>Up to and including 2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
<b>DfT (SELEP) (This report)*</b>	1,500	9,405	4,095		<b>15,000</b>
<b>ECC</b>	3,547		5,704	1,826	<b>11,077</b>
<b>Link Road (SELEP LGF) (Previous allocation)</b>	5,511		724		<b>6,235</b>
<b>Total</b>	<b>10,558</b>	<b>9,405</b>	<b>10,523</b>	<b>1,826</b>	<b>32,312</b>
<p>*The Decision of this report refers to the DfT amount of £13.5m for years 2021/22 and 2022/23. As stated in the report the Board agreed to transfer £1.5m in Jun 2019 in advance of the final business case with a total LGF DfT project cost of £15m.</p>					

## 7. Project Risks

7.1. A comprehensive is included in the business case

7.2. The key programme dependencies and risks are:

7.2.1. completion of scheme designs;

7.2.2. funding shortfall;

7.2.3. political backing and funding from each of the identified funding streams;

7.2.4. land acquisition for the scheme (ECC have approved the use of Compulsory Purchase Orders (CPO) in order to help with this process;

7.2.5. utility diversions

7.2.6. successful liaison with the local communities ensuring they are included in regular updates through the scheme's development;

7.2.7. appropriate mitigation of environmental impacts; and

7.2.8. achievement of planning permissions.

## 8. Outcome of Independent Technical Evaluator (ITE) Assessment

8.1. The ITE confirms that a compelling strategic case for making the investment and the Business Case has achieved a 'green' rating for each of the five dimensions considered as part of the Green Book assessment.

8.2. The Business Case presents a Benefit Cost Ratio of 6.8:1 which suggest the Project is very high value for money. The assessment of the ITE is that there is a high certainty of achieving this level of BCR. A reasonable and proportionate approach to monetising benefits and costs of the Project has been taken.

8.3. Full details on the ITE Assessment can be found at Appendix A.

## 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's 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	A compelling strategic case has been developed presenting a clear rationale for making an investment in a scheme which is well aligned with local, regional and national policy objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The Business Case clearly sets out the expected outputs and outcomes of the Project. Assumptions are based on evaluation of benchmark evidence for business development and competitiveness.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A full risk register appears as Appendix 7A in the Business Case
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	Economic appraisal has been undertaken robustly and proportionately using Department for Transport's Transport Appraisal Guidance. The scheme results in substantial journey time benefits and will deliver an initial benefit cost ratio of 6.8:1 and with wider economic impacts included, an adjusted benefit cost ratio of 7.0:1. Therefore the scheme is assessed

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
		as representing “very high” value for money.

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

- 10.1. The Retained Local Growth Fund award approval to the A127/A130 Fairglen Interchange Project (the Project) in this report is subject to Secretary of State Approval expected in 2021/22.
- 10.2. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocation for the Project remains indicative and is as yet not confirmed.
- 10.3. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 10.4. Any spend of LGF in advance of receipt by the Accountable Body is undertaken at risk by the respective local authority under the terms of the funding agreement in place.
- 10.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.6. All LGF is transferred to Essex County Council as Lead Authority under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 10.7. A specific Funding Agreement for the Project in this report will be put in place. The Agreement will set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

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

- 11.1. There are no legal implications arising from the recommendations set out in this report.

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



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

### **13. List of Appendices**

- 13.1. Appendix A – Report of the ITE  
13.2. Appendix B – Project Information


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

- 10.1 Business case can be found at this [LINK](#)

**(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>	
Peter Shakespear	03/02/2021
(On behalf of Nicole Wood, S151 Officer Essex County Council)	

# Independent Technical Evaluator - Business Case Assessment – Q4 2020/21 Report





# Independent Technical Evaluator - Business Case Assessment – Q4 2020/21 Report

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# 1 Independent Technical Evaluation of Growing Places Fund and Local Growth Fund 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 Local Growth Fund. Recommendations are made for funding approval on 12<sup>th</sup> February 2021 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: Central Government Guidance on Appraisal and Evaluation*<sup>1</sup>, and related departmental guidance such as the Department for Transport's TAG (Transport Analysis Guidance, formerly WebTAG) 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, DfT's TAG, MHCLG's Appraisal Guide, and other departmental guidance.

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<sup>1</sup> Source:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

1.7 Individual criteria were assessed and 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 – this includes the need for a Monitoring and Evaluation Plan and Benefits Realisation Plan.

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 between December 2020 and January 2021.

## Growing Places Fund

- 1.11 Two business cases have been assessed for schemes seeking a Growing Places Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.
- 1.12 With all schemes at outline business case stage there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.
- High value for money, high certainty**
- 1.13 The following GPF schemes achieve **high value for money** with a **high certainty** of achieving this.
- Barnhorn Green Commercial and Health Development (£1.8m)*
- 1.14 Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill. The area has been designated to ensure that housing growth in the area is sustainable through the provision of employment sites and public facilities. This site has been purchased by the local authority after a lack of interest from the very limited private commercial development sector in the area.
- 1.15 Growing Places Funding will support delivery of a scheme in the area comprising 2,750 square metres of office accommodation, 750 square metres of light industrial space, and a doctor's surgery. It is expected that the scheme will deliver 133 net jobs as well as supporting the creation of a sustainable and healthy new community in Bexhill.
- 1.16 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the land value uplift of the scheme in line with Ministry for Homes Communities and Local Government Appraisal Guidance as well as the labour supply impacts with a bespoke assessment approach aligned with Green Book principles. This assessment shows the scheme to have a benefit cost ratio of 5.8:1 which falls within a "very high" value for money categorisation. The assumptions used in the appraisal are reasonable and robust therefore the scheme also delivers high levels of certainty for this value for money categorisation.
- No Use Empty Commercial Phase II (£2.0m)*
- 1.17 £2m is sought from the Growing Places Fund to deliver a second phase of No Use Empty Commercial which will bring more long term empty commercial properties back into use. The scheme has previously benefited from £1m from the Growing Places Fund to deliver its No Use Empty Commercial project (2018-2020) which supported a total investment of £4.5m in bringing back into use previously derelict commercial buildings.
- 1.18 Phase II will enable this success to be built upon, continuing to provide short term-secured loans to bring empty commercial properties back into use, for alternative commercial, residential, or mixed-use purposes. It will continue to focus on town centres (particularly in coastal areas of Kent), 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. The NUE Commercial project is complementing these larger schemes which require significant investment. It will enable 18 previously derelict buildings to be brought back into use and will result in an additional 32 jobs over four years.
- 1.19 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the land value uplift of the scheme in line with Ministry for Homes Communities and Local Government Appraisal Guidance. This assessment shows the scheme to have a benefit cost ratio of 2.6:1 which falls within a "high" value for money categorisation. The assumptions used in the appraisal are reasonable and robust therefore the scheme also delivers high levels of certainty for this value for money categorisation.



## Local Growth Fund

- 1.20 Two business cases have been assessed seeking a Local Growth Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

### High value for money, high certainty

- 1.21 The following LGF scheme achieves **high value for money** with a **high certainty** of achieving this.

#### *A127/A130 Fairglen Interchange (£13.5m)*

- 1.22 The Value for Money assurance was retained by Department for Transport for a number of schemes, provisionally allocated funding as part of SELEP's Growth Deal, which were of particular strategic importance or technical complexity. To support the progress of the scheme and to manage the risk from the perspective of the Local Enterprise Partnership a 'Gate 3' advisory review has been carried out.
- 1.23 The proposed scheme is designed to increase the capacity of the Fairglen Interchange, reduce travel times, address existing safety concerns and improve pedestrian and cycling connectivity.
- Constructing a new one-way 'Southend Link Road' north of the railway line, connecting the A130 southbound with a signalised junction on the A1245, which is restricted to right-turn movements.
  - Widening the A127 Westbound diverge slip road onto Fairglen Roundabout.
  - Constructing additional and longer slip lanes on the A127 Eastbound on slip.
  - Providing a third lane southbound between Fairglen Roundabout and Raleigh Spur Roundabout.
  - Improving the Rayleigh Spur Roundabout, including signal control.
  - Removal of the existing bypass lane at Rayleigh Spur Roundabout.
  - Constructing a new bridge for pedestrians and cyclists to the south of Fairglen Roundabout.
  - Improving the geometric design of the Interchange generally, providing improved lines of sight and visibility for motorists.
  - Updating signage and speed limits.
- 1.24 A compelling strategic case has been developed presenting a clear rationale for making an investment in a scheme which is well aligned with local, regional and national policy objectives.
- 1.25 Economic appraisal has been undertaken robustly and proportionately using Department for Transport's Transport Appraisal Guidance. The scheme results in substantial journey time benefits and will deliver an initial benefit cost ratio of 6.8:1 and with wider economic impacts included, an adjusted benefit cost ratio of 7.0:1. Therefore the scheme is assessed as representing "very high" value for money.
- 1.26 Reasonable assumptions have been used to populate the scheme appraisal and comprehensive sensitivity testing has been undertaken to ensure resilience of value for money to changes in economic assumptions. Therefore, it has been assessed that the scheme delivers "very high" value for money with high levels of certainty.

### High value for money, medium certainty

- 1.27 The following LGF scheme achieves **high value for money** with a **medium certainty** of achieving this.
- Colchester Grow-On Space (£3.8m)*
- 1.28 This scheme aims to transform a dilapidated town centre former bus garage into high quality grow-on space specifically for the Creative & Digital Sector. Located within the St Botolph's Quarter regeneration area, and adjacent to the successful 37 Queen Street creative business centre, it would increase capacity and opportunities across 3,500 local businesses in the sector representing the highest growth rate and start-up rate in the region. Funding is sought to deliver the 700 square metres of high-quality workspace satisfying recognised unmet demand and market failure in Colchester.
- 1.29 A compelling strategic case has been developed presenting a clear rationale for making an investment in a scheme which is well aligned with local, regional and national policy objectives. The scheme is expected to generate an additional 86 net jobs in Colchester and contribute further to the wider economy.
- 1.30 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the GVA increase stimulated by the scheme. This bespoke assessment approach, aligned with Green Book principles, uses assumptions from the former Homes and Communities Agency's The Additionality Guide. This assessment shows the scheme to have a benefit cost ratio of 2.4:1 which falls within a "high" value for money categorisation. While this approach is no longer fully in line with HM Treasury's *The Green Book*, it is our recommendation that this remains an appropriate appraisal methodology as the scheme's intended outcomes are job creation rather than land value uplift.
- 1.31 The assumptions used in the appraisal are reasonable and robust, and a programme has been provided which demonstrates that spend of the Local Growth Fund allocation and delivery of the scheme will be completed before July 2022. Planning permission is not expected to be secured until March 2021. The scheme promoter has provided high levels of assurance that it will be secured, however we would recommend that the Accountability Board considers the risk that this poses to certainty of deliverability before deciding whether or not to approve funding for the scheme.

**Table 1.1: Gate 1 & 2 Assessment of Growing Places Fund and Local Growth Schemes seeking Approval for Funding for Q4 2020/21**

Scheme Name	Allocation	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
Growing Places Fund										
Barnhorn Green Commercial and Health Development	£1.8m	Gate 1: 5.8	Amber /Green	Amber /Green	Amber /Green	Amber	Green	A monetised economic appraisal assessing the GVA impacts in line with the former Homes and Communities Agency's <i>The Additionality Guide</i> which is appropriate and proportionate for this scheme.	The analysis has been undertaken using a bespoke approach assessing GVA impacts of the scheme. Please could assumptions be set out and justified?	A clear programme for delivery has been included which is robust and demonstrates that spend will be complete by March 2022.
		Gate 2: 5.8	Green	Green	Green	Green	Green	As above.	Assumptions have been set out and justified.	As above.
No Use Empty Commercial Phase II	£2.0m	Gate 1: 2.6	Green	Amber	Amber /Green	Amber /Green	Green	A reasonable approach has been adopted using MHCLG's <i>Land Value Uplift</i> guidance.	The methodology has been applied accurately. Justification for some assumptions in the Economic and Financial Case is required.	Certainty would be improved with the application of some sensitivity tests to demonstrate the resilience of the Value for Money.
		Gate 2: 2.6	Green	Green	Green	Green	Green	As above.	Justification has been provided which gives confidence that the approach is robust.	Sensitivity testing has been undertaken and this has shown that the high Value for Money is relatively resilient to downside risks.

Independent Technical Evaluator – Business Case Assessment – Q4 2020/21 Report   Report										
Scheme Name	Allocation	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
Local Growth Fund										
A127/A130 Fairglen Interchange	£13.5m	Gate 3: 6.8	Green	Green	Green	Green	Green	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken.	The analysis has been undertaken using a Department for Transport's <i>Transport Appraisal Guidance</i> .	A clear programme for delivery has been included which is robust. There remain a number of clarifications from DfT which need be addressed before funding can be drawn down.
Colchester Grow-On	£3.8m	Gate 1: 2.4	Green	Amber	Amber /Green	Amber /Green	Amber	A monetised economic appraisal assessing the GVA impacts in line with the former Homes and Communities Agency's <i>The Additionality Guide</i> which is appropriate and proportionate for this scheme.	The analysis has been undertaken using a bespoke approach assessing GVA impacts of the scheme. Further detail is required around the justification for assumptions employed in the economic appraisal.	Planning permission has not been secured. This raises some deliverability uncertainty.
		Gate 2: 2.4	Green	Green	Green	Green	Amber	As above.	Assumptions have been identified and justified.	As above.

## Change Requests

- 1.32 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.

### High value for money, high certainty

- 1.33 The following schemes continue to achieve **high value for money** with a **high certainty** of achieving this.

#### *Kent and Medway Medical School*

- 1.34 Kent County Council is seeking an additional £1,000,000 to spend on the Kent and Medway Medical School project. The scope of the project has not changed and it involved investing in a new medical school to complement the growing Thames Estuary region, including investment in new classroom and clinical laboratory facilities, IT suites, meeting rooms and office space, spread across two sites, one at Canterbury Christ Church University (CCCU) and one at University of Kent. The two sites work in tandem, complementing the facilities available to train medical students.
- 1.35 The original business case as reviewed by Steer in October 2019 was based on a scheme capital cost of £24.8m, including a Local Growth Fund contribution of £8.0m. The benefit cost ratio for the original scheme was 2.42:1 representing "high" value for money with a high level of certainty for delivering that value for money.
- 1.36 Additional investment is being sought due to higher building and equipment costs than forecast, as well as some regulatory changes:
- The Covid-19 lockdown in March 2020 disrupted on-site construction, leading to a small increase in building costs of £26,875;
  - There has been a regulatory change in the ventilation standards required for the anatomy suite. Fitting a compliant ventilation system would cost a further £70,500;
  - There are increased costs of equipment due to the Covid-19 pandemic changing working practices in the medical sector. Changes to delivery of teaching, including new digital teaching equipment, as well as changes to recruitment requirements. This has led to a further £192,600 costs in order to deliver all the scheme benefits as originally forecast;
  - Equipment and building costs have increased, including architectural changes to the plans to meet planning building control requirements, totalling £713,418.
- 1.37 The additional funding request of £1.0m represents an increase in total scheme cost of less than 5%, from £24.8million to £25.8million which means that the benefit cost ratio remains in excess of 2:1 and continues to represent "high" value for money with a high certainty of achieving that value.

#### *Project Flightpath Phase 2*

- 1.38 Essex County Council is seeking an additional £560,000 to spend on the Project Flightpath Phase 2 project. The scope of the project remains investing in renewing the former Thornwood Camp site to develop commercial premises onsite, cementing the future of the site with a total of 3,636 square metres of B1/B8 industrial space. The project began in September 2019 with the demolition of old and derelict structures onsite and the construction of new blocks, alongside new road surfacing and drainage renewals.
- 1.39 The original business case as reviewed by Steer in May 2019 was based on a scheme capital cost of £2.8m, including an LGF contribution of £1.4million. The benefit cost ratio for the original scheme was 3.26:1 representing "high" value for money, with a high level of certainty for delivering that value for money.

- 1.40 Additional investment is being sought from the Local Growth Fund due to some of the elements of the initial funding packages no longer being available. Barclays Bank had made an agreement in principal at the time of the original submission to fund a further £1.4m, however the bank subsequently withdrew the offer due to the impact of Covid-19 on its appetite for investment.
- 1.41 The project has been able to secure an alternative source of further funding in the form of an intercompany loan from GT Comms Ltd, a sister company of the scheme promoter. However, there remains a shortfall in the funding profile, which the scheme promoter wishes to fill with this further investment.
- 1.42 The project is in the delivery phase, with onsite construction partially completed. Without filling the current funding shortfall, the project will face long delays and the benefits not realised until at least 2023 and economic growth in the local area will be stifled.
- 1.43 The additional funding request of £560,000 from the Local Growth Fund does not increase the total cost of the scheme but does fill a funding gap which appeared when Barclays withdrew from the project. Though the total Local Growth Fund grant rises from 50% of total scheme funding to 70% the benefit cost ratio remains comfortably in excess of 2:1 therefore we are confident that the scheme, with the additional LGF investment, will continue to represent “high” value for money with a high certainty of achieving that value.

*Kent Strategic Congestion Management Programme (Dover TAP)*

- 1.44 Kent County Council is seeking a further £100,000 investment in the Kent Strategic Congestion Management Programme for the Dover TAP project. The original of scope the project was to fund a series of measures to monitor and control vehicle flow around Dover. This includes funding a new public bike scheme and improved monitoring devices on the A256 and A258, two key routes into Dover.
- 1.45 The original business case was based on a scheme cost of £4.9m, with a benefit cost ratio of 9.1:1. This represented “very high” value for money.
- 1.46 The project is seeking further investment for two reasons:
- Impact of Covid-19 has reduced the pool of readily available suppliers to install the new highway infrastructure, increasing the cost;
  - Additional issues identified through scheme detailed design, including the need for a dedicated power source for the A258, new safety barriers, and a relocation of the A256 site increasing the vegetation management cost.
- 1.47 The project will proceed without further Local Growth Funding however the benefits will not be fully realised without further investment.
- 1.48 The new investment represents an increase in costs of under 3%, from £4.9m to £5.0m. The impact on the benefit cost ratio is therefore marginal, and we are confident that the scheme, with the additional investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

*A127 Essential Maintenance/The Bell*

- 1.49 Southend-on-Sea Borough Council is seeking an additional £207,000 to spend on the A127 Essential Major Maintenance project. The scope of the project remains improving the condition and quality of the A127 from the Borough boundary to Victoria Gateway, including strengthening the carriageway, repairing concrete slabs, resurfacing, repairing defective drains, repairing safety barriers and lighting columns.
- 1.50 The original business case as reviewed by Steer in September 2018 was based on a scheme capital cost of £11.8m, with a benefit cost ratio of 17.9:1 representing “very high” value for money, with a high level of certainty for delivering that value for money.

- 1.51 The project is in the delivery phase. Main construction began in September 2020 and can continue without the additional funds, however not all of the benefits of the scheme will be realised without the further investment. Given the fact that the project is underway and remains on schedule to complete in Summer 2021, we are confident that the scheme, with the additional investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

*East Malling Advanced Technology Horticultural Zone*

- 1.52 Kent County Council is seeking an additional £315,000 to spend on East Malling Advanced Technology Horticultural Zone project. The scope of the project remains investing in a new Advanced Technology Horticultural Zone in East Malling. This facility will host high tech imaging, robotics, CO2 systems and irrigation rigs to advance horticultural agronomy and enable innovative research.
- 1.53 The original business case as reviewed by Steer in June 2020 was based on a scheme capital cost of £5.0m, including an LGF contribution of £1.7m. The benefit cost ratio for the original scheme was 2.61:1 representing “high” value for money, with a high level of certainty of delivering that value for money.
- 1.54 Additional investment is being sought due to higher building costs. The Covid-19 lockdown in March 2020 disrupted on-site working, but costs have increased due to enhanced hygiene regimes and more spacious site office arrangements to host a greater number of on-site personnel during construction.
- 1.55 The project can proceed without the additional funding, but the benefits will not be fully realised without the further investment as the current funding allowance will impact the deliverability of the project. The projected benefits of the scheme have not changed however the scheme promoter notes a renewed interest from horticulture, food and drink industries in the project received throughout 2020. The masterplan for the site received planning permission in November 2020.
- 1.56 The additional funding request of £315,000 represents an increase in total scheme cost of 6.2%, from £5.0m to £5.4m. Therefore, the scheme still has a benefit cost ratio comfortably in excess of 2:1 and continues to represent “high” value for money with a high certainty of achieving that value.

*Southend Town Centre Intervention Project*

- 1.57 Southend-on-Sea Borough Council is seeking an additional £125,000 to spend on the Southend Town Centre Intervention Project. The scope of the project remains investing in a series of measures in Southend Town Centre to support the town centre economy. This includes investments in new CCTV equipment, new footfall-measuring cameras, grants to shops to renovate and renovate their shopfronts, 0% loans to support businesses starting up in vacant properties, new wayfinding and public realm improvements and working with the local Business Improvement District to develop a programme of community events hosted in currently vacant retail units.
- 1.58 The original business case as reviewed by Steer in October 2019 was based on a scheme capital cost of £2.5million, including a Local Growth Fund contribution of £1.5million. The benefit cost ratio for the original scheme was 5:1 representing “very high” value for money, with a high level of certainty of achieving that value for money.
- 1.59 Additional investment is being sought due to a need to maximise the benefits of the project by expanding its scope to include new CCTV at the Forum Square. New CCTV was due to be funded here by the Forum II property development project, however this has been withdrawn due to Covid-19 impacting its viability. Therefore, new Forum Square CCTV is currently unfunded and the Southend Town Centre Intervention Project is being expanded to incorporate this.
- 1.60 No funding has been spent to date, though the orders for public realm works are to be placed imminently. Due to Covid-19, there is an expectation that many businesses will want to take up the 0% loans offer provided by this project once the project is launched. The Forum II development which has been withdrawn had been granted planning permission.



- 1.61 The project can proceed without the additional funding, however the scheme promoter considers this extra CCTV in Forum Square an important part of the town centre investment, as it will reduce blind spot coverage in the town centre and thus improve community safety and confidence in the town centre.
- 1.62 The additional funding request of £125,000 represents an increase in total scheme cost of 5%, from £2.5m to £2.6m. Therefore, the benefit cost ratio will remain comfortably above 2:1 and we are confident that the scheme, with the additional investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

*Skills & Business support for Rural Businesses post Brexit*

- 1.63 East Sussex County Council is seeking an additional £1.5m to spend on the Plumpton College Skills & Business support for Rural Businesses post Brexit. The scope of the project is the following:
- construction of a two-storey centre of excellence in AgriFood knowledge transfer, business improvement and skills training;
  - improvement to pedestrian and road user access to the new facilities;
  - redevelopment of the pig production and beef and sheep handling facilities, including automated milking stations; and
  - development of a village green through landscaping opportunities.
- 1.64 The original business case as reviewed by Steer in June 2019 was based on a scheme capital cost of £7 million, including a Local Growth Fund contribution of £2.9million. The benefit cost ratio for the original scheme was 2.3:1 representing “high” value for money, with a high level of certainty of achieving that value for money.
- 1.65 Additional investment is being sought to fund the following project cost changes:
- The College has incurred significantly more preliminary costs than anticipated to bring the site forward for development
  - The inflationary cost increase resulting from the initial budget being taken from January 2019 build data but procurement not starting until November 2019.
  - Survey works undertaken since May 2020 have identified capacity constraints within the college’s electrical infrastructure which would be exceeded based upon the current scope of the facility. The most cost-effective solution to this constraint is an amendment to the specification of heating and hot water generation in the facility.
- 1.66 The additional funding request of £1.5m represents an increase in the total scheme cost of just over 50%. However the training and education related outcomes from the revised project are forecast to be 20% greater than the original scheme resulting from more effective use of the space created through online learning (blended learning) and the increased supply of trainees from Covid-19 response programmes. In addition, the optimism bias applied to the costs has been reduced from 51% to 25% to reflect the advanced stage of project development, the increase in cost and planning certainties and the fact that some build elements will be reasonably standard. Therefore, the benefit cost ratio will remain comfortably above 2:1 and we are confident that the scheme, with the additional investment, will continue to represent “high” value for money with a high certainty of achieving that value.



**High value for money, low/medium certainty**

- 1.67 The South East Local Enterprise Partnership Assurance Framework states that schemes may be eligible for exemption from quantified benefit cost analysis when the cost of the project is below £2.0m and there is an overwhelming strategic case (with minimal risk in the other cases). The following scheme is subject to this exemption. While some quantified economic appraisal has been undertaken, there are a number of non-quantified benefits which if monetised, it is estimated that the scheme would achieve “high” value for money. However, without this additional quantified benefit cost analysis we cannot guarantee this outturn value for money categorisation. Therefore, our recommendation is that there is a **low/medium** certainty of achieving **high** value for money.
- Eastbourne Fishermen’s Quay*
- 1.68 East Sussex County Council is seeking an additional £360,000 to spend on the Eastbourne Fishermen’s Quay Phase 2 and 3. As well as the change in funding there is a change in the scope of the project. Originally Phases 2 and 3 of the Project involved the delivery of two separate buildings, however, it is now proposed that only one building is constructed.
- 1.69 Phases 2 and 3 will now involve development of a single building to house workshops as well as large storage areas and a heritage / visitor centre. The storage areas which will include both fishing and landing equipment will enable the fleet to safely store fishing gear and also allow the maintenance of gear and equipment in a more controlled environment.
- 1.70 A heritage / visitor centre, originally to be located in a separate building, will now be within the same building as the workshops and storage area. The heritage / visitor centre will allow the fleet to actively engage with the local community, visitors and tourists as well as offering a training space and meeting venue. The area of the building will be fundamental in hosting community groups (e.g. schools and local interest groups) and members of the public in order to disseminate information regarding fisheries, heritage, local marine life and protected areas and will recognise the Eastbourne fishermen as a sustainable and responsible fleet at the heart of Sovereign Harbour, while providing opportunities to train and develop skills in situ.
- 1.71 The project supports the continued viability of the Quayside and helps to optimise the potential of the visitor and tourism economy and local regeneration needs connecting local consumers, buyers and restaurants, caterers and public bodies to the local seasonal supply of seafood.
- 1.72 The original business case as reviewed by Steer in July 2020 was based on a scheme capital cost of £1.4m, including a LGF contribution of £1.1 m. The benefit cost ratio for the original scheme was 2.2:1 representing “high” value for money, with a high/medium level of certainty for delivering that value for money.
- 1.73 Additional investment is being sought from the Local Growth Fund because the £360,000 funding contribution from the Eastbourne fishermen’s under10 Community Interest Company is no longer available.
- 1.74 The additional funding request of £360,000 and the change in forecast scheme benefits due to the reduced scope of works, results in the benefit cost ratio reducing from 2.2:1 to 1.5:1. This would indicate a “medium” value for money categorisation.
- 1.75 In addition to the benefits that have been monetised as part of the economic appraisal, it is expected that the scheme would lead to wider economic and social benefits. These include the creation of 72 net jobs, the safeguarding of heritage assets and improvements to the health and safety of the fishermen. It is expected that, were these benefits monetised, the scheme would have a benefit cost ratio in excess of 2:1, representing “high” value for money.
- 1.76 Additionally, through delivery of the Phase 1 scheme, the scheme promoter has shown a track record of successful scheme implementation in line with the anticipated programme. This provides greater assurance of the deliverability of Phases 2 and 3.

- 1.77 However, without the additional benefits being monetised the benefit cost ratio is 1.5:1 and therefore we cannot assure that the scheme represents “high” value for money. We would ask the Accountability Board to consider the risk that the lack of full, monetised analysis of all the benefits presents before determining whether or not to approve funding for the scheme

## Control Information

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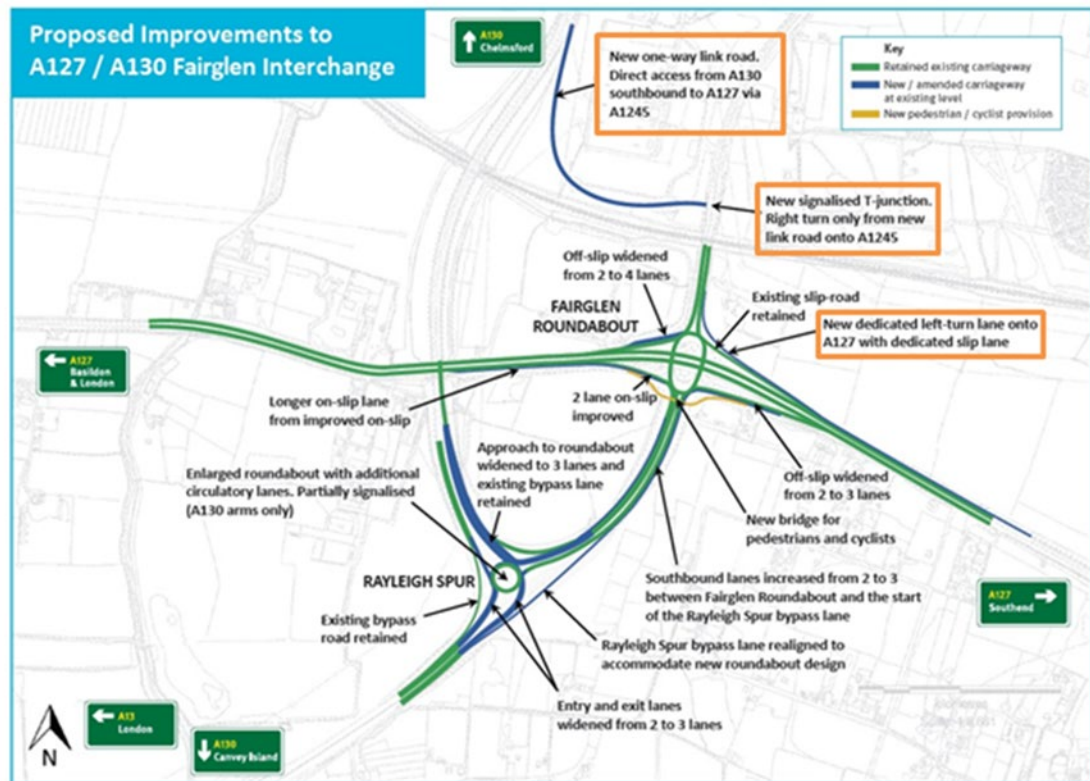




## Appendix B - SELEP LGF – A127/A130 Fairglen Interchange

<b>Name of Project</b>	<p><b>A127/A130 Fairglen Interchange</b></p> <p>The scheme has been prioritised as a location which can be upgraded to improve movement through the A127 and A130 corridors. The scheme is located close to the boundary of five local authorities (Basildon Borough Council, Castle Point Borough Council, Rochford District Council, Thurrock Council, and Southend-on Sea) and therefore plays an important role to support housing and job growth in these areas, and the wider growth across the county in the A127 and A130 corridors.</p>
<b>LGF value</b>	£13,500,000 (Note £1,500,000 has been drawn down previously, as an advanced payment)
<b>Promoting Authority</b>	Essex County Council
<b>Description of what Project delivers</b>	<p>The proposed scheme is designed to increase the capacity of the Fairglen Interchange, reduce travel times, address existing safety concerns and improve pedestrian and cycling connectivity. It involves:</p> <ul style="list-style-type: none"> <li>• Constructing a new one-way 'Southend Link Road' north of the railway line, connecting the A130 southbound with a signalised junction on the A1245, which is restricted to right-turn movements.</li> <li>• Widening the A127 Westbound diverge slip road onto Fairglen Roundabout.</li> <li>• Constructing additional and longer slip lanes on the A127 Eastbound on slip.</li> <li>• Providing a third lane southbound between Fairglen Roundabout and Raleigh Spur Roundabout</li> <li>• Improving the Rayleigh Spur Roundabout, including signal control.</li> <li>• Removal of the existing bypass lane at Rayleigh Spur Roundabout.</li> <li>• Constructing a new bridge for pedestrians and cyclists to the south of Fairglen Roundabout.</li> <li>• Improving the geometric design of the Interchange generally, providing improved lines of sight and visibility for motorists.</li> <li>• Updating signage and speed limits.</li> </ul>
<b>Need for Intervention</b>	<p>The current Fairglen Interchange road network is not maximising its potential value and is thereby constraining the growth and productivity of the area's economy and its desirability as a place to live. It is also impairing connectivity between communities. More can be done with the existing infrastructure, but without improvement the existing infrastructure will not allow for its full potential to be realised.</p>
<b>Project Outcomes</b>	<p>The figure below identifies the areas of work to be undertaken by the earlier LGF funded project – A127/A130 Fairglen Interchange Link Road.</p> <p>The link road is viewed as part of the overall scheme but was funded as a separate project to the main DfT retained scheme that is the subject of this report. The information in the orange boxes</p>

describe the aspects that will be delivered as part of the A127/A130 Fairglen Interchange Link Road project, the other detail refers to improvements to be delivered through this, the larger Fairglen Interchange Improvements Project



Headline benefits of this scheme include:

**Connectivity:**

- Accommodate / manage future travel demands to facilitate proposed growth in south Essex;
- Ensure good connectivity to South Essex via key transport corridors.

**Environment:**

- Improve opportunities for residents and employees in south Essex to access alternative modes and encourage their use;
- Protect and enhance the natural, built and historic environment.

**Sustainability:**

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

**Safety:**

- Improve safety at Fairglen / A130 Interchange through appropriate geometric design, signage, speed limits and visibility.

**Resilience:**

- Manage congestion at peak times to ensure reliable journey times through Fairglen / A130 Interchange;
- Ensure ECC assets are appropriate for future highway network;
- Keep Fairglen / A130 Interchange operational through improved maintenance provision and incident management.

<b>Financial Information</b>	Total value of project: <b>£ 32,312,000</b>		
	<b>Funding source</b>	<b>Amount, £</b>	<b>Constraints, dependencies, risks, mitigations</b>
	LGF (retained DfT scheme)	15,000,000	This funding is subject to approval of the full Business Case currently with the DfT
	Essex County Council	11,077,000	This funding is secured.
	LGF (earlier bid through LGF for a new link road. Link <a href="#">here</a> )	6,235,000	Funding approved in February 2019
	<b>Total</b>	<b>32,312,000</b>	
<b>Project risks/ constraints</b>	<ul style="list-style-type: none"> <li>• Completion of scheme designs</li> <li>• Funding shortfall</li> <li>• Political backing and funding from each of the identified funding streams</li> <li>• Land acquisition for the Scheme</li> <li>• Utility diversions</li> <li>• Successful liaison with the local communities ensuring they are included in regular updates through the Scheme's development</li> <li>• Appropriate mitigation of environmental impacts</li> <li>• Achievement of planning permissions</li> <li>• A full risk register is included in the business case.</li> </ul> <p>In addition, a link to the CPO decision paper on the Essex website:</p> <p><a href="https://cmis.essex.gov.uk/essexcmis5/Decisions/tabid/78/ctl/ViewCMIS_DecisionDetails/mid/422/Id/8461/Default.aspx">https://cmis.essex.gov.uk/essexcmis5/Decisions/tabid/78/ctl/ViewCMIS_DecisionDetails/mid/422/Id/8461/Default.aspx</a></p>		
<b>Options consideration</b>	A long list of options have been considered as part of the overall process. The business case considers short term options that will be fully compatible with long term options should they need to be implemented in the future.		
<b>Project Timeline</b>	A fixed programme will be prepared once all confirmations are in place around approval of business from stakeholders, but the project is expected to take 20 months to deliver.		
<b>Outcome of ITE Review</b>	The Independent Technical Evaluator has assessed the project as presenting high value for money with a high certainty of it being achieved. However, the Business Case does not contain any comments from the Department for Transport (DfT).		
<b>Evidenced compliance with</b>	Yes.		



Assurance Framework?	
Link to project webpage	<a href="#">link</a>

<b>Report title: Colchester Grow-on Space Funding Decision</b>	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author: Howard Davies</b>	
<b>Date:</b> 28 January 2021	<b>For:</b> Decision
<b>Enquiries to: Howard Davies, <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a></b>	
<b>SELEP Partner Authority affected: Essex</b>	

## 1. Purpose of report

- 1.1. The purpose of this report is to allow the Accountability Board (the Board) to consider the award of £3,777,451 Local Growth Fund (LGF) to contribute towards the delivery of the Colchester Grow-on Space project (the Project).
- 1.2. The Project has been identified by SELEP Ltd as a priority through the LGF3b pipeline development process.
- 1.3. The full Business Case has been developed and has been considered by the Independent Technical Evaluation (ITE) process as offering High Value for Money with medium certainty of achieving this, due to the risk around planning.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. Approve the award of £3,777,451 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this, subject to:
    - planning permission having been confirmed by Colchester Borough Council Planning Committee on 4 March 2021; and
    - approval of spend beyond the Growth Deal by SELEP Ltd on 19th March 2021.
  - 2.1.2. **Agree** that if full planning consents aren't awarded at the meeting of the Colchester Borough Council Planning Committee on 4 March 2021 the funding will revert to the LGF pipeline.
  - 2.1.3. **Note** that under agenda item 15 the Board will be asked to agree that the £3.777m LGF is transferred to Essex County Council, as Lead

Authority by 31 March 2021. No funding can be drawn down by Essex County Council until the conditions set out above has been satisfied.

### **3. The Project**

- 3.1. The Project seeks to convert a dilapidated town centre former bus garage into high quality grow-on space (definition in 3.2) specifically for the Creative and Digital Sector. Located within the St. Botolph's Quarter regeneration area, and adjacent to the successful 37 Queen Street creative business centre, a space for new start-ups.
- 3.2. Grow on Space allows micro businesses, or start-ups, to scale up. This might offer larger space, but still include the business support requirements of those businesses that are still learning. It also offers space at rates less than commercial rates in order to encourage growth and expansion.
- 3.3. Colchester Borough Council has confirmed that the Project has a full funding package in place, pending this final decision on LGF.
- 3.4. There is, however, an outstanding decision of the Colchester Borough Council regarding planning consents. A planning application has been developed with advice from Planning Officers and Historic England and there has been public consultation. The application has been submitted and a decision is expected on 4 March 2021.
- 3.5. The Board is asked to approve the Project subject to planning consents being in place. Should Colchester Borough Council be unable to provide assurances that all consents have been gained following the meeting on 4 March 2021, the funding allocation will automatically divert to the next Project in the LGF Covid-19 response fund pipeline.
- 3.6. If planning approval is granted on the 4 March it will be recommended that the £3.777m LGF is transferred to Essex County Council by 31 March 2021 in advance of the grant being spent during 2021/22 and 2022/23
- 3.7. Should planning be refused by the Local Planning Authority the £3.777m will be returned to the LGF project pipeline. However, there will be no opportunity to reallocate the LGF before the end of the financial year. This will mean that the funding will remain 'unallocated' and unspent at the end of 2020/21. This position will be reported back to Government and may impact future funding awards to SELEP by MHCLG.
- 3.8. The approval of the Project is also subject to a request to approve spend beyond the Growth Deal period being agreed by SELEP Ltd on 19 March 2021. LGF will not be transferred to ECC for the delivery of the project until this funding condition has been satisfied.
- 3.9. The spend profile for the Project is outlined in Table 1. The contributions from Colchester Borough Council have been confirmed.

**Table 1: Expected Spend Profile (£)**

<b>Funding Source</b>	<b>Up to 2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
<b>LGF</b>		2,984,214	793,237	<b>3,777,451</b>
<b>Colchester Borough Council (CBC)</b>	312,952	711,007	188,993	<b>1,212,952</b>
<b>CBC Revenue</b>			2,500	<b>2,500</b>
<b>Total</b>	312,952	3,695,221	984,730	<b>4,992,903</b>

3.10. Key benefits of the Project are shown in Table 2

**Table 2: Colchester Grow-on Space Project**

LGF allocation: £3,777,451	Total Project cost: £4,992,903
Key Project benefits as stated in the Business Case: <ul style="list-style-type: none"> <li>• 698sqm (7,513sqft) commercial space.</li> <li>• 601sqm (6,469sqft) of which is high quality grow-on space.</li> <li>• 86 net jobs created</li> <li>• 10 new businesses created.</li> <li>• Operating profit from year 5 enables payback of capital borrowing by Colchester Borough Council and/or commercial operator</li> </ul>	

3.11. Key Project risks are listed in Table 3

**Table 3 – Key Project risks**

<b>Constraint/Risk</b>	<b>Mitigation</b>
Archelogy – adjacent to ancient monument	Close working with Historic England and allowance for thorough investigation. The requirements will be considered further through the planning process and close engagement between parties. Weekly update meetings are taking place between architect, planning officers and Historic England.
Works access to site	Clear dialogue with ECC around traffic management measures The Highways Authority have sent a letter of recommendation, with associated mitigation and conditions. The programme will include liaison with Highway officers during the project to ensure smooth and safe operation of pedestrian, cycle and traffic flows.
Planning permission	Full consultation carried out and close working with planning officers

3.12. Details of the Project can be found at Appendix B and the ITE assessment can be found at Appendix A.

#### 4. Independent Technical Evaluator Comments

- 4.1. A compelling strategic case has been developed presenting a clear rationale for making an investment in a scheme which is well aligned with local, regional and national policy objectives. The scheme is expected to generate an additional 86 net jobs in Colchester and contribute further to the wider economy.
- 4.2. The ITE shows that a proportionate and robust economic appraisal has been used suggesting that a benefit cost ratio of 2.4:1 will be achieved which falls within a high value for money categorisation with medium certainty of achieving due to the risks around planning identified in the report previously.

#### 5. Project Compliance with the SELEP Assurance Framework

- 5.1. Table 3 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's 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	A compelling strategic case has been developed presenting a clear rationale for making an investment in a scheme which is well aligned with local, regional and national policy objectives. The scheme is expected to generate an additional 86 net jobs in Colchester and contribute further to the wider economy.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The Business Case clearly sets out the expected outputs and outcomes of the project. Assumptions are based on evaluation of benchmark evidence for business development and competitiveness.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the	Amber	The Business Case clearly sets out the expected outputs and outcomes of the Project. Assumptions are based on evaluation of benchmark evidence

Requirement of the Assurance Framework to approve the Project	Compliance (RAG Rating)	Evidence in the Business Case
costs of which must be clearly understood)		for business development and competitiveness. However, there is a risk around planning permission
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	The assessment shows a benefit cost ratio of 2.4:1 which falls within a high value for money categorisation. A medium certainty of achieving this has been recorded due to uncertainty around planning permission.

## 6. Next Steps

- 6.1. SELEP awaits confirmation that planning consent has been awarded for the delivery of the Project. The Project will also be considered for endorsement of LGF spend beyond 30 September 2021 by SELEP Ltd.
- 6.2. In the meantime, a Variation Agreement will be put in place to the original Service Level Agreement, to include the Project within the scope of the agreement. The Variation Agreement will need to be agreed by all parties by 26 February 2021 to enable the transfer of the £3.777m to Essex County Council before the end of the financial year.
- 6.3. The £3.777m LGF will only be transferred to Essex County Council once planning consent has been awarded, SELEP Ltd support the spend of LGF beyond 30 September 2021 and the Variation Agreement has been entered into by all parties.

## 7. Financial Implications (Accountable Body Comments)

- 7.1. The full LGF funding allocation for 2020/21 has been received by MHCLG.
- 7.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.3. All LGF is transferred to Essex County Council, as the Project Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 7.4. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

- 7.5. Should the Board approve the award of LGF to the Project, transfer will only take place on confirmation that all conditions have been met in the recommendations and is subject to Strategic Board endorsement for spend beyond the Growth Deal on 19 March 2021.
- 7.6. In addition, before a transfer of LGF can take place, a variation to the existing Funding Agreement will be required should the Board agree the award of LGF, as covered in Section 8.
- 7.7. On completion of the variation agreement the transfer of LGF to the Project at Financial Year end, will be made to Essex County Council as Lead Authority as a capital grant transfer, subject to approval of the recommendations in agenda item 15, and subject to conditions of this report being met.
- 7.8. If full planning consents are not awarded to Colchester Borough Council on 4 March 2021 the funding will revert to the LGF pipeline. The next project(s) on the LGF pipeline will come forward to request funding approval however this will not be time permitting for the Accountability Board meeting of 12 March 2021, therefore this funding will remain unallocated for 2020/21.

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

- 8.1. If the Board agree to award LGF to the Project, a variation to the existing Service Level Agreement between Essex County Council (as Accountable Body), SELEP Ltd and Essex County Council (as partner) will be required to incorporate the project. The Variation Agreement will update the existing Project schedule and will include the provision of LGF to this Project.
- 8.2. The Variation Agreement will need to be signed by all parties before the £3.777m can be transferred to Essex County Council.

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

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

- 9.3. In the course of the development of the Project Business Case, the delivery of the project and 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 were possible identify mitigating factors where an impact against any of the protected characteristics has been identified. An equality impact assessment has been undertaken and has been included within the Business Case for the Project.

## **10. List of Appendices**

- 10.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Item 6)  
10.2. Appendix B – Project Information

## **11. List of Background Papers**

- 8.1 Business Case for the Colchester Grow-on Space Project can be found [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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer Essex County Council)	  04/02/2021



## Appendix B - Background Information – Colchester Grow on Space

<b>Name of Project</b>	<b>Colchester Grow on Space</b>
<b>LGF value</b>	£3,777,451
<b>Promoting Authority</b>	Essex County Council
<b>Description of what Project delivers</b>	<p>Colchester Borough Council (CBC) seeks SE LEP Local Growth Fund (LGF3b) investment to support business growth and creation through the building of a new Grow on Space for the Creative and Digital Sector in the former Queen Street bus garage in Colchester Town Centre. This will deliver 698 sqm (7,513 sq. ft.) net lettable internal area high-quality workspace (601 sqm or 6,469 sq. ft. of which is the Grow-on space); satisfying recognised unmet demand and market failure in Colchester.</p> <p><b>Aim:</b> To transform a dilapidated town centre former bus garage into high quality grow-on space specifically for the Creative &amp; Digital Sector. Located within the St Botolph's Quarter regeneration area, and adjacent to the successful 37 Queen Street creative business centre, it would increase capacity and opportunities across 3,500 local businesses in the sector (whom represent the highest growth rate and number of start-ups in the region).</p>
<b>Need for Intervention</b>	<p>Research reveals Colchester has a high number of start-ups, and business growth as high as 10% in the creative and digital sector. Despite existing workspace provision for business incubation, there is a deficit of quality, larger spaces for slightly more mature businesses to expand to. Consequently, opportunities for small businesses to grow, employ more people and scale-up are currently being suppressed, which in turn 'blocks' or constrains the supply of the incubation space.</p> <p>Market failure stems from lack of viability arising from such developments. Rent levels in Colchester, particularly those for smaller offices targeted at SME's, are low compared with other areas a similar distance from London and yet build and other development costs remain comparable with the rest of the South East. This means that developers cannot obtain sufficient profit levels from such projects and lack of viability means that limited private sector activity is taking place. Although Colchester Borough Council and the University of Essex have taken a leadership role in office new build in the borough over the last few years, further public sector intervention is necessary to create a more balanced commercial property sector and provide more grow on space opportunities for growing micro businesses needing to scale-up.</p>

<b>Project Outcomes</b>	<p>The benefits of the scheme are extensive, both from an economic development and a regeneration perspective. There is an opportunity to provide much needed creative workspace, addressing a different market to the one already inhabiting 37 and 15 Queen Street, yet plugging seamlessly into the creative clusters and networks that have been created in the St Botolph’s Cultural Quarter, and the wider tech sector emerging in Colchester as a whole.</p> <p>Similarly, the creation of the Cultural Quarter is part of an overarching vision to develop the East side of Colchester town centre as an arts and cultural hub regeneration area, using creativity and creative entrepreneurship to revitalise a run-down area of the town, as first outlined in participation in the EU Interreg IVB programme Creative Urban Renewal In Europe (CURE). The ambition is to create more jobs, and freelancing and clustering opportunities while putting in place the right conditions for creative, digital and cultural businesses to grow – through the SE LEP wide</p> <p>South East Creative Cultural and Digital Support (SECCADS) Programme to provide and support and grant provision and through the development of effective workspace allowing further unencumbered growth.</p> <p>Consequently, we see the benefits to be:</p> <ul style="list-style-type: none"><li>• More successful businesses;</li><li>• More jobs;</li><li>• Cleaner, safer environment with less anti-social behaviour (ASB) issues, significantly enhancing the amenity of the adjacent development scheme;</li><li>• Enhanced reputation as a creative and digital hub leading to further growth;</li><li>• A significant boost to the creative and digital sector, and a short-term boost to the construction sector and its supply chain as part of the economic recovery following Covid-19.</li></ul>			
<b>Financial Information</b>	<b>Funding Source</b>	<b>Amount (£)</b>	<b>Constraints, dependencies or risks and mitigation</b>	
	SELEP LGF3b	3,777,451	Subject to Board approval	
	Colchester Borough Council	315,452	Confirmed contribution	
	Colchester Borough Council	900,000	Internal Capital Investment borrowing to be confirmed by Cabinet in January 2021	
	<b>Total</b>	<b>4,992,903</b>		

Project constraints	Constraint		Mitigation	
	Archelogy – adjacent to ancient monument		Close working with Historic England and allowance for thorough investigation	
	Works access to site		Clear dialogue with ECC around traffic management measures	
	Planning permission		Full consultation carried out and close working with planning officers	
A full risk register is included as Appendix B in the Business Case				
Options consideration	Four options were considered: <ul style="list-style-type: none"><li>• Do Nothing</li><li>• Create new business grow on space (preferred option)</li><li>• Develop the site as residential</li><li>• Sell site to commercial developer</li></ul> The approach taken is detailed in the business case			
Project Timeline	Task	Start	Finish	
	Developed Design	May '20	Jan '21	
	Second phase of Archaeology, stakeholder consultation	Sep '20	Jan '21	
	Equality Assessment	Jan '21	Jan '21	
	Planning Application	Dec '20	Mar '21	
	Funding allocation (conditional approval; subject to planning)	Feb '21	Feb '21	
	Technical Design/tender	Mar '21	May '21	
	Let tender for Construction	Jun '21	Jun '21	
	Construction (may include final Archaeology & Decontamination)	Jul '21	Jul '22	
	Handover	Jul '22	Jul '22	
	Benefits Realisation, Stakeholder management, risk management (including appointment of Commercial Operator who will seek and manage new tenants and the building)	Jul '22	Jul '22	
Outcome of ITE Review	The ITE shows that a proportionate and robust economic appraisal has been used suggesting that a benefit cost ratio of 2.4:1 will be achieved which falls within a high value for money categorisation with medium certainty of achieving due to the risks around planning identified in the report previously.			
Evidenced compliance with Assurance Framework?	Yes.			
Link to project webpage				

**Forward Plan reference number:** FP/AB/354, FP/AB/355, FP/AB/356, FP/AB/357, FP/AB/358, FP/AB/359, FP/AB/360

<b>Report title:</b> LGF COVID-19 Fund Report	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Katherine Wyatt, Capital Programme Officer	
<b>Date:</b> 29/01/2020	<b>For:</b> Decision
<b>Enquiries to:</b> Katherine Wyatt – katherine.wyatt@southeastlep.com	
<b>SELEP Partner Authority affected: Pan SELEP</b>	

## 1. Purpose of Report

- 1.1. The purpose of the report is for the Accountability Board (the Board) to consider the award of £3,802,000 Local Growth Fund (LGF) to the seven projects set out below and detailed at Appendix B. These projects were included on the LGF pipeline agreed by Strategic Board at their meeting on 11 December 2020.

## 2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **agree** the award of an additional £3,802,000 to the following seven projects which have been assessed as presenting high value for money with high certainty:

2.1.1.1. Kent and Medway Medical School (£1,000,000).

2.1.1.2. Flightpath Phase 2, Essex (£560,000).

2.1.1.3. Dover TAP, as part of Kent Strategic Congestion Management Programme (£100,000).

2.1.1.4. A127 Essential Maintenance/ The Bell, Southend (£207,000).

2.1.1.5. East Malling NIAB, Kent (£315,000).

2.1.1.6. Southend Town Centre (£125,000).

2.1.1.7. Skills and business support for rural businesses post Brexit project (£1,495,000).

## 3. Background

- 3.1. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting, 10 projects were identified to receive additional LGF. These 10 projects are listed in Appendix B to the LGF Capital Programme Update report.

- 3.2. The pipeline of LGF projects was established to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due the impact of COVID-19, to seek additional LGF funding.
- 3.3. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
  - 3.3.1. a legitimate case for why additional public sector investment is required in the project;
  - 3.3.2. that the project remains a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;
  - 3.3.3. that the project continues to present high value for money; and
  - 3.3.4. if additional funding is awarded to the project, the project is in a strong position to proceed to delivery, with no substantial delivery risks.
- 3.4. In total these 10 projects are seeking £6.662m LGF. Relative to the £6.693m LGF unallocated at the time of the meeting, this leaves £0.031m LGF unallocated, although the amount of unallocated LGF has subsequently increased, as detailed in the Capital Programme Update report.
- 3.5. The projects detailed in this report have provided updated versions of their applications for additional LGF. These applications have been reviewed by the Independent Technical Evaluator (ITE) to ensure the projects continue to present high value for money, based on their original business case and the additional funding ask. The outcome of this assessment is set out in appendix A and summarised in section 4 below.
- 3.6. Seven projects are considered for a funding decision within this report. Two projects, A13 widening and M11 Junction 8, are due to be considered by the Accountability Board on 12 March 2021 and the tenth project, Eastbourne Fisherman, is considered under agenda item 9.
- 3.7. The below table lists the seven projects, including details of the previous LGF project allocation and the additional LGF ask. Further details of the projects and the reasons behind the need for additional funding can be found in Appendix B.
- 3.8. The total additional LGF funding that the Board is asked to approve totals £3,802,000.

**Table 1: Overview of the additional funding requests for LGF projects in (£m).**

Project Name	Original LGF Allocation	Additional LGF requested
Kent and Medway Medical School	8.000	1.000
Kent Strategic Congestion Management Programme – Dover TAP	4.700	0.100
NIAB EMR - East Malling Advanced Technology Horticultural Zone	1.684	0.315
Project Flightpath Phase 2	1.420	0.560
A127 Essential Major Maintenance and The Bell Junction Improvement	6.600	0.207
Southend Town Centre Intervention Project (STCIP)	1.500	0.125
Skills and business support for rural businesses post Brexit	2.900	1.495
Total	26.800	3.800

#### 4. ITE review

- 4.1. All seven projects have had their applications for additional funding assessed by the ITE and are considered to present high value for money with a high level of certainty by the Independent Technical Evaluator. Further details can be found in Appendix A.
- 4.2. Appendices A and B set out the justification for the additional LGF being required and how the projects will continue to deliver economic benefits despite the impact of COVID-19.
- 4.3. The original benefit cost ratio (BCR) values for these seven projects was over the 2:1 threshold. This means that at the time of the original funding decision being made by the Board, the LGF investment in the project was expected to deliver high value for money.
- 4.4. The ITE has reviewed the previous BCR value for each of the projects relative to the additional funding ask. Based on the scale of the benefits set out within the original business case and the revised public sector cost for the project, the projects are still expected to present high or very high value for money.

#### 5. Project risk

- 5.1. All of these projects have secured the necessary planning permissions and have full funding packages in place so there are no significant project risks identified that would mean that any conditions to funding would be necessary.
- 5.2. In developing the pipeline of LGF projects, project deliverability was a key consideration for SELEP Ltd. As such, no substantial risks have been identified for the seven projects considered within this report.

- 5.3. The additional funding ask for the A127 Essential Maintenance/The Bell project was split into two phases, at the time of the project being considered by SELEP Ltd. As there was insufficient unallocated LGF to support both phases of the project, there remains an ask for an additional £0.393m LGF, if additional LGF becomes available. If additional LGF is not forthcoming, this cost increase will be met through an increased funding contribution by Southend on Sea Borough Council.
- 5.4. The only remaining risks identified to the delivery of the seven projects considered in this report, are related to the impacts of COVID-19 and extended periods of lockdown resulting in potential delays and costing changes. Further details can be found in Appendix B.

## **6. Next steps**

- 6.1. The next steps are for a deed of variations to be put in place to the existing SLAs between SELEP Ltd, Essex County Council, as Accountable Body and partner authorities to add these additional LGF projects to the agreements. The deed of variations will need to be in place by the end of February 2021 to enable SELEP to transfer the grant in March 2021. The transfer of the grant before 31 March 2021 is set out under agenda item 15.
- 6.2. SELEP is required to demonstrate to Central Government that all LGF has been spent in full by 31 March 2021. If the deed of variations aren't in place by February 2021, to enable the transfer of the funding to partner authorities by the end of the year, the funding may be uncommitted and unspent by 31 March 2021. There is a risk that if SELEP has not used its freedoms and flexibilities to spend the LGF in full by 31 March 2021, this may impact SELEP's performance rating at the Annual Performance Review. This could impact future funding awards to SELEP in 2021/22.

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

- 7.1. The full LGF funding allocation for 2020/21 has been received by Ministry of Housing, Communities, & Local Government (MHCLG).
- 7.2. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting, 10 projects were identified to receive additional LGF to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due the impact of COVID-19, to seek additional LGF funding. Essex County Council, as the Accountable Body is in receipt of the unallocated LGF funding.
- 7.3. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

- 7.4. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 7.5. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 7.6. Should the Board approve the award of LGF to the seven projects in this report a deed of variation to the SLA referred to in 7.4 and 7.5 will be put in place to add each project.
- 7.7. The transfer of capital funding to each Lead Authority under Agenda item 15 will be subject to the deed of variation being in place.

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

- 8.1. Variation agreements will need to be put in place to the existing Service Level Agreement (SLA) between Essex County Council, as Accountable Body, local authorities and SELEP Ltd. These variation agreements will need to be entered into by all parties before the LGF can be transferred to local authority partners.
- 8.2. The LGF must be administered in accordance with the terms of the Grant Determination Letter between the Accountable Bod and Central Government, and used in accordance with the terms of the Service Level Agreement between the Accountable Body, local authorities and SELEP Ltd.

## **9. Equality and Diversity implication**

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



## 10. List of Appendices

- 10.1. Appendix A – ITE report, see agenda item 6.
- 10.2. Appendix B – Project Background Information

## 11. List of Background Papers

- 11.1. Business Case for Kent and Medway Medical School can be found on the project page [here](#) and the application for additional funding [here](#).
- 11.2. Business Case for Flightpath Phase 2 can be found on the project page [here](#) and the application for additional funding [here](#).
- 11.3. Business Case for Dover TAP, as part of Kent Strategic Congestion Management Programme can be found on the project page [here](#) and the application for additional funding [here](#).
- 11.4. Business Case for A127 Essential Maintenance/ The Bell can be found on the project page [here](#) and the application for additional funding [here](#).
- 11.5. Business Case for East Malling NIAB can be found on the project page [here](#) and the application for additional funding [here](#).
- 11.6. Business Case for Southend Town Centre can be found on the project page [here](#) and the application for additional funding [here](#).
- 11.7. Business Case for Skills and business support for rural businesses post Brexit can be found on the project page [here](#) and the application for additional funding [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>	
Peter Shakespear	04/02/2021
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

## SELEP – Local Growth Fund Project Background Information

<b>Name of Project</b>	<b>Kent and Medway Medical School</b>  Canterbury Christ Church University and University of Kent at Canterbury  Kent County Council
<b>Description of what Project delivers</b>	<p>The project will deliver the first medical school in Kent and will provide an innovative centre for medical education and research to develop the health and social care workforce. The medical school is situated in Canterbury and is split between the campuses of Canterbury Christ Church University and the University of Kent at Canterbury.</p> <p>The project will deliver:</p> <ul style="list-style-type: none"> <li>• 2,476sqm of lecture theatre, classroom, anatomy and clinical skills simulation laboratory space at Canterbury Christ Church University's Science, Technology, Engineering and Medicine (STEM) facility; and</li> <li>• 2,320sqm of lecture theatre, IT suites, seminar rooms, meeting rooms and office space at the University of Kent campus.</li> </ul> <p>The project is nearing completion and the first cohort of medical students have commenced their studies.</p>
<b>Case for additional LGF funding</b>	<p>Additional LGF funding is required due to a number of factors:</p> <ul style="list-style-type: none"> <li>• Increased building costs due to delays caused by COVID-19 - due to site shutdown during lockdown and subsequent changes to working practices, completion of the medical school's building at the University of Kent was delayed by one month and the building at Canterbury Christ Church University was delayed by five months - resulting in increased project management costs;</li> <li>• Increased building costs due to changes in Health and Safety Regulations - changes to Health and Safety standards associated with ventilation have resulted in the need to provide enhanced ventilation in the anatomy suite, which has resulted in increased costs;</li> <li>• Equipment and building costs significantly higher than original estimates - a number of required design changes have been identified as a consequence of planning control (e.g. roof top screening) and actual costs in excess of the original estimates (e.g. lab furniture) which have significantly increased the cost of the project;</li> <li>• Increased equipment costs due to impact of COVID-19 on recruitment and delivery - COVID-19 has had an impact on the way in which the curriculum is delivered due to the increased health and safety issues associated with face to face delivery. As a result, increased costs are being incurred in the following areas: technology required to support virtual recruitment of students, maintaining appropriate high-quality anatomy teaching and learning experiences</li> </ul>

	and additional on-line educational resources to help students prepare for clinical placements.																																																																								
Project benefits	<p>The project will deliver the following benefits:</p> <ul style="list-style-type: none"><li>• Delivery of Kent and Medway’s first medical school, initially supporting 107 undergraduates per year, rising to 214 from 2029/30, and with additional capacity for postgraduate and CPD education;</li><li>• Delivery of a new curriculum model to support the Kent and Medway health economy, with much greater exposure to primary care from the start;</li><li>• Recruitment of more – and more diverse – people into the health service workforce through an outreach model that will broaden the medical talent pool;</li><li>• Reduce the workforce challenges that affect the sector;</li><li>• Building of a new centre for medical knowledge and research, complementing the established Brighton and Sussex Medical School and the new Anglia Ruskin School of Medicine.</li></ul> <p>The benefits offered by the Project are unchanged since original Business Case submission, however, COVID-19 has provided an increased spotlight on the need for future clinical workforce in Kent and Medway.</p>																																																																								
Financial Information	<p>Original LGF allocation: £8m</p> <p>Additional LGF funding requested: £1m</p> <p>The total capital cost of the project is <b>£25.84m</b>.</p> <p>Project spend profile:</p> <table><tr><th colspan="6">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>8.000</td><td>-</td><td>-</td><td><b>8.000</b></td></tr><tr><td>Canterbury Christ Church University</td><td>2.015</td><td>2.908</td><td>2.317</td><td>-</td><td><b>7.240</b></td></tr><tr><td>University of Kent at Canterbury</td><td>0.635</td><td>5.493</td><td>3.472</td><td>-</td><td><b>9.600</b></td></tr><tr><td><b>Total</b></td><td><b>2.650</b></td><td><b>16.401</b></td><td><b>5.789</b></td><td>-</td><td><b>24.840</b></td></tr></table> <table><tr><th colspan="6">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>8.000</td><td>1.000</td><td>-</td><td><b>9.000</b></td></tr><tr><td>Canterbury Christ Church University</td><td>2.015</td><td>2.908</td><td>2.317</td><td>-</td><td><b>7.240</b></td></tr><tr><td>University of Kent at Canterbury</td><td>0.635</td><td>5.493</td><td>3.472</td><td>-</td><td><b>9.600</b></td></tr><tr><td><b>Total</b></td><td><b>2.650</b></td><td><b>16.401</b></td><td><b>6.789</b></td><td>-</td><td><b>25.840</b></td></tr></table>	Original project spend profile (£m)						Funding sources	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	-	8.000	-	-	<b>8.000</b>	Canterbury Christ Church University	2.015	2.908	2.317	-	<b>7.240</b>	University of Kent at Canterbury	0.635	5.493	3.472	-	<b>9.600</b>	<b>Total</b>	<b>2.650</b>	<b>16.401</b>	<b>5.789</b>	-	<b>24.840</b>	Revised project spend profile (£m)						Funding sources	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	-	8.000	1.000	-	<b>9.000</b>	Canterbury Christ Church University	2.015	2.908	2.317	-	<b>7.240</b>	University of Kent at Canterbury	0.635	5.493	3.472	-	<b>9.600</b>	<b>Total</b>	<b>2.650</b>	<b>16.401</b>	<b>6.789</b>	-	<b>25.840</b>
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Risks to project delivery	<p>Page 87 of 256</p> <p>The main risks impacting the ability of the project to proceed are:</p>																																																																								

	<ul style="list-style-type: none"> <li>• Potential COVID-19 impact on project success. Dynamic contingency plans are in place to escalate and de-escalate teaching and learning experiences in line with government guidance.</li> <li>• Within the facilities at Canterbury Christ Church University, there is ongoing uncertainty with the supply chain for fit-out of the anatomy laboratory and simulation suite, which could compound the delayed opening and the medical school management plans that have been put in place. However, an active risk management approach is in place to manage COVID-19 impacts on the workforce and within supply chain organisations. Strict COVID-19 appropriate working conditions are required on both the construction site and in supply chain organisations.</li> </ul> <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery. The funding will be used to complete the fit out of the buildings and the purchase of necessary equipment.</p>
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>
<b>Evidenced compliance with Assurance Framework?</b>	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/kent-and-medway-medical-school-canterbury/">https://www.southeastlep.com/project/kent-and-medway-medical-school-canterbury/</a></p> <p>Application for additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/09/Kent-and-Medway-Medical-School.pdf">https://www.southeastlep.com/app/uploads/2019/09/Kent-and-Medway-Medical-School.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>

## SELEP – Local Growth Fund Project Background Information

<b>Name of Project</b>	<b>Flightpath Phase 2</b>  Woodside Industrial Estate, Thornwood, Essex  Essex County Council
<b>Description of what Project delivers</b>	<p>The primary project benefit is to secure and cement the future of this important historic site as a commercial employment site through delivering the final phase of construction and modernisation and accelerating to market the final 21 new high quality employment sites for SME's granted in the planning permission of 2015.</p> <p>Communal recycling stations for various types of waste will be built into the scheme to promote recycling.</p> <p>Socially the scheme provides local business owners with high quality mixed use commercial spaces of varying sizes from which to base their operations close to home in order to improve the work life balance and promote local jobs for local people.</p> <p>There are further environmental benefits in the form of new build energy efficient buildings, LED lighting throughout to reduce energy consumption and landscaping improvements to benefit the user experience and local wildlife alike.</p> <p>The provision of commercial space locally will mean local residents will be employed onsite, thus reducing transport needs, this means more residents will be able to take advantage of sustainable transport options, including walking and cycling.</p>
<b>Case for additional LGF funding</b>	<p>Project Flightpath Phase 2 was designed to be funded by both SELEP and Commercial Bank Finance, along with a small amount of private sector match funding. An agreement in principle was in place for the bank finance at the point of the LGF funding decision. However, as a result of the COVID-19 pandemic it was determined that the funding profile no longer fitted the bank's lending appetite and the loan could no longer be issued.</p> <p>A number of other commercial lenders have been engaged but there is no route to finance the project due to the economic uncertainty following the COVID-19 crisis and to a lesser extent Brexit.</p> <p>It should be noted that the project cost has remained substantially the same, with the additional LGF funding requested solely due to the withdrawal of the previously agreed bank financing.</p> <p>Without additional funding it will not be possible to complete two of the planned blocks of employment space and the required road infrastructure onsite at this time. These works will be put on hold until sufficient funding can be identified.</p> <p>Funding issues have been compounded by the closure of the site in March, April and May 2020 during lockdown and the subsequent material delays as it has resulted in delayed completion and therefore</p>

	<p>delayed rental income from new tenants at the site.</p> <p>With the additional funding all of the project benefits can be realised in a slightly amended timetable and the importance of high quality small start-up and business grow on space cannot be overestimated during these times.</p>
<b>Project benefits</b>	<p>The key benefits of the scheme are:</p> <ul style="list-style-type: none"> <li>• Construction of 21 new high-quality commercial premises for SME's;</li> <li>• Completion of overall site development and infrastructure to include security upgrades and fibre communications to the whole site to bring the site up to date and in line with the expectations of business owners;</li> <li>• Promote localism and increase business to business transactions within the local area;</li> <li>• Increase and continue to develop the business community at the site;</li> <li>• Provision of start-up and grow on space so that the site can offer a range of single and two storey premises from 1,000sqft thus offering a road map from start-up through to medium size;</li> <li>• Increase economic development in the district and increase revenues to the Local Authority through Business rate collections on the larger premises;</li> <li>• Creation of 4 new FTE positions within GT Commercial Holdings Ltd, all of which will be located at the site;</li> <li>• Maximum intensification and remediation of an existing brownfield site in line with local, region and national planning policies;</li> <li>• The project will deliver 144 new jobs, safeguard the existing 157 jobs on the site and will create 249 new full time jobs in the 36 units constructed.</li> </ul> <p>The benefits offered by the Project are unchanged since original Business Case submission, however, there is likely to be increased demand for the type of commercial space being delivered through the project as people look to relocate away from highly urban areas, seek a changed way of life or seek to start their own businesses following loss of existing employment as a result of the COVID-19 pandemic.</p>
<b>Financial Information</b>	<p>Original LGF allocation: £1,421,500</p> <p>Additional LGF funding requested: £560,000</p> <p>The total capital cost of the project is <b>£2,843,000</b></p> <p>Project spend profile</p> <p>Page 90 of 256</p> <p>Original project spend profile (£m)</p>

	Funding sources	2019/20	2020/21	<b>Total</b>
	Local Growth Fund	1.4215	-	<b>1.4215</b>
	Commercial Bank Finance/Private Funding	0.1504	1.2711	<b>1.4215</b>
	<b>Total</b>	<b>1.5719</b>	<b>1.2711</b>	<b>2.8430</b>
	Revised project spend profile (£m)			
	Funding sources	2019/20	2020/21	<b>Total</b>
	Local Growth Fund	0.7820	1.1995	<b>1.9815</b>
	Commercial Bank Finance/Private Funding	0.1150	0.7465	<b>0.8615</b>
	<b>Total</b>	<b>0.8970</b>	<b>1.9460</b>	<b>2.8430</b>
<b>Risks to project delivery</b>	<p>The delivery of the first two blocks (B &amp; D) is nearing completion. The main project risk relates to the ability to fund the final two blocks (C &amp; E) on the site in light of the unavailability of commercial finance. Without a suitable funding route there will be insufficient funds available to deliver the entirety of the remaining works. Works cannot begin on the remaining blocks until a full funding package is in place, as this would risk the buildings being left in an unsafe condition, potentially risking structural damage and increased costs at a later date. If additional LGF funding can be secured, the remaining works onsite can be completed by the end of September 2021.</p> <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery. The project is already in progress, with the current lack of suitable funding acting as the only barrier to project delivery.</p>			
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High Value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>			
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.			
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/flightpath-phase-2-essex/">https://www.southeastlep.com/project/flightpath-phase-2-essex/</a></p> <p>Application for additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/09/Flightpath-Phase-2-Application-for-additional-LGF.pdf">https://www.southeastlep.com/app/uploads/2019/09/Flightpath-Phase-2-Application-for-additional-LGF.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>			



## SELEP – Local Growth Fund Project Background Information

<b>Name of Project</b>	<p><b>Dover TAP project</b></p> <p><b>Part of the Kent Strategic Congestion Management Programme</b></p> <p><b>Kent County Council</b></p>
<b>Description of what Project delivers</b>	<p>The Kent Strategic Congestion Management Programme is delivering improvements in order to maximise the efficiency of the local highway network as traffic levels increase in line with development.</p> <p>Dover TAP is a temporary traffic management system which queues port-bound lorries on the A20 after the Roundhill Tunnel to prevent Dover becoming congested with traffic. This scheme will deliver a package of improvements to help reduce the impact of TAP including introduction of new Intelligent Transportation Systems technologies.</p>
<b>Case for additional LGF funding</b>	<p>As a result of COVID-19, the delivery of the Dover TAP element of the project has been adversely affected as follows:</p> <ol style="list-style-type: none"> <li>1) The pool of contractors available to carry out the installation at both VMS sites has depleted significantly which has resulted in increased cost of installation;</li> <li>2) The project was intended to be delivered early in Spring 2020 but was significantly delayed due to uncertainty and constantly changing government guidelines at the start of the pandemic, which has led to extended deadlines having to be put in place for delivery of the project;</li> <li>3) Due to COVID-19 the pool of readily available suppliers has been made smaller which has resulted in some equipment being more expensive than originally expected.</li> </ol> <p>A number of other non-COVID-19 related issues have also arisen which have impacted on the project delivery programme and budget.</p>
<b>Project benefits</b>	<ul style="list-style-type: none"> <li>- Through a combination of CCTV and VMS, the public will be alerted to issues around Dover allowing them to avoid the area thereby reducing the congestion caused and the number of residents affected;</li> <li>- Following introduction of Dover TAP residents who would previously have not gone out due to the known congestion issues may opt to cycle to Dover resulting in a reduced effect on Dover's local economy;</li> <li>- Improved air quality as a result of there being a reduction in vehicles on the road.</li> </ul> <p>The benefits offered by the Project are unchanged since original Business Case submission.</p>
<b>Financial Information</b>	<p>Original LGF allocation: £4.7m</p> <p>Additional LGF funding requested: £0.1m</p> <p>The total capital cost of the Project is <b>£5.024m</b></p>



	Project spend profile:								
	Original project spend profile (£m)								
	Funding sources	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	2021 /22	Total
	Local Growth Fund	0.863	0.687	0.604	0.236	0.389	1.921	-	4.700
	Other Public Sector funding	-	-	-	-	-	0.118	0.106	0.224
	Total	0.863	0.687	0.604	0.236	0.389	2.039	0.106	4.924
	Revised project spend profile (£m)								
	Funding sources	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	2021 /22	Total
	Local Growth Fund	0.863	0.687	0.604	0.236	0.389	1.921	0.1	4.800
	Other Public Sector Funding	-	-	-	-	-	0.118	0.106	0.224
	Total	0.863	0.687	0.604	0.236	0.389	2.039	0.206	5.024
Risks to project delivery	<p>Excessive costs associated with powering the VMS currently mean that only one sign can be delivered instead of the intended two signs. Additional LGF funding will facilitate delivery of the second sign.</p> <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery.</p>								
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>								
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.								
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: <a href="https://www.southeastlep.com/project/kent-strategic-congestion-management-programme/">https://www.southeastlep.com/project/kent-strategic-congestion-management-programme/</a></p> <p>Application for additional LGF funding: <a href="https://www.southeastlep.com/app/uploads/2019/09/Dover-TAP-KSCMP.pdf">https://www.southeastlep.com/app/uploads/2019/09/Dover-TAP-KSCMP.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>								

## SELEP – Local Growth Fund Project Background Information

Name of Project	A127 Essential Major Maintenance and The Bell Junction Improvement  Southend-on-Sea Borough Council																																		
Description of what Project delivers	The A127 Essential Major Maintenance element of the project seeks to improve the condition and quality of the A127 from the borough boundary to Victoria Gateway in a cost-effective manner, addressing the results of years of underinvestment in highway infrastructure. The works involve strengthening the carriageway by filling voids below the concrete carriageway slabs, repairing concrete slabs and resurfacing to original levels. The works also involve repairing defective road drainage, safety barrier repairs and replacing defective lighting columns.																																		
Case for additional LGF funding	Additional investment is being sought for additional costs due to COVID-19 and also to support an increase in costs as works to fill voids below concrete carriageway slabs are more than was anticipated.																																		
Project benefits	<p>Main construction commenced on 1 September 2020; the project can continue with construction but will not be able to deliver all the benefits stated with the Business Case. Which were:</p> <p>Junction improvements will help deliver improvement to access Southend Airport and new business park, which will provide commercial space and jobs. It will improve resilience of the existing road space Improve pedestrian/cycle improvements</p>																																		
Financial Information	<p>Original LGF allocation: £10.9m</p> <p>Additional LGF funding requested: Part A - £0.207m, Part B - £0.393m, Total £0.6m. The Board are asked to consider the award of Part A only at this time.</p> <p>The total capital cost of the Project is <b>£12.282m</b>.</p> <p>Project spend profile:</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>1.230</td><td>3.820</td><td>5.850</td><td>-</td><td><b>10.900</b></td></tr><tr><td>Southend-on-Sea BC</td><td>0.190</td><td>-</td><td>-</td><td>0.529</td><td>-</td><td><b>0.719</b></td></tr></table>							Original project spend profile (£m)							Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	-	1.230	3.820	5.850	-	<b>10.900</b>	Southend-on-Sea BC	0.190	-	-	0.529	-	<b>0.719</b>
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Southend-on-Sea BC	0.190	-	-	0.529	-	<b>0.719</b>																													

	S106 contributions	-	-	0.063	-	-	<b>0.063</b>
	<b>Total</b>	<b>0.190</b>	<b>1.230</b>	<b>3.883</b>	<b>6.379</b>	<b>-</b>	<b>11.682</b>
	Revised project spend profile (£m)						
	Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	<b>Total</b>
	Local Growth Fund	-	0.396	1.123	2.983	6.605	<b>11.107</b>
	Southend-on-Sea BC	0.190	-	-	-	0.922*	<b>1.112</b>
	S106 contributions	-	-	-	0.063	-	<b>0.063</b>
	<b>Total</b>	<b>0.190</b>	<b>0.396</b>	<b>1.123</b>	<b>3.046</b>	<b>7.527</b>	<b>12.282</b>
* Assumes that Part B of the additional LGF funding requested will be contributed by Southend-on-Sea Borough Council if the additional LGF funding is not awarded.							
<b>Risks to project delivery</b>	Main construction commenced on 1 September 2020 and due for completion Summer 21.						
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>						
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.						
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/a127-essential-bridge-and-highway-maintenance-southend/">https://www.southeastlep.com/project/a127-essential-bridge-and-highway-maintenance-southend/</a></p> <p>Application for additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/09/A127-Essential-Maintenance-Phase-A-Application-for-additional-LGF.pdf">https://www.southeastlep.com/app/uploads/2019/09/A127-Essential-Maintenance-Phase-A-Application-for-additional-LGF.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>						

## SELEP – Local Growth Fund Project Background Information

<b>Name of Project</b>	<p><b>East Malling Advanced Technology Horticultural Zone</b></p> <p>NIAB EMR, New Road, East Malling</p> <p>Kent County Council</p>
<b>Description of what Project delivers</b>	<p>The Project will support the development of an Advanced Technology Horticultural Zone at East Malling, which will be the first step towards delivering the vision of a cutting-edge Innovation Campus for horticulture in Kent. The campus will secure the long-term delivery of world-class research, innovation and knowledge exchange for the UK horticultural industry.</p> <p>The LGF funding will be used to provide the new infrastructure that is required for the Advanced Technology Horticultural Zone (utility services, drainage, groundworks) and will see the construction of a new energy centre that meets the needs of the Zone. It will also provide the first state-of-the-art glasshouse. The project will use advanced greenhouse designs which will host high-tech imaging, robotics, precision irrigation rigs, LED lighting and CO<sub>2</sub> systems with the purpose of advancing horticultural agronomy in the region. This facility will allow an increased level of innovative research projects and best practice demonstrations to be delivered in a commercially relevant setting.</p>
<b>Case for additional LGF funding</b>	<p>The COVID-19 outbreak has had a substantial impact on the construction and material costs associated with the project. The construction sector has made good progress in adapting to operate effectively in a COVID secure way, however, this has resulted in increased project delivery costs. Some of these additional costs are associated with the implementation of required hygiene protocols such as the demand for more regular cleaning of the facilities used by the contractors. At NIAB this is exacerbated by the fact that there are spaces that will be shared by both NIAB EMR staff and contractors requiring a larger footprint for the common facilities than previously planned.</p> <p>It is also expected that there will be an increase in the cost of the specialised equipment that will be fitted in the controlled environment glasshouse.</p>
<b>Project benefits</b>	<p>The Project will generate upwards of £570,000 per annum in additional research and development spend in the region, creating 14 new knowledge-based and highly skilled jobs in addition to safeguarding 40 jobs at NIAB EMR.</p> <p>The benefits offered by the Project are unchanged since original Business Case submission, however, there has been a renewed interest from horticulture, food and drink industries to work with NIAB EMR.</p>
<b>Financial Information</b>	<p>Original LGF allocation: £1.6836m</p> <p>Additional LGF funding requested: £0.315m</p>

	<p>The total capital cost of the project is <b>£5.3583m</b>.</p> <p>Project spend profile:</p> <table><tr><th colspan="6">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>-</td><td>1.6836</td><td>-</td><td><b>1.6836</b></td></tr><tr><td>NIAB EMR and East Malling Trust</td><td>-</td><td>0.2366</td><td>3.0231</td><td>0.1000</td><td><b>3.3597</b></td></tr><tr><td><b>Total</b></td><td>-</td><td><b>0.2366</b></td><td><b>4.7067</b></td><td><b>0.1000</b></td><td><b>5.0433</b></td></tr><tr><th colspan="6">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>-</td><td>1.9986</td><td>-</td><td><b>1.9986</b></td></tr><tr><td>NIAB EMR and East Malling Trust</td><td>-</td><td>0.2366</td><td>3.0231</td><td>0.1000</td><td><b>3.3597</b></td></tr><tr><td><b>Total</b></td><td>-</td><td><b>0.2366</b></td><td><b>5.0217</b></td><td><b>0.1000</b></td><td><b>5.3583</b></td></tr></table>	Original project spend profile (£m)						Funding sources	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	-	-	1.6836	-	<b>1.6836</b>	NIAB EMR and East Malling Trust	-	0.2366	3.0231	0.1000	<b>3.3597</b>	<b>Total</b>	-	<b>0.2366</b>	<b>4.7067</b>	<b>0.1000</b>	<b>5.0433</b>	Revised project spend profile (£m)						Funding sources	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	-	-	1.9986	-	<b>1.9986</b>	NIAB EMR and East Malling Trust	-	0.2366	3.0231	0.1000	<b>3.3597</b>	<b>Total</b>	-	<b>0.2366</b>	<b>5.0217</b>	<b>0.1000</b>	<b>5.3583</b>
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<b>Risks to project delivery</b>	<p>There are no major project risks, following award of planning consent in early November 2020.</p> <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery.</p>																																																												
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>																																																												
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## SELEP – Local Growth Fund Project Background Information

<b>Name of Project</b>	<b>Southend Town Centre Interventions Project</b>  Southend-on-Sea Borough Council
<b>Description of what Project delivers</b>	<p>The Southend Town Centre Intervention Project comprises a number of interventions designed to decrease vacancy rates and increase footfall:</p> <ul style="list-style-type: none"> <li>- Additional and upgraded CCTV across the town centre to improve community safety;</li> <li>- Provision of footfall cameras – to provide baseline information to inform future action and support investment enquiries;</li> <li>- Shop Front Grants – to encourage shop owners in key gateways to the town centre to improve the appearance of their premises;</li> <li>- 0% loans – to encourage the use of empty town centre premises either as alternative commercial or mixed use;</li> <li>- Public realm and way finding works – to improve the feel of the town centre and encourage visitors. Wayfinding will encourage people to explore the side streets;</li> <li>- Activities in empty shop units – working with the Business Improvement District and other stakeholders to develop a programme of activities for empty units in key locations. This will increase footfall and dwell time as well as encouraging investment in empty units.</li> </ul>
<b>Case for additional LGF funding</b>	<p>The project seeks to complement a number of other town centre initiatives and create a welcoming environment in which visitors to the town centre feel safe and as a consequence are happy to spend time exploring what it has to offer. To this end a key part of the project is the provision of additional CCTV and an upgrading of the existing equipment.</p> <p>An area which has experienced a number of recent issues is the Forum Square located between Elmer Approach and the Farringdon Service Road. The site is adjacent to the High Street and sits to the front of the existing Forum building and the Focal Point Gallery. This was also the site for the Forum II project which has recently been withdrawn due to issues directly attributable to the COVID pandemic.</p> <p>CCTV in this area was not going to be provided through this project as it was expected that the Forum II project would provide CCTV in addition to other local improvements which would have improved safety in the area. As the Forum II project is no longer going ahead this leaves a significant gap in CCTV coverage and means that other community safety measures cannot be implemented. These include preventing access to the rear of High Street properties, lighting improvements and gated access to the service road.</p> <p>The provision of the additional LGF will allow the CCTV and community safety elements of the Forum II project to be implemented ensuring that</p>

	there is no blind spot in coverage. This will also ensure that the benefits attributed to the Project will be achieved.																																																												
Project benefits	<p>The project is expected to realise a range of benefits including returning commercial floorspace to productive use, reducing vacancy rates in the town centre, delivering improved public realm, increasing footfall in the town centre and improving safety.</p> <p>The project will also support delivery of additional housing units and the creation of 19 new jobs.</p> <p>Project benefits will be increased in comparison to the original Business Case submission as the additional funding is being sought to support delivery of interventions originally included within the scope of the now cancelled Forum II project which are complementary to the works being undertaken through the Southend Town Centre project.</p>																																																												
Financial Information	<p>Original LGF allocation: £1.5m</p> <p>Additional LGF funding requested: £0.125m</p> <p>The total capital cost of the project is <b>£2.625m</b></p> <p>Spend profile table including original and revised spend profile</p> <table><tr><th colspan="6">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>0.285</td><td>1.215</td><td>-</td><td>-</td><td><b>1.500</b></td></tr><tr><td>Southend-on-Sea Borough Council</td><td>0.200</td><td>0.800</td><td>-</td><td>-</td><td><b>1.000</b></td></tr><tr><td><b>Total</b></td><td><b>0.485</b></td><td><b>2.015</b></td><td>-</td><td>-</td><td><b>2.500</b></td></tr><tr><th colspan="6">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>0.500</td><td>1.125</td><td>-</td><td><b>1.625</b></td></tr><tr><td>Southend-on-Sea Borough Council</td><td>-</td><td>0.200</td><td>0.800</td><td>-</td><td><b>1.000</b></td></tr><tr><td><b>Total</b></td><td>-</td><td><b>0.700</b></td><td><b>1.925</b></td><td>-</td><td><b>2.625</b></td></tr></table>	Original project spend profile (£m)						Funding sources	2019/20	2020/21	2021/22	2022/23	Total	Local Growth Fund	0.285	1.215	-	-	<b>1.500</b>	Southend-on-Sea Borough Council	0.200	0.800	-	-	<b>1.000</b>	<b>Total</b>	<b>0.485</b>	<b>2.015</b>	-	-	<b>2.500</b>	Revised project spend profile (£m)						Funding sources	2019/20	2020/21	2021/22	2022/23	Total	Local Growth Fund	-	0.500	1.125	-	<b>1.625</b>	Southend-on-Sea Borough Council	-	0.200	0.800	-	<b>1.000</b>	<b>Total</b>	-	<b>0.700</b>	<b>1.925</b>	-	<b>2.625</b>
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Risks to project delivery	<p>The main project risks relate to potential COVID-19 related issues. Some elements of the project have already been delayed as a consequence of the lockdown introduced in March, however, good progress is now being made and new working practices have been established.</p> <p>There is a risk in relation to the take up of loans and grants offered through the project by town centre businesses. In the current climate there is a possibility that businesses will not have the appetite for investment, however, consultation with the Business Improvement District and informal approaches from agents and potential inward investors suggest that demand will be strong.</p> <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery. All required planning consents are in place.</p>																																																												

<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/southend-town-centre-interventions-project/">https://www.southeastlep.com/project/southend-town-centre-interventions-project/</a></p> <p>Application for additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/09/Southend-Town-Centre-Interventions-application-for-additional-LGF.pdf">https://www.southeastlep.com/app/uploads/2019/09/Southend-Town-Centre-Interventions-application-for-additional-LGF.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>



## SELEP – Local Growth Fund Project Background Information

<b>Name of Project</b>	<b>Skills and business support for rural businesses post Brexit</b>  Plumpton College, Lewes  East Sussex County Council
<b>Description of what Project delivers</b>	Plumpton College is the regional specialist land-based training and education centre, working with approximately 2000 businesses and educating in the region of 3,500 students annually.  The Project will deliver: <ul style="list-style-type: none"> <li>• Construction of a 2 storey centre of excellence in AgriFood knowledge transfer, business improvement and skills training;</li> <li>• Improved pedestrian and road user access to the new facilities;</li> <li>• Redevelopment of the pig production and beef and sheep handling facilities, including automated milking stations; and</li> <li>• A village green through landscaping opportunities.</li> </ul> The Project will secure the infrastructure developments to support agrifood and associated businesses to raise productivity and efficiency, supporting both Brexit transition and the Government COVID-19 response.
<b>Case for additional LGF funding</b>	There are three main reasons for seeking additional LGF investment: <p><b>1. Preliminary costs to bring the site forward for development</b>  The College has incurred significantly more preliminary costs than anticipated to bring the site forward for development. The Local Planning Authority required the overall Site Master Plan (encompassing all elements of the project) to be approved prior to, or as part of, any detailed phase application. This requirement resulted in significantly more information than originally anticipated, being required to secure planning consent. This in turn was complicated further by COVID-19 related delays and extended consultation periods that generated additional works necessary to complete the application.</p> <p><b>2. Inflation related cost pressures</b>  The initial budget was taken from January 2019 build data but procurement could not start until November 2019, the date at which the funding agreement was in place. The delay in obtaining a funding agreement used up a large part of the project's time contingency and 2 months later business confidence fell as COVID-19 developed. Coupled with the delay in obtaining planning permission, there is now a significant inflationary impact on project cost elements as businesses aim to recover lost income during the initial COVID-19 period and the continuing working social distancing regulations.</p>

### 3. Mechanical and electrical (M & E) infrastructure amendments

M & E survey works undertaken since May 2020 have identified capacity constraints within the college's electrical infrastructure which would be exceeded based upon the current scope of the proposed centre of excellence in agri-food knowledge transfer, business improvement and skills training. The most cost effective solution to this constraint is an amendment to the specification of heating and hot water generation for the building, rather than the installation of a series of electrical substations across the western end of the site.

#### Project benefits

Project benefits as set out in the original Project Business Case include:

- Creation of 7 new jobs and safeguarding of an additional 13 jobs;
- 204 additional apprentices and 248 additional learners per year;
- 610 Business Support interventions per year;
- 5,000+ learner engagements (arising from visits, taster courses, lectures etc.) per year;
- 2,500+ business support interventions (arising from events, mentoring, peer exchange, masterclasses etc.) per year.

It is anticipated that, if the additional LGF funding sought is approved, that the training and education related outcomes from the revised project will be 20% greater resulting from more effective use of the space created through blended learning (online and in person learning) and the increased supply of trainees from COVID-19 response programmes.

#### Financial Information

Original LGF allocation: £2,918,000

Additional LGF funding requested: £1,495,000

The total capital cost of the project is: **£8,532,020**

Project spend profile:

Original project spend profile (£m)					
Funding sources	2019/20	2020/21	2021/22	2022/23	Total
Local Growth Fund	2.13390	0.78410	-	-	<b>2.91800</b>
Plumpton College	1.77200	2.34702	-	-	<b>4.11902</b>
<b>Total</b>	<b>3.90590</b>	<b>3.13112</b>	-	-	<b>7.03702</b>
Revised project spend profile (£m)					
Funding sources	2019/20	2020/21	2021/22	2022/23	Total
Local Growth Fund	0.228805	1.061684	3.122511	-	<b>4.413000</b>
Plumpton College	-	0.386992	1.647510	2.084518	<b>4.119020</b>
<b>Total</b>	<b>0.228805</b>	<b>1.448676</b>	<b>4.770021</b>	<b>2.084518</b>	<b>8.532020</b>

<b>Risks to project delivery</b>	<p>The primary risks relate to COVID-19 impacts on project programme and costs.</p> <p>Procurement has not yet been completed and therefore there remains a risk that the project will fail to attract suitable contractors.</p> <p>There is also a risk that potential future educational funding changes by Government may negatively impact upon cashflow and/or the unit value of student outcomes.</p> <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery beyond the completion of the procurement process.</p>
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>
<b>Evidenced compliance with Assurance Framework?</b>	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/skills-and-business-support-for-rural-businesses-post-brex-it-plumpton-college-lewes/">https://www.southeastlep.com/project/skills-and-business-support-for-rural-businesses-post-brex-it-plumpton-college-lewes/</a></p> <p>Application for additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/09/Plumpton-College-additional-LGF-application-redacted.pdf">https://www.southeastlep.com/app/uploads/2019/09/Plumpton-College-additional-LGF-application-redacted.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>

## Eastbourne Fisherman's Quay – LGF COVID-19 Response Fund Allocation and Change of Project Scope

Forward Plan reference numbers: FP/AB/361

<b>Report title:</b> Eastbourne Fisherman's Quay – LGF COVID-19 Response Fund Allocation and Change of Project Scope	
<b>Report to Accountability Board on 12<sup>th</sup> February 2021</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 21 <sup>st</sup> January 2021	<b>For:</b> Decision
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<b>SELEP Partner Authority affected:</b> East Sussex	

### 1. Purpose of report

- 1.1. The purpose of this report is to allow the Accountability Board (the Board) to consider a proposed change of scope to the Eastbourne Fisherman's Quay LGF project (the Project).
- 1.2. Following the decision by Strategic Board in December 2020 to allocate the Project an additional £360,000 of funding from the Local Growth Fund (LGF) COVID-19 Response Fund, this report allows the Board to consider the award of this LGF to the Project. At the same meeting, the Strategic Board also agreed that spend of the LGF funding could extend beyond 30<sup>th</sup> September 2021 to support Project delivery.

### 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** that the proposed change of project scope, as set out in Section 5 of this report, can be implemented;
  - 2.1.2. **Agree** the award of an additional £360,000 LGF funding to support the delivery of the Project, which has been assessed as presenting High value for money with Low/Medium certainty of achieving this;
  - 2.1.3. **Note** that, subject to agreement in relation to 2.1.1. and 2.1.2., that a full funding package is in place to deliver the Project; and
  - 2.1.4. **Note** that under Agenda Item 15, the Board will be asked to agree that the full £1.44m LGF allocation should be transferred to East Sussex County Council by 31<sup>st</sup> March 2021.

### **3. Background**

- 3.1. The Fisherman's Quay, which will be delivered through this Project, will be a vibrant, multi-purpose destination which will combine a sustainable fishing industry for the local area with a heritage visitor destination. Delivery of the Fisherman's Quay at Sovereign Harbour in Eastbourne will maximise the local economic benefits arising from the fishing activity, through transforming an uneven, open yard into a resilient and productive community asset.
- 3.2. Delivery of the wider Project has been split into three phases. In December 2017, the Board approved the award of £1.15m GPF funding to the Project to support the delivery of Phase 1. Phase 1 of the Project will deliver a building to house equipment for ice production, cold storage, the processing of fish and an onsite retail unit for wet fish sales.
- 3.3. Work commenced onsite to deliver Phase 1 of the Project in July 2020, with completion expected in Spring 2021. The majority of the GPF loan funding awarded to the Project will be repaid through a European Maritime and Fisheries Fund (EMFF) Grant which has been secured to support delivery of the works. The remaining balance will be repaid using increased revenues generated through the onsite processing and selling of fish enabled through delivery of Phase 1 of the project. The agreed repayment mechanism for the GPF funding will not be impacted by the proposed change of scope set out within this report.
- 3.4. In July 2020, the Board approved the award of £1.08m LGF funding to the Project to support the delivery of Phases 2 and 3. Full details of the Project scope set out in the original LGF Business Case can be found in Appendix B but, in summary, the LGF funding was awarded to support the delivery of storage space for fishing and landing equipment, repair workshops and a Visitor Centre.
- 3.5. Work has not yet commenced onsite to deliver Phases 2 and 3, however, the ongoing Phase 1 works include the site works, drainage and servicing required for all phases of the Project.

### **4. Case for additional LGF investment and Rationale for Project delivery**

- 4.1. Over the course of 2020, the United Kingdom (UK) fishing industry has been severely impacted by both the COVID-19 pandemic and Brexit.
- 4.2. The COVID-19 pandemic has resulted in the collapse of both the domestic market (predominantly supplying pubs and restaurants) and the export market. The majority of the Eastbourne Inshore Fishing fleet's catch is exported to the European Union (EU), China and South Korea, however, all of these markets have been severely impacted by the pandemic. This, coupled with the UK's reliance on the importation of seafood, has exposed the fishing industry as being very vulnerable to global shocks.

- 4.3. The Project seeks to reduce the Eastbourne fishing industry's reliance on the export market through re-localising seafood supply chains by linking the fishing fleet with local and regional markets. By establishing a more local supply chain, the fishing industry will become more resilient and less vulnerable to any future shocks. The completion of Phase 1 of the Project will help begin this process through provision of facilities onsite for the preparation and sale of fish. The delivery of the remaining phases of the Project will further strengthen the links with the local and tourism economies.
- 4.4. To further compound the issues experienced by the Eastbourne fishing fleet as a result of the COVID-19 pandemic, the fleet also faced months of uncertainty whilst awaiting the outcome of the EU exit negotiations. There were concerns that a No Deal exit, and the associated tariffs imposed on exports to the EU, could signal the end for the fishing fleet operating from Sovereign Harbour. Whilst a No Deal exit from the EU was avoided, the agreed deal does not deliver in regard to two of the priority areas for negotiation and therefore at this stage the deal does not appear to deliver the improved economic opportunities hoped for by the fishing fleet. Whilst a deal has been agreed, work to establish new trading relationships and fishing access will continue over a number of years.
- 4.5. Aside from the impacts on the fishing industry, the COVID-19 pandemic has also adversely impacted the construction industry. The need for implementation of COVID secure working practices has resulted in extended construction programmes and associated increases in project costs. In addition, impacts on the materials and labour supply chains have resulted in further cost increases. As a result, the original scope planned for Phases 2 and 3 can no longer be delivered within the budget set out within the Business Case considered by the Board in July 2020.
- 4.6. As a result of the combined effect of COVID-19 and Brexit, the Eastbourne fishing fleet has experienced a significant drop in income. It was indicated in the Business Case presented to the Board in July 2020, that match funding totalling £270,000 would be provided by the Eastbourne under 10m Community Interest Company (Eu10CIC) (delivery partner). This funding was to be raised through placing a 5% levy on the value of each boats catch and through use of retained profits from the retail unit at the site upon completion of Phase 1. Given the current economic climate, provision of this match funding is no longer considered viable.
- 4.7. The Eu10CIC have already taken on significant financial liability so as to secure development and delivery of the Project. Existing financial liabilities include £280,000 for the lease of the site, £320,000 match funding to support delivery of Phase 1 and additional costs incurred in the development of the Project. It is not feasible for the Eu10CIC to take on any further debt at this time given the uncertain economic climate and the fact that the improved economic opportunities hoped for as a result of the EU exit have not materialised. It should, however, be acknowledged that the Eu10CIC and other partners have provided significant in-kind match contributions through

provision of unpaid time and funding application, local engagement and liaison work.

- 4.8. The current uncertainty faced by the fishing industry has served to highlight the importance of the Project and the urgent need for delivery of Phases 2 and 3. As set out above, the COVID-19 pandemic has exposed the vulnerabilities of the fishing industry due to the current dependence on the export market. Whilst Phase 1 of the Project enables the processing and sales of fish through an onsite retail unit allowing the Eastbourne fishing industry to take the first steps towards establishing a more local supply chain, the delivery of Phases 2 and 3 is required to transform the fishing quay into a central, versatile and resilient hub for the local economy.
- 4.9. The delivery of Phases 2 and 3 of the Project will cement the benefits delivered through Phase 1 and will help the fishing fleet to survive through diversification and linkage with the local visitor economy.
- 4.10. The COVID-19 pandemic has increased awareness of the vulnerabilities of the food supply chain and has served to highlight the need for responsible food sourcing. As a result, there has been significant interest in the 'Buy Local' movement. This would suggest that this is an optimal time for the Eastbourne fishing fleet to adapt their working practices to begin a move away from a reliance on exporting their catch to the EU and Asia, by creating strong links with the local and tourism communities.
- 4.11. Delivery of all three phases of the Project will maximise the local economic benefits from fishing activity and will build resilience to future shocks such as have been experienced through the COVID-19 pandemic and EU exit uncertainty.
- 4.12. It is imperative that delivery of Phases 2 and 3 immediately follow delivery of the current works as through Eu10CIC engagement with the fishing fleet it is anticipated that up to 90% of the fleet will leave Eastbourne if the Project is not delivered in full. In addition, full delivery of the Project will ensure that the fishing fleet is in a stronger, more resilient position at the end of the COVID-19 pandemic and will be in a position to support local jobs and opportunities and with established links to local food markets.
- 4.13. In light of the ongoing challenges faced by the fishing industry in general and by Eu10CIC specifically, a proposed change to the Project scope has been brought forward so as to secure successful delivery of the Project. This change of scope reflects the increase in construction costs as a result of the COVID-19 pandemic and the current inability of the Eu10CIC to take on any additional debt.
- 4.14. Strategic Board were made aware of the financial risks and the potential need for a change in project scope at the time of project prioritisation as part of the LGF COVID-19 Response Fund project pipeline.

## **5. Proposed change in Project scope**

- 5.1. The rationale behind the Project remains unchanged, with a focus on maximising the local economic benefits from fishing activity and safeguarding the future of the fishing fleet. This will be achieved through supporting the diversification of activity and enabling the creation of a more local supply chain through stronger engagement with the local and tourism markets. The COVID-19 pandemic has exposed the vulnerabilities of the fishing industry and has served to highlight the importance of and urgent need for this Project.
- 5.2. Under the original project scope, it was intended that there would be separate buildings for Phase 2 (storage and workshop space) and Phase 3 (visitor centre) of the Project. The revised project scope brings these facilities together into one building so as to reduce construction costs in light of the increases seen as a result of the COVID-19 pandemic. Whilst this approach ensures that the same facilities are provided through the new project scope, the scale of these facilities will be reduced.
- 5.3. A summary of the key changes to project outputs is provided in Table 1 below.

**Table 1: Proposed change in project outputs**

Facility	Original project scope	Proposed revised project scope
Storage and workshop space	360m <sup>2</sup>	238.5m <sup>2</sup>
Visitor Centre	150m <sup>2</sup> incorporating 60 seat multi-purpose space	65.5m <sup>2</sup> incorporating 32 seat meeting room and presentation centre
<b>Total</b>	<b>510m<sup>2</sup></b>	<b>304m<sup>2</sup></b>

- 5.4. Despite the proposed change in project scope, the productivity and resilience benefits to the operation of the fishing fleet remain significant. The delivery of the Project will offer an improved working environment, covered maintenance areas allowing on-site repairs to vessels and equipment and secure storage space that will extend the life of the equipment. These facilities will provide an immediate improvement to the efficiency of the fleet by allowing repair and maintenance work to be undertaken onsite, rather than needing to transport the equipment to other sites for attention. In addition, the provision of workshop space offers the opportunity for the fisherman to develop their skills in maintenance and net production. In the medium term there is the opportunity for jobs to be created to support the production of fishing nets in Eastbourne and the option for the fisherman to run training events.
- 5.5. Delivery of these facilities is also critical to improving the safety of the site, meaning that it will be possible for members of the public to access the site for the first time. This is a key step in establishing a link with the local community and will help to establish the local fishing market.
- 5.6. The creation of a Visitor Centre at Sovereign Harbour is central to the Eu10CIC's plans to grow and diversify their activities. Whilst acknowledging the reduction in scale of the Visitor Centre under the revised project scope,



the centre will still have the capacity to host community and school visits, training courses and large-scale tourism events.

- 5.7. The Eu10CIC do not currently have the facilities required to support diversification of their activities and this diversification is crucial as it will generate additional income to support the local fishing fleet and their activities increasing their resilience should any further global shocks be encountered. Following completion of the Visitor Centre it will be possible to hold mandatory courses (i.e. fire risk assessment, first aid and sea survival), navigational and maintenance courses and cooking workshops. Alongside this, there is a plan for two larger scale events to be held each year which are expected to attract significant numbers of visitors to the area.
- 5.8. It should be noted that due to the reduction in size of the Visitor Centre, it is expected that the number of visitors to the Fisherman's Quay each year will reduce from 9,000 (as set out in the Business Case presented to the Board in July 2020) to 6,000. Despite this reduction in the total number of visitors forecast, it is still expected that the completion of the Fisherman's Quay will attract in the region of 3,200 additional visitors to the SELEP region annually between completion and 2030. The completion of the Project and the hosting of two large-scale events each year is expected to attract visitors to the SELEP region, who would otherwise not have visited the area.
- 5.9. It is still expected that 4 jobs will be created within the Visitor Centre, providing operational support and helping to manage the programme of events and courses. In addition, it is expected that 3.6 indirect jobs will be created as a result of additional spend due to the increased number of visitors to the SELEP region.
- 5.10. The Visitor Centre will act as a learning resource for local schools, providing information on the history of the fleet, the harbour and the significance of fishing. This has the potential to attract new entrants to the fishing industry over the coming years. The Visitor Centre will provide increased access to and a direct point of contact with the fishing industry for both the local community and the visitor economy, which will be crucial at a time when the fishing fleet are looking to establish a more local market and supply chain.
- 5.11. Provision of less storage space and a smaller Visitor Centre have the potential to impact on the income generated as a result of the Project. This impact has been considered by the Eu10CIC and the reduction in space is considered appropriate as the additional income that would have been generated will no longer be needed to help offset increased levels of Eu10CIC debt incurred through delivery of Phases 2 and 3 as it is now proposed that these phases are fully funded through the LGF.
- 5.12. It is intended that delivery of Phases 2 and 3 will commence as soon as possible after the completion of Phase 1 of the Project, with full completion of the Project expected by the end of March 2022. The key project milestones are set out in Table 2 below.

**Table 2: Updated milestones for the Eastbourne Fisherman's Quay project**

Milestone	Indicative Date
Phase 1	
Start of construction period	28 <sup>th</sup> July 2020
Construction completion	28 <sup>th</sup> March 2021
Phases 2 and 3	
Update planning requirements and obtain sign-off of combined Phases 2 and 3	Early 2021
Design workshops and cost analysis review	March to June 2021
Construction drawings	June and July 2021
Anticipated start onsite (mobilisation)	12 <sup>th</sup> July 2021
Start of construction period	19 <sup>th</sup> July 2021
Anticipated construction completion	21 <sup>st</sup> March 2022
Anticipated date for handover for operational use	28 <sup>th</sup> March 2022

- 5.13. There are two identified risks to Project delivery and realisation of the expected Project benefits – planning permission and the duration of the lease for the site.
- 5.14. Planning permission for all three phases of the Project was received in December 2017. However, due to the proposed change of scope a variation to the planning permission is now required. As there is no fundamental change of use and given that the buildings will be similar in design and impact to those in the original planning application, this is considered to be low risk. Engagement with the Local Planning Authority with regard to the required variation has commenced. As planning permission has already been secured for development of the Fisherman's Quay and the principle of development on the site has been established, the variation to the planning permission is considered to be low risk. It is therefore proposed that, unlike those projects where planning permission has not yet granted, no conditions are attached to the award of the LGF funding.
- 5.15. It was noted in the report received by the Board in July 2020 that the lease for the site had been agreed for an initial 10-year period, with an agreement that this would convert to a 75 year lease if the Phase 1 works were completed within the initial 10-year period. The lease was signed on 3<sup>rd</sup> March 2020. As set out in Section 3 of this report, the Phase 1 works are in progress and are due to be completed in Spring 2021. The risk that the lease will not convert to a 75-year period is therefore considered to be very low, allowing the realisation of project benefits over an extended period of time.

## **6. Updated Project budget**

- 6.1. The original Project cost, as set out in the Business Case considered by the Board in July 2020, was £1.35m. This cost was to be met through a combination of LGF funding and Eu10CIC levy payments.

- 6.2. The total capital cost of delivering the revised project scope, as set out in this report, is £1.44m which will be fully funded through the LGF.
- 6.3. Table 3 below sets out the original and revised project spend profile.

**Table 3: Spend profile for the Eastbourne Fisherman's Quay project**

Original project spend profile (£m)				
Funding sources	2020/21	2021/22	2022/23	Total
Local Growth Fund	1.080	-	-	<b>1.080</b>
Eu10CIC levy payments	0.135	0.135	-	<b>0.270</b>
<b>Total</b>	<b>1.215</b>	<b>0.135</b>	-	<b>1.350</b>
Revised project spend profile (£m)				
Funding sources	2020/21	2021/22	2022/23	Total
Local Growth Fund	-	1.404	0.036	<b>1.440</b>
<b>Total</b>	-	<b>1.404</b>	<b>0.036</b>	<b>1.440</b>

- 6.4. As set out in section 4.7 of this report, it is no longer feasible for the Eu10CIC to make a financial contribution towards the delivery of the Project. It is, however, noted in the Business Case that significant efforts have been made to secure funding to support the delivery of the Project with applications submitted to a variety of public sector funding sources. Funding has been secured from the European Maritime and Fisheries Fund, the SELEP Growing Places Fund, the East Sussex Invest 4 job creation fund and Seafarers UK to support delivery of the wider project. Consideration has also been given to self-funding the Project but this would likely result in the delivery of Phases 2 and 3 being delayed by up to 13 years, by which point it is believed that the fishing fleet would no longer be operating from Sovereign Harbour.

## 7. Outcome of ITE Review

- 7.1. Following submission of a revised Business Case, setting out the proposed change in Project scope and funding package, a single gate review was conducted by the Independent Technical Evaluator (ITE) appointed to provide impartial technical advice to the Board. The revised Project has been assessed as offering High value for money with Low/Medium certainty of achieving this.
- 7.2. The ITE report notes that the additional funding request of £360,000 results in the Benefit Cost Ratio (BCR) reducing from 2.2:1 (as set out in the original Business Case considered by the Board in July 2020) to 1.54:1. The BCR quantifies the relationship between the cost of delivering a project and the benefits it offers. For example, a BCR of 2.2:1 indicates that for every £1 spent on delivering the project, benefits to the value of £2.20 are expected to be realised.
- 7.3. There is a requirement for projects to demonstrate a BCR of at least 2:1 (High value for money), unless they comply with one of the two Value for Money exemptions outlined in the SELEP Assurance Framework.

- 7.4. Given the completion of an initial quantified economic appraisal, the calculation of a BCR of 1.54:1 and the relatively low value of the LGF ask, below £2m, the Project can be considered under Value for Money exemption 1 of the Assurance Framework.
- 7.5. Exemption 1 may be applied where a project does not present High value for money (a BCR of over 2:1) but has a BCR of greater than 1.5:1 or where the project benefits are notoriously difficult to appraise in monetary terms. Exemption 1 will only apply if the following conditions are satisfied:
- 7.5.1. The funding sought from SELEP in relation to the project must be less than £2m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
- 7.5.2. Where there is an overwhelming Strategic Case (with minimal risk in the other cases); and
- 7.5.3. There are qualitative benefits which, if monetised, would most likely increase the BCR above 2:1.
- 7.6. The ITE review confirms that the Project Business Case provides an overwhelming Strategic Case for the Project and that there is minimal risk associated with the other sections of the Business Case.
- 7.7. While some quantified economic appraisal has been undertaken, it is expected that the scheme will lead to wider economic and social benefits than have been monetised within the appraisal. These benefits include the creation of 72 net jobs, the safeguarding of heritage assets and improvements to the health and safety of the fishermen. It is expected that, were these benefits monetised, the scheme would have a BCR in excess of 2:1 representing High value for money.
- 7.8. Through delivery of Phase 1, which is nearing completion, the scheme promoter has demonstrated a track record of successful scheme implementation in line with the anticipated programme. This provides greater assurance of the deliverability of Phases 2 and 3.
- 7.9. Consideration of the wider benefits of the scheme and reduced delivery risk should be considered in the assessment of a scheme's value for money assessment. However, with a Benefit Cost Ratio of 1.5:1 it is not possible for the ITE to assure that the scheme represents "High" value for money. The Board are invited to consider the risk that the lack of full, monetised analysis of all the benefits presents when deciding whether to approve the funding.

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

- 8.1. Table 4 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.

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

Requirement of the Assurance Framework to approve the project	Compliance (RAG rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Economic Strategy Statement	Green	The Business Case identifies the current problems and why the Project is needed now. The project objectives align with both national and regional policy and with those identified in the Economic Strategy Statement.
Clearly define outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Displacement, leakage, substitution and deadweight have been taken into account in the economic assessment
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates that the project team have experience of delivering similar schemes, including Phase 1 of the Project. A risk management strategy 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	Amber	A reasonable and proportionate approach to the economic appraisal has been taken and a BCR of 1.54:1 has been calculated. This BCR falls below the required 2:1 threshold, however, the Project complies with Value for Money exemption 1, as set out in the SELEP Assurance Framework.

- 8.2. The Project is subject to Value for Money exemption 1, as set out in the SELEP Assurance Framework and explained in section 7 of this report. A quantified economic appraisal has been undertaken and a BCR of 1.54:1 has been calculated, however, there are other benefits which, if quantified, would most likely increase the BCR above 2:1.
- 8.3. This Project offers SELEP a unique opportunity to secure a future for the Eastbourne fishing industry - an industry which has been severely impacted by the COVID-19 pandemic, but which has the chance to adapt to a more resilient and secure way of working. Delivery of the Project will help reduce the Eastbourne fishing industry's reliance on the export market through re-

localising seafood supply chains by linking the fishing fleet with local and regional markets, as well as providing the facilities required for the diversification of the work of the Eu10CIC and fishing fleet.

- 8.4. Eu10CIC have demonstrated a strong track record of delivery, with Phase 1 works currently progressing to budget and programme.
- 8.5. It is evidenced within the Project Business Case that a wide variety of different funding options and sources have been investigated, and some success has been realised in relation to securing additional funding to support the delivery of Phase 1. However, no other suitable funding sources have been identified to support the delivery of the Phases 2 and 3. Without the LGF funding it will not be possible to deliver Phases 2 and 3 of the Project for a number of years and this is expected to result in the majority of the fishing industry leaving Eastbourne.
- 8.6. Completion of Phase 1 of the Project will offer benefit to the fishing fleet by facilitating the onsite processing and selling of fish. However, since the Board approved the award of GPF funding to support delivery of the Phase 1 works, the fishing industry has been severely impacted by both the COVID-19 pandemic and the protracted EU exit negotiations. In the current economic climate, it is likely that delivery of Phase 1 alone will be insufficient to support the full retention of the fishing fleet in Eastbourne and therefore the benefits expected to be realised through Phase 1 will be at risk if Phases 2 and 3 cannot be delivered in the short-term..
- 8.7. There does still remain a risk that the fishing fleet will leave Eastbourne even if all three Phases of the Project are delivered, however, this risk is greatly reduced as delivery of the complete Project will allow the fleet to access local markets, add value to their fishery and diversify their activities thereby securing their future in Eastbourne.

## **9. Next steps**

- 9.1. If the Board choose to approve the award of an additional £360,000 LGF to the Project, a variation to the existing Service Level Agreement between Essex County Council (as Accountable Body), SELEP Ltd. and East Sussex County Council will be required. The variation agreement will update the existing project schedule to reflect the additional LGF allocation to the Project. The variation agreement will need to be completed by all parties before the additional LGF funding requested can be transferred to East Sussex County Council.
- 9.2. LGF spend on the Project is expected to extend beyond 30<sup>th</sup> September 2021. As part of the LGF Reallocation Prioritisation: COVID-19 Response Fund report considered by the Strategic Board in December 2020, it was agreed that LGF spend could extend beyond 30<sup>th</sup> September 2021 to support Project delivery, subject to Board approval. If the expected project completion date is delayed by more than 6 months, the Strategic Board will be asked to confirm its continued support for LGF spend beyond the Growth Deal period.

- 9.3. Under Agenda Item 5, the Board are asked to agree the spend of LGF funding on the Project beyond 30<sup>th</sup> September 2021. Furthermore, under Agenda Item 15, the Board are asked to agree that the full £1.44m LGF allocation be transferred to East Sussex County Council by 31st March 2021.

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

- 10.1. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting, 10 projects were identified to receive additional LGF to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due the impact of Covid-19, to seek additional LGF funding. The Project seeking approval of LGF in this report was included on this agreed pipeline.
- 10.2. The ITE have carried out assessment of the revised business case submitted to reflect the requested change of scope and funding package. The Project's additional funding request of £360,000 results in the Benefit Cost Ratio reducing from 2.2:1 to 1.5:1. This indicates a "medium" value for money categorisation.
- 10.3. The Assurance Framework requires that to receive a recommendation for approval, a project needs to meet five criteria, one of which being:
- a benefit to cost ratio (BCR) of at least 2:1
- 10.4. If a BCR of 2:1 is not achieved the Project can follow one of two exemptions to demonstrate value for money. For this Project the following exemption would need to be met and evidenced as a BCR of 1.5:1 has been calculated. Exemption 1 as specified in section 7 of this report.
- 10.5. The Board are required to consider the above Assurance Framework requirements to demonstrate value for money in their consideration for approval of the recommendation of this report.
- 10.6. Should the Board approve the award of funding to the Project and the strategic case is deemed reasonable, this decision would be considered an exception.
- 10.7. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.8. All LGF is transferred to East Sussex County Council, as the Project Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.

- 10.9. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.  
A variation to the existing Funding Agreement will be required should the Board agree the award of LGF, as covered in Section 10.
- 10.10. On completion of the variation agreement, transfer of the LGF to the Project at Financial Year end, will be made to East Sussex County Council as Lead Authority as a capital transfer which is covered in agenda item 15.

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

- 11.1. If the Board choose to agree the change in scope and the award of additional LGF funding to support Project delivery, a variation to the existing Service Level Agreement between Essex County Council (as Accountable Body), SELEP Ltd and East Sussex County Council will be required. The Variation Agreement will update the existing Project schedule and will include the provision of additional LGF funding to the Project. The Variation Agreement will need to be completed by all parties before the additional £360,000 LGF funding awarded to the Project can be transferred to East Sussex County Council.

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

- 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 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.
- 12.4. It is acknowledged within the Project Business Case that the current workforce within the Eu10CIC is 100% male and 98% White British. This is in part due to the nature of the work; however, it is believed that provision of



improvements to the working environment for the fleet may encourage entry into the industry from under-represented groups. The project is expected to deliver benefits across a number of protected characteristics including age, sex, ethnicity and disability.

### **13. List of Appendices**

- 13.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 6)
- 13.2. Appendix B – Eastbourne Fisherman's Quay original project scope information

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

- 14.1. Updated Business Case for the Eastbourne Fisherman's Quay project
- 14.2. Strategic Board Agenda Pack 11<sup>th</sup> December 2020, including decision to prioritise Project for receipt of additional LGF funding

**(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>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  04/02/2021

## Appendix B – LGF Project Background Information

This appendix summarises the project information provided in the Business Case considered by the Board in July 2020. Information regarding the proposed changes to the Project is set out within the accompanying Board report.

<b>Name of Project</b>	<p><b>Eastbourne Fisherman's Quayside and Infrastructure Development Project</b></p> <p>Sovereign Harbour, Eastbourne</p> <p>East Sussex County Council</p>
<b>Local Growth Fund (LGF) allocation</b>	<p>Original LGF allocation: £1,080,000 – awarded July 2020</p> <p>Additional LGF funding requested: £360,000</p>
<b>Description of what Project delivers</b>	<p>The Fisherman's Quay will be a vibrant, multi-purpose destination which combines a sustainable fishing industry for the local area with a heritage visitor destination. Delivery of the Fisherman's Quay will maximise the local economic benefits arising from the fishing activity, through transforming an uneven, open yard into a resilient and productive community asset.</p> <p>The wider Project will be delivered through three phases, as follows:</p> <p><b>Phase 1</b> will deliver the completion of site works, drainage and servicing for the whole site, alongside delivery of a three storey, 270m<sup>2</sup> space to house equipment for ice production, cold storage and the processing of fish. Phase 1 will also deliver an on-site retail unit for wet fish sales.</p> <p><b>Phase 2</b> will deliver two buildings, which are joined on the upper floors, offering 360m<sup>2</sup> of new space. The ground and first floors will provide storage space for fishing and landing equipment as well as a repair workshop.</p> <p><b>Phase 3</b> will deliver a 150m<sup>2</sup> building which will be used as a Visitor Centre and as a base for the Eastbourne Fisherman's under 10m Community Interest Company's (Eu10CIC) outreach and engagement work, which will include operating as a training venue for mandatory sea survival and first aid courses, provision of courses in preparing and cooking seafood and the hosting of educational open days.</p> <p>LGF funding was awarded to support delivery of Phases 2 and 3 of the wider Project.</p>

<b>Need for intervention</b>	<p>The Project forms part of a larger scheme, the Fishermen's Quay Development, which aims to safeguard 72 fishing industry jobs and support new employment opportunities in fish processing, fish sales, business administration and the tourism sector.</p> <p>The overall scheme will dramatically improve the visual appeal of the area as well as enabling Eastbourne's fishing fleet to develop an end-to-end 'net-to-plate' style business model.</p> <p>This will improve the resilience of the fleets existing revenue base and facilitate its expansion into new products and new markets, supporting long-term revenue growth.</p> <p>The Project is needed to help address the precarity of the small-scale fishing industry which arises from the variability of supply and demand for fish and therefore income. Without the delivery of the Project, there is a risk that the fishing industry in Eastbourne will not survive – particularly in the context of the COVID-19 pandemic and uncertainty regarding whether it will be possible to secure an EU Exit deal.</p>
<b>Project benefits</b>	<p>Phase 2 will deliver significant productivity and resilience benefits to the operation of the fleet through:</p> <ul style="list-style-type: none"> <li>• Improved working conditions through the provision of toilets and showers;</li> <li>• Covered maintenance areas that support on-site repairs to vessels and equipment, including workshop space for net-making;</li> <li>• Secure storage areas that will extend the life of equipment and make the quayside safe for public access for the first time.</li> </ul> <p>Phase 3 will provide a platform for the CIC's growth and diversification through new public-facing activity:</p> <ul style="list-style-type: none"> <li>• The Visitor Centre will include a 60-seat meeting space capable of hosting community and school visits, fishermen's meetings and training events;</li> <li>• The CIC will be able to offer safety and navigational courses, cooking workshops and other revenue generation activity as a result of this new build;</li> <li>• The Visitor Centre will be a major tourist attraction, attracting an estimated 9,000 visitors a year to experience the history of fishing and the marine environment as well as enabling staging of events to attract an estimated further 10,000 yearly.</li> </ul> <p>The project will deliver the following benefits:</p> <ul style="list-style-type: none"> <li>• 3,200 additional visitors to the SELEP region annually between completion and 2030 (19,000 gross visitors to Fishermen's</li> </ul>

	<p>Quay – including visitors to two events comparable to Hastings' Midsummer and Herring Fair festivals);</p> <ul style="list-style-type: none"><li>• Creation of 4 new jobs within the Visitor Centre providing operational support and helping to manage the planned programme of events and courses;</li><li>• Supporting 3.6 net additional visitor economy jobs annually from 2021-2030;</li><li>• Generating cumulative GVA of £2.79m (discounted).</li></ul>																
<b>Financial information</b>	<p>The total capital cost of the project was estimated to be: <b>£1.35m</b>.</p> <p>The project was due to be funded in accordance with this spend profile:</p> <table><tr><td>Funding source</td><td>2020/21</td><td>2021/22</td><td>Total</td></tr><tr><td>Local Growth Fund</td><td>£1.080m</td><td>-</td><td><b>£1.080m</b></td></tr><tr><td>Eu10CIC Levy Payments</td><td>£0.135m</td><td>£0.135m</td><td><b>£0.270m</b></td></tr><tr><td><b>Total</b></td><td><b>£1.215m</b></td><td><b>£0.135m</b></td><td><b>£1.350m</b></td></tr></table>	Funding source	2020/21	2021/22	Total	Local Growth Fund	£1.080m	-	<b>£1.080m</b>	Eu10CIC Levy Payments	£0.135m	£0.135m	<b>£0.270m</b>	<b>Total</b>	<b>£1.215m</b>	<b>£0.135m</b>	<b>£1.350m</b>
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<b>Project risks and constraints</b>	<p>The key identified Project risk is:</p> <p><b>The loss of the fishing fleet before the Project completion</b> - this risk is the rationale for haste in the delivery of the project. It is also key to the weak feasibility of self-funding options that current financial projections indicate could take 13 years to achieve.</p> <p>Project constraints:</p> <p><b>Financial</b> – The proposed private sector funding mechanism will provide £135,000 in 2019 and £135,000 in 2020. The funding for this project can be regarded as secure and within the Eu10CIC's ability to pay but the Eu10CIC's capacity to cash-flow larger amounts of funding is limited.</p> <p><b>Social and Environmental</b> – The operating hours of the visitor centre and the hosting of large-scale events will have to be determined in consultation with the immediately adjacent residential and business communities.</p> <p><b>Policy Uncertainty</b> – The project is reliant upon stability within or positive improvements to the regulatory environment for the fishing industry. Access to waters and changes to tariffs, quota and other non-tariff barriers for EU exports are all currently viewed with uncertainty.</p>																
<b>Project Timeline</b>	<table><tr><td>Milestone</td><td>Indicative Date</td></tr><tr><td colspan="2">Phase 1</td></tr><tr><td>Anticipated construction start date</td><td>May/June 2020</td></tr></table>	Milestone	Indicative Date	Phase 1		Anticipated construction start date	May/June 2020										
Milestone	Indicative Date																
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	Anticipated construction end date	28 <sup>th</sup> March 2021
	Anticipated handover for operational use	5 <sup>th</sup> April 2021
	Phases 2 and 3	
	Design workshops and cost analysis review	June 2020
	Construction drawings	June/July 2020
	Anticipated construction start date	7 <sup>th</sup> September 2020
	Anticipated construction end date	3 <sup>rd</sup> June 2021
	Anticipated handover for operational use	10 <sup>th</sup> June 2021
	An updated project delivery programme is set out within the Report to Accountability Board.	
<b>Outcome of ITE review</b>	<p>The project has been assessed as offering High value for money with Low/Medium certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>	
<b>Evidenced compliance with Assurance Framework?</b>	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p> <p>The Project complies with Value for Money exemption 1 as set out in the SELEP Assurance Framework.</p>	
<b>Link to Project webpage, updated Business Case and links to relevant previous Accountability Board and Strategic Board decisions</b>	<p>GPF Project page (Phase 1):  <a href="https://www.southeastlep.com/project/eastbourne-fisherman/">https://www.southeastlep.com/project/eastbourne-fisherman/</a></p> <p>LGF Project page (Phases 2 and 3):  <a href="https://www.southeastlep.com/project/eastbourne-fishermans-quayside-and-infrastructure-development-phases-2-and-3/">https://www.southeastlep.com/project/eastbourne-fishermans-quayside-and-infrastructure-development-phases-2-and-3/</a></p> <p>Updated Business Case:  <a href="https://www.southeastlep.com/app/uploads/2019/09/Eastbourne-Fisherman-LGF-Business-Case-1.pdf">https://www.southeastlep.com/app/uploads/2019/09/Eastbourne-Fisherman-LGF-Business-Case-1.pdf</a></p> <p>Original LGF funding decision:  <a href="https://www.southeastlep.com/app/uploads/2019/09/Summary-of-Decisions-July-2020-final.pdf">https://www.southeastlep.com/app/uploads/2019/09/Summary-of-Decisions-July-2020-final.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>	

**Forward Plan reference number:** FP/AB/362

<b>Report title:</b> A28 Sturry Link Road Project Update	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 21 January 2021	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, <a href="mailto:Rhiannon.Mort@southeastlep.com">Rhiannon.Mort@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent	

### **Confidential Appendix**

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

## **1. Purpose of Report**

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent. LGF spend on the project has been placed on hold since July 2019 due to the project risks.
- 1.2. At the time of writing this report, the planning consent for the residential developments due to financially contribute to the Project has not been approved, but the applications are due to be determined on the 9<sup>th</sup> February 2021.
- 1.3. A verbal update will be provided at the meeting to inform the decision making of the Board in respect of whether the unspent proportion of the LGF allocation should remain allocated to the Project or be reallocated to an alternative project on the LGF pipeline.
- 1.4. There is a substantial risk that if the remaining £4.791m LGF currently held against the project cannot be demonstrated as contractually committed and spent by 31 March 2021, this may lead to a change in SELEP's deliverability rating with Central Government to 'action required'. This, in turn, may impact future funding awards made to SELEP in 2021/22.

## **2. Recommendations**

- 1.5. The Board is asked to agree one of three options:

### **Option 1**

- 2.1.1 If planning for the residential development is approved by Canterbury City Council on 9<sup>th</sup> February 2021:

- 2.1.1.1 **Note** that planning consent has been secured for the Broad Oak Farm and Sturry developments;
- 2.1.1.2 **Note** the requirement for planning consent to be secured from Kent County Council for the Project itself by the 12<sup>th</sup> March 2021. If the planning consent is not secured by this date, the remaining £4.791m LGF will be automatically reallocated away from the Project; and
- 2.1.1.3 **Note** the requirement for Kent County Council to provide written confirmation that the full funding package is in place by 12<sup>th</sup> March 2021 to enable the remaining £4.791m LGF to be transferred by the end of 2020/21, as set out in section 8.3, subject to Board agreement under agenda item 15. If written confirmation is not provided by this date, the remaining £4.791m LGF will be automatically reallocated away from the Project; or

## Option 2

- 2.1.2 If planning is not granted by Canterbury City Council for both residential developments on 9<sup>th</sup> February 2021:
  - 2.1.2.1 **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline, in accordance with the decision made by the Board in February 2020; and
  - 2.1.2.2 **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure; or

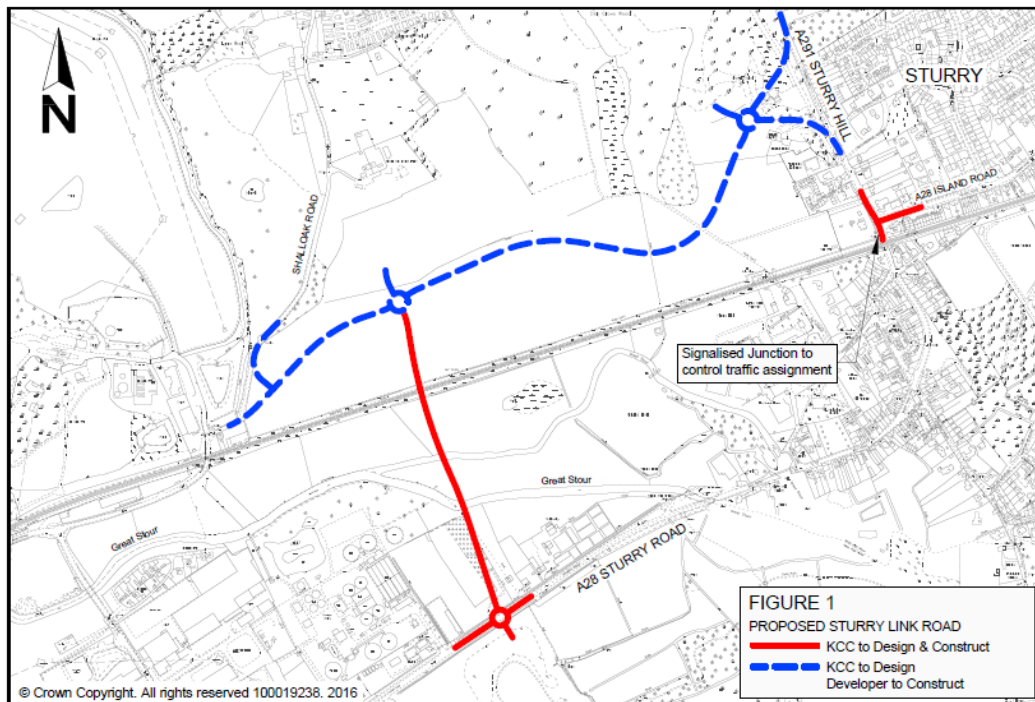
## Option 3

- 2.1.3 Given the ongoing risks faced by the Project, as set out in section 7 of this report, irrespective of the outcome of the planning applications for the residential development:
  - 2.1.3.1 **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline; and
  - 2.1.3.2 **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure.

### 3. A28 Sturry Link Road (the Project)

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

**Figure 1: A28 Sturry Link Road**



### 4. Background

- 4.1. The Project was approved in June 2016 for the award of £5.9m LGF but is identified as a high-risk project, due to the risk to the private sector funding contributions to the Project.
- 4.2. As a result of the project risks, the Board has received individual update reports on the Project since June 2019 and deadlines have been set on a number of occasions for planning consent to be secured for the Project itself and for the residential developments for the main sites due to financially contribute to the Project.



- 4.3. Due to the exceptional circumstances which have arisen, as a result of COVID-19, the Board agreed to award flexibility to enable the planning consent to be considered at the next opportunity once planning committee meetings resumed and by no later than 18 September 2020. However, the Project was unable to meet this revised deadline due to emerging issues relating to the planning consents, as set out in section 5, with a Canterbury City Council planning committee decision subsequently set for 17<sup>th</sup> November 2020.
- 4.4. At the Board meeting on 20<sup>th</sup> November 2020, a verbal update on the outcome of the planning committee meeting was provided and it was indicated that the committee had resolved to refuse the Sturry residential development planning application. As a result, the decision was taken to withdraw the Broad Oak Farm planning application from the agenda.
- 4.5. The Board agreed to further extend the deadline for planning consent to be secured to the 12<sup>th</sup> February 2021, allowing an opportunity for the Sturry residential development planning application to be reviewed and resubmitted for further consideration by the planning committee. In addition, the Board agreed an extended deadline of 12<sup>th</sup> March 2021 for the required planning consent to be secured for the Project itself.
- 4.6. Canterbury City Council planning committee will consider the Broad Oak Farm and resubmitted Sturry development planning applications on 9<sup>th</sup> February 2021, and a verbal update on the outcome will be provided at the Board meeting. If approved, these developments will deliver in excess of 1,000 new homes, alongside a new primary school, community building and commercial space.
- 4.7. In this report, the Board is asked to consider whether the funding should remain allocated to the Project or if, due to the planning and funding risks faced by the Project, that the unspent LGF should be reallocated to the next project on the LGF pipeline.

## 5. Project Cost and Funding

- 5.1. To date, of the £5.9m LGF award, £1.109m LGF has been spent by Kent County Council (KCC) on the delivery of the Project. In addition to the £5.9m LGF awarded to the Project, three developer funding contributions are expected to be made to fund the remaining project cost. These developer contributions are being made by three different developers from sites in the vicinity of the Project, as detailed within the confidential appendix (Appendix A). Appendix A also clarifies the current status in relation to each contribution including where agreements are subject to planning dependencies.

**Table 1: Project spend profile (£m)**

Funding source	Expenditure Forecast (£m)								Total
	Prior to 2018	18/19	19/20	20/21	21/22	22/23	23/24	24/25 and onwards	
LGF	0.785	0.286	0.038	0.600	4.191				<b>5.900</b>

Developer Contribution	0.015		0.275		1.710	6.549	7.051	8.100	<b>23.700</b>
KCC borrowing						5.000	0.5	-5.500	<b>0.000</b>
<b>Total</b>	<b>0.800</b>	<b>0.286</b>	<b>0.313</b>	<b>0.600</b>	<b>5.901</b>	<b>11.549</b>	<b>7.551</b>	<b>2.600</b>	<b>29.600</b>

5.2. The delays in programme and uncertainty caused by the COVID-19 crisis has had an impact on the commencement of development, as a result of the delays in securing planning consent. The impact of COVID-19 could also delay the payment dates for developer contributions to be made to the Project. Whilst KCC remains committed to the funding model, set out in Appendix A, the delayed payment for developer contributions could result in additional forward funding being required by KCC.

5.3. No change to the total Project cost has been reported to date as a result of the delays or increased delivery risk related to COVID-19. If such cost increases are identified, the onus will be on the developers to meet these increased costs.

## 6. Project delivery update

6.1. The original Project Business Case set out the intention to commence site mobilisation work in October 2019 and to complete the Project by October 2021. It is now proposed that the Project will open to traffic in May 2024.

6.2. In November 2020, Canterbury City Council planning committee took the decision to refuse the planning application for the Sturry residential development due to a number of reasons including:

6.2.1 The density of the development was considered to be above the national standards;

6.2.2 A lack of usable, external open space; and

6.2.3 Lack of affordable housing provision in the proposal for the site.

6.3. As a result of this decision, the Broad Oak Farm residential development planning application was withdrawn from the agenda. The Sturry residential development planning application was reviewed and resubmitted in December 2020. Following completion of the required public consultation, it is now intended that the planning applications for both the Sturry and Broad Oak Farm residential developments will be considered by Canterbury City Council planning committee on 9<sup>th</sup> February 2021. A verbal update on the outcome of the planning committee meeting will be provided to the Board.

6.4. As the planning consent for the Project itself is not intended to be considered by KCC until the residential developments have been considered. The next opportunity for the planning application for the Project to be considered is 9<sup>th</sup> March 2021.

- 6.5. Based on the latest Project delays, it is now anticipated that construction will start in June 2022, with the completion of the Project by March 2024. The key project milestones are summarised in Table 2 below. This is on the basis that the developer contributions are in place and that the land required to deliver the Project can be acquired voluntarily. Section 7 below provides further details on these Project risks.

**Table 2: Project Milestones**

Key Milestones	Updated milestones
Canterbury City Council planning decision for the development	9 February 2021
Kent County Council planning decision on the Project	9 March 2021
Procurement and award of design and build contract	September 2021
Land acquisition	November 2021
Detailed Design	February 2022
Construction start	June 2022
Construction complete	March 2024
Open to traffic (including developer portion)	May 2024

- 6.6. Though the LGF would be spent before the other funding sources, on costs such as land acquisition, it is expected that due to the latest delays and the current pause on LGF spend, the full LGF award to the Project will not be spent in full prior to the end of the Growth Deal (30<sup>th</sup> September 2021; as extended by SELEP Ltd in April 2020).
- 6.7. The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond 30<sup>th</sup> September 2021 are set out in Appendix B. Four of the five conditions have been met but written confirmation is required from KCC to confirm that the funding sources have been secured to deliver the project to satisfy the remaining condition.
- 6.8. It should be noted that whilst four of the required conditions have been met, there are risks associated with two of these conditions. A clear delivery plan with milestones and an intended Project completion date is set out in Table 2. However, there remain a number of risks associated with this programme including outstanding land acquisition and the potential need for a Compulsory Purchase Order (CPO) and the ongoing uncertainty regarding the security of the full funding package.
- 6.9. In addition, under the current Project programme it is intended that the design and build contract will be awarded in September 2021. Should there be any further delays to the Project programme, it will no longer be possible for the required contractual commitments to be in place by 30<sup>th</sup> September 2021.

## **7. Project risk**

- 7.1. The most significant Project risk is the availability of the private sector funding contributions. As detailed in confidential Appendix A, potential options have been identified to manage the cash flow position and to secure developer contributions which have been identified towards the delivery of the Project. Although all of the sites are allocated in the adopted Local Plan (July 2017), full planning consent has not yet been approved for any of the main three developments due to financially contribute towards the delivery of the Project. Mitigation for this risk is proposed by KCC in the form of a forward funding model, as set out in section 7.2.2 below; this approach, however, is yet to be agreed by KCC, with confirmation due to be provided in March 2021.
- 7.2. Given the complex funding package for the Project, there are a large number of dependencies to secure the full local funding package required to deliver the Project. These dependencies include:
- 7.2.1 Planning consent being secured for the developments which are due to financially contribute to the delivery of the Project;
  - 7.2.2 The pace of housing delivery for the other development sites which are financially contributing towards the delivery of the Project;
  - 7.2.3 Based on the expected pace of housing delivery, the developer contributions will not immediately be available to enable the delivery of the Project as per the current programme.
  - 7.2.4 A forward funding model has been identified to cover any short fall in which KCC will forward fund the developer contributions to the Project, in advance of the developer contributions being paid. As this pace of housing delivery may slow, due to the impact of COVID-19, this will likely further delay the developer contributions to the Project, thereby increasing the duration of the forward funding by KCC.
  - 7.2.5 As a result of the planning delays and therefore the signing of the S106 agreements, the work to consider the viability of the funding model has been delayed. The likely borrowing costs will be costed by KCC over the next few months, to ensure the current funding model remains viable. If the Board agree that the Project should retain its full LGF allocation, the outcome of this assessment will be considered as part of the next update report to the Board in March 2021.
  - 7.2.6 A security bond is being provided to Kent County Council to forward fund Source 1, as set out within the confidential appendix. The provision of a bond has been agreed in principle with the developer.
  - 7.2.7 KCC securing a charge on the land to enable them to forward fund Source 2. The provision of a land charge has been agreed in principle with the developer, however, details are still to be provided and agreed.

- 7.3. As the developers are also delivering the spine road, to connect the bridge with the existing road network to the north east, any delays to the developer's construction of the spine road will impact the opening date for the Project.
- 7.4. The draft Head of Terms agreement with the developer, who is constructing the spine road, sets out the requirement to deliver the spine road at the same time as the Project. As full planning consent has not yet been granted to this site, this remains a substantial Project risk. A detailed planning submission has been made for the spine road which will be determined as part of the application for the site in February 2021. A verbal update on the outcome of this application will be provided to the Board.
- 7.5. A CPO inquiry may be required to secure the land to complete the Project. A land agent has been appointed to lead on land negotiations, and the landowners have been consulted during the design phase to enable their initial concerns to be mitigated through design amendments. Once the planning has been confirmed, KCC will be in a better position to progress negotiations, with the intention of acquiring the land through voluntary negotiations.
- 7.6. If a CPO inquiry is required then this will add to the timescales for delivering the project and will risk an increase in LGF spend beyond 30 September 2021. KCC intend to run the CPO in parallel with the negotiations to reduce the impact on the construction programme.

## **8. Next steps and potential options**

- 8.1. LGF spend on the Project has been placed on hold since July 2019, whilst KCC seek to address the project risks.
- 8.2. The main barrier to the Project's ability to proceed relates to planning consents having not been secured for the Project, nor for the main residential developments due to financially contribute. There also remain considerable risks, as KCC are not currently in a position to provide confirmation of the match funding and a CPO may also be required.
- 8.3. The Board has previously agreed that written confirmation must be provided by Kent County Council to SELEP Accountable Body, by 12<sup>th</sup> March 2021, to confirm the funding package is in place for the Project and that planning consent has been secured for the Project. This confirmation is required to enable the release of the remaining £4.791m LGF to KCC for the delivery of the Project beyond 31<sup>st</sup> March 2021.

- 8.4. Under Agenda Item 5, the Board are asked to agree the spend of LGF funding on the Project beyond 30<sup>th</sup> September 2021. This decision will only be relevant if the Board choose to approve Option 1 as set out below. In October 2020, the Strategic Board agreed LGF spend on the Project beyond the 30<sup>th</sup> September 2021. If the expected project completion date is delayed by more than 6 months, both the Board and the Strategic Board will be asked to confirm their continued support for LGF spend beyond the Growth Deal period.
- 8.5. It is expected that a verbal update will be presented to the Board at the meeting to confirm whether the planning consent has been agreed for the development's due to financially contribute to the Project.
- 8.6. Under agenda item 15, the Board will be asked to agree that the remaining £4.791m LGF should be transferred to Kent County Council by 31<sup>st</sup> March 2021 to support delivery of the Project – subject to the Board choosing to approve Option 1 as set out below and KCC meeting the funding and planning conditions set out within this report.
- 8.7. The report sets out 3 options which are available to the Board. Options 1 and 2 are directly related to the outcome of the Canterbury City Council planning committee on 9<sup>th</sup> February 2021, whilst Option 3 is unrelated to the outcome of the planning process and focuses on the significant risk to the availability of the private sector funding contributions and the security of the full funding package.
- 8.8. If the planning consent has been confirmed for the Broad Oak Farm and Sturry developments, the Board may choose to agree Option 1:

Option 1

- 8.8.1 **Note** that planning consent has been secured for the Broad Oak Farm and Sturry developments;
- 8.8.2 **Note** the requirement for planning consent to be secured from Kent County Council for the Project itself by 12<sup>th</sup> March 2021. If the planning consent is not secured by this date, the remaining £4.791m LGF will be automatically reallocated away from the Project;
- 8.8.3 **Note** the requirement for Kent County Council to provide written confirmation that the full funding package is in place by 12<sup>th</sup> March 2021 to enable the remaining £4.791m LGF to be transferred by the end of 2020/21, as set out in section 8.3, subject to Board agreement under agenda item 15. If written confirmation is not provided by this date, the remaining £4.791m LGF will be automatically reallocated away from the Project.
- 8.9. If planning consent is not granted by Canterbury City Council for both the residential developments on 9<sup>th</sup> February 2021, it is recommended that the Board agree Option 2:

Option 2

- 8.9.1 **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline, in accordance with the decision made by the Board in February 2020; and
- 8.9.2 **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure, as set out in the Grant Determination letter from Government and required in the SLA for the transfer of LGF between KCC, the Accountable Body and SELEP Ltd.
- 8.10. In light of the significant risks faced by the Project, for example, with regard to the security of the private sector funding contributions required to enable delivery of the Project or the potential need for a CPO to secure the required land acquisition as outlined in this report, the Board may choose to agree Option 3 irrespective of the outcome of the residential development planning applications:

Option 3

- 8.10.1 **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline; and
- 8.10.2 **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure.
- 8.11. At the last meeting of the Board, the Board were advised against awarding further extensions to the deadline for planning consent to be secured beyond the November 2020 extension due the remaining project risks.
- 8.12. Whilst planning consent being granted in relation to the two main residential developments would be a key step forward, there remains a substantial risk to the security of the private sector contributions required to enable delivery of the Project. In light of this risk, and so as to ensure there is sufficient time for the funding to be allocated to an alternative project prior to the end of 2020/21, the Board may choose to agree Option 3.
- 8.13. Should KCC be unable to provide the required confirmation of the full funding package on 12<sup>th</sup> March 2021, there will be insufficient time for the funding to be reallocated to an alternative LGF project by 31<sup>st</sup> March 2021. This could result in the LGF being uncommitted and unspent by 31 March 2021. The consequences of this could impact SELEP's deliverability rating with Central Government and future year funding awards.

- 8.14. If the remaining £4.791m unspent LGF is withdrawn from the Project (Options 2 and 3), it is still expected that the Project will proceed and be funded through development contributions, as the completion of the Project remains essential to the planned residential developments in North East Canterbury. However, the withdrawal of the LGF could potentially impact the financial viability of the development. As a result of the financial burden of the developers delivering the project, this could reduce their ability to deliver affordable housing and provide further S106 contributions such as for education and health care.
- 8.15. As the Project is still expected to proceed, even if the remaining £4.791m LGF is reallocated, KCC have confirmed that the £1.109m LGF spend to date remains a capital cost, in line with the grant conditions. As such, under Options 2 and 3, it is recommended that the Board agree the £1.109m LGF spend to date should not be recovered on the basis that the spend to date will enable the eventual delivery of the Project.
- 8.16. If the Project is not able to proceed and the £1.109m LGF spend to date becomes an abortive revenue cost this funding must be repaid to the SELEP Accountable Body, as the spend will no longer meet the grant conditions from Central Government.
- 8.17. If the Board choose to agree Option 1, a further update report which confirms the security of the full funding package and the planning recommendations in relation to the Project itself will be provided to the Board in March 2021.

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

- 9.1. In considering the recommendations of this report, the Board is advised to assess the risk of a further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 9.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the funding allocations for the forthcoming year.
- 9.3. The proposals for funding this Project are complex and whilst there has been good progress in drafting the s106 agreements with the promoters of the Sturry and Broadoak developments, not all arrangements with the developers are confirmed and have varying degrees of associated risk.
- 9.4. Should the necessary funding or planning permissions not be secured, there is a risk that the Project may need to be cancelled and any LGF funding spent to date may no longer meet the conditions of funding. In these circumstances, under the terms of the Funding Agreement in place with KCC, the LGF spent to date may need to be returned to Essex County Council (ECC), as the Accountable Body, and reallocated through the SELEP investment pipeline.



- 9.5. It is noted that currently further LGF spend is paused on this project; if the Board approve option 1, a further decision is expected in March to un-pause spend assuming the final planning and funding requirements are approved. Given the complexities and size of the risks associated with this Project, on-going monitoring of the risks and dependencies is necessary, to support effective decision making with regard to the use of LGF.
- 9.6. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.
- 9.7. Under the terms of the SLA, any abortive costs will become revenue and will need to be returned to the Accountable Body, Essex County Council, as the requirements of the grant agreement will no longer be met.
- 9.8. It is noted that KCC must provide written confirmation to SELEP Accountable Body to confirm the funding package is in place for the Project by 12th March 2021. The risk of the security of the private sector contributions required to enable delivery of the Project, will be mitigated if KCC can confirm that they will underwrite this cost. Planning permission for the project is also required by 12<sup>th</sup> March 2021.
- 9.9. Should the Board approve that the LGF award remains allocated to the Project, a variation to the existing Funding Agreement will be required. On completion of the variation agreement, the transfer of LGF to the Project at Financial Year end, will be made to Kent County Council as Lead Authority as a capital grant transfer, subject to approval of the recommendations in agenda item 15.

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

- 10.1. There are no significant legal implications arising from the proposals set out in this report. If the Project is cancelled, the provisions set out with the SLA in place between ECC, as Accountable Body, and KCC will be activated, and ECC will work with KCC to recover any abortive revenue costs.

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

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

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

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

## **12. List of Appendices**

12.1. Appendix A – Confidential appendix – developer contributions

12.2. Appendix B – LGF spend beyond the Growth Deal

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

13.1. [Business Case for the A28 Sturry Link 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>	
Peter Shakespear	04/02/2021
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

## Sturry Link Road Update Report - Appendix B

Consideration of the Project against the five conditions for LGF spend beyond the Growth Deal		
Requirement	Has project met requirement?	Explanation
A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board	Yes	There is a clear delivery plan in place for the Project and has been shared with the SELEP Secretariat. The key milestones are summarised in Table 2 in the main report. However, there remain risks to the delivery schedule as the funding package has not yet been secured and there is a risk of CPO being required.
A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;	Yes	The Project is integral to the delivery of the Canterbury Local Plan adopted in July 2017. It is necessary to deliver of the allocation of 2526 new homes at Sturry, Broadoak and Hersden. It also supports over 3000 homes at Herne Bay which are identified within the Local Plan.
All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding courses are in place to deliver the project beyond the Growth Deal;	No	As set out in section 5 of the report, written confirmation has not yet been provided to confirm the availability of the local funding sources.
Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31 March 2021	Yes	The Strategic Board agreed the extension of LGF beyond the 30 September 2021 at its meeting on 2 October 2020.
Contractual commitments being in place with construction contractors by 30 September 2021 for the delivery of the project.	Yes	Based on the current project programme it is expected that design and build contract will be awarded in September 2021.

<b>Report title:</b> Maidstone Integrated Transport Package project update	
<b>Report to Accountability Board – 12 February 2021</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 20 January 2021	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, <a href="mailto:Rhiannon.mort@southeastlep.com">Rhiannon.mort@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the Maidstone Integrated Transport Package (MITP (the Project)).
- 1.2 Local Growth Fund (LGF) spend on the Project will extend beyond the end of the Growth Deal period and therefore this report sets out the options available to the Board in relation to the transfer of the remaining LGF funding to Kent County Council (KCC).

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Note** the risk to Project delivery as a result of the outstanding planning applications and internal approvals set out within this report;
  - 2.1.2 **Agree** that the £8.9m LGF funding should remain allocated to the Project; and
  - 2.1.3 **Note** that under agenda item 15, the Board will be asked to agree that the remaining £4.1m unspent LGF should be transferred to Kent County Council by 31<sup>st</sup> March 2021. The transfer of the £4.1m LGF will be on the condition that the planning consents required in relation to Phase 1 and 3 of the Project are in place by 1 September 2021.
- 2.1.2 **Note** that if all the required approvals are not in place by 1<sup>st</sup> September 2021, a further project update will be presented to the Board on 10<sup>th</sup> September 2021.

## 3. Background

- 3.1 The Project has been awarded a total of £8.9m LGF. This funding has been approved by the Board through a series of decisions taken throughout the Growth Deal period.

- 3.2 The MITP was split into three separate phases at the commencement of the project. This was due to the differing stages of development for each measure contained within the MITP.
- 3.3 Delivery also coincides with the receipt of the secured developer contributions and their subsequent trigger points. Maidstone, being the 'County Town' has a significant number of network activities, i.e., Southern Gas Networks 5-year programme of network renewal, which has meant a close working relationship with KCC's Streetworks team to ensure no clashes are experienced.
- 4. Maidstone ITP Phase 1 - A20 Ashford Road junction with Willington Street**
  - 4.1. The award of LGF funding to support delivery of Phase 1 of the Project was approved by the Board in February 2016. The scope of Phase 1 as set out in the Business Case was to deliver improvements to the junctions at either end of Willington Street, which is located to the east of Maidstone town centre. However, in June 2018 the Board received an update on delivery of Phase 1 which indicated that there was a lack of support for the proposed interventions. As a result, Phase 1 was placed on hold whilst alternative potential interventions were developed.
  - 4.2. Subsequently in April 2019, the Board were asked to consider a change of scope for Phase 1. The new project scope, which received greater support during public engagement, involved the delivery of a larger scale intervention at one end of Willington Street only, at the junction with Ashford Road. The proposed change of scope was approved by the Board.
  - 4.3. This junction is currently a signal-controlled T-junction adjacent to Mote Park and close to the Park and Ride. There are significant traffic volumes that utilise Willington Street to access the M20 from the A274. Following an initial re-design of the scheme based on feedback from the local members, a larger more future proof measure was consulted on and did not receive any adverse comments.
  - 4.4. It is necessary to relocate the existing 'ragstone' wall which forms the boundary to Mote Park and although the wall itself does not have a listing, because of its association to Mote Park, the wall requires a planning application to relocate. This will be submitted to Maidstone Borough Council (MBC) in February 2021, with a decision expected in March or April 2021.
  - 4.5. On the opposite side of Mote Park, a retaining wall is needed to retain the existing highway banked verge, this will exceed 1.2m and become a structure and as such needs an Approval in Principle (AiP) from KCC's Structures team. The AiP is expected to be signed off and approved by Summer 2021.
  - 4.6. The remainder of the scheme is to widen the A20 and provide additional capacity for traffic travelling towards Maidstone and a dedicated right turn lane for vehicles accessing Willington Street travelling towards the A274.

- 4.7. The total cost for this project is £1.146m, the LGF contribution is £1m and developer contributions are £146k.
- 4.8. The proposed improvements to this junction will be taken to the Environment and Transportation Cabinet Committee (ETCC) meeting on 18<sup>th</sup> March 2021 for endorsement to progress.
- 4.9. The detailed design has been completed, however, due to other pressures on the network and the uncertainty of the impact of the EU Transition, the intention has always been to deliver this project at the back end of the programme. Construction is likely to commence onsite in 2022/23 for a period of 6 months. It is expected that the Phase 1 works will be completed in early 2023. However, this date will continue to be reviewed and if an opportunity to deliver at an earlier stage arises, this will be actioned.
- 4.10. The current key risks for this project are the successful approval of the planning application, Structures approval and uncertainty of the BREXIT impact as the A20 forms part of the resilient network for the M20.
- 4.11. Pre-application advice has already been sought from MBC's planning department, and no significant risks have been identified through the early communication. By submitting the planning application in February 2021, this demonstrates KCC's commitment to delivering this project as soon as is practicably possible.
- 4.12. Engagement has commenced with KCC's structures team to ensure they have the resource available to approve the AiP and their timeframes have been included in the current delivery programme.
- 4.13. The Project Manager attends regular meetings with the Streetworks team who are in contact with Kent's Resilience Forum and provide updates in relation to the impact of the transition period on the surrounding network. This is reported to the steering group meeting and included on the projects risk register.

## **5. Maidstone ITP Phase 2 – Coldharbour Roundabout and A20 London Road, Aylesford**

- 5.1 The award of LGF funding to support delivery of Phase 2 of the Project was approved by the Board in June 2018.
- 5.2 The Coldharbour roundabout scheme will see the removal of the existing traffic control and enlargement of the current roundabout to increase capacity and reduce congestion.
- 5.3 The A20 London Road scheme is to remove the current signalised crossroads and replace with a non-signalised roundabout.
- 5.4 Due to their proximity, both schemes will be combined and let as a single construction contract. The total cost of both schemes is £5.5m, the LGF allocation is £4.2m and Developer Contributions are £1.3m.

- 5.5 Detailed design work has been completed for both schemes. There is one outstanding approval from KCCs' structures team, but this will be gained in January 2021.
- 5.6 Land requirements for the A20 London Road project has been agreed and signed. The outstanding land transfer for the Coldharbour project has been drafted and all parties are ready to sign off. This has been delayed due to negotiations with the Secretary of State (SoS) in relation to the overage on the land. A successful conclusion has now been reached and the SoS has agreed that payment is not required and therefore an overall cost saving to the project of £500k has been achieved.
- 5.7 Both projects are due to commence construction in May 2021, this is to allow site personnel to be available from another SELEP scheme. The duration of the construction phase for both projects is 18 months and, as such, the works are expected to be completed in November 2022.
- 5.8 Public consultation was completed for the Coldharbour roundabout in March 2020 as part of the wider 'Keep Maidstone Moving' engagement. The consultation for the A20 London Road will launch on the 3<sup>rd</sup> February and close on the 18<sup>th</sup> March 2021.
- 5.9 COVID-19 still poses a risk to these projects, particularly the A20 London Road, Aylesford. At the time of writing this report, the Country is in its third lockdown with only 'essential' retail open for business. Whereas this could be an advantage with fewer vehicles on the network, the A20 scheme is adjacent to a retail park, which contains several 'essential' retail businesses.
- 5.10 With the proposed programme to commence works at this location in the Summer of 2021, there could be an impact on the recovery of the economy dependent upon the timeframe for the relaxing of the lockdown and subsequent tiering system from central Government.
  - 5.10.1 Early communication has commenced with the 'Crown Estates' the landowner of the retail park. All tenants have been identified and engagement with the businesses will provide an update on programme and progress of the scheme to ensure they are fully aware of the proposals and how access to the retail park will be maintained during the construction phase.
  - 5.10.2 Newsletters, the KCC website and Twitter will play an important role in the dissemination of the proposals, especially at this time, where face to face engagement cannot be carried out. This will commence in March 2021 and continue throughout the project's lifecycle until the end of construction.

## **6. Maidstone ITP Phase 3 – The A229 Loose Road corridor Maidstone**

- 6.1 The award of LGF funding to support delivery of Phase 3 of the Project was approved by the Board in April 2019.
- 6.2 The A229 Loose Road corridor is made up of 5 junction improvements on the strategic route leading in and out of Maidstone Town Centre. The route suffers from existing congestion and poor journey time reliability.
- 6.2.1 A229 Loose Road junction with A274 Sutton Road (Wheatsheaf junction) – this measure will see the demolition of the existing Wheatsheaf Public House, already purchased by KCC's property team in preparation for this scheme. The adjoining side road, Cranbourne Avenue, will be permanently closed to allow improved capacity benefits and the current traffic signal crossroads will be replaced with a reconfigured signalised junction, like a roundabout.
- 6.2.2 A229 Loose Road junction with Plains Avenue – as the closure of Cranbourne Avenue is needed to increase the junction capacity at the above, it is necessary to install a traffic signal-controlled junction for safe egress of vehicles that would have historically utilised Cranbourne Avenue. This will benefit the overall corridor by the inclusion of a 'fibre' link between the traffic control which will provide a more efficient traffic control system.
- 6.2.3 A229 Loose Road junction with Armstrong Road – this is a relatively small junction improvement that requires the relocation of the existing pedestrian crossing to the southern side of Loose Road which will allow the inclusion of a dedicated right turn lane to remove the existing blocker to free-flow of traffic for vehicles exiting the town.
- 6.2.4 A229 Loose Road junction with Sheals Crescent – this element of the overall project is the reconfiguration of the junction using lining only to alter the priority for vehicles accessing the one-way system allowing for an improved flow of traffic travelling towards the town.
- 6.2.5 A229 Loose Road junction with Boughton Lane/Cripple Street – the current configuration of this junction is a staggered crossroads which does not have the ability to 'square' up. The aim of this scheme is to allow for additional capacity to move freely through the junction, therefore the proposal will see the adjacent KCC grassed verge utilised to widen the carriageway to create dedicated left/right turn lanes.
- 6.3 The total cost of the A229 Loose Road corridor is £5.63m (excluding the purchase of the Wheatsheaf public house). The corridor project will be let as a single construction contract with the LGF contribution being £3.7m and the developer contributions being £1.93m.
- 6.4 A comprehensive Public Consultation was undertaken in 2020, 'Keep Maidstone Moving' this was combined with 4 public engagement sessions where residents



could meet the project team and ask questions accordingly. The responses were analysed and alterations to the designs have been incorporated where necessary. These have now been completed and the next stage of procurement is due to commence in April 2021.

- 6.5 On the 19th January 2021, KCC's ETCC endorsed the recommendations to give authority to take the next phase of the A229 Loose Road corridor improvements through to construction contract.
- 6.6 The Wheatsheaf public house requires a planning application for the demolition, and this has been delayed due to not being able to access the property to undertake asbestos surveys. Following a successful endorsement on the 19<sup>th</sup> January 2021 at KCC's ETCC, access has been granted week commencing the 25<sup>th</sup> January 2021 and the subsequent planning application will be submitted to MBC in February 2021. It is anticipated that a determination will be given by the end of March 2021.
- 6.7 The construction phase will commence in the summer of 2021; this is to allow for reduced volumes of vehicles (usually 20% less). The duration of the construction programme is expected to be 12 months, with the works due to complete in Summer 2022. The demolition of the public house is programmed to commence prior to this, in June 2021, which will ensure a smoother transition for the main construction works.
- 6.8 The current risk relates to the planning application for the demolition of the public house and any subsequent objections to this. Further engagement will be carried out with the local community, but it is not anticipated that this will be a risk to the delivery of the project. All measures have the support of the Maidstone Joint Transportation Board and were fully endorsed at the latest meeting in October 2020.
- 6.9 KCC's consultant has already undertaken pre-application communication with MBC's planning department to understand any risks to a successful approval of the application. They have not identified any potential objectors and or blockers to a swift determination.

## **7. Public Engagement**

- 7.1 Significant Public Engagement has been carried out for the majority of the schemes contained within the MITP. The 'Keep Maidstone Moving' consultation, completed in March 2020, engaged on all but the A20 London Road Aylesford project. This Public Consultation will be launched on the 3<sup>rd</sup> February 2021 and will finish on the 18<sup>th</sup> March 2021.

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

- 8.1 The funding breakdown can be seen in Table 1 below:

*Table 1: Revised spend profile for the Maidstone Integrated Transport Package £m*

Funding source	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
LGF	0.500	1.000	1.000	1.000	1.286	2.000	2.114	<b>8.900</b>
Private Sector	1.560	0.040	0.010	0.010	0.030	1.300	0.634	<b>3.584</b>
<b>Total</b>	<b>2.060</b>	<b>1.040</b>	<b>1.010</b>	<b>1.010</b>	<b>1.316</b>	<b>3.300</b>	<b>2.748</b>	<b>£12.484m</b>

## 9. Options available to the Board

- 9.1. In June 2020, SELEP Ltd. and the Accountable Body provided Government with assurances that all the LGF funding would be contractually committed and spent by 31<sup>st</sup> March 2021.
- 9.2. In order to deliver on these assurances, the £4.1m unspent LGF funding would need to be transferred to Kent County Council by 31<sup>st</sup> March 2021. It is intended that unspent LGF will only be transferred to the relevant Upper Tier Local Authority for those projects which are not considered to be High risk.
- 9.3. Whilst it is acknowledged that there are a number of outstanding planning decisions and internal approvals required to enable full delivery of the Project, it is recommended that the LGF funding remains allocated to the Project and that the unspent LGF funding is transferred to KCC prior to the end of 2020/21, subject to Board agreement under agenda item 15.
- 9.4. As set out in this report, most phases of the Project are well progressed with a clear timetable for completion of the planned works. The final approval is expected to be received in summer 2021, allowing completion of the Project by early 2023. In December 2020, the Strategic Board agreed LGF spend beyond 30<sup>th</sup> September 2021 to support delivery of the Project subject to Board approval. Under Agenda Item 5, the Board are asked to agree the spend of LGF funding on the Project beyond 30<sup>th</sup> September 2021. If the expected project completion date is delayed by more than 6 months, both the Board and Strategic Board will be asked to confirm continued support for LGF spend beyond the Growth Deal period.
- 9.5. Should any of the outstanding planning or internal approvals not be received thereby meaning it is not possible to deliver one or more phases of the Project, the unspent LGF funding would need to be returned to the SELEP Accountable Body for reallocation.
- 9.6. The other options available to the Board include:
  - 9.6.1. Allowing the LGF funding to remain allocated to the Project but, due to the risks outlined in this report, not transferring the remaining £4.1m unspent LGF to KCC prior to the end of 2020/21. The funding would be retained by the Accountable Body until such time as the Project delivery risks have been addressed;

- 9.6.2. Reallocating £4.7mLGF funding from Phases 1 and 3 of the Project, away to support alternative projects included within the LGF project pipeline. This funding would be reallocated away from Phases 1 and 3 of the Project as these phases have outstanding planning consents which present a greater delivery risk than that faced by Phase 2 which is close to starting work onsite. The £4.2m allocated to support the delivery of Phase 2 would remain allocated to the Project. If the Board choose this option a further update report will be presented in March 2021 to confirm the return of the LGF funding and that the Project continues to offer value for money.
- 9.7. If the Accountable Body retain the remaining LGF balance against the Project at the end of 2020/21, rather than transferring it to KCC, it will not be possible for SELEP to report full contractual commitment and spend of the LGF funding to Government on 31<sup>st</sup> March 2021. This could negatively impact on future SELEP funding allocations and is therefore not recommended to the Board.
- 9.8. There is an LGF project pipeline in place to support the reallocation of LGF funding away from those projects which can no longer deliver, or which now face significant – potentially insurmountable – risks to project delivery. However, the reallocation of funding is not recommended in this instance as, based on the update provided in this report, the Project remains deliverable with the first works due to commence onsite in May 2021.
- 10. Financial Implications (Accountable Body comments)**
- 10.1. In considering the recommendations of this report, the Board is advised to assess the risk of a further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 10.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming funding allocations for the forthcoming year.
- 10.3. It should be noted that delivery of this project beyond the Growth Deal in March 2021 is subject to meeting the five conditions agreed by the Board on 15 February 2019, including obtaining endorsement from the Strategic Board, which was given at their December 2020 meeting. The risk of delays in the delivery of this Project increase the risks associated with the overall Project completion within the Growth Deal period.
- 10.4. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.  
All LGF is transferred to Kent County Council, as the Project Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.

- 10.5. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.6. Should the Board approve that the LGF award remains allocated to the Project, and Kent County Council chose to transfer LGF as a capital grant rather than an option 4 capital swap, a variation to the existing Funding Agreement will be required.
- 10.7. The transfer of LGF to the Project at Financial Year end, will be made to Kent County Council as Lead Authority as a capital grant transfer, subject to approval of the recommendations in agenda item 15, and subject to a variation agreement being in place as per 10.6 if required.
- 10.8. An update on the Project will be provided to the Board on 10 September 2021 at which point if full planning consents are not awarded to Kent County Council, the Board will be presented with options for decision with regards to the LGF allocation.

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

- 11.1. There are no legal implications arising from the recommendations set out in this report. However, should the Board choose to reallocate part of the LGF funding allocation away from the Project, a variation to the existing Service Level Agreement between Essex County Council (as Accountable Body), SELEP Ltd. and Kent County Council will be required. This variation agreement will amend the existing project schedule to reflect the reduced LGF allocation to the Project.

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

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

13.1. Business Case for the Maidstone Integrated Transport Package (Phase 1)

13.2. Business Case for the Maidstone Integrated Transport Package (Phase 2)

13.3. Business Case for the Maidstone Integrated Transport Package (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>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	    03/02/2021

<b>Report title:</b> Beaulieu Station Project Update	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Howard Davies, Capital Programme Officer	
<b>Date:</b> 12 February 2021	<b>For:</b> Decision
<b>Enquiries to:</b> Howard Davies – howard.davies@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Essex	

## 1. Purpose of Report

- 1.1. The purpose of this report is to provide the Accountability Board (the Board) with an update on the Beaulieu Park Station (the Project) and the ongoing delivery risks associated with the Project.
- 1.2. Although the Project has moved to Governance in Rail Investment Projects (GRIP) stage 4, there is a risk due to the delay in the signing of the contract with Homes England for the Homes Infrastructure Fund (HIF) Grant Determination Agreement (GDA). This element forms a substantial amount of the funding for the project; £123m and if the contract can't be agreed it is very unlikely that the Project will be able to proceed at this time.

## 2. Recommendations

- 2.1. The Board is asked to agree one of two options:
  - 2.1.1. **Option 1 (Recommended Option) – Agree** that the full allocation of £12m LGF should remain allocated to the Project; and
  - 2.1.2. **Agree** that if Essex County Council and Homes England are unable to agree the conditions of the GDA by the deadline for completion set out by HMG, the allocation will be removed and reallocated by Strategic Board.
  - 2.1.3. **Note** that under agenda item 15, the Board will be asked to agree that the £12m LGF will be transferred to Essex County Council by 31 March 2021 ahead of full funding being confirmed: and
  - 2.1.4. **Note** that the following specific condition will be attached to the transfer of the funding:
 

If agreement between Essex County Council and Homes England cannot be reached on the conditions of the GDA before the deadline set out by HMG, the LGF funds will be returned to SELEP for reinvestment following the reallocation of funding by Strategic Board.

- 2.1.5. **Option 2: – Agree** to reallocate the £12m LGF to alternative pipeline projects as the requirement to confirm a full funding package cannot be made.

### **3. Background**

- 3.1. In February 2019, the Board approved the award of £12m LGF to the Project, subject to:
- 3.1.1. 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); and
  - 3.1.2. The successful award of sufficient funding by MHCLG, through Housing Infrastructure Fund (HIF), to bridge the Project funding gap; and
  - 3.1.3. Board agreement, under Agenda Item 5, that planned LGF spend beyond 1<sup>st</sup> March 2021 is permissible; and
  - 3.1.4. Endorsement from the SELEP Strategic Board that the LGF can be retained against the Project beyond 31<sup>st</sup> March 2021
- 3.2. The Board agreed in February 2019 that the value for money requirements had been satisfied. In January 2020, the Strategic Board approved the spend of LGF beyond the Growth Deal period for the Project. If there are any substantial delays to the project delivery (as set out in the business case), of greater than six months, further endorsement will be required from the Strategic Board for the revised programme.
- 3.3. Whilst the HIF funding has been successfully allocated by MHCLG to support the delivery of the Project, the conditions of the funding have not yet been agreed between Homes England and Essex County Council (ECC) to confirm the HIF. As such, no LGF funding has been transferred to ECC in relation to the Project to date as a full funding package is not in place as required.
- 3.4. An update was provided to the Board at its meeting in October 2020 which set out the issues at the time including a possible increase in costs and the delay in signing the HIF agreement.

### **4. Project Update**

- 4.1. The Project received agreement from the ECC Cabinet, on the 19 January 2021 to enter into the Development Services Agreement (DSA) with Network Rail for the GRIP stage 4, to enable the project to progress to 'single option development'.
- 4.2. ECC Cabinet also agreed that a value engineering process would look to reduce scheme costs by £14m, to bring it to budget and to remove the potential funding gap.

- 4.3. A proviso was added to the ECC decision that there would be an ability to cancel the GRIP 4 process should agreement not be reached with Homes England on the signing of the HIF GDA.
- 4.4. Negotiations are progressing between parties to resolve issues around the signing of the HIF GDA with Homes England. The discussions are ongoing, to resolve the outstanding issues within the agreement and all parties are working hard to come to a resolution.

## 5. Project Funding

- 5.1. Table 1 sets out the planned spend profile for the LGF allocation to the Project, agreed in July 2020. The funding profile for the Project remains subject to finalisation of the HIF funding with Homes England.

**Table 1 – Project Funding Profile (£'000)**

Spend Profile (£'000)							
Funder	Up to 20/21	21/22	22/23	23/24	24/25	25/26	Total
HIF*	1,380	2,947	15,233	49,440	54,000		<b>123,000</b>
S.106 Contributions	2,358					19,642	<b>22,000</b>
SELEP LGF						12,000	<b>12,000</b>
ECC	17						<b>17</b>
<b>Total</b>	<b>3,755</b>	<b>2,947</b>	<b>15,233</b>	<b>49,440</b>	<b>54,000</b>	<b>31,642</b>	<b>157,017</b>
*Subject to GDA sign off							

## 6. Project risk

- 6.1. The HIF agreement must be signed between ECC and Homes England by June 2021, to meet the deadline for the GDA, this is the deadline for submission of the Transport and Works Act (TWA0). Department of Transport (DfT) rules state that funding can only be transferred if the project has in place all the necessary finances to complete the project.
- 6.2. As previously detailed, there are continuing negotiations between ECC and Homes England regarding the GDA. These are being progressed but there is no guarantee that the contract negotiations will be successful. If ECC is unable to enter into contract with Homes England, a substantial funding gap for the Project will be created of £123m. This means that the Project will be unable to proceed in the short to medium term.
- 6.3. Should ECC be unable to agree terms with Homes England and the Project be cancelled, then the £12m LGF allocated to the Project will be required to be returned to SELEP.



## **7. Considerations for Board**

- 7.1. The Project is a key part of the transport strategy for the Garden Community and the City of Chelmsford, so far 1,200 homes have been completed and a primary and secondary school completed.
- 7.2. In addition, the Project is a strategic investment that benefits the Great Eastern Mainline which will improve resilience and capacity on the line.
- 7.3. At the time of the last update to the Board it was agreed that ECC would need to be in a position to confirm that the full funding package was in place to deliver the project and that there were no other substantial project risks. If these assurances are not given, then the Board would need to consider whether the £12m LGF should remain allocated to the Project or if the funding should be reallocated to an alternative project on the LGF pipeline. These assurances have not yet been provided and the Board is therefore asked to consider whether the £12m LGF should remain allocated to the Project.
- 7.4. The Board is therefore presented with two options.

### **Option 1 (recommended option)**

- 7.5. Under option 1, the £12m LGF will be retained against the project and, under agenda item 15, the Board will be asked to agree that the £12m LGF is transferred to Essex County Council before 31 March 2021.
- 7.6. The following specific condition will be attached to the transfer of the funding:
  - 7.6.1. If agreement between Essex County Council and Homes England cannot be reached on the conditions of the GDA before the deadline for completion set out by HMG, the LGF funds will be returned to SELEP for reinvestment following the reallocation of funding by Strategic Board
- 7.7. There is a significant risk in transferring monies in advance of a full funding package being in place. The details of the risk and mitigations suggested to be put into place can be found in agenda item 15.
- 7.8. Whilst ECC has been unable to provide confirmation on the full funding package being in place, it is likely that final decision on whether the parties can agree the terms of the GDA will come in the first quarter of financial year 2021/22. Given the key strategic nature of the Project and the relatively short delay to a definitive answer on whether a full funding package is in place it is recommended that the £12m allocation remains in place.

### **Option 2**

- 7.9. As ECC have not met the requirement for the full funding package to be confirmed by 12 February 2021, Option 2 is for the funding to be reallocated to alternative LGF projects.

- 7.10. However as above it is recommended that this option is not selected. The recommended option includes a condition that reallocation will be made if the conditions of the HIF GDA cannot be agreed and therefore this option becomes the backstop position following a relatively short delay.
- 7.11. If Board selects Option 2 the negotiations with Homes England will be undermined as that GDA requires a full funding package to be in place. The selection of Option 1 will allow those negotiations to play out in the next few months. As the LGF pipeline is all but exhausted this short delay will not have a detrimental impact on a project waiting for funding. Additionally, any replacement projects are unlikely to have the impact that this major project could have so to prevent the Project progressing before negotiations can be completed would have an adverse impact on the outputs and outcomes delivered by the programme.

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

- 8.1. In considering the recommendations of this report, the Board is advised to assess the risk of a further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 8.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the funding allocations for the forthcoming year.
- 8.3. As part of the LGF programme review to Central Government in June 2020, the Accountable Body and SELEP reported spend in full of the LGF programme by 31 March 2020, either through deliverability of the projects or using the Option 4 Capital swap mechanism, set out further in agenda item 15.
- 8.4. Should the Board approve that the LGF award remains allocated to the Project, subject to approval of the recommendations in agenda item 15, a Funding Agreement will be implemented for the Project to enable the LGF to be transferred to Essex County Council as Lead Authority as a capital grant.
- 8.5. Should agreement between Essex County Council and Homes England not be reached on the conditions of the GDA before the completion deadline set by HMG, the LGF allocation of £12m will need to be returned by Essex County Council. The current deadline for the conditions of the GDA to be agreed is 30 June 2021.
- 8.6. Should the Board agree Option 2 in this report the LGF allocation of £12m of the Project will be reallocated to LGF pipeline projects. The timelines in order to achieve this before 31 March 2021 present a risk, and the next pipeline project(s) will be required to come forward to request approval of LGF award at the 12 March 2021 Accountability Board to demonstrate committed spend by the end of the Growth Deal.
- 8.7. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set

out by Government for use of the Grant. The conditions state that the grant must be used for capital purposes; it is also subject to the requirements of the SELEP Assurance Framework and the decisions of the Board.

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

- 9.1. There are no significant legal implications arising from the recommendations of this report.
- 9.2. This Project will require a separate Legal Agreement to be put in place, or a variation to the existing Funding Agreement

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

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

## **11. List of Appendices**

- 11.1. Appendix A – Project Background Information

## **12. List of Background Papers**

- 12.1. Business Case for Beaulieu Station can be found on the project page [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
Accountable Body sign off	

## Beaulieu Station Decision Report

Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	04/02/2021
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## Appendix A – LGF Project Background Information

<b>Name of Project</b> - Beaulieu Park Railway Station, Essex County Council	
<b>Local Growth Fund value</b> - £12,000,000	
<b>Project Description</b>	
<p>The new station is being proposed on the existing Greater Eastern Main Line on the eastern side of Beaulieu, 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.</p> <p>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.</p> <p>The turnback / passing loop provides operational resilience and flexibility in a network that is heavily used and operating at near capacity. 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.</p> <p>The proposed Beaulieu station site is located on the Great Eastern Main Line (GEML), 3 miles north east of Chelmsford. It comprises a 3-platform station incorporating a central loop to allow the turn back of services as required. 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.</p> <p>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.</p>	
<b>Project Benefits</b>	
<ul style="list-style-type: none"> <li>• Acceleration of planned new homes and jobs and their associated economic benefits</li> <li>• Facilitation of dependent development - new homes and jobs and their associated economic benefits which otherwise could not happen</li> <li>• Increase in fare box revenue for the railway</li> <li>• Reduced congestion at Chelmsford station</li> <li>• Reduced congestion in Chelmsford city centre at peak times (weekday and weekends)</li> <li>• Improved access to the rail network for residents and businesses in the Heart of Essex not well served by rail; and</li> <li>• Improved network resilience and reliability for train services using the Great Eastern Main Line.</li> </ul>	
<b>Link to Project webpage</b>	<a href="https://www.southeastlepp.com/project/beaulieu-park-railway-station/">https://www.southeastlepp.com/project/beaulieu-park-railway-station/</a>

**Forward Plan reference number:** FP/AB/368

<b>Report title:</b> LGF update Report for M2 Junction 5	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Date:</b> 27 January 2021	<b>For:</b> Decision
<b>Enquiries to:</b> Howard Davies, <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on M2 Junction 5 project (the Project) in Kent.
- 1.2. A decision is required on whether the unspent proportion of the LGF allocation of £1.6m should remain allocated to the Project or be reallocated to an alternative project on the LGF pipeline. The funding award to this project was made subject to Secretary of State approval of the scheme, but this approval has not yet been granted.
- 1.3. In February 2020 the Board agreed that the £1.6m LGF could not be transferred to Kent County Council until the Project had been approved by the Secretary of State for Transport.

## 2. Recommendations

- 2.1. The Board is asked to agree one of two options:

### Option 1

- 2.2. **Agree** that the £1.6m LGF should remain allocated to the Project, and remove the condition for Secretary of State approval of the project needing to be in place prior to the funding being transferred to Kent County Council; and
  - 2.2.1. **Note** that under agenda item 15, the Board will be asked to agree that the £1.6m LGF should be transferred to Kent County Council by 31 March 2021; and
  - 2.2.2. **Note** that if the Secretary of State does not approve the Project by 31 March 2022, the £1.6m LGF must be returned to SELEP for alternative investment. The Board is asked to agree this condition on the transfer of LGF under agenda item 15; or

## **Option 2**

- 2.2.3. **Agree** that as the requirement for Secretary of State approval of the Project has not yet been met, the £1.6m LGF should be reallocated to LGF pipeline projects.

### **3. M2 Junction 5**

#### **Background**

- 3.1. The Project consists of a major junction improvement at the junction of the A249 with the M2 Junction 5. The A249 is on the Department of Transport's (DfT) indicative Major Road Network (MRN), as a major road managed by the Local Authority carrying substantial vehicle volumes and serving strategic traffic
- 3.2. The Project was approved by the Board in February 2020 for the award of £1.6m LGF, as a contribution towards the estimated project cost of £94.5m.
- 3.3. The award was made subject to confirmation being provided that the full funding package was in place and that the planning permission for the project had been approved by the Secretary of State for Transport.
- 3.4. At the point of the funding decision there was a funding gap of £20m which was being sought through the Governments Road Infrastructure Strategy 2 (RIS2).
- 3.5. To help bridge the funding gap, £0.9m was allocated by Kent County Council and £1.6m LGF was sought from SELEP.

#### **Project Update**

- 3.6. Confirmation has been received that full funding package is now in place, subject to confirmation of the £1.6m LGF being confirmed by the Board and approval of the Project by the Secretary of State. A revised spend profile will be prepared when a decision is received from the Secretary of State for Transport.
- 3.7. If approval for the scheme is given, then the LGF will be spent on initial stages to ensure it is spent prior to 30 September 2021.
- 3.8. In February 2020 the Board were advised that the Department of Transport issued a notice of intention to hold Public Local Inquiries in the Orders for the project. It was expected that a public enquiry would take place in March 2020 with a resolution from the Secretary of State for Transport by July 2020. Due to the Covid-19 pandemic the enquiry was postponed and rescheduled for November 2020.
- 3.9. The inquiry took place on the 9 November 2020 and a report is due to be forwarded to the Secretary of State by the end of January 2021 with a decision

expected by late Spring 2021. The Strategic Board were advised of the situation at their meeting in December 2020 and it was highlighted that a planning decision may not be made prior to 31 March 2021.

- 3.10. As all LGF must be spent by the end of 2020/21 it is recommended that one of two options is agreed:

**Option 1**

- 3.1.1. **Agree** that the £1.6m LGF should remain allocated to the Project, and remove the condition for Secretary of State approval of the project needing to be in place prior to the funding being transferred to Kent County Council; and
- 3.1.2. **Note** that under agenda item 15, the Board will be asked to agree that the £1.6m LGF should be transferred to Kent County Council by 31 March 2021; and
- 3.1.3. **Note** that if the Secretary of State does not approve the Project by 31 March 2022, the £1.6m LGF must be returned to SELEP for alternative investment. The Board is asked to agree this condition on the transfer of LGF under agenda item 15; or

**Option 2**

- 3.1.4. **Agree** that as the requirement for Secretary of State approval of the Project has not yet been met, the £1.6m LGF should be reallocated to LGF pipeline projects.
- 3.11. If the Board agree Option 1, but the project is later not approved by the Secretary of State, the £1.6m LGF will need to be repaid by Kent County Council to Essex County Council, the Accountable Body for SELEP for reallocation.
- 3.12. If the Board agree Option 2, and £1.6m LGF allocation is withdrawn, it might put at risk delivery of the project, as a full funding package will not be in place and Highways England (HE) may remove their funding contributions.

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

- 4.1. In considering the recommendations of this report, the Board is advised to assess the risk of a further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 4.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the funding allocations for the forthcoming year.
- 4.3. As part of the LGF programme review to Central Government in June 2020, the Accountable Body and SELEP reported spend in full of the LGF



programme by 31 March 2020, either through deliverability of the projects or using the option 4 capital swap mechanism. Agenda item 15 provides more detail on this and the alternative Capital grant ringfenced option in more detail.

- 4.4. Should the Board agree Option 1, that the LGF award remains allocated to the Project in this report and Secretary of State approval is not be obtained by 31 March 2022 the LGF allocation of £1.6m will need to be returned by Kent County Council to Essex County Council as Accountable Body for SELEP. The Board is asked to agree this condition under agenda item 15.
- 4.5. A variation to the existing Funding Agreement will be required based on the decision at agenda item 15, as specified in Section 5. On completion of the variation agreement, the transfer of LGF to the Project at Financial Year end, will be made to Kent County Council as Lead Authority as a capital grant transfer, subject to the condition of the recommendation in agenda item 15.
- 4.6. The variation agreement to the existing Funding Agreement will also need to refer to the use of capital grant transfer rather than an option 4 capital swap for the final transfer of LGF, should Kent County Council choose this option.
- 4.7. Should the Board agree Option 2 in this report the LGF allocation of £1.6m of the Project will be reallocated to LGF pipeline projects. The timelines in order to achieve this before 31 March 2021 present a risk, and the next pipeline project(s) will be required to come forward to request approval of LGF award at the 12 March 2021 Accountability Board to demonstrate committed spend by the end of the Growth Deal.
- 4.8. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

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

- 5.1. The Project is already included within the Service Level Agreement in place between Essex County Council, as Accountable Body, Kent County Council and SELEP Ltd. However, a Variation Agreement will need to be put in place to set out the condition under which the funding is being transferred. I.e. If approval of the Project by the Secretary of State has not been granted by 31<sup>st</sup> March 2022, the LGF will need to be repaid to Essex County Council as the SELEP Accountable Body, for reallocation by SELEP Ltd.

## **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 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.

## 7. List of Background Papers

- 7.1. Business case for the M2 Junction 5 project can be found [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>	
Peter Shakespear	04/02/2021
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

**Forward Plan reference number:** FP/AB/366, FP/AB/367, FP/AB/370

<b>Report title:</b> Update on LGF projects with funding conditions	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Date:</b> 11 January 2021	<b>For:</b> Decision
<b>Enquiries to:</b> Howard Davies, <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Essex and Kent	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update for the following three Local Growth Fund (LGF) projects:
  - 1.1.1. University of Essex, Parkside 3
  - 1.1.2. M11 Junction 8
  - 1.1.3. Innovation Park Medway (Phases 2 and 3)
- 1.2. These three projects were previously identified as high-risk projects but have now addressed the key issues impacting the deliverability of the schemes.
- 1.3. Where LGF spend is planned beyond the 31 March 2021 for these projects, recommendations are made, under agenda item 15, for the remaining balance of LGF to be transferred to the respective local authority.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** that the **University of Essex, Parkside 3** project continue. This follows confirmation that previous planning and funding conditions issues have now been resolved.
  - 2.1.2. **Note** that under agenda item 5, the Board will be asked to agree that the £5m LGF grant of be transferred to Essex County Council for the delivery of the University of Essex Parkside Phase 3 beyond 31 March 2021.
  - 2.1.3. **Agree** that sufficient assurance has been provided by Essex County Council (ECC) that the **M11 Junction 8** project funding gap will be addressed and the £0.495m LGF should remain allocated to the Project. A further update will be brought to the Board in March 2021
  - 2.1.4. **Note** that all the funding conditions have now been satisfied for the **Innovation Park Medway Phases 2 and 3**.

- 2.1.5. **Note** that under agenda item 15, the Board will be asked to agree that the remaining £4.0m unspent LGF allocated to the Innovation Park Medway Phases 2 and 3 will be transferred to Medway Council for spend beyond 31 March 2021. The transfer of this funding will be subject to the Local Development Order having been approved by Tonbridge and Malling Borough Council on 16 February 2021.

### **3. University of Essex, Parkside 3**

- 3.1. The Board were given an update on the project in November 2020. At that time, Board members were advised that planning permission had been secured, but there were concerns over the certainty of the local funding contributions to the project due to the impact of the Covid-19 pandemic on the University of Essex's financial position.
- 3.2. The Board agreed that, the project should be paused, and no LGF grant transferred, until confirmation was provided to the Board that outstanding planning and funding issued have been resolved.
- 3.3. The Chair of the Accountability Board wrote to the University of Essex (the University) to raise the Board's concerns around the project.
- 3.4. In response, the Vice Chancellor of the University has written to confirm the universities funding commitment to the project and that the full funding package is now in place to proceed with the project. This letter of assurance is set out in Appendix A. Planning consent has now also been confirmed for the delivery of the project.
- 3.5. A bid was put forward by the University for additional LGF, due to the overall project having increased from £10.500m to £13.865m. Whilst the project is identified on the LGF pipeline, seeking an additional £1.650m LGF, there is currently insufficient LGF available to award this additional funding to the Project. The University has agreed that if the additional £1.650m LGF does not become available, the University will meet this cost and will increase its overall contribution to the project from £5.500m to £8.865m. The revised funding breakdown is shown in Table 1 below.
- 3.6. Whilst the overall cost of the project has increased, due to cost increases associated with Covid-19, the original Benefit Cost Ratio (BCR) (see 3.7) value for the project was exceptionally high, as 11.2:1. As such, the increase in costs is not expected to materially impact the project's value for money case. The University have increased their contribution to cover increased costs. This does not materially alter the original BCR (11.2:1) and therefore does not need to be reassessed.
- 3.7. There is a requirement for projects to demonstrate a BCR of at least 2:1 (High value for money), unless they comply with one of the two Value for Money exemptions outlined in the SELEP Assurance Framework.

**Table 1 – University of Essex Parkside Phase 3 Spend Profile £m**

Funding Source	Up to 2020/21	2021/22	2022/23	2023/24	Total
University of Essex	1.550	2.871	4.219	0.225	8.865
LGF		3.270	1.730		5.000
<b>Total</b>	1.550	6.141	5.949	0.225	13.865

- 3.8. The Strategic Board, at their meeting on 12 December 2020, agreed the spend of LGF beyond 30 September 2021 for this project.
- 3.9. The University has also provided a revised programme for the project as set out in Table 2.
- 3.10. As the funding contributions from the University of Essex have been confirmed and the planning consents are in place, it is recommended that the £5.0m LGF should remain allocated to the project. Under agenda item 15, the Board will be asked to agree that the £5.0m LGF be transferred to Essex County Council as partner authority for spend on the project in 2021/22 and 2022/23.

**Table 2 – Revised Programme of works**

Task	Date
Design Team Re-appointed	7 December 2020
Invitation to Tender	5 April 2021
Issue Tender for Works	14 June 2021
Tender Returns	21 May 2021
Award Works Contract	9 August 2021
Works commence	29 October 2021
Practical completion of works	23 December 2022

#### **4. M11 Junction 8**

- 4.1. The Board were given an update on the M11 Junction 8 project in November 2020 and, at that time, the Board were advised of a funding gap, somewhere in the region of £7m.
- 4.2. The Board agreed that written confirmation must be provided by Essex County Council (ECC) to the SELEP Accountable Body, by 12 February 2021, to confirm the funding package is in place for the project, to enable the release of the remaining £0.495m LGF to Essex County Council for the delivery of the Project beyond 31 March 2021.
- 4.3. ECC has allocated sufficient funding through their capital programme to bridge the funding gap. The project is included within ECC's draft capital budget, which has been endorsed by Cabinet and will be considered by Full Council on 23 February 2021. Written confirmation of this funding will be provided to SELEP thereafter.

## Update on LGF projects with funding conditions

- 4.4. The project has also been allocated an additional £1.0m LGF by SELEP Ltd in December 2020. An updated business case will be assessed by the Independent Technical Evaluator (ITE), for consideration by the Board on 12 March 2021. The allocation of this funding by SELEP Ltd was also subject to the full funding package being confirmed.
- 4.5. The funding package will be confirmed at the Full Council meeting on 23 February. It is recommended that the remaining £0.495m LGF should remain allocated to the project. A further report will be presented to the Board in March 2021, to formally confirm the ECC funding contribution and to consider the award of the additional £1.0m LGF to the project.
- 4.6. If the full funding package for the project is confirmed on 12 March 2021, the £1.495m LGF will be transferred to Essex County Council before the end of the financial year, as set out under agenda item 15.
- 4.7. £1.495m LGF will be transferred to ECC by 31 March 2021, in advance of the grant being spent in 2021/22.
- 4.8. The Strategic Board, at their meeting on 12 December 2020, agreed the spend of LGF beyond 30 September 2021 for this project.
- 4.9. Table 3 shows the revised spend profile for the project, including the additional £1m that will be considered by the Board in March 2021.

**Table 3 – Proposed Spend Profile**

Revised Funding Profile (£m)						
Source	Spend to end of 2019/20	2020/21	2021/22	2022/23	2023/24	Total
<b>Manchester Airports Group</b>	0			1.019		<b>1.019</b>
<b>DfT (NPIF)</b>	0.138		2.882	0.667		<b>3.687</b>
<b>LGF</b>	2.239	0.05	0.445			<b>2.734</b>
<b>ECC</b>	0.862			5.178	0.605	<b>6.645</b>
<b>Additional LGF*</b>	0			1		<b>1</b>
<b>Total</b>	<b>3.239</b>	<b>0.05</b>	<b>3.327</b>	<b>7.864</b>	<b>0.605</b>	<b>15.085</b>
*subject to Accountability Board approval in March 2021						

- 4.10. Table 4 shows the current anticipated programme timeline. This has changed since the Board last received an update where it was explained that a new procurement process would be implemented due to the high prices received when the process was carried in the middle of 2020.

**Table 4 - Updated Procurement process – timescales**

Task	Date
Invitation to Tender (10 weeks) *	22 <sup>nd</sup> February 2021
Tender returned and assessed	30 <sup>th</sup> April 2021 – 4 <sup>th</sup> June 2021
Start of Works	26 <sup>th</sup> July 2021
Works complete	20 <sup>th</sup> March 2023

\*subject to Highways England sign offs

## **5. Innovation Park Medway Phase 2 and 3**

- 5.1. The Innovation Park Medway project was previously identified as high risk due to the concerns raised by Highway England and Natural England in relation to the Local Development Order (LDO), required for the delivery of the project.
- 5.2. The concerns raised by the bodies referred to in 5.1 will have no detrimental effect on the original benefits of the Project. The expected project benefits remain in line with those stated in the original business case.
- 5.3. Specifically, Highways England raised concerns in relation to the impact of the development on M2 Junction 3.
- 5.4. The funding decision to award £3.7m LGF to the Innovation Park Phase 2 project was made in February 2019. So far, £1.219m of this allocation has been drawn down by Medway Council. No conditions were attached to the drawdown of this LGF
- 5.5. The funding decision by the Board, in July 2020, to award £1.519m LGF to the Innovation Park Phase 3 project was made subject to:
  - 5.5.1. Written confirmation being received from Medway Council S151 officer to confirm the full funding package is in place, including the funding to deliver the IPM mitigation works to M2 Junction 3;
  - 5.5.2. Endorsement of LGF spend beyond the Growth Deal by the Strategic Board; and
  - 5.5.3. The final third of the 2020/21 LGF allocation being transferred by the Ministry for Housing Communities and Local Government (MHCLG) or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government.
- 5.6. A revised version of the LDO has been consulted on and was approved by Medway Council in December 2020.
- 5.7. As the Innovation Park Medway site also crosses into the boundary of Tonbridge and Malling, the LDO also requires approval from Tonbridge and Malling Borough Council. This approval is due to be considered by Cabinet on 11 February 2021 and Council on 16 February 2021.

## Update on LGF projects with funding conditions

- 5.8. If the LDO is refused by Tonbridge and Malling Council on the 16 February 2021, a further update will be presented to the Board on the 12 March 2021.
- 5.9. Medway Council S151 officer wrote to SELEP, on 7 September 2020, to confirm that Medway Council has put in place a full funding package for improvements to be put in place at M2 Junction 3 to mitigate the impact of Innovation Park Medway on the junction.
- 5.10. The Strategic Board also approved the spend of LGF beyond the Growth Deal at its meeting in October 2020 and SELEP has received its full LGF allocation for 2020/21 from Central Government. As such, the project has met all the funding conditions to enable the drawdown of the LGF. As set out in 5.6 and 5.7 no LGF will be transferred until confirmation of the LDO approval is received. If this is reported to the March Board then under agenda item 15 it is recommended that the unspent £4.0m LGF forecast spend on the project beyond 31 March 2021 is transferred to Medway Council by 31 March 2021
- 5.11. Following adoption of the LDO, it is expected that the enabling works will be delivered between February 2021 and March 2022.
- 5.12. The funding profile for the delivery of the infrastructure works is set out in Table 5 below. The public investment is expected to attract further private sector investment in the commercial development at the site. This has been valued at approximately £45m for Phase 2 and £80m for Phase 3.

**Table 5 - Innovation Park Phase 2 and 3 LGF spend profile (£m)**

Innovation Park	2018/19	2019/20	2020/21	2021/22	Total
LGF Phase 2	0.099	0.471	0.426	2.704	3.700
LGF Phase 3	0.000	0.000	0.223	1.296	1.519
Total	0.099	0.471	0.649	4.000	5.219

## 6. Financial Implications (Accountable Body comments)

- 6.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.2. All LGF is transferred to Essex County Council and Medway Council, as the Project Lead Authority's, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 6.3. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.



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

- 7.1. A Service Level Agreement (SLA) is already in place between Essex County Council, as Accountable Body, Essex County Council, as partner authority, and SELEP Ltd. This SLA includes the funding allocations to the University of Essex Parkside Phase 3 and M11 Junction 8. If a further £1m LGF is awarded to the M11 Junction 8 project at the March 2021 Board meeting, a variation agreement will need to be put in place to incorporate this additional funding within the conditions of the agreement.
- 7.2. Similarly, a Service Level Agreement is already in place between Essex County Council, as the Accountable Body, Medway Council and SELEP Ltd for the £5.219m for the Innovation Park Medway project Phases 2 and 3.
- 7.3. The LGF grant must be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government, and used in accordance with the terms of the SLA.

## **8. Equality and Diversity implication**

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

## **9. List of Appendices**

- 9.1. Appendix A – Letter from University of Essex Parkside 3

## **10. List of Background Papers**

- 10.1. Business Case for the University of Essex Parkside 3 project can be found [HERE](#)

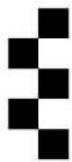
Update on LGF projects with funding conditions

10.2. Business Case for the M11 Junction 8 project can be found [HERE](#)

10.3. Business Case for Innovation Park Medway Phase 2 and 3 can be found [HERE](#) and [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>	
Peter Shakespear	04/02/2021
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	



Sarah Dance  
Deputy Chair  
South East LEP

*Sent by email*

16 December 2020

Dear Sarah,

Many thanks for letting me know the outcome of our LGF bid. We were of course disappointed to learn that our bid for additional funding of £1.65m to support the Parkside Phase 3 development was unsuccessful – but we fully appreciate that a range of factors need to be taken into account and there are competing demands for scarce resources.

Had we been successful, the additional funding would have provided a significant and much needed capital boost to help cover increased contractor costs as a result of the pandemic, for what is a very significant project for the University and North East Essex.

The University remains fully committed to the project, which is strategically important to both the University and the region in terms of growth of office space and the creation of high value employment opportunities. To this end, I am able to confirm that a full funding package is available to support the build and that this will be made up of the original £5m SELEP funding, with the balance coming from the University.

I would however like to make it clear that the consequence of the University absorbing these additional costs is to the detriment of other capital schemes that we will now be unable to support. I would therefore like to express our continued strong interest in bidding for future returned LGF funds, should they become available, to support this important project.

Yours sincerely,

Professor Anthony Forster  
Vice-Chancellor

CC. Adam Bryan, South East LEP  
Christian Brodie, South East LEP  
Paul Chapman, Essex County Council

Forward Plan reference number: FP/AB/371

<b>Report title:</b> Transfer of remaining LGF by end of 2020/21	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author:</b> Rhiannon Mort	
<b>Date:</b> 27.01.2021	<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 for the Accountability Board (the Board) to approve the value of the Local Growth Fund (LGF) to be transferred to partner authorities before the 31 March 2021.
- 1.2. The report sets out two options for the unspent LGF held by local authorities at the end of 2020:
  - 1.2.1. to implement an 'option 4 capital swap; or
  - 1.2.2. to hold the LGF as a ringfenced grant.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. Agree that a variation to the Service Level Agreements (SLAs) be made to enable the unspent LGF, held by local authorities at the end of 31 March 2021, to either:
    - 2.1.1.1. be invested as an 'Option 4 capital swap' within local authorities' own capital programmes (as defined in 3.4); or
    - 2.1.1.2. for the funding to be held by local authorities as a ringfenced grant.
  - 2.1.2. **Note** that the value of the unspent LGF is expected to total £77.418m at the end of 2020/21, excluding Department for Transport retained scheme funding, as set out in Table 1.
  - 2.1.3. **Agree** that the remaining unspent LGF is transferred to local authorities by 31 March 2021:
    - 2.1.3.1. subject to the funding conditions for the individual projects listed in Table 2 having been satisfied; and

## *Transfer of remaining LGF by end of 2020/21*

- 2.1.3.2. with specific funding conditions being attached to the transfer of funding for Beaulieu Park, Maidstone Integrated Transport Package and M2 Junction 5, as set out in Table 3.
- 2.1.4. **Agree** that the unspent LGF held by local authorities at the end of 2020/21 must either be spent within their own local authority capital programme by the 31 March 2021, as an option 4 capital swap, or held by the local authority as a ringfenced grant.
- 2.1.5. **Agree** that where LGF that has already been transferred to the local authorities and remains unspent at the end of 2020/21, due to unplanned slippage of LGF from 2020/21 to 2021/22, this should be added to the value of the option 4 capital swap or held by the local authority as a ringfenced grant.
- 2.1.6. **Note** that if the delivery of a Project for which LGF has been transferred is delayed by more than six months, relative to the completion date set out in the original business case, or the revised completion date subsequently agreed by the Board through a change request, a further decision will be brought back to the Board to consider the Project change. This will include consideration for the potential clawback of funding.

### **3. Background**

- 3.1. In April 2020, only two-thirds of SELEP's LGF allocation for 2020/21 was transferred. The remaining third, £26m LGF, was released by Central Government in August 2020 following SELEP Ltd and the SELEP Accountable Body (Essex County Council) having provided assurances that all remaining LGF would be 'contractually committed' and spent by 31 March 2021.
- 3.2. The information provided by Central Government in advance of SELEP's Annual Performance Review for 2020/21 indicates that SELEP must demonstrate spend of all the remaining LGF by 31 March 2021 to receive a 'meeting expectation' rating for the 'delivery' category. If SELEP fails to obtain this rating, this could put at risk the award of funding in 2021/22.
- 3.3. The impact of COVID-19 related project delays, along with planned project delivery beyond the Growth Deal, means it is not feasible, in practice, to spend all the remaining LGF by 31 March 2021 on LGF projects alone. SELEP has therefore been encouraged by officials in Central Government to use its 'freedoms and flexibilities' to demonstrate spend of the LGF by 31 March 2021.
- 3.4. SELEP Ltd has previously agreed that an 'option 4 capital swap' can be implemented to demonstrate spend of the LGF in 2020/21. An option 4 capital swap refers to the transfer of grant funding into the local authority's own capital programme in 2020/21. The local authority is then required to finance

the cost equivalent to the LGF grant allocation to the project, in future years, in line with the agreed spend profile for the project.

- 3.5. SELEP has informed Government of the intention to use its 'freedoms and flexibilities' in the form of an option 4 capital swap. The use of this mitigation option complies with the grant conditions from Central Government under which the LGF was issued as the conditions only restrict the grant to spend on capital. As such, there is no identified risk of the LGF, currently held by SELEP, being clawed back from Central Government.
- 3.6. The conditions for implementing an option 4 capital swap are formally agreed within the Service Level Agreements between SELEP Ltd, the Accountable Body and partner authorities.
- 3.7. The principle has been discussed with the S151 officers from each partner authority and whilst most local authorities are able to implement an option 4 capital swap, this is not possible for all authorities. As such, an alternative option is for local authorities to hold the LGF as a ringfenced grant at the end 2020/21. Both of these options will enable demonstration of spend of LGF, in full, in 2020/21, by the Accountable Body.
- 3.8. LGF transferred to SELEP by the Department for Transport (DfT) for retained schemes can only be spent on the project for which the funding has been allocated. Therefore, the unspent DfT LGF funding allocated to projects such as the A127 The Bell and A127 Essential Maintenance will be retained by the Accountable Body and will be transferred in line with the spend forecast for the project.

#### **4. Value of unspent LGF**

- 4.1. Based on the latest spend forecasts provided by local authorities, £77.418m LGF is due to be spent beyond 31 March 2021. This excludes funding transferred by the Department for Transport for retained schemes.
- 4.2. To demonstrate to Government that LGF has been spent in full by the end of 2020/21, the Board is asked to agree that the unspent LGF is transferred across to local authorities to either implement an option 4 capital swap or hold the funding as a ringfenced grant. The split per local authority area is set out in Table 1 below, with the detail for each respective project set out in Appendix A.
- 4.3. The value of the unspent LGF, due to be spend after 2021, has been calculated on the basis that:
  - 4.3.1. the recommendations presented under previous agenda items are agreed;
  - 4.3.2. the funding decisions due to be made by the Board in March 2021 are agreed; and

## Transfer of remaining LGF by end of 2020/21

- 4.3.3. any funding conditions over specific projects, as set out in Table 2, will be met.
- 4.4. Any substantial changes to the value of LGF to be transferred to local authority partners at the end of 2020/21 will be reported back to the Board on 12 March 2021.

**Table 1 – LGF position at end of 2020/21**

	Summary Option 4 LGF (£m)		
Area	Forecast spend for end of 2020/21	Value of unspent LGF at end of 2020/21	Total LGF allocation
East Sussex	64.825	17.194	82.020
Essex	90.199	23.564	113.763
Kent	107.875	21.082	128.957
Medway	25.437	7.003	32.440
Southend	30.948	2.694	33.642
Thurrock	29.959	5.881	35.840
Capital Skills	21.975	0.000	21.975
M20 Junction 10a	19.700	0.000	19.700
Total	<b>390.918</b>	<b>77.418</b>	<b>468.335</b>

- 4.5. The value of unspent LGF at the end of 2020/21 may increase if there is further slippage of LGF spend from Q4 2020/21 to 2021/22. Local authorities are required to ensure that unspent LGF at the end of 2020/21, identified due to unplanned LGF slippage, is added to the value of the option 4 capital swap or is held by the local authority as a ringfenced grant.
- 4.6. The forecast LGF spend in Q4 2020/21 totals £24.486m. If this spend forecast is not achieved, it will considerably increase the value of the LGF to be transferred as an option 4 capital swap or held as a ringfenced grant.
- 4.7. The value of the funding transferred to partner authorities may also decrease if the funding conditions have not been satisfied to enable the transfer of the LGF against specific projects. The projects set out in Table 2 require a further decision to be taken before the funding can be released.

**Table 2 – Project's with outstanding decisions required before LGF can be transferred**

Project	Decision required	Date of decision	Source of further information
M11 Junction 8	Approval by Accountability Board of £1.0m LGF award to project and written confirmation from ECC of full funding package being in place	12 March 2021	Agenda item 14

Project	Decision required	Date of decision	Source of further information
A28 Sturry Link Road	Approval of planning consent for the developments at Broad Oak Farm and Sturry by Canterbury City Council, approval of planning consent for the project by Kent County Council; and confirmation of the full funding package by Kent County Council	12 March 2021	Agenda item 10
Innovation Park Medway Phases 2 & 3	Approval of the Local Development Order by Tonbridge and Malling Borough Council	16 February 2021	Agenda item 14
Bexhill Enterprise Park North	Confirmation that planning appeal has been successful	12 March 2021	Agenda item 5
A13 Widening	Approval by Accountability Board of additional £1.5m LGF to the project	12 March 2021	Agenda item 5
Grays South	Approval by SELEP Ltd for LGF spend beyond 30 September 2021	19 March 2021	Agenda item 5
Colchester Grow-on Space	Approval by SELEP Ltd for LGF spend beyond 30 September 2021 and approval of planning by Colchester Borough Council on 4 March	4 March & 19 March 2021	Agenda item 7

- 4.8. In addition to the projects listed in Table 2, there are three further projects where there are outstanding decisions required, for which the outcome will not be confirmed until 2021/22. For these three projects, namely Beaulieu Park, Maidstone Integrated Transport Package and M2 Junction 5, the Board is asked to agree the transfer of funding with the conditions set out in Table 3.

**Table 3 – Conditions in transferring the LGF**

Project	Condition	Decision expected by	Source of further information
Beaulieu Park	If agreement between Essex County Council and Homes England cannot be reached on the Grant Determination Agreement before the deadline on the completion of the document, the LGF funds will be returned to SELEP for reinvestment	June 2021	Agenda item 12
Maidstone Integrated Transport Package	The LGF is transferred on the condition that the required planning consents are in place for Phase 1 and 3 by 1 September 2021. If this condition is not met, an update report will be presented to the Board on 10 September 2021.	September 2021	Agenda item 11
M2 Junction 5	If the Secretary of State has not approved the project by 31 March	Unconfirmed	Agenda item 13



	2022, the LGF funds will be returned to SELEP for reinvestment		
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- 4.9. Following the end of the financial year each local authority will be required to provide confirmation of the exact value of the option 4 capital swap that has been applied and the amount of LGF held by partner authorities as a ringfenced grant.

## **5. Risks and mitigation**

- 5.1. The Service Level Agreements in place between SELEP Ltd, Essex County Council, as the SELEP Accountable Body, and each local authority set out the conditions for implementing the option 4 capital swap. This includes the requirement to repay the LGF if the project is unable to proceed as agreed.
- 5.2. A Variation Agreement will be put in place to enable the unspent LGF to be held by local authority partners as a ringfenced grant. The option will come with similar conditions to the option 4 capital swap in the sense that if the projects are unable to proceed, the funding must be repaid to SELEP.
- 5.3. Transferring the remaining LGF to partner authorities reduces the Board and SELEP Ltd's visibility over this funding. This could make it more difficult to report back to Government on whether the commitments of the Growth Deal have been met.
- 5.4. As considered under agenda items 9 to 13, there remain several high-risk projects included within the LGF programme. Of the nine high-risk projects included in the LGF programme, six are due to spend LGF beyond 31 March 2021, including:
- 5.4.1. Beaulieu Park;
  - 5.4.2. A28 Sturry Link Road;
  - 5.4.3. M2 Junction 5;
  - 5.4.4. Maidstone Integrated Transport Package;
  - 5.4.5. Eastbourne Fisherman Infrastructure; and
  - 5.4.6. Bexhill Enterprise Park North.
- 5.5. The remaining balance of LGF held by the Accountable Body, on behalf of SELEP Ltd, will only be transferred for the A28 Sturry Link Road and Bexhill Enterprise Park North projects once the outcome of the planning applications have been considered by the Board in March 2021.
- 5.6. Due to the deliverability concerns over these projects, there is a heightened risk in transferring the LGF for these schemes. The Section 151 officers from each local authority been made aware of the respective risks and to ensure

## *Transfer of remaining LGF by end of 2020/21*

that the grant conditions, including those with regard to potential clawback, are understood.

- 5.7. Given the deliverability risks for certain LGF projects, the Board may choose not to transfer funding against all LGF projects. The funding would be held by the Accountable Body at the end of 2020/21 and this would help to avoid the need to recover LGF from local authorities if the projects fail to proceed. However, under this scenario, the funding would not be fully spent by the 31 March 2021. This position would need to be reported back to Central Government and would likely impact SELEP's end of year performance score.
- 5.8. Under the condition of the Service Level Agreement and in line with SELEP's Assurance Framework, local authorities are required to agree a change request with the Board if the delivery of the projects is delayed by greater than six months.
- 5.9. For those projects due to spend LGF beyond the 30 September 2021, the Board is asked to agree the revised project completion date, under agenda item 5.
- 5.10. If delays of greater than six months are incurred relative to the expected project completion date currently agreed by the Board, a further decision must be brought back to the Board, to agree the project change request for the further extension to the delivery programme.
- 5.11. In considering this change request, the Board has the option to agree that the LGF must be returned if the Board is not satisfied with the progress in delivering the Project or if it is no longer feasible for the project to proceed.

## **6. Next steps**

- 6.1. Following the 12 February 2021 Board meeting, Variation Agreements will be put in place to add amend the LGF allocations to the projects considered under agenda items 7 to 9 and to set out the option for LGF to be held by local authorities as a ringfenced grant at the end of 2020/21. These Variation Agreements will need to be signed by the local authority, Essex County Council, as Accountable Body, and SELEP Ltd by 26 February 2021.
- 6.2. In parallel, local authorities will be required to submit transfer request forms by 26 February 2021. If the Variation Agreements and transfer request form is in place by 26<sup>th</sup> February, it is expected that the LGF payments will be made during the second week of March 2021.
- 6.3. A summary of these deadlines is set out in Table 4 below.

***Table 4 – Next steps for decisions taken on 12 February 2021***

Action required	Deadline
Deed of variation to be agreed	15/02/2021 – 26/02/2021
Submission of LGF claim form	26/02/2021

Transfer of LGF	08/03/2021 – 12/03/2021
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- 6.4. For the projects due to be considered at the Board meeting on 12 March 2021 or which require endorsement from the Strategic Board, the timescales set out in Table 5 will apply.

**Table 5 – Next steps for decisions taken on 12 March 2021**

Action required	Deadline
Deed of variation to be agreed	15/03/2021 – 26/03/2021
Submission of LGF claim form*	26/02/2021
LGF spend to be accounted for in 2020/21	29/03/2021 – 31/03.2021

\*LGF claim form submitted in February 2021 should cover funding ask relating to the projects due to be considered by the Board in March 2021.

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

- 7.1. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the LGF is utilised in accordance with the conditions set out by Government for use of the Grant; in respect of LGF, the conditions require the grant to be applied to spend that meets the definition of Capital Expenditure. In addition to this condition, however, it is necessary to ensure that the requirements of the SELEP Assurance Framework are also met.
- 7.2. Under the terms of the LGF grant conditions, there is no requirement to spend the grant by March 2021, however, the Government has placed an expectation on SELEP to ensure that all of the remaining LGF is defrayed in 2020/21.
- 7.3. Further, to secure the remaining third of this year's LGF allocation, the Section 151 officer of the Accountable Body and the Chief Executive of the SELEP were required to confirm to Government that the LGF was contractually committed and would be spent in full in 2020/21. To achieve this deadline, the Government have encouraged the SELEP to use its freedoms and flexibilities, within the conditions of the grant. This approach allows SELEP to allocate the funding that is not used directly on project delivery in 2020/21, as either a capital swap (referred to as option 4) or as a ringfenced capital grant to the respective Local Authorities; both of these options must be applied with the conditions set out in the Assurance Framework, particularly with respect to clawback of funding.
- 7.4. All grant conditions are passed to the Local Authority under a SLA to ensure that LGF is applied in line with the requirements of the grant and the Assurance Framework. The inclusion of the clawback provisions in the agreements provides a mitigation to the risk that the grant is being transferred in advance of spend on the projects. The option to allow for the grant to be applied by the Local Authority as a ring-fenced capital grant will need to be

included as a variation to the agreements; the inclusion of this option, however, is considered appropriate to ensure that the local authorities can receive the funding in advance of spend and apply it in line with the conditions of the agreement.

- 7.5. In considering the recommendations of this report, the Board should note that where a local authority applies the LGF as an option 4 capital swap against a project, then should that Project fail to proceed and the Board require repayment of the associated LGF, then an alternative funding source would need to be identified by the authority to meet the cost of the repayment. For this reason, holding the funding as a ring-fenced grant is a more prudent approach to addressing the clawback requirements within the SLAs.

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

- 8.1. Service Level Agreements are in place between Essex County Council, as Accountable Body, local authorities and SELEP Ltd for LGF. The SLA sets out the conditions for administering the funding, including the conditions for implementing an 'option 4 capital swap'.
- 8.2. As set out within the report, an alternative option to implementing an option 4 capital swap is for local authorities to hold the LGF as a ringfenced grant. A variation to the SLA will be put in place over the coming weeks to enable this alternative option to be implemented at the end of 2020/21.
- 8.3. The variation to the SLA will also set out any project specific conditions under which the LGF is being transferred, as listed in Table 3 of the report.

## **9. Equality and Diversity implication**

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

## *Transfer of remaining LGF by end of 2020/21*

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

### **10. Appendices**

10.1. Appendix A – Breakdown of unspent LGF at end of 2020/21 for each project

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Peter Shakespear	04/02/2021
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Project Name	Total LGF allocation	Forecast spent to end of 2020/21 (£m)	Forecast spent to end of 2020/21	Value of unspent LGF at end of 2020/21	Has funding been approved?	Project RAG rating	Key issue/risk
East Sussex							
Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	2,100,000	2	1,598,000	502,000	Yes	3	LGF spend into 2022/23 and delivery risks relating to Alexandra Park Phase of project is still at relatively early state Planning consent was refused. Awaiting outcome of planning appeal.
Eastbourne and South Wealden Walking and Cycling LSTF package	6,600,000	4	4,224,000	2,376,000	Yes	3	
Hastings and Bexhill Movement and Access Package	9,000,000	4	3,790,000	5,210,000	Yes	5	
Eastbourne town centre LSTF access & improvement package	8,000,000	6	5,710,000	2,290,000	Yes	4	
Bexhill Enterprise Park North	1,940,000	0	440,000	1,500,000	On hold	5	
Skills for Rural Businesses Post-Brexit	4,413,000	1	1,290,490	3,122,510	In part	3	
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator)	500,000	0	138,180	361,820	Yes	3	
Bexhill Creative Workspace	960,000	1	567,949	392,051	Yes	2	
Eastbourne Fisherman	1,440,000	0	0	1,440,000	In part	4	Project funding gap. Revised project to be considered by the Accountability Board
Essex		0					
Beaulieu Park Railway Station	12,000,000	0	0	12,000,000	Yes	5	Agreement for HIF has not yet been signed Awaiting confirmation of an increased ECC funding contribution
M11 Junction 8 Improvements	3,733,896	2	2,400,000	1,333,896	In part	5	
USP College Centre of Excellence for Digital Technologies and Immersive Learning , I	900,000	1	743,000	157,000	Yes	3	
University of Essex Parkside (Phase 3)	5,000,000	0	0	5,000,000	Yes	3	
New Construction Centre, Chelmsford	1,295,200	0	0	1,295,200	Yes	3	
Colchester Grow-on-Space	3,777,451	0	0	3,777,451	No	4	Planning consent required
Kent							
Kent Strategic Congestion Management programme	4,800,000	5	4,700,000	100,000	In part	2	Planning consent required Planning consent required for the project and to confirm the developer contributions High proportion of LGF spend beyond Growth Deal Project has not yet been approved by Secretary of State for Transport
Maidstone Integrated Transport	8,900,000	7	6,530,187	2,369,813	Yes	4	
A28 Sturry Link Road	5,900,000	2	1,789,051	4,110,949	Yes	5	
Thanet Parkway	14,000,000	2	2,000,000	12,000,000	Yes	4	
M2 J5 improvements	1,600,000	0	0	1,600,000	Yes	5	
Additional funding EDGE	901,128	0	0	901,128	No	2	
Medway		0					
Strood Town Centre Journey Time and Accessibility Enhancements	8,600,000	8	8,050,000	550,000	Yes	3	Awaiting approval of LDO by Tonbridge and Malling BC Awaiting approval of LDO by Tonbridge and Malling BC
Medway City Estate Connectivity Improvement Measures	2,200,000	1	1,300,000	900,000	Yes	3	
Rochester Airport - phase 1	4,400,000	3	2,845,722	1,554,278	Yes	3	
IPM (Rochester Airport - phase 2)	3,700,000	1	996,498	2,703,502	Yes	4	
IPM (Rochester Airport - phase 3)	1,518,500	0	223,342	1,295,158	Yes	4	
Southend		0					
Southend Central Area Action Plan (SCAAP) - Transport Package	7,000,000	6	5,638,123	1,361,877	Yes	3	
Southend Town Centre	1,625,000	1	500,000	1,125,000	In part	3	
A127 Essential Maintenance - additional LGF	207,000	0	0	207,000	No	2	
Thurrock		0					
Grays South	10,840,274	5	4,959,317	5,880,957	Yes	3	
Total	137,851,449	60	60,433,859	77,417,590			

Forward Plan reference number: FP/AB/371

<b>Report title: GBF Transfer to Local Authorities in 2020/21</b>	
<b>Report to Accountability Board on 12 February 2021</b>	
<b>Report author: Rhiannon Mort</b>	
<b>Date: 01.02.2021</b>	<b>For: Decision</b>
<b>Enquiries to: Rhiannon Mort (Rhiannon.mort@southeastlep.com)</b>	
<b>SELEP Partner Authority affected: All</b>	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to provide an update on the expected Getting Building Fund (GBF) spend by 31 March 2021 and the transfer of GBF to local authorities by the end of 2020/21.

## 2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Agree** that a variation to the Service Level Agreements (SLAs) be made to enable the unspent GBF, held by local authorities at the end of 31 March 2021, to either:
- 2.1.1.1. be invested as an Option 4 capital swap within local authorities' own capital programmes; or
  - 2.1.1.2. for the funding to be held by local authorities as a ringfenced grant.
- 2.1.2. **Agree** the updated GBF spend forecast for 2020/21 of £20.423m on GBF projects, as set out in appendix A.
- 2.1.3. **Agree** to the transfer the advance payment of £9.490m GBF to local authorities in 2020/21. This is in addition to the £33.010m GBF agreed in November 2020.
- 2.1.4. **Agree** that the unspent GBF held by local authorities at the end of 2020/21 must either be spent within their own local authority capital programme by the 31 March 2021, as an option 4 capital swap, or held by the local authority as ringfenced grant.
- 2.1.5. **Agree** that any unspent GBF held by local authorities at the end of 2020/21, due to further slippage of GBF from 2020/21 to 2021/22, should be added to the value of the option 4 capital swap or held by the local authority as a ringfenced grant.

### **3. Background**

- 3.1. In September 2020, SELEP received a total of £42.5m GBF from Central Government, as the first of two equal instalments totalling £85m.
- 3.2. Whilst the grant conditions do not restrict the grant to spend in 2020/21, the accompanying letter from the Cities and Local Growth Unit (CLGU) states that they expect the GBF allocation for 2020/21 to be spent in full by 31 March 2021, using SELEP's 'freedoms and flexibilities'.
- 3.3. Furthermore, the letter re-affirms that the Annual Performance Review meeting between SELEP and Central Government officials will be used to gain assurance that the programme is on track and that further funding can be released. As with LGF, if SELEP fails to achieve a 'meeting expectation' rating for delivery this could put at risk the award of funding in 2021/22.
- 3.4. As such, the Board is asked to agree that any unspent GBF at the end of 2020/21 should be spent as an option 4 capital swap. A GBF option 4 capital swap refers to the GBF being used to fund local authorities' own capital programmes in 2020/21. The local authority is then required to finance the cost of the grant commitment to the project in 2021/22.
- 3.5. The use of an option 4 capital swap is permissible under the grant conditions from Central Government and under conditions of the Service Level Agreement under which GBF is passed from the Accountable Body to local authority partners.
- 3.6. Where an option 4 capital swap is not feasible, local authorities are required to hold the GBF as a ringfenced grant.
- 3.7. Following the end of the financial year local authorities will be asked to confirm how much GBF has been spent on GBF projects, the value of the GBF option 4 capital swap and the amount of GBF held by the authority as a ringfenced grant.

### **4. GBF spend forecast**

- 4.1. In November 2020, the Board agreed the planned spend of £33.010m on GBF projects in 2020/21. The updated spend forecast submitted by local authorities in January 2021 shows the spend of £20.423m GBF in 2020/21; a £12.587m reduction in spend relative to the position in November 2020.
- 4.2. Relative to the £42.5m GBF transferred to SELEP by MHCLG this leaves £22.077m GBF unspent in 2020/21.
- 4.3. It is recommended to the Board that the full £42.5m GBF is transferred across to local authorities in 2020/21, to spend as an option 4 capital swap or to be held by the local authority as a ring-fenced grant, where it is not spent on delivering projects in 2020/21. The proposed split of the funding between local authorities is set out in Table 1 and Appendix A. The proposed split has been



## Getting Building Fund Transfer to Local Authorities in 2020/21

calculated based on the original GBF funding ask in 2020/21 plus a proportion of the remaining £9.490m based on a percentage split of the overall GBF programme.

**Table 1 GBF spend forecast 2020/21 (£m)**

Local authority	GBF Total Allocation	GBF spend 2020/21 (£m)			Additional GBF to be transferred in 2020/21	Total unspent GBF held by local authorities or in Option 4 capital swap	Total GBF to be transferred in 2020/21	Remaining GBF to be transferred in 2021/22*
		Planned GBF spend 2020/21, as agreed in November 2020	Updated GBF spend forecast 2020/21, as reported in January 2021	Difference between planned spend and updated forecast				
East Sussex	11.180	4.946	2.552	-2.394	1.470	3.864	6.416	4.764
Essex	26.502	14.903	4.760	-10.143	2.630	12.773	17.533	8.969
Kent	34.696	11.232	11.232	0.000	4.562	4.562	15.794	18.902
Medway	1.990	0.530	0.480	-0.050	0.262	0.312	0.792	1.198
Southend	5.400	0.400	0.400	0.000	0.158	0.158	0.558	4.842
Thurrock	3.100	1.000	1.000	0.000	0.408	0.408	1.408	1.692
Unallocated	2.132	0.000	0.000	0.000	0.000	0.000	0.000	2.132
<b>Total</b>	<b>85.000</b>	<b>33.010</b>	<b>20.423</b>	<b>-12.587</b>	<b>9.490</b>	<b>22.077</b>	<b>42.500</b>	<b>42.500</b>

- 4.4. Appendix A provides an indicative split of the GBF transfer against specific projects within each local authority. The per project split can be amended by the respective local authority, subject to:
  - 4.4.1. The total drawdown of the grant in 2020/21 for each local authority being consistent with the figures in Table 1;
  - 4.4.2. The amount drawn down against each project not exceeding the project allocation; and
  - 4.4.3. There being no funding conditions against the project which prohibit the drawdown of funding.
- 4.5. The value of unspent GBF held by local authorities at the end of 2020/21 may increase if there is further slippage of GBF spend from Q4 2020/21 to 2021/22. Local authorities are required to ensure that unspent GBF at the end of 2020/21, identified due to unplanned GBF slippage, is added to the value of the option 4 capital swap or is held by the local authority as a ringfenced grant.
- 4.6. The forecast GBF spend in Q4 2020/21 totals £17.9m. If this spend forecast is not achieved, it will considerably increase the value of the option 4 capital swap.
- 4.7. Following the end of the financial year each local authority will be required to provide confirmation of the exact value of the GBF transfer that has been applied.

- 4.8. The Service Level Agreements in place between SELEP Ltd, Essex County Council, as the SELEP Accountable Body, and each local authority, set out the conditions for implementing the option 4 capital swap. This includes the requirement to repay the GBF if the project is unable to proceed.
- 4.9. A deed of variation to the existing Service Level Agreement will be agreed with local authorities before the end of 2020/21 to enable local authorities to retain the GBF funding on 31 March 2021 as a ringfenced grant. The local authority will also be required to repay the GBF ringfenced grant if the project is unable to proceed in line with the business case.

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

- 5.1. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the GBF is utilised in accordance with the conditions set out by Government for use of the Grant; in respect of GBF, the conditions require the grant to be applied to spend that meets the definition of Capital Expenditure. In addition to this condition, however, it is necessary to ensure that the requirements of the SELEP Assurance Framework are also met.
- 5.2. Under the terms of the GBF grant conditions, there is no requirement to spend the grant by March 2021, however, the Government has placed an expectation on SELEP to ensure that the £42.5m GBF received to date is defrayed in full in 2020/21. The Government have inferred that the allocation of the second tranche of the funding in 2021/22, which is currently indicative, will be informed by the outcome of the Annual Performance Assessment, which will consider spend of both GBF and Local Growth Fund (LGF) allocations in 2020/21.
- 5.3. Should the second remaining tranche of GBF for £42.5m from Government be delayed or withdrawn in 2021/22 resulting in insufficient funding to the programme, there will be a risk to completion of GBF projects and delivery of outcomes. Whilst this is a risk for the local authorities overseeing delivery of the projects, there is also a risk for SELEP with regard to securing future funding and supporting economic growth and recovery across the region.
- 5.4. To demonstrate full spend of the GBF in 2020/21, the Government have encouraged the SELEP to use its freedoms and flexibilities, within the conditions of the grant. This approach allows SELEP to allocate the funding that is not used directly on project delivery in 2020/21, as either a capital swap (referred to as option 4) or as a ringfenced capital grant to the respective Local Authorities; both of these options must be applied with the conditions set out in the Assurance Framework, particularly with respect to clawback of funding.
- 5.5. All grant conditions are passed to the Local Authority under an SLA to ensure that GBF is applied in line with the requirements of the grant and the Assurance Framework. The inclusion of the clawback provisions in the agreements provides a mitigation to the risk that the grant is being transferred in advance of spend on the projects. The option to allow for the grant to be

applied by the Local Authority as a ring-fenced capital grant will need to be included as a variation to the agreements; the inclusion of this option, however, is considered appropriate to ensure that the local authorities can receive the funding in advance of spend and apply it in line with the conditions of the agreement.

- 5.6. In considering the recommendations of this report, the Board should note that where a local authority applies the GBF as an option 4 capital swap against a project, then should that Project fail to proceed and the Board require repayment of the associated GBF, then an alternative funding source would need to be identified by the authority to meet the cost of the repayment. For this reason, holding the funding as a ring-fenced grant is a more prudent approach to addressing the clawback requirements within the SLAs.

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

- 6.1. Service Level Agreements are in place (or are due to be in place by the date of the meeting) between Essex County Council, as Accountable Body, local authorities and SELEP Ltd to transfer the GBF. The SLA sets out the conditions for administering the funding, including the conditions for implementing an 'option 4 capital swap'.
- 6.2. As set out within the report, an alternative option to implementing an option 4 capital swap is for local authorities to hold the GBF as a ringfenced grant. A variation to the SLA will be put in place over the coming weeks to enable this alternative option to be implemented at the end of 2020/21.

## **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 will ensure that any equality implications are considered as part of their decision making process and where possible

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

## **8. List of Appendices**

### **8.1. Appendix A- GBF Spend Profile**

**(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>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  04/02/2021

## Appendix A - GBF Spend profile

Project Name	GBF Total Allocation	GBF spend 2020/21				Additional GBF to be transferred in 2020/21	Total unspent GBF held by local authorities or in Option 4 capital swap	Total GBF to be transferred in 2020/21	Remaining GBF to be transferred in 2021/22*
		Planned GBF spend 2020/21, as agreed in November 2020	Updated GBF spend forecast 2020/21, as reported in January 2021	Difference between planned spend and updated forecast					
East Sussex									
Fast Track Business Solutions for the Hastings Manufacturing Sector	3,500,000	250,000	200,000	-	50,000	554,365	604,365	804,365	2,695,635
Restoring the Glory of the Winter Garden	1,600,000	600,000	700,000		100,000	253,424	153,424	853,424	746,576
The Observer Building, Hastings (Phase 2) Option A	1,713,000	914,000	809,212	-	104,788	271,322	376,110	1,185,322	527,678
Charleston's access road: removing the barrier to growth	89,293	89,293	89,293		-	-	-	89,293	-
Creative Hub, 4 Fisher Street, Lewes	250,000	250,000	250,000		-	-	-	250,000	-
Riding Sunbeams Solar Railways	2,527,500	2,342,400	323,000	-	2,019,400	185,100	2,204,500	2,527,500	-
Sussex Innovation Falmer - Covid Secure adaptations-	200,000	200,000	47,450	-	152,550	-	152,550	200,000	-
UTC Maritime & Sustainable Technology Hub	1,300,000	300,000	132,679	-	167,321	205,907	373,228	505,907	794,093
Essex									
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach	680,000	680,000	-	-	680,000	-	680,000	680,000	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to rea	1,820,000	1,820,000	-	-	1,820,000	-	1,820,000	1,820,000	-
Enterprise Centre for Horizon 120 Business Park	7,000,000	7,000,000	800,000	-	6,200,000	-	6,200,000	7,000,000	-
Harlow Library	977,000	-	-		-	412,633	412,633	412,633	564,367
Labworth Car Park, Canvey Island modernisation	700,000	326,000	456,000		130,000	295,643	165,643	621,643	78,357
Modus	1,960,000	1,960,000	1,960,000		-	-	-	1,960,000	-
Nexus	1,600,000	1,600,000	450,000	-	1,150,000	-	1,150,000	1,600,000	-
Remodelling of buildings at Harlow College to provide new 'T'-levels	1,500,000	103,778	15,000	-	88,778	633,521	722,299	737,299	762,701
Rocheway	713,000	713,000	379,000	-	334,000	-	334,000	713,000	-
Tendrings Bikes & Cycle Infrastructure	2,300,000	700,000	700,000		-	971,399	971,399	1,671,399	628,601
Tindal Square, Chelmsford	750,000	-	-		-	316,760	316,760	316,760	433,240
Kent									
Digitally Connecting Rural Kent and Medway	2,290,152	260,543	260,543		-	306,258	306,258	566,801	1,723,351
Javelin Way Development	578,724	578,724	578,724		-	-	-	578,724	-
Romney Marsh Employment Hub	3,536,466	1,564,000	1,564,000		-	472,926	472,926	2,036,926	1,499,540
Thanet Parkway Railway Station	11,999,000	6,514,388	6,514,388		-	1,604,607	1,604,607	8,118,995	3,880,005
First and Second Floors, Building 500, Discovery Park, Sandwich	2,500,000	-	-		-	334,321	334,321	334,321	2,165,679
New Performing & Production Digital Arts Facility @ North Kent College	12,301,796	2,102,262	2,102,262		-	1,645,099	1,645,099	3,747,361	8,554,435
The Meeting Place Swanley	1,490,000	211,949	211,949		-	199,255	199,255	411,204	1,078,796
Britton Farm Redevelopment Learning, Skills & Employment Hub	1,990,000	530,000	480,000	-	50,000	261,682	311,682	791,682	1,198,318
South Essex No Use Empty	1,200,000	400,000	400,000		-	157,797	157,797	557,797	642,203
Thurrock									
LFFN	2,500,000	1,000,000	1,000,000		-	328,744	328,744	1,328,744	1,171,256
Transport and Logistics Institute	600,000	-	-		-	78,900	78,900	78,900	521,100
Projects not included as there are still outstanding conditions									
Jaywick Market & Commercial Space	1,972,000				-	-	-	-	1,972,000
Swan modular housing factory	4,530,000				-	-	-	-	4,530,000

## Appendix A - GBF Spend profile

Project Name	GBF Total Allocation	GBF spend 2020/21		
		Planned GBF spend 2020/21, as agreed in November 2020	Updated GBF spend forecast 2020/21, as reported in January 2021	Difference between planned spend and updated forecast
Better Queensway	4,200,000			-
Laindon Place				-
St George's Place				-
Unallocated funding	2,132,069			-
<b>Total</b>	<b>85,000,000</b>	<b>33,010,337</b>	<b>20,423,500</b>	<b>- 12,586,837</b>

Additional GBF to be transferred in 2020/21	Total unspent GBF held by local authorities or in Option 4 capital swap
-	-
-	-
-	-
-	-
9,489,663	22,076,500

Total GBF to be transferred in 2020/21
-
-
-
-
42,500,000

Remaining GBF to be transferred in 2021/22*
4,200,000
-
-
2,132,069
42,500,000

\* Subject to 2021/22 funding being received from Central Government

<b>Report title:</b> Growing Places Fund Update	
<b>Report to Accountability Board on 12<sup>th</sup> February 2021</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 15 <sup>th</sup> January 2021	<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 The purpose of this report is 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 decision by Strategic Board to amend the GPF project pipeline to allow the available GPF funding to be invested in projects which can progress now, whilst retaining the Leigh Port Quay Wall project on the pipeline for future GPF investment;
- 2.1.3 **Note** the decision by Strategic Board to agree that if a project cannot proceed within 6 months that it remains on the GPF project pipeline, but that the Board can award funding to the next project on the pipeline in order to facilitate swift investment of the GPF funding;
- 2.1.4 **Agree** the removal of the Barnhorn Green Commercial and Health Development (Phase 2) project from the GPF project pipeline;
- 2.1.5 **Approve** the revised repayment schedule for the Javelin Way project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan; and
- 2.1.6 **Note** the identified risk to the repayment schedule for the Centre for Advanced Engineering project.

### **3. Background**

- 3.1 In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 27 capital infrastructure projects, as detailed in Appendix A. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and a further £2m was ring-fenced to support the activities of SELEP's Sector Working Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2 In June 2020, the Strategic Board took the decision to repurpose £10m of the GPF funding to enable delivery of interventions which will support economic recovery post COVID-19. Subsequent to this decision being taken by the Strategic Board, HM Government confirmed the payment of the final third of SELEP's 2020/21 LGF allocation thereby releasing the £3.6m of GPF funding which had been repurposed to underwrite the risks associated with the change in approach regarding the payment by Government of LGF funding to LEP's. This funding has now been returned to the GPF pot for reinvestment in pipeline projects.
- 3.3 Quarterly updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress, realisation of project benefits and any risks to the repayment of the GPF loans

### **4. Current Position**

#### **COVID-19 Impacts**

- 4.1 The impact of the ongoing COVID-19 pandemic and the associated social distancing measures and lockdowns introduced by Government have resulted in a severe shock to our economy. Whilst the full impact is not yet known, the existing GPF projects are feeling the effects and longer-term risks have been identified which may affect the delivery of the projects, the realisation of expected project benefits and the ability to repay the current GPF loans.
- 4.2 Further information regarding the effects and risks identified as a result of the COVID-19 pandemic is provided in Appendix E.
- 4.3 GPF project risks will continue to be monitored over the coming months as the wider impacts of the COVID-19 pandemic become evident. This may result in currently unidentified risks being highlighted in future Board reports.

#### **Cash Flow Position**

- 4.4 Through the latest round of GPF reporting, significant risks to repayment schedules for three projects have been identified predominantly as a result of the impact of the COVID-19 pandemic. The GPF repayment schedules are set out in Appendix B.



- 4.5 Scheme promoters have been working to understand the impacts of COVID-19 on their projects and their intended repayment mechanism since the onset of the COVID-19 pandemic. To date, COVID-19 related revised repayment schedules have been approved by the Board in relation to eight GPF projects. A revised repayment schedule for the Javelin Way Development project has been brought forward for Board consideration and is set out within this report. Furthermore, as outlined in Section 8 of this report, it is expected that a revised repayment schedule for the Centre for Advanced Engineering will be brought forward in early 2021/22.
- 4.6 A repayment risk has been flagged for the Colchester Northern Gateway project as a result of delayed drawdown of the GPF funding due to issues with finalising the loan agreement between Essex County Council (as Accountable Body) and Essex County Council (as Upper Tier Local Authority). It is intended that these issues will be resolved by the end of March 2021, and if required a revised repayment schedule will be brought forward for Board consideration in advance of the completion of the loan agreement.
- 4.7 Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for re-investment through loan repayments. The cash flow is based on the assumption that the seven projects at the top of the amended GPF round 3 project pipeline, agreed by the Strategic Board in December 2020 (Table 2), will receive Board approval during the course of 2020/21.
- 4.8 This cash flow assumes repayment in 2020/21 as set out in Appendix B. All projects reporting repayments in 2020/21 are either showing no repayment risk or are repaying in accordance with revised repayment schedules approved by the Board since July 2020.
- 4.9 Repayments forecast for 2021/22 reflect revised repayment schedules approved by the Board since July 2020 but exclude forecast repayments against the Colchester Northern Gateway and Centre for Advanced Engineering projects in light of the repayment risks outlined within this report.

**Table 1: GPF Cash Flow Position**

£	2020/21	2021/22
GPF available at the outset of year	25,347,202	15,167,202
GPF funding repurposed	6,400,000	-
GPF available for investment	18,947,202	15,167,202
GPF Round 1 planned investments	0	0
GPF Round 2 planned investments	3,055,000	0
GPF Round 3 planned investments	5,320,000	6,900,000
Position before GPF repayments are made	10,572,202	8,267,202
GPF repayments expected	4,595,000	4,664,042
Carry forward	15,167,202	12,931,244

4.10 As shown in Table 1 total GPF drawdown of £8.375m is forecast for 2020/21. Sufficient GPF funding is currently being held to meet these drawdown requirements. It is expected that by the end of 2020/21 all currently approved Round 1 and 2 GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix C.

4.11 The remaining £1.85m GPF allocated to the top 7 projects on the amended GPF project pipeline will be drawdown between 2022/23 and 2023/24 as set out in Appendix C. This funding has been ring-fenced for investment in those projects and will therefore not be included in any funding available for reinvestment so as to safeguard the GPF investment in those projects prioritised by Strategic Board.

### **Amendments to Growing Places Fund project pipeline**

4.12 On 12th June 2020 the Strategic Board agreed a GPF prioritised pipeline of projects, which will be used to inform the allocation of any available GPF funding during 2020/21, 2021/22 and early 2022/23. This project pipeline was developed to facilitate swift investment in new projects, with a key part of the rationale for prioritisation being the role that the proposed projects could play in supporting local economic recovery.

4.13 The Leigh Port Quay Wall (Cockle Wharf) project was prioritised by the Strategic Board with the expectation that the project would be in a position to seek funding approval from the Board within 6 months of the agreement of the project pipeline.

4.14 Due to unforeseen issues it has not been possible for Southend-on-Sea Borough Council to bring the project forward for funding approval within the expected timeframe. As a result, the Strategic Board were asked in December 2020 to consider amendments to the GPF project pipeline which would allow

the £3.5m of funding currently allocated to the project to be reallocated to the next projects on the pipeline, whilst retaining Leigh Port Quay Wall on the project pipeline for future investment. This approach was designed to ensure timely investment of the GPF funding, whilst acknowledging the continued strategic importance of the Leigh Port Quay Wall project.

- 4.15 Table 2 below sets out the proposed changes to the GPF prioritised project pipeline as presented to Strategic Board in December 2020. This table reflects the project pipeline prior to any changes considered as part of this report and therefore includes Barnhorn Green Commercial and Health Development (Phase 2), despite the removal of this project from the pipeline being considered in section 6 of this report.
- 4.16 The prioritisation of the projects agreed in June 2020 (in bold) was impacted by the changes presented to Strategic Board in December 2020.

**Table 2: Proposed changes to the GPF prioritised project pipeline**

Prioritised project pipeline agreed in June 2020		Updated prioritised project pipeline proposed in December 2020	
Project	GPF ask (£)	Project	GPF ask (£)
Green Hydrogen Generation Facility (KMEP)	3,470,000	Green Hydrogen Generation Facility (KMEP)	3,470,000
Observer Building (Phase 1a) (TES)	1,750,000	Observer Building (Phase 1a) (TES)	1,750,000
Barnhorn Green Commercial and Health Development (Phase 1) (TES)	1,750,000	Barnhorn Green Commercial and Health Development (Phase 1) (TES)	1,750,000
Wine Innovation Centre (KMEP)	600,000	Wine Innovation Centre (KMEP)	600,000
<b>Leigh Port Quay Wall (OSE)</b>	3,500,000	<b>Herne Relief Road (KMEP)</b>	<b>3,500,000</b>
<b>Herne Relief Road (KMEP)</b>	3,500,000	<b>No Use Empty South Essex (OSE)</b>	<b>1,000,000</b>
<b>No Use Empty South Essex (OSE)</b>	1,000,000	<b>No Use Empty Commercial Phase II (KMEP)</b>	<b>2,000,000</b>
<b>No Use Empty Commercial Phase II (KMEP)</b>	2,000,000	<b>Leigh Port Quay Wall (OSE)</b>	<b>3,500,000</b>
Observer Building (Phase 2) (TES)	1,616,500	Observer Building (Phase 2) (TES)	1,616,500
Barnhorn Green Commercial and Health Development (Phase 2) (TES)	1,750,000	Barnhorn Green Commercial and Health Development (Phase 2) (TES)	1,750,000
No Use Empty Residential (KMEP)	2,500,000	No Use Empty Residential (KMEP)	2,500,000
<b>Total</b>	<b>23,436,500</b>	<b>Total</b>	<b>23,436,500</b>

- 4.17 The Strategic Board were also asked to agree that, should other projects with a provisional GPF funding allocation be unable to come forward for funding approval within a six month period, that the project remain on the pipeline but that the Board can award funding to the next project on the pipeline so as to facilitate accelerated investment of the available funding.
- 4.18 The Strategic Board supported both of these recommendations and the Board are therefore asked to note these changes.

### **Growing Places Fund Round 3 Projects**

- 4.19 Since the initial agreement of the GPF prioritised project pipeline in June 2020, the first five projects have been brought forward for consideration of funding approval by the Board. The current funding status of each project on the pipeline is set out in Table 3.

***Table 3: GPF prioritised pipeline of projects***

Project	Federated Area	GPF ask (£)	GPF funding award agreed by the Board?
Green Hydrogen Generation Facility	KMEP	3,470,000	Yes – September 2020
Observer Building (Phase 1a)	TES	1,750,000	Yes – September 2020
Barnhorn Green Commercial and Health Development (Phase 1)	TES	1,750,000	To be considered at this meeting
Wine Innovation Centre	KMEP	600,000	Yes – September 2020
Herne Relief Road	KMEP	3,500,000	Expected in March 2021
No Use Empty South Essex	OSE	1,000,000	Expected in March 2021
No Use Empty Commercial Phase II	KMEP	2,000,000	To be considered at this meeting
Leigh Port Quay Wall (Cockle Wharf)	OSE	3,500,000	No
Observer Building, Hastings (Phase 2)	TES	1,616,500	No
Barnhorn Green Commercial and Health Development (Phase 2)	TES	1,750,000	Project to be removed from pipeline
No Use Empty Homes Initiative	KMEP	2,500,000	No

- 4.20 There is sufficient GPF funding currently available to support investment in the Barnhorn Green Commercial and Health Development (Phase 1), Herne Relief Road, No Use Empty South Essex and No Use Empty Commercial

Phase II projects during 2020/21. As set out in Table 3, funding decisions are sought in relation to the Barnhorn Green Commercial and Health Development (Phase 1) and No Use Empty Commercial Phase II projects at this meeting, with funding decisions in relation to the other two projects expected in March 2021.

## **5. Growing Places Fund Project Delivery to Date**

- 5.1 A deliverability and risk update is provided for each GPF project in Appendix A. A high repayment risk has been identified for the Javelin Way development project. A proposed revised repayment schedule for the project is set out within this report (section 7).
- 5.2 The Colchester Northern Gateway project has experienced significant delays in regard to finalising the required legal agreements, which has resulted in no GPF funding being drawn down against the project to date. Work is ongoing to address the issues encountered, and it is intended that a resolution will be reached before the end of March 2021. Full repayment of the GPF funding allocated to the project is currently scheduled for 2021/22. In light of the delays experienced to date, and the current position in regard to drawdown of the funding, this repayment schedule appears unrealistic. Whilst clarification is being sought from the delivery partner, a high GPF spend risk, repayment risk and overall project risk has been reported against the project.
- 5.3 If it is established that an updated repayment schedule is required for the Colchester Northern Gateway project, then this will need to be considered by the Board prior to the required legal agreements being finalised.
- 5.4 As set out in Section 4 of this report, it was agreed by the Strategic Board in December 2020 that should projects with a provisional GPF funding allocation be unable to come forward for funding approval within a six month period, that the project remain on the pipeline but that the Board can award funding to the next project on the pipeline so as to facilitate accelerated investment of the available funding. Whilst it is acknowledged that the Colchester Northern Gateway project has an approved, rather than provisional GPF allocation, it would seem prudent to adopt the same approach when considering the completion of required loan agreements. The award of GPF funding to the project was approved close to three years ago and in that time it has not been possible for any of the funding to be invested in the project as intended due to the ongoing delays with the legal agreements. Therefore, if the required legal agreements are not in place by May 2021, a further update on the project will be provided to the Board and consideration given as to whether the GPF funding should remain allocated to the project or if it should be reallocated through the GPF prioritised project pipeline.
- 5.5 In the last GPF update report (November Board meeting) it was noted that no update reporting had been received in relation to the Centre for Advanced Engineering project since the onset of the COVID-19 pandemic and therefore it was unknown if the repayment schedule was likely to be impacted. Whilst no update reporting has been provided in relation to the project, the scheme

promoter has indicated that the agreed repayment schedule is no longer realistic in light of the impacts of the COVID-19 pandemic on college finances (see section 8 of this report). As a result of the repayment risk and the continued failure to provide GPF update reporting, a high repayment risk and overall project risk have been flagged against this project.

- 5.6 Eleven GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 2,585 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix D.
- 5.7 Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.
- 5.8 A RAG rating is being used, on Appendix D, to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Grays Magistrates Court project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.
- 5.9 The North Queensway project has been completed, however, due to slower uptake of land than originally anticipated no jobs outcomes have been delivered to date. Steps are being taken by the scheme promoter to accelerate development at the site, however, the timetable for delivery of the proposed enabling works has been negatively impacted by the COVID-19 pandemic.
- 5.10 There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Chelmsford Urban Expansion and Fitted Rigging House.
- 5.11 Due to the COVID-19 pandemic a number of projects have raised risks in relation to the realisation of these benefits. In most cases it is expected that the project benefits will still be realised, however, this is now likely to be over a longer time period than originally anticipated. This is for a number of reasons including extended construction programmes, likely impact on the tourism sector, uncertainty regarding the effect on the property sales and rental market and the as yet unknown long-term impact on the economy and the viability of businesses. This will continue to be monitored as scheme promoters gain a clearer understanding of the wider economic impacts of the ongoing COVID-19 pandemic.

**6. Barnhorn Green Commercial and Health Development (Phase 2) project – removal from GPF project pipeline**

- 6.1 An application for £3.5m GPF to support the delivery of the Barnhorn Green Commercial and Health Development project was submitted as part of the GPF round 3 open call for projects. The project seeks to bring forward employment space and a doctor's surgery on the Barnhorn Green site, which is an allocated employment and health zone in Bexhill.
- 6.2 When the GPF prioritised project pipeline was considered by Strategic Board in June 2020, it was proposed that the Barnhorn Green project be split into two phases each receiving £1.75m GPF. Phase 1 was prioritised for investment and received a provisional GPF allocation. Phase 2 was positioned lower on the prioritised project pipeline with allocation of funding dependent upon receipt of repayments in relation to other projects in the GPF programme.
- 6.3 The Board are asked to approve the award of GPF funding to Phase 1 of the project under Agenda Item 18.
- 6.4 Rother District Council have indicated their intention to bring the entire Barnhorn Green project forward in one phase, using the initial £1.75m GPF allocated to the project. The remaining project cost will be funded through PWLB borrowing and a small local contribution. The project scope and expected benefits are not affected by this change in delivery approach.
- 6.5 The Board are asked to agree the removal of the project from the GPF project pipeline.

## **7. Javelin Way – revised repayment schedule**

- 7.1 Funding has been awarded to the project to support the development of the Javelin Way, Ashford 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 (a new build two storey dance school) and the development of 29 light industrial units, including external works and new electrical sub-station. In total, 311 jobs are expected to be delivered over a 10-year timeframe as a result of project delivery.
- 7.2 The Board approved a GPF loan of £1.597m to the project in November 2018, with a further £578,724 from the Getting Building Fund being approved in November 2020.
- 7.3 The start of construction was delayed as a result of COVID-19 impacts on the procurement process as reported to the Board in July 2020. The procurement process was extended to mitigate the impact of staff shortages reported by a number of contractors. However, construction commenced onsite in early January 2021 and it is expected that the project will be completed by 31<sup>st</sup> March 2022.

- 7.4 At the time of GPF Business Case submission Kent County Council's intention was to sell the 29 light industrial units immediately upon completion, with the sales generating sufficient capital receipts to enable Kent County Council to forward-fund the new Creative Laboratory which will be run by the Jasmin Vardimon Company. This approach was supported by detailed market estimates for the industrial units provided by a sales agent in 2018.
- 7.5 Since the detailed market estimates were provided, the COVID-19 pandemic has struck. The updated advice from the sales agent is that the likely value that could be generated through the sale of the industrial units has fallen as a result of market uncertainty caused by the pandemic. To allow Kent County Council to forward-fund the new Creative Laboratory and to repay the GPF loan, a minimum sales value was required. Whilst the Getting Building Fund grant awarded to the project has ensured that full construction can be completed by the end of March 2022, the introduction of a third national lockdown and the emergence of a new highly transmissible COVID-19 variant has prompted the sales agent to revise their sales estimates. Current advice suggests that if Kent County Council wish to maintain anticipated sales values for the light industrial units, that they should allow 4 to 6 years for the market to fully recover before seeking to sell the units.
- 7.6 The sales agent has suggested to Kent County Council that it would be prudent to rent out the 29 light industrial units upon completion, before selling the units once the market has recovered from the impacts of the COVID-19 pandemic. A marketing strategy is currently being prepared for the site and will be launched in mid-2021. Following completion of this marketing activity, it will be possible to obtain better estimates regarding the value of and optimal sales timing of the light industrial units. If, at this stage, it transpires that the industrial units can be sold earlier than currently anticipated, the repayment of the GPF loan will be accelerated.
- 7.7 The proposed revised repayment schedule is set out in Table 4 below.

**Table 4: Proposed revised repayment schedule for the Javelin Way Project**

£m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
<b>Repayment schedule</b>							
Current	1.597	-	-	-	-	-	1.597
Revised	-	-	-	0.5	0.5	0.597	1.597

## 8. Centre for Advanced Engineering – risk to repayment schedule

- 8.1 The Board approved an award of £2m GPF funding to the Centre for Advanced Engineering project in December 2017.



- 8.2 South Essex College have delivered the new Centre for Advanced Engineering at their Eastwood Campus. The centre provides approximately 8,300sqm (Gross Internal Area) of space, with cutting edge facilities and workshops to support courses in engineering, motor vehicle maintenance and construction.
- 8.3 The Centre for Advanced Engineering has been operational since late 2018 and has supported South Essex College to deliver a range of practical courses.
- 8.4 The repayment schedule agreed at the time of the funding award requires full repayment of the GPF funding in 2021/22. In November 2020, however, South Essex College indicated that due to the impacts of the COVID-19 pandemic this repayment schedule was no longer realistic. The college has experienced a significant reduction in income as a result of the pandemic, with affects particularly felt in relation to apprenticeships, commercial income and international/higher education income.
- 8.5 At this stage, in light of the third national lockdown and the ongoing COVID-19 pandemic, the college have been unable to bring forward a revised repayment schedule for consideration by the Board. Work is continuing to develop a realistic updated repayment schedule and it is expected that this will be presented to the Board early in the new financial year.
- 8.6 The Board are asked to note the risk to the repayment schedule for this project.

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

- 9.1 A total of £15.167m (table 1) GPF is expected to be available by the end of the 2020/21 for reinvestment into the pipeline; this is on the assumption that repayments are made in line with current expectations.
- 9.2 The 2020/21 forecast cashflow position indicates that there is enough funding available to meet the agreed GPF investments due at present in this financial year including the funding decision coming forward at this meeting.
- 9.3 The Board are advised to note that in consideration of the reprofiling request and the further repayment risks that are highlighted, that a delay in the amount of GPF repaid by existing projects, as a result of re-profiled repayment schedules, will reduce the amount of GPF available for reinvestment in 2021/22.
- 9.4 If an existing GPF project is put forward for a change to its repayment schedule, under the terms of the credit agreement with Essex County Council, the lead County/Unitary Authority is required to provide assurance that there is reasonable justification for a delay in repayment and that the project is still viable in the longer term to make the repayments in full.

- 9.5 If any loan is confirmed by the lead County/Unitary Authority as not repayable in part or in full due to failure, or part failure, of the project, under the terms of the credit agreement with Essex County Council and, the Board will be updated and asked to agree that the balance is written off. The Board will not be asked to make this decision until there is certainty that the funding cannot be recovered. The status of the at-risk projects and all GPF projects in train are being closely monitored by SELEP.
- 9.6 There is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced by projects as a result of COVID-19. At its June 2020 meeting the Strategic Board agreed to offer flexibility to delay GPF repayments for existing projects due to the impact of COVID-19, therefore, it is likely that there will be a further reduction in the amount of GPF repaid by existing projects in 2020/21.
- 9.7 In June 2020 the Strategic Board agreed to utilise the available GPF of £22.3m in 2020/21 (value is prior to scheduled repayments being made) in response to the COVID-19 pandemic and allocate £12m to a prioritised list of GPF projects. The pot has subsequently increased by £3.6m in August 2020 following the receipt of the final third of LGF from BEIS, and therefore LGF project allocations are fully funded, resulting in the contingency fund of £3.6m (table 1) no longer being required and automatically reallocated to invest in the GPF pipeline.
- 9.8 It is noted that actual delivery of jobs and homes reported to date remained out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. This is critical due to the Covid-19 situation and to help monitor the economic impact of the crisis on the SELEP region and project outcomes. Where appropriate, these reviews should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.

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

- 10.1 The Growing Places Fund is provided by the Accountable Body to the partner authorities for each project under a loan agreement. Revising a repayment schedule for a project under a GPF loan agreement will be subject to the terms of the loan agreement and Accountability Board approval. Following Accountability Board approval, a Deed of Variation will be put in place to reflect the change in repayment schedule.

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

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

## **12. List of Appendices**

- 12.1 Appendix A – GPF Project Update
- 12.2 Appendix B – GPF Repayment Schedule
- 12.3 Appendix C – GPF Drawdown Schedule
- 12.4 Appendix D – Monitoring of GPF Project Outcomes
- 12.5 Appendix E – COVID-19 impacts

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

- 13.1 Strategic Board Agenda Pack 12<sup>th</sup> June 2020, including decision to repurpose an element of the GPF funding to support economic recovery post COVID-19.
- 13.2 Strategic Board Agenda Pack 11<sup>th</sup> December 2020, including decision to amend the GPF project pipeline to enable swift investment of the available funding.

**(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>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	03/02/2021



Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Colchester Northern Gateway	Essex	Round Two	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	The new sports hub is nearing completion, with work in progress to install fixtures, fittings and equipment.	There is no delivery risk in relation to the delivery of the Sports Hub complex as work is nearing completion. However, there is a risk that the highway works will be delayed.	No GPF funding has been drawn down to date as a result of delays in finalising the required loan agreements.	No update provided on repayment risk by scheme promoter. However given that no funding has been drawn down to date, full repayment in 2021/22 seems unlikely.	Project outcomes will be delivered as per the Business Case		Delays to finalising required loan agreement has impacted on drawdown of the GPF allocation.  Anticipated risk to repayment schedule due to delays in drawing down GPF funding
Centre for Advanced Engineering	Essex	Round Two	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.	Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.	Project delivered	GPF funding spent in full	Scheme promoter has indicated that a revised repayment schedule will be needed as a result of the impacts of the COVID-19 pandemic. Revised repayment schedule to be presented to be Board in early 2021/22.	No update provided on delivery of project outcomes.		Risk to repayment schedule identified by scheme promoter.  No update provided on delivery of project outcomes.
Javelin Way development project	Kent	Round Two	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.	The project has secured Getting Building Fund investment of £578,724 (subject to Board approval) to bridge a viability gap which has arisen as a result of COVID-19 impacts on the property market.  Construction has now commenced onsite and it is expected that work will be completed in March 2022.  The impact of COVID-19 on the sale of the industrial units is not currently known. If sale of the units is delayed to allow time for the market to recover, this will impact on the timetable for repaying the GPF loan.	Construction has now commenced and it is expected that the works will be complete by March 2022.  There is a risk that the construction programme may be adversely impacted if workers contract COVID-19. However, robust contingency plans are in place to mitigate this risk.	Contractor has been appointed and work has commenced onsite.	Repayment schedule is based on sales value of the industrial units before COVID-19. The repayment schedule will need to be deferred if sales values do not recover or if the expected sales programme is not met.  Advice received by KCC suggests that the market will take between 4 and 6 years to fully recover. A revised repayment schedule is set out within the GPF update report.	Delivery of project outcomes may be delayed depending upon the impact of COVID-19 on the project, however, it is still expected that the project outcomes will be as set out in the Business Case.		Project delivery has now commenced. However, the full impact of COVID-19 on the sales market of industrial units is not currently known and therefore a revised repayment schedule has been brought forward for Board consideration.
Workspace Kent	Kent	Round One	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 five projects within this programme. Of these, one project is working through the approval processes, one project has been completed and has repaid in full, two projects are meeting their repayment schedules and one project is behind on their targeted repayment schedule.	Previously identified final loan recipient declined their loan offer as a result of the COVID-19 pandemic. Alternative project identified and full application for funding has been submitted. A decision is due to be made in January, regarding the award of the loan.	Spend of the remaining GPF funding is dependent upon the final project being approved.	Kent County Council have offered all loan recipients a 12 month repayment holiday. A revised repayment schedule for the Project was agreed in November 2020.  Paperwork has been received regarding an Individual Voluntary Arrangement (IVA) in relation to one of the loan recipients. A Proof of Debt form has been submitted by Kent County Council and the outcome of the IVA process is awaited.	Whilst the creation of some jobs has been delayed, the majority of the projects have remained on track to deliver in line with forecasts. However, the COVID-19 pandemic could result in further delays to job outcomes as loan recipients seek to safeguard their current workforce as they emerge from lockdown and try to recover and become more resilient. There is also a risk of job losses as a result of the impact of COVID-19.		The award of the final loan should be confirmed in January 2021.  The outcome of the IVA process is still awaited and presents a risk to full repayment of the GPF funding.

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	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	Round Two	<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 form the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>Demolition of the disused building is now complete.</p> <p>The Masterplan and Local Development Order (LDO) were adopted by Medway Council in December 2020. The documents will be considered by Tonbridge and Malling Borough Council for adoption in February 2021.</p> <p>Detailed design work has now been completed and a tender pack has been produced. It is expected that procurement will commence in January 2021.</p> <p>Following adoption of the LDO, the final design will be taken through the self-certification process and work will subsequently begin on site. A planning decision should be obtained within 28 days of application validation.</p>	<p>The LDO has now been adopted by Medway Council. The proposed works now need to be considered through the self-certification process before work can commence onsite.</p>	<p>Full spend of the GPF funding was dependent upon adoption of the LDO. Now the LDO has been adopted by Medway Council, the works need to be considered through the self-certification process.</p> <p>Once approval has been obtained work can commence onsite, reducing the GPF spend risk.</p>	<p>Despite work not yet having commenced onsite due to the need for the LDO to be adopted, Medway Council have confirmed that they are comfortable with the current repayment schedule and that they will make the first repayment prior to the end of 2020/21 as required.</p>	<p>Now the LDO has been adopted, approval for the proposed works can be obtained. Once this approval is received, there will be minimal risk to the realisation of Project outcomes as there has been significant interest in the site.</p>	<p>There have been some delays to the delivery programme as a result of the COVID-19 pandemic. However, now the LDO has been adopted work on the Project can progress.</p>	<p>The LDO has been adopted by Medway Council, however, the proposed works still need to be approved through the self-certification process. Once this approval has been granted work can commence onsite.</p>
Sovereign Harbour	East Sussex	Round One	<p>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.</p>	<p>The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m<sup>2</sup> of high quality office space.</p>	Project Complete	Project Complete	<p>Revised repayment schedule agreed by the Board in November 2020. However, due to the COVID-19 pandemic, risks to repayment remain. There is a risk of a lack of demand for available units and longer than usual time required to secure re-let of units. High occupancy is required to secure refinancing of the building to support final repayment of the GPF funding.</p>	<p>There are risks to the realisation of Project outcomes due to the ongoing impacts of the COVID-19 pandemic. Existing tenants may choose to leave and issues may be encountered in re-letting any available units.</p>	<p>COVID-19 impacts - risk of business failures, loss of income and increased business rate charges on empty properties. There is ongoing uncertainty as to when the property market will recover post COVID-19, therefore meaning there is ongoing uncertainty regarding occupation of the building, realisation of Project outcomes and the ability to repay the outstanding GPF balance.</p>	<p>Current and future occupation of the building continues to be affected by the COVID-19 pandemic.</p>
Live Margate	Kent	Round One	<p>Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.</p>	<p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>A former school site was acquired on 1st April 2020, which contains a number of derelict homes that will be refurbished and brought back into use as family homes.</p> <p>Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use.</p> <p>Currently the GPF funding is being used to support the creation of 73 new homes. To date 53 units have been completed and occupied.</p>	<p>Delays are expected due to COVID-19 impacts on working practices in the construction sector.</p>	<p>GPF spend may be delayed due to COVID-19 impacts on the construction sector, however, risk is considered low in terms of the GPF funding actually being spent.</p>	<p>COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use.</p> <p>In addition, it is unknown at present how much of an impact COVID-19 will have on sales values of the new homes.</p> <p>A revised repayment schedule was agreed by the Board in November 2020.</p>	<p>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 2024/25.</p>	<p>As with any development project there is a planning risk, although for the identified properties this is considered to be low risk.</p>	<p>The impact on the construction industry continues to present a challenge to the delivery of the Project in accordance with the expected timetable.</p> <p>Revised repayment schedule which reflects the delays now faced by the Project agreed in November 2020.</p>

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
North Queensway	East Sussex	Round One	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m <sup>2</sup> (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.  Development of the site has been delayed as a result of challenges in securing planning consent for the commercial development due to concerns raised by statutory consultees, particularly in relation to drainage issues. To mitigate this issue, further site enabling works will now be delivered. These enabling works have been delayed as a result of the COVID-19 pandemic.	Project Complete	Project complete and GPF funding spent in full	The COVID-19 outbreak has impacted on the delivery of the additional site enabling works and on the sale of plots, resulting in the need for an amended repayment schedule.  A revised repayment schedule was agreed by the Board in November 2020.	Further site enabling works are being undertaken to mitigate planning risks which will encourage take up of plots on the site. These works have been delayed as a result of the COVID-19 pandemic, however, the works will now be re-tendered and it is anticipated that work will commence onsite during Q1 2021.	It is anticipated that most plot sales will be on a subject to planning basis. There is therefore a risk of sales not proceeding due to a number of factors including: refusal or onerous conditions attached to planning consents, length of time to secure planning decisions and speed of response by utility providers. These risks will be managed wherever possible.	Delivery of the additional enabling works has been delayed by the COVID-19 pandemic, however, it is expected that these works will commence onsite in Q1 2021.
Bexhill Business Mall	East Sussex	Round One	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.	Glover's House has been delivered.  The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20	Project Complete	Project Complete	GPF funding repaid in full	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full
Chatham Waterfront	Medway	Round One	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 175 homes over 6 to 10 storeys with ground floor commercial space.	Ground obstructions removal is continuing onsite. The piling work has commenced onsite.  Required Southern Water diversion work is nearing completion.	UKPN substation relocation needs to take place.  COVID-19 impact on project delivery is being continually monitored.	The GPF Funding has been spent.	Medway Council is comfortable with the current repayment schedule.	Development project will deliver 175 new homes and additional commercial space.		Impact of COVID-19 pandemic on project delivery is being continually monitored but work is continuing onsite.
Chelmsford Urban Expansion	Essex	Round One	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested, project complete and GPF has been repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Expected project outcomes not yet delivered.		Project Complete
Fitted Rigging House	Medway	Round Two	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m <sup>2</sup> of office space.	Building works to the project were complete as of 31st March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces.  Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan.	Project complete.	GPF allocation spent in full.	Requests for rent holidays from commercial tenants have been received which has resulted in a delay to the repayment schedule. Revised repayment schedule approved at July Board meeting.	Due to the COVID-19 pandemic there is a risk to the survival of the businesses that are housed within the Fitted Rigging House.		Revised repayment schedule agreed at July Board meeting but uncertainty remains regarding survival of commercial tenants post COVID-19.
Grays Magistrates Court	Thurrock	Round One	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayment made in full.  The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	GPF funding repaid in full	Project outcomes delivered.	COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term.	Project delivered.

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Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Harlow West Essex	Essex/ Harlow	Round One	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope.	Project Complete	Project Complete	GPF funding repaid in full	The job and housing outcomes are likely to be delivered over a 7 to 10 year period. As project delivered to a reduced scope, approximately 1,000 less jobs will be delivered as a result of the project.		Further works in the programme are ongoing in Harlow that will help improve the overall viability and attractiveness of the Enterprise Zone.
No Use Empty Commercial Phase I	Kent	Round Two	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.	The project has contracted with 12 projects in Dover, Folkestone and Margate.  These projects will provide 15 commercial units and 28 residential units in total. To date, 14 commercial and 23 residential units have been brought back into use.  The remaining project is progressing well but has experienced delays in obtaining required materials, such as plaster, since the COVID-19 lockdown.	As a result of COVID-19 work was paused on all projects, however, work has now recommenced with all but 1 project complete.	The full £1.0m of GPF funding has been allocated to projects	Due to COVID-19 impacts some borrowers may request a longer repayment schedule than originally agreed. A revised repayment schedule was agreed by the Board in November 2020, however, an element of uncertainty remains until agreement on any change of repayment terms has been agreed with each loan recipient.	Contracts are now in place to ensure delivery of the outcomes stated within the Business Case.  Timeframe for realisation of benefits will be affected by COVID-19 construction delays.	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case.	Works delivered through the Project are nearing completion. Due to COVID-19 impacts, there remains an element of uncertainty regarding repayment of the loan.
Observer Building , Hastings - Phase 1a	East Sussex	Round Three	The project will support Phase 1 of the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.	Planning permission for the proposed works was granted in September 2020.  Procurement for a contractor commenced in November 2020, however, the process has been extended due to ongoing uncertainties regarding the impact of Brexit.	Once the procurement process has been completed, there will be no risks to Project delivery.	Construction contractor has not yet been appointed and therefore GPF spend profile cannot be confirmed at this stage. This may vary from the profile provided in the Business Case.	No repayment risk identified.	It is expected that the Project outcomes will be realised as per the Business Case.		GPF loan agreement is now in place and work has commenced to appoint a contractor to deliver the proposed works.
Priory Quarter Phase 3	East Sussex	Round One	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 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 2,247m <sup>2</sup> of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still achievable when the building is fully occupied.  Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		Project completed and GPF repaid in full
Charleston Centenary	East Sussex	Round Two	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.  Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan.	Project complete	GPF funds spent	Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020.	Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps being taken to try and ensure recovery in 2021.		Project delivered. Revised repayment schedule agreed as a result of the immediate impacts of the COVID-19 pandemic on the tourism industry.



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Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Eastbourne Fisherman Quayside and Infrastructure Development	East Sussex	Round Two	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.	Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August.  Work is progressing to programme, with the groundworks nearing completion. The building is now watertight, with roof tiling and wall cladding under way.	Construction has now commenced and project is progressing to programme.  The main risk to project delivery is the threat of a further lockdown due to COVID-19, which requires construction work to cease.	Works have now commenced onsite so GPF allocation will be spent in full.	A revised repayment schedule, reflecting the delays in commencing work onsite, was approved by the Board in September 2020.	Objectives and deliverables are still as per the original Business Case, but will be delivered to a different timetable due to the delays encountered.		Project is progressing to programme. Main risk faced by the project is the threat of a further lockdown due to COVID-19, which requires construction work to cease.
Green Hydrogen Generation Facility	Kent	Round Three	The project involves the construction of the UK's largest zero carbon hydrogen production system. This will be situated in Herne Bay, Kent and will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms. The GPF funding will be used to purchase equipment for hydrogen production facility (electrolysers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which are installed within the SELEP region.	The GPF loan agreement has now been executed by all parties.  Planning permission was granted in June 2020 for the Green Hydrogen Generation Facility.	No risks to project delivery identified.	GPF funding will be spent as per the Business Case.	No repayment risk identified.	Project outcomes will be delivered as per the Business Case		GPF loan agreement is now in place.  Planning permission has been granted, enabling delivery of the Project.
Parkside Office Village	Essex	Round One	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	All units fully occupied, with enquiry waiting list.		Project Complete and expected project outcomes delivered.
Rochester Riverside	Medway	Round One	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways.  This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The first housing units were completed in Q2 of 2019. 161 homes are now occupied, with a further 203 under construction with work expected to be complete by Q4 2021.  A new planning application is being submitted for a 2 form entry school, with construction expected to commence in March 2021. The school is expected to be complete by September 2022.	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 schedule.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks.	Contractors stopped work onsite due to the COVID-19 pandemic, which caused a 10 week delay to the programme. However, the developer has accelerated delivery of later phases of the project and completion of the development is now expected ahead of programme.	Overall the project is on track to deliver outputs and outcomes.
Wine Innovation Centre	Kent	Round Three	This project supports the development of a facility to host a wine innovation centre at the East Malling Estate. This will be the first UK research vineyard and will support Kent's wine sector to develop as a global leader in innovation. The GPF will enable the ground and foundations work as well as installation of utilities and services and construction and fit out of building.	The GPF loan agreement has now been executed by all parties.  Planning permission was granted in July 2020 for the Wine Innovation Centre.	No risks to project delivery identified.	GPF funding will be spent as per the Business Case.	No repayment risk identified.	Project outcomes will be delivered as per the Business Case		GPF loan agreement is now in place.  Planning permission has been granted, enabling delivery of the Project.
Discovery Park	Kent	Round One	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and has been reallocated through GPF round 3.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme
Harlow EZ Revenue Grant	n/a	n/a		n/a						

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Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk				
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks
Revenue admin cost drawn down	n/a	n/a		n/a					

Appendix B - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2020	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000									2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000									1,244,000
<b>Round 1 Projects</b>													
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000								7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,000,000		500,000						1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	1,890,000	2,520,000							4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	1,000,000	1,000,000	999,042						2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	6,000,000								6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000								3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000								1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,400,000								1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	825,000		200,000	3,575,000					4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	1,437,000	1,176,633		70,000					253,367	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000								1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000								5,300,000
Live Margate	Kent	5,000,000	5,000,000	2,477,000	-	500,000	1,000,000	1,000,000	1,000,000	1,500,000			5,000,000
<b>Sub Total</b>		<b>46,705,042</b>	<b>46,705,042</b>	<b>38,819,042</b>	<b>31,341,633</b>	<b>4,020,000</b>	<b>2,769,042</b>	<b>4,575,000</b>	<b>1,000,000</b>	<b>1,500,000</b>	<b>-</b>	<b>253,367</b>	<b>46,705,042</b>
<b>Round 2 Projects</b>													
Colchester Northern Gateway	Essex	2,000,000	-	-	-		2,000,000						2,000,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	-		20,000	20,000	40,000	40,000			120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000	850,000	-	225,000	675,000	250,000					1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	2,000,000	-		2,000,000						2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	-		100,000	200,000	250,000				550,000
Javelin Way Development	Kent	1,597,000	1,597,000	459,427	-				500,000	500,000	597,000		1,597,000
Innovation Park Medway	Medway	650,000	650,000	203,768	-	50,000	600,000						650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000	1,000,000	-	300,000	500,000	200,000					1,000,000
<b>Sub Total</b>		<b>9,067,000</b>	<b>7,067,000</b>	<b>5,183,195</b>	<b>-</b>	<b>575,000</b>	<b>5,895,000</b>	<b>670,000</b>	<b>790,000</b>	<b>540,000</b>	<b>597,000</b>	<b>0</b>	<b>9,067,000</b>
<b>Round 3 Projects</b>													
Wine Innovation Centre	Kent	600,000	-	-	-				100,000	250,000	250,000		600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000	-	-					350,000	3,120,000		3,470,000
Observer Building, Hastings - Phase 1a	East Sussex	1,750,000	1,750,000	1,000,000	-						1,750,000		1,750,000
Barnhorn Green Commercial and Health Development - Phase 1 (subject to Board approval)	East Sussex	1,750,000	-	-	-						1,750,000		1,750,000
No Use Empty Commercial Phase II (subject to Board approval)	Kent	2,000,000	-	-	-					750,000	750,000	500,000	2,000,000
No Use Empty South Essex (subject to Board approval)	Southend	1,000,000	-	-	-					400,000	600,000		1,000,000
Herne Relief Road (subject to Board approval)	Kent	3,500,000	-	-	-						3,500,000		3,500,000
<b>Sub Total</b>		<b>14,070,000</b>	<b>5,220,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>1,750,000</b>	<b>11,720,000</b>	<b>500,000</b>	<b>14,070,000</b>
<b>Total</b>		<b>69,842,042</b>	<b>58,992,042</b>	<b>45,002,237</b>	<b>31,341,633</b>	<b>4,595,000</b>	<b>8,664,042</b>	<b>5,245,000</b>	<b>1,890,000</b>	<b>3,790,000</b>	<b>12,317,000</b>	<b>753,367</b>	<b>69,842,042</b>

**Appendix C - Growing Places Fund Drawdown Schedule**

Name of Project	Upper Tier Local Authority	Total Allocation	Total drawn down to end 2019/20	2020/21 total	2021/22 total	2022/23 total	2023/24 total	Total scheduled for drawdown
<b>Round 1 Projects</b>								
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000					7,000,000
North Queensway	East Sussex	1,500,000	1,500,000					1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000					4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042					2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000					6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000					3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000					1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000					1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000					4,600,000
Workspace Kent	Kent	1,500,000	1,500,000					1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000					1,500,000
Discovery Park	Kent	5,300,000	5,300,000					5,300,000
Live Margate	Kent	5,000,000	5,000,000					5,000,000
<b>Sub Total</b>		<b>45,459,042</b>	<b>45,459,042</b>	-	-			<b>45,459,042</b>
<b>Round 2 Projects</b>								
Colchester Northern Gateway	Essex	2,000,000	-	2,000,000				2,000,000
Charleston Centenary	East Sussex	120,000	120,000					120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	575,000	575,000				1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000					2,000,000
Fitted Rigging House	Medway	550,000	550,000					550,000
Javelin Way Development	Kent	1,597,000	1,597,000					1,597,000
Innovation Park Medway	Medway	650,000	170,000	480,000				650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000					1,000,000
<b>Sub Total</b>		<b>9,067,000</b>	<b>6,012,000</b>	<b>3,055,000</b>	-			<b>9,067,000</b>
<b>Round 3 Projects (subject to Board approval)</b>								
Wine Innovation Centre	Kent	600,000	-	100,000	500,000			600,000
Green Hydrogen Generation Facility	Kent	3,470,000	-	3,470,000				3,470,000
Observer Building, Hastings - Phase 1a	East Sussex	1,750,000	-	1,750,000				1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-		1,750,000			1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	-		750,000	750,000	500,000	2,000,000
No Use Empty South Essex	Southend	1,000,000			400,000	600,000		1,000,000
Herne Relief Road	Kent	3,500,000	-		3,500,000			3,500,000
<b>Sub Total</b>		<b>14,070,000</b>	-	<b>5,320,000</b>	<b>6,900,000</b>	<b>1,350,000</b>	<b>500,000</b>	<b>14,070,000</b>
<b>Total</b>		<b>68,596,042</b>	<b>51,471,042</b>	<b>8,375,000</b>	<b>6,900,000</b>	<b>1,350,000</b>	<b>500,000</b>	<b>68,596,042</b>

## Appendix D – Monitoring of GPF Project Outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects				
Priory Quarter Phase 3	440	0	240	0
North Queensway	865	0	0	0
Rochester Riverside	1,004	374	25	161
Chatham Waterfront	211	159	0	0
Bexhill Business Mall	299	0	98	0
Parkside Office Village	127	0	163	0
Chelmsford Urban Expansion	600	4,000	0	1,251
Grays Magistrates Court	200	0	206	0
Sovereign Harbour	299	0	207	0
Workspace Kent	198	0	149	0
Harlow West Essex	3,000	1,200	1,270	618
Live Margate	0	66	0	56
Round 2 GPF Projects				
Colchester Northern Gateway	81	450	0	0
Charleston Centenary	6	0	6	0
Eastbourne Fisherman	4	0	0	0
Centre for Advanced Engineering	56	0	0	0
Fitted Rigging House	300	0	195	0
Javelin Way Development	311	0	0	0
Innovation Park Medway	307	0	0	0
No Use Empty Commercial	16	28	26	23
<b>Total</b>	<b>9,324</b>	<b>6,277</b>	<b>2,585</b>	<b>2,109</b>

Key:

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

## Appendix E – COVID-19 impacts

Through recent reporting on the GPF projects, it is apparent that there are a number of high-level risks which will have an impact across the GPF programme. The key overarching risks highlighted are:

- **The effect of social distancing measures on construction practices** – these measures are resulting in extended construction periods and unknown delays to the completion of projects, which in turn will have an impact on the ability of the scheme promoter to repay the GPF funding in line with the agreed repayment schedule.
- **The impact on the property sales and rental market** – a number of projects are dependent upon the sale or rental of properties delivered using the GPF funding, in order to meet the agreed repayment schedules. At this stage, the impact on the property market is not known meaning that a number of risks have been identified including realisation of project benefits, project delivery and repayment of the GPF loan.
- **Income from commercial tenants** – GPF funding is often used to support the development of commercial workspace, which is then rented to businesses to generate the income required to repay the GPF loan. Due to the impacts of COVID-19, scheme promoters of this type of project have expressed a desire to support their commercial tenants during this period. This support is often in the form of rent deferrals or rent holidays. Whilst this support increases the likelihood of their tenants being able to survive the current period of uncertainty, it places significant pressures on the cash flow of the scheme promoters as they see a drop in rental income. There is also a risk that, despite the support offered, businesses will not survive leading to further losses in service charge income and an increase in business rates payable on empty commercial space. Whilst the Government are encouraging landlords to be flexible during this period, there is currently no support being offered to landlords to help mitigate the impact on their cash flow position thus raising a significant risk to the repayment of the GPF funding.

With the introduction of a further period of lockdown across the country, these risks will continue to impact on the ongoing project delivery and repayment of the GPF funding.

## Award of Growing Places Fund Funding

Forward Plan reference numbers: FP/AB/373 and 374

<b>Report title:</b> Award of Growing Places Fund Funding	
<b>Report to Accountability Board on 12<sup>th</sup> February 2021</b>	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Officer	
<b>Date:</b> 11 <sup>th</sup> January 2021	<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 and Kent	

### 1. Purpose of report

- 1.1 The purpose of this report is to allow the Accountability Board (the Board) to consider the award of £3,750,000 Growing Places Fund (GPF) funding to the two projects (the Projects) detailed at Appendix B. These Projects were included in the GPF project pipeline agreed by Strategic Board on 12<sup>th</sup> June 2020.

### 2. Recommendations

- 2.1 The Board is asked to **approve** the award of:
- 2.1.1 £1,750,000 GPF by way of a loan to support the delivery of the Barnhorn Green Commercial and Health Development project (phase 1), as set out in Appendix C, which has been assessed as presenting High value for money with High certainty of achieving this. Noting that if planning consent is not granted that the project will be removed from the GPF programme, requiring immediate repayment of any funding already drawn down against the project to facilitate reallocation of the funding through the GPF project pipeline; and
- 2.1.2 £2,000,000 GPF by way of a loan to support the delivery of the No Use Empty Commercial Phase II project, as set out in Appendix D, which has been assessed as presenting High value for money with High certainty of achieving this.

### 3. Background

- 3.1 The GPF was established by the Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses and help 'kick start' development at stalled sites. The fund operates as a recycled capital loan scheme regenerating funds based on the repayment schedules agreed for the existing GPF projects.

- 3.2 A total of £45.477m GPF capital funding was made available to SELEP for spend as a capital loan. The recyclable nature of the pot has enabled a total of £55m to be invested across 23 projects to date.
- 3.3 Repayments are now being made on the initial GPF investments, with SELEP holding £22m of GPF funding at the end of 2019/20 which was available for reinvestment during the course of 2020/21.

#### **4. Growing Places Fund Overview**

- 4.1 The overarching objectives of the Growing Places Fund are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and to support the creation of new jobs.
- 4.2 Growing Places Fund projects must be aligned with SELEP's strategic objectives as set out in SELEP's Economic Strategy Statement, SmarterFasterTogether.
- 4.3 On the 4<sup>th</sup> October 2019, the Strategic Board agreed a 3-stage approach to the GPF prioritisation and award process. Details of the full process can be found in the Guidance Note for Applicants.
- 4.4 At the Strategic Board meeting on 12<sup>th</sup> June 2020, the GPF project pipeline was agreed and the top 5 projects in the pipeline list received a provisional GPF allocation. As set out in the Growing Places Fund Update report (Agenda Item 17), on 11<sup>th</sup> December 2020 the Strategic Board agreed to amend the GPF project pipeline so as to facilitate accelerated investment of the available funding. As a result of this change to the pipeline, there is currently sufficient GPF funding available to support both the projects outlined within this report.
- 4.5 In line with the requirements of the SELEP Assurance Framework, each project under consideration in this report has been subject to a two-stage review undertaken by the SELEP Independent Technical Evaluator (ITE). The ITE has been appointed by the Accountable Body on behalf of SELEP Ltd. to provide impartial technical advice on value for money and project deliverability.
- 4.6 Interest is charged on GPF loans at two percent below the Public Works Loan Board (PWLb) Fixed Loan Maturity Rate or zero percent – whichever is higher. The PWLB interest rates published on the morning of the Board meeting will be applied to the projects outlined in this report.
- 4.7 Details of each project considered in this report can be found at Appendix C (Barnhorn Green Commercial and Health Development) and Appendix D (No Use Empty Commercial Phase II). The ITE assessment can be found at Appendix A (as attached to Agenda Item 6).

#### **5. Case for Investment**



- 5.1 This report considers the award of GPF funding to 2 new projects, as included in the GPF project pipeline agreed by the Strategic Board on 12<sup>th</sup> June 2020.

Barnhorn Green Commercial and Health Development

- 5.2 Table 1 provides an overview of the Barnhorn Green Commercial and Health Development project.

**Table 1: Overview of the Barnhorn Green Commercial and Health Development project (Phase 1)**

GPF allocation: £1.75m	Total project cost: £10.00m												
Key outputs: <ul style="list-style-type: none"> <li>• 2,750sqm of office accommodation;</li> <li>• 750sqm of light industrial space; and</li> <li>• Doctor's surgery (700sqm)</li> </ul>													
Key project milestones: <table border="1" data-bbox="226 822 1366 1090"> <thead> <tr> <th>Milestone</th><th>Indicative date</th></tr> </thead> <tbody> <tr> <td>GP/NHS staged Business Case and funding agreement approval</td><td>April 2020 to March 2021</td></tr> <tr> <td>Decision on planning application anticipated</td><td>July 2021</td></tr> <tr> <td>Start of construction</td><td>October 2021</td></tr> <tr> <td>Construction completion</td><td>December 2022</td></tr> <tr> <td>GP and employment units occupied</td><td>January 2023</td></tr> </tbody> </table>		Milestone	Indicative date	GP/NHS staged Business Case and funding agreement approval	April 2020 to March 2021	Decision on planning application anticipated	July 2021	Start of construction	October 2021	Construction completion	December 2022	GP and employment units occupied	January 2023
Milestone	Indicative date												
GP/NHS staged Business Case and funding agreement approval	April 2020 to March 2021												
Decision on planning application anticipated	July 2021												
Start of construction	October 2021												
Construction completion	December 2022												
GP and employment units occupied	January 2023												
Repayment schedule: The full £1.75m GPF loan will be repaid in 2025/26.													

- 5.3 Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill, which has been acquired by Rother District Council following a lack of interest from the private commercial development sector.
- 5.4 The ability to deliver new homes in the area has been significantly hindered by a lack of sufficient primary health provision, hence the intention to deliver a new GP surgery on the Barnhorn Green site. There are seven development sites within West Bexhill offering a total of 700 new homes. Delivery of 430 of these housing units is directly dependent upon the delivery of the new GP surgery.
- 5.5 The project also includes the provision of new office accommodation and light industrial workspace, suitable for local business start-ups, existing business growth and which will help attract new businesses to the Bexhill area. The delivery of this commercial space will help boost the currently limited supply of suitable accommodation in the area and will support a local growth in jobs. The design of the commercial space will be flexible, allowing easy adaptation to support evolving new ways of working introduced as a result of the COVID-19 pandemic.

- 5.6 The Business Case indicates that the GPF loan will help ‘bring the project back into viability, by saving a total of around £0.4m in avoided borrowing costs’ based on the new higher PWLB rates introduced in October 2019, through allowing a reduction in the level of PWLB borrowing required to support delivery. Subsequently, in late November 2020, the PWLB interest rates were reduced thereby weakening this justification for GPF funding to be used to support the delivery of the project. However, the reduction in PWLB interest rates offers cost savings in terms of interest charged on the funds borrowed and would appear, therefore, to offer more certainty regarding project viability and successful delivery of the stated outputs.
- 5.7 Following consideration of the Business Case by the ITE, the Barnhorn Green Commercial and Health Development project has been assessed as offering High value for money, with High certainty of achieving this. The ITE is satisfied that a proportionate and robust assessment of scheme costs and benefits has been undertaken and that appropriate guidance has been followed.

#### No Use Empty Commercial Phase II

- 5.8 Table 2 provides an overview of the No Use Empty Commercial Phase II project.

**Table 2: Overview of the No Use Empty Commercial Phase II project**

GPF allocation: £2.0m		Total project cost: £4.5m (estimate)	
Key outputs:			
<ul style="list-style-type: none"><li>Provision of short-term secured loans (up to 3 years) to bring empty commercial properties back into use, for alternative commercial, residential or mixed-use purposes.</li></ul>			
Key project milestones:			
Milestone		Indicative date	
NUE Commercial Phase II launch		April to June 2021 (subject to Purdah)	
Year 1 NUE loans approved		May 2021 onwards	
Year 2 NUE loans approved		April 2022 onwards	
Year 3 NUE loans approved		April to December 2024	
Project completion		March 2027	
Repayment schedule:			
2024/25	2025/26	2026/27	Total
£0.75m	£0.75m	£0.50m	£2.00m

- 5.9 The No Use Empty scheme, which seeks to return long-term empty properties to effective use, has been operating in Kent since 2005 with an initial focus on empty residential accommodation. In February 2018, the Board approved the

award of £1m GPF to enable the No Use Empty scheme to add a funding stream focussing on long-term empty commercial premises (No Use Empty Commercial Phase I).

- 5.10 The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes with a particular focus on town centres in coastal areas of Kent. The properties are returned to use through the provision of short-term secured loans to property owners.
- 5.11 Phase I of the project has progressed at speed, with completion of the final improvement works expected in March 2021. It was anticipated that the project would return 8 empty commercial properties to use, however, the project has exceeded expectations with improvements to a total of 15 commercial properties undertaken. These works have to date delivered 26 new jobs and 23 new homes.
- 5.12 Demand for loans under the No Use Empty Commercial project outstripped the funding available for Phase I and this demand has continued throughout the COVID-19 pandemic. Kent County Council are therefore seeking a further £2m to enable the continuation of the project, which will continue to support economic growth through new commercial activity, alongside the provision of new homes as a result of mixed-use development.
- 5.13 Following consideration of the Business Case by the ITE, the No Use Empty Commercial Phase II project has been assessed as offering High value for money, with High certainty of achieving this. The ITE is satisfied that a proportionate and robust assessment of scheme costs and benefits has been undertaken and that appropriate guidance has been followed.

## **6. Risks**

- 6.1 Each of the projects under consideration in this report has produced a comprehensive risk register which identifies the key risks faced by the Projects and sets out appropriate individual mitigating actions in each case.
- 6.2 As would be expected, there are a number of risks stemming from the COVID-19 pandemic and the associated measures introduced by Government which have the potential to impact on the delivery of all the Projects. These risks all stem from the likely impact on the construction industry and the associated supply chains. The identified project risks particularly reflect the potential for extended delivery programmes as a result of implementing COVID-19 secure working practices and the potential for delays in sourcing materials.
- 6.3 In relation to project specific risks, the key risk to the delivery of the Barnhorn Green Commercial and Health Development project is that full planning consent has not yet been granted. Outline planning permission was granted for the entire site, including the works proposed as part of the GPF project, in 2013. Whilst this planning consent has now lapsed for submission of reserved matters, it sets the principle for development on the site. Pre-application

discussions in relation to a full planning application are underway with the local planning authority, and it is anticipated that the planning application will be submitted in April 2021, with a decision to follow in July.

- 6.4 Should planning consent not be granted for the proposed works, the GPF loan will be withdrawn and immediate repayment of any funding already drawn down against the Project will be required. Adopting this approach will enable the completion of the required legal agreements and draw down of the funding by East Sussex County Council in advance of the planning decision, which will ensure that the funding will be available to Rother District Council immediately following award of planning consent. The requirement for the funding to be immediately repaid if planning permission is not granted will be included within the loan agreement between Essex County Council (as Accountable Body), SELEP Ltd. and East Sussex County Council.
- 6.5 Due to the nature of the No Use Empty Commercial project, there are a number of uncertainties at this stage of the project, particularly in relation to outcomes and private sector funding contributions. These uncertainties have arisen as the properties which are to be returned to use through the project have not yet been identified and therefore the associated costs and benefits cannot be confirmed at this stage.
- 6.6 The No Use Empty scheme has a strong track-record of delivery dating back 15 years and Phase I of the No Use Empty Commercial scheme outperformed expectations in terms of delivery of project benefits. This experience has fed into the calculation of the anticipated project costs and benefits stated within the Phase II Business Case.

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

- 7.1 There is sufficient GPF held in 2020/21 for reinvestment in the projects identified through GPF round 3 and included on the agreed prioritised pipeline of GPF projects, which are asking for a funding decision in this paper.
- 7.2 The repayment schedule for each project is as set out in Appendices C& D. Any changes to the Project or the repayment schedule will require further approval by the Board.
- 7.3 In the event of Project failure, the risk of non-repayment of the loan sits with the fund; any delay in repayment or non-repayment reduces the funding available to reinvest into new projects on the GPF investment pipeline. To mitigate this risk, it is a requirement of the lead County / Unitary authority to undertake regular monitoring and evaluation of the projects and report progress on delivery, outcomes and risks to the SELEP Secretariat.
- 7.4 It is expected that each lead County/Unitary authority will enter into reciprocal agreements with the project promoter for each GPF project coming forward for a funding decision.

- 7.5 If the Board approve the award in recommendation 2.1.1.1 a loan agreement between SELEP Ltd, Essex County Council (ECC) as Accountable Body to SELEP and East Sussex County Council (Lead Authority) will be put in place and drawdown permitted as per the schedule. If planning consent is not given (due July 2021), East Sussex County Council will be required to immediately repay to ECC, all GPF already transferred in relation to this project. This requirement will be included in the loan agreement.
- 7.6 In the event that planning consent is refused for the Barnhorn Green project, this project will be cancelled and the GPF allocation returned for investment in the GPF pipeline.

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

- 8.1 The Growing Places Fund will be administered by the Accountable Body in accordance with the terms set by Central Government. For each project, where a loan is to be provided following approval by Accountability Board, a loan agreement will be put in place between the Accountable Body and each partner authority, this will include a repayment schedule.

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

- 9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- a) eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
  - b) advance equality of opportunity between people who share a protected characteristic and those who do not; and
  - 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 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 were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **10. List of Appendices**

- 10.1 Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 6)
- 10.2 Appendix B – GPF funding awards

- 10.3 Appendix C – Barnhorn Green Commercial and Health Development project information
- 10.4 Appendix D – No Use Empty Commercial Phase II project information

## **11. List of Background Papers**

- 11.1 Business Case for the Barnhorn Green Commercial and Health Development project
- 11.2 Business Case for the No Use Empty Commercial Phase II project

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2021

Appendix B - Summary of GPF projects seeking funding approval

Name of Project	Sponsoring Upper Tier	S151 officer sign off received	ITE - Recommend?	Secretariat Recommend?	VFM	Certainty	BCR	Total GPF - £	GPF drawdown 2021/22 - £	GPF drawdown 2022/23 - £	GPF drawdown 2023/24 - £	Final GPF repayment date
Barnhorn Green Commercial and Health Development	East Sussex CC	Yes	Yes	Yes	High	High	5.8:1	1,750,000	1,750,000	-	-	31st March 2026
No Use Empty Commercial Phase II	Kent CC	Yes	Yes	Yes	High	High	2.6:1	2,000,000	750,000	750,000	500,000	31st March 2027
Total GPF Recommended for Approval								3,750,000				

## Appendix C – GPF Project Background Information

<b>Name of Project</b>	<p><b>Barnhorn Green Commercial and Health Development</b></p> <p>Land at Brooklands Road, Bexhill</p> <p>East Sussex County Council</p>
<b>Growing Places Fund allocation</b>	£1,750,000
<b>Description of what Project delivers</b>	<p>Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill. Designated to ensure that housing growth in the area is sustainable through the provision of jobs and primary healthcare, the site has been purchased by Rother District Council after a lack of interest from the private commercial development sector in the area.</p> <p>The site has outline planning permission for 2,750sqm of office accommodation, 750sqm of light industrial space and 700sqm for a doctor's surgery, although this has now lapsed for consideration of reserved matters.</p> <p>Rother District Council, as developer, is looking to deliver the entirety of the site with the commercial elements to be built speculatively.</p> <p>Whilst being used to support the overall delivery of the Project, the GPF funding will primarily contribute towards the delivery of the doctor's surgery.</p>
<b>Need for intervention</b>	<p>The need for intervention is demonstrated through the following three points:</p> <ul style="list-style-type: none"> <li>• <u>Link between housing delivery and Primary Health provision</u> – The ability to deliver new homes in the area is significantly hindered by the lack of sufficient primary health provision. For this reason, the 'Rosewood' housing development allocated the land for the doctor's surgery as part of its outline planning process. The surgery will enable the delivery of over 700 additional homes in the immediate area. However, in the 5 years since planning permission was granted there has been no move by any of the existing local providers, the Clinical Commissioning Group (CCG), or health care specialist developers to acquire and deliver this site. Therefore, Rother District Council felt the need to intervene to ensure delivery and to remove the barrier to further housing development in the area.</li> </ul>



	<ul style="list-style-type: none"> <li>• <u>Lack of Capital Funding</u> – The CCG does not have access to capital funding for the development of new doctor’s surgeries. It is expected that individual GP surgeries provide their own capital funding and receive revenue support from the CCG. This capital funding gap is usually filled by private developers with a specialism in primary health development, however, no specialist developer has come forward to intervene in this site.</li> <li>• <u>Market failure for commercial space</u> - Whilst great strides have been made in delivering new commercial space this has not yet led to a fully functioning marketplace in which developers are able to access financing for commercial development. Costs of development in the southeast versus final valuations on commercial property often mean that land for commercial development has little or no residual value meaning that landowners are unwilling to sell and will retain land in the hopes of achieving a higher value in the future. This often means waiting until such a time that it is more likely that they will achieve permission for housing on that land.</li> </ul>
<b>Project benefits</b>	<p>There are seven housing sites in the West Bexhill area that collectively form a major 700-unit housing opportunity. Initial housing delivery, comprising 270 units, has been approved and most of these units are either completed or underway. The remaining West Bexhill housing opportunity (430 units) depends upon the delivery of the proposed GP surgery and as such the Project will also support the delivery of ‘indirect’ future phase housing.</p> <p>The Project also seeks to deliver office accommodation and light industrial workspace, thereby creating an additional 133 net operational FTE jobs and 20 net workforce re-entrants.</p> <p>The employment space will provide space for business start-ups, existing business growth and will support in attracting new businesses to Bexhill.</p> <p>All designs will enable modern methods of construction and will aim for BREEAM excellent in the GP and office elements with the remainder of the site seeking carbon neutrality. This will ensure sustainability and support businesses to meet not only their environmental policies, but to also contribute to the wider ambition of a carbon neutral district by 2030.</p>
<b>Project risks</b>	<p>A Risk Register for the Project has been completed and is included within the Business Case.</p> <p>The most significant project risks identified are:</p>

	Risk	Mitigation measures	
	Failure to provide the most economically advantageous commercial mix	Commercial consultant appointed to support and advise Rother District Council in regard to commercial viability and optimal mix of development	
	Inability to meet/manage user expectations	Understand MoSCoW priorities from end users (Must have, Should have, Could have, Will not have) and set clear parameters	
	Site issues and inclement conditions delay site progress	To mitigate risk of delays to Project progress, contingency will be built into the construction programme	
	Impacts of COVID-19 on ways of working	Under current guidance contractors can continue to work in accordance with set guidelines and protocols. Rother District Council to monitor effectiveness of communications and engagement between consultants	
	Impacts of COVID-19 on Business Plan	Design approach to allow for flexibility and sustainability – ensuring that the space can be easily adapted for future needs	
Financial Information	The total capital cost of the project is <b>£10,000,000</b>		
	Construction of the scheme will be funded through the following capital funding sources:		
	Funding source	Amount £m	Constraints, dependencies or risks
	Growing Places Fund	1.750	Subject to Board approval.
	PWLB Borrowing	8.244	Rother District Council Cabinet have approved an allocation of £10m towards the Project within the Capital Programme, subject to borrowing for the scheme being achieved at a satisfactory interest rate.
	Local funding contribution	0.006	This contribution is secure.
	Total project cost	10.000	
GPF spend profile	The GPF allocation will be spent in full during 2021/22.		
Project Timeline	Milestone		Indicative date
	Land acquired by Rother District Council		July 2019

	GP/NHS staged Business Case and funding agreement approval	April 2020 to March 2021
	Full planning application submitted	April 2021
	Decision on planning application anticipated	July 2021
	Contractor procurement	August to October 2021
	Start of construction	October 2021
	Construction completion	December 2022
	GP and employment units occupied	January 2023
<b>Repayment schedule</b>	<p>The full £1.75m GPF loan will be repaid in 2025/26. The GPF loan will be repaid using income generated through the sale of some of the new office accommodation at the site.</p> <p>Should this repayment mechanism prove to be unviable, Rother District Council will seek to refinance the GPF loan through PWLB borrowing, allowing full repayment of the GPF funding.</p>	
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>	
<b>Evidenced compliance with Assurance Framework?</b>	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>	
<b>Link to project page on the website, Business Case and link to prioritisation decision by Strategic Board</b>	<p>Project page: <a href="https://www.southeastlep.com/project/barnhorn-green-commercial-and-health-development-bexhill/">https://www.southeastlep.com/project/barnhorn-green-commercial-and-health-development-bexhill/</a></p> <p>Project Business Case: <a href="https://www.southeastlep.com/app/uploads/2019/09/Barnhorn-Green-Business-Case.pdf">https://www.southeastlep.com/app/uploads/2019/09/Barnhorn-Green-Business-Case.pdf</a></p> <p>Prioritisation decision by Strategic Board: <a href="https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/">https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/</a></p> <p><a href="https://www.southeastlep.com/meetings/strategic-board-11th-december-2020/">https://www.southeastlep.com/meetings/strategic-board-11th-december-2020/</a></p>	

## Appendix D – GPF Project Background Information

<b>Name of Project</b>	<p><b>No Use Empty (NUE) Commercial Phase II</b></p> <p>Kent-wide – specific locations depend upon identified properties</p> <p>Kent County Council</p>
<b>Growing Places Fund allocation</b>	£2,000,000
<b>Description of what Project delivers</b>	<p>Kent County Council received £1m from round 2 of the GPF to deliver the NUE Commercial project (2018-2020).</p> <p>This Project will enable Kent County Council to build on the success of the NUE Commercial project and continue to provide short term-secured loans (up to 3 years) to bring empty commercial properties back into use, for alternative commercial, residential, or mixed-use purposes.</p> <p>The project will continue to focus on town centres (particularly in coastal areas of Kent), where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.</p> <p>By bringing empty commercial properties back into use, the Project will:</p> <ul style="list-style-type: none"> <li>• Support economic growth through new commercial activity: attracting new business rates and creating/or safeguarding jobs;</li> <li>• Increase the number of new homes available as a result of mixed-use development: generating new council tax receipts and attracting Government New Homes Bonus (subject to its continuation).</li> </ul>
<b>Need for intervention</b>	<p>Excessive and long-term empty offices and retail units are evidence of local market failure: high risk and uncertain returns discourage commercial investors and the presence of dilapidated and empty properties impacts negatively on neighbouring occupiers and the wider environment.</p> <p>Typically, the greatest negative impact is in ‘secondary’ retail areas where floorspace exceeds demand. Intervention is required to bring properties into alternative use and to break the negative cycle of declining demand, rising dilapidations and rising risks and costs.</p>

<b>Project benefits</b>	<p>The Project benefits are currently estimated based on the outcomes achieved through Phase I of the project.</p> <p>The Project will make a positive impact on the community, improving the neighbourhood and the environment, which will increase both resident and business confidence and generate economic growth.</p> <p>It is expected that the Project will deliver:</p> <ul style="list-style-type: none"> <li>• 36 new homes;</li> <li>• 18 commercial properties returned to effective use;</li> <li>• 1,589sqm of commercial floorspace;</li> <li>• 40 new direct jobs and 32 new indirect jobs.</li> </ul>								
<b>Project risks</b>	<p>The key identified project risks are:</p> <table border="1" data-bbox="432 824 1385 1933"> <thead> <tr> <th data-bbox="432 824 911 864">Risk</th><th data-bbox="911 824 1385 864">Mitigation measures</th></tr> </thead> <tbody> <tr> <td data-bbox="432 864 911 1048">Return of capital investment - whenever monies are loaned there is an element of risk that the loan will not be repaid</td><td data-bbox="911 864 1385 1048"> <p>All loans are subject to a risk assessment.</p> <p>Loans are secured as a 1st or 2nd Charge.</p> </td></tr> <tr> <td data-bbox="432 1048 911 1451">Inaccurate property valuations – Kent County Council could be exposed to excessive risk.</td><td data-bbox="911 1048 1385 1451"> <p>Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing and future value of properties.</p> <p>The NUE scheme will not lend more than 80% of the current value taking into account any first charges (mortgages) on the property being developed.</p> </td></tr> <tr> <td data-bbox="432 1451 911 1933">COVID-19 – Approved projects delayed from starting/or ongoing projects stalled as a result of further COVID-19 restrictions/or supply of materials and goods.</td><td data-bbox="911 1451 1385 1933"> <p>Initially the COVID-19 pandemic caused delays to ongoing projects, however, the majority of the projects continued after a short period of site shutdown.</p> <p>The majority of NUE projects are small scale refurbishments compared with larger new build projects. Therefore, works can continue subject to social distancing being observed.</p> </td></tr> </tbody> </table>	Risk	Mitigation measures	Return of capital investment - whenever monies are loaned there is an element of risk that the loan will not be repaid	<p>All loans are subject to a risk assessment.</p> <p>Loans are secured as a 1st or 2nd Charge.</p>	Inaccurate property valuations – Kent County Council could be exposed to excessive risk.	<p>Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing and future value of properties.</p> <p>The NUE scheme will not lend more than 80% of the current value taking into account any first charges (mortgages) on the property being developed.</p>	COVID-19 – Approved projects delayed from starting/or ongoing projects stalled as a result of further COVID-19 restrictions/or supply of materials and goods.	<p>Initially the COVID-19 pandemic caused delays to ongoing projects, however, the majority of the projects continued after a short period of site shutdown.</p> <p>The majority of NUE projects are small scale refurbishments compared with larger new build projects. Therefore, works can continue subject to social distancing being observed.</p>
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Financial Information	The total capital cost of the project is estimated to be in the region of <b>£4,500,000</b> .			
	At this stage it is not possible to provide a confirmed total project cost as this is dependent upon identification of the individual empty properties which will be improved as a result of the Project. The estimated costs are based on previous experience of delivering the No Use Empty Commercial (Phase I) GPF funded project.			
	Delivery of the Project will be funded through the following capital funding sources:			
	Funding source	Amount £m	Constraints, dependencies or risks	
	Growing Places Fund	2.0	Subject to Board approval	
	Kent County Council contribution	0.5	This funding contribution is committed	
Private sector	2.0	This funding contribution is not yet committed as it is dependent upon contributions from loan recipients. Funding contribution will be confirmed as empty properties are identified.		
		Total project cost		
		£4.5m		
GPF spend profile	The GPF allocation will be spent in accordance with the spend profile set out below:			
Project Timeline	2021/22	2022/23	2023/24	Total
	£0.75m	£0.75m	£0.50m	£2.00m
	Milestone	Indicative date		
	NUE Commercial Phase II launch	April to June 2021 (subject to Purdah)		
	Year 1 NUE loans approved	May 2021 onwards		
	Year 2 NUE loans approved	April 2022 onwards		
Year 3 NUE loans approved	April to December 2024			
Recovery of loans in line with contractual agreements	January 2025, 2026, 2027			
Project completion	March 2027			
Repayment schedule	The GPF loan will be repaid in accordance with the repayment schedule below:			

	2024/25	2025/26	2026/27	<b>Total</b>
	£0.75m	£0.75m	£0.50m	<b>£2.00m</b>
	<p>The GPF funding will be repaid by Kent County Council following repayment of the short-term loans issued to property owners. The No Use Empty loan scheme has been operating for 15 years and has an excellent repayment track record. The repayment risk is therefore considered to be low, despite the fact that the loan recipients have not yet been identified.</p>			
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 6).</p>			
<b>Evidenced compliance with Assurance Framework?</b>	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>			
<b>Link to project page on the website, Business Case and link to prioritisation decision by Strategic Board</b>	<p>Project page: <a href="https://www.southeastlep.com/project/no-use-empty-commercial-phase-ii/">https://www.southeastlep.com/project/no-use-empty-commercial-phase-ii/</a></p> <p>Project Business Case: <a href="https://www.southeastlep.com/app/uploads/2019/09/NUE-Commercial-Phase-II-Business-Case.pdf">https://www.southeastlep.com/app/uploads/2019/09/NUE-Commercial-Phase-II-Business-Case.pdf</a></p> <p>Prioritisation decisions by Strategic Board: <a href="https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/">https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/</a></p> <p><a href="https://www.southeastlep.com/meetings/strategic-board-11th-december-2020/">https://www.southeastlep.com/meetings/strategic-board-11th-december-2020/</a></p>			

<b>Report title:</b> <i>Update on SELEP Revenue Forecast 2020/21</i>	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner	
<b>Date:</b> 12 <sup>th</sup> February 2021	<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 latest financial forecast position for the SELEP Revenue budget for 2020/21.

## 2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Note** the updated forecast revenue outturn position for 2020/21 of a net underspend of £141,000.

## 3. 2020/21 revenue budget update

- 3.1 The updated 2020/21 SELEP revenue budget was agreed by Accountability Board at its July 2020 meeting. The December 2020 forecast outturn position indicates an underspend of £141,000 compared to the budgeted net expenditure of £727,000; details can be seen in Table 1 overleaf. This forecast underspend means that the contribution from reserves required to support the net expenditure can be reduced to £586,000, compared to the budgeted contribution.

- 3.2 Overall, the net forecast position has moved by a total of £1,000 from that reported in November 2020, however, there have been some movements within this position. The main movements are summarised as follows:

3.2.1 An additional Growth Hubs grant of up to £204,000 is expected to be received to support the transition away from the EU. This has resulted in additional grant income and the offsetting planned expenditure, which has increased the forecast spend on recharges and grants to third parties.

3.2.2 The forecast spend against the COVID-19 support programmes for Skills and Business Support, totalling £802,000, has been incorporated into the position; this is offset by the corresponding increase in the forecast grant income to be applied in 2020/21. To note, the remaining funds for



these programmes is anticipated to be spent in 2021/22, assuming successful delivery following completion of the procurement exercises that are currently underway.

**Table 1 – Total SELEP Revenue Budget Outturn Forecast – December 2020**

	Forecast Outturn	Latest Budget	Variance	Variance	Previous reported Forecast	Forecast Movement
	£000	£000	£000	%	£000	£000
Staff salaries and associated costs	958	987	(30)	-3%	955	2
Staff non salaries	10	11	(0)	-5%	10	-
Recharges (incl. Accountable Body)	472	502	(30)	-6%	382	91
<b>Total staffing</b>	<b>1,440</b>	<b>1,500</b>	<b>(60)</b>	<b>-4%</b>	<b>1,347</b>	<b>93</b>
						-
Meetings and admin	37	44	(7)	-16%	37	-
Chair and Deputy Chair Allowance including oncosts	39	34	5	15%	40	(0)
Consultancy and project work	320	520	(200)	-38%	366	(46)
Grants to third parties	3,116	2,081	1,036	0%	2,157	960
<b>Total other expenditure</b>	<b>3,513</b>	<b>2,679</b>	<b>834</b>	<b>31%</b>	<b>2,600</b>	<b>913</b>
						-
<b>Total expenditure</b>	<b>4,953</b>	<b>4,179</b>	<b>774</b>	<b>19%</b>	<b>3,947</b>	<b>1,007</b>
						-
Grant income	(4,090)	(3,173)	(917)	29%	(3,083)	(1,007)
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	-	-	-	0%	-	-
External interest received	(79)	(79)	-	0%	(79)	-
<b>Total income</b>	<b>(4,369)</b>	<b>(3,452)</b>	<b>(917)</b>	<b>27%</b>	<b>(3,362)</b>	<b>(1,007)</b>
						-
<b>Net expenditure</b>	<b>586</b>	<b>727</b>	<b>(141)</b>	<b>-19%</b>	<b>585</b>	<b>1</b>
						-
<b>Contributions to/(from) reserves</b>	<b>(586)</b>	<b>(727)</b>	<b>141</b>	<b>-19%</b>	<b>(585)</b>	<b>(1)</b>
						-
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>

- 3.3 Currently it is forecast that external interest received will be in-line with budget, however, this position is being regularly monitored as the current climate of economic recovery means that interest rates continue to be deflated and at risk of being negative. The unbudgeted receipt of the £42.5m GBF funding in September 2020 has presented an opportunity to attract additional external interest, however, this has not currently been reflected in the forecast position due to the high level of uncertainty in the position. The Essex County Council (ECC) Treasury Management team are monitoring the position closely and have advised of a potential uplift to the forecast position of circa £100,000 to £150,000. If this is achieved, there will be a corresponding reduction in the contribution from reserves; this would mean that additional funding will be available to support the operational budget in next financial year, where the draw on reserves is budgeted to be high (see section 4).
- 3.4. Table 2 sets out the forecast position for the specific revenue grants, the in-year movement of which is incorporated into Table 1. It is currently assumed that the majority of specific grants will spend in line with budget; however, where it is known that the programmes or workstreams funded by the grant are planned to be delivered post 2020/21, this has been reflected in the grant forecast spend profile.

**Table 2 – Specific Revenue Grants 2020/21 Forecast Summary**

Grant	Grant brought forward £000	Forecast Grant Received £000	Forecast Grant Applied £000	Grant Carried Forward £000
GPF Revenue Grant	(987)	-	-	(987)
Sector Support Fund (SSF)	(590)	(1,000)	699	(891)
Growth Hub	-	(656)	656	-
Growth Hub - Core Funding Uplift Grant	-	(234)	234	-
Growth Hub - Peer Network Grant	-	(195)	195	-
Brexit Readiness Funding	(44)	-	44	-
EU Transition	-	(204)	204	-
ERDF Legacy Funds	-	(350)	350	-
Skills Analysis Panels (SAP) Grant	(44)	(75)	119	-
Local Digital Skills Partnership Catalyst Grant	(108)	-	70	(37)
Delivering Skills for the Future	(37)	(96)	133	0
Careers Enterprise Company (CEC)	(0)	-	0	-
Energy Strategy Grant	(7)	-	-	(7)
Covid-19 Skills Fund	-	(2,000)	319	(1,681)
Covid-19 Business Support Fund	-	(2,400)	483	(1,917)
<b>Total Grant Income Applied</b>	<b>(1,817)</b>	<b>(7,209)</b>	<b>3,507</b>	<b>(5,520)</b>
SELEP Core and GBF Capacity Grants	-	(625)	583	(42)
<b>Total Revenue Grant Income Applied</b>	<b>(1,817)</b>	<b>(7,834)</b>	<b>4,090</b>	<b>(5,562)</b>

3.6 In addition to the above grants, the Accountable Body administers the following funds on behalf of SELEP; these enable investment through grants or loans to third parties to support delivery of the SELEP priorities, including delivery of the Growth Deal, the Getting Building Fund and to support the COVID-19 recovery:

**Table 3: Funds Administered by SELEP in 2020/21**

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (MHCLG)	(41,413)	(77,873)	119,286	-
Local Growth Fund (LGF) (DfT)	(26,650)	(7,100)	30,280	(3,470)
Growing Places Fund (GPF) ( on-going Loan Fund)	(18,947)	(4,595)	8,375	(15,167)
Growing Places Fund (GPF) reallocated to the priorities below:				
COVID-19 Skills Fund	(2,000)	-	319	(1,681)
COVID-19 SME Business Support Fund	(2,400)	-	483	(1,917)
Contribution to the Sector Support Fund (SSF)	(1,000)	-	699	(301)
Ring-fenced funding to support future year budgets	(1,000)	-	-	(1,000)
Getting Building Fund (GBF)	-	(42,500)	42,500	-
<b>Total Funds</b>	<b>(93,410)</b>	<b>(132,068)</b>	<b>201,942</b>	<b>(23,536)</b>

Notes to Table 3:

3.7 Local Growth Fund (LGF) – in order to secure the remaining third of the 2020/21 LGF allocation from the MHCLG, the s151 of the Accountable Body and the Chief Executive Officer of the SELEP were required to provide confirmation that the full allocation is planned to be spent in 2020/21; either through direct delivery of projects or the application of a capital transfer to the respective local partner authorities in line with the Grant Agreements in place

- this approach is subject to agreement by the Board in Agenda item 15;

- 3.8 Local Growth Fund (LGF) (DFT) – the 2020/21 forecast grant received for this grant has reduced by £13.5m since the position reported in November 2020; this is due to the delay in the completion and approval of the A127 Fairglen project business case. Assuming the project receives the required approval from the Secretary of State for Transport, this funding is now anticipated to be received in 2021/22 – see Agenda item 6 for further details.
- 3.9 The GPF funding carried forward into 2021/22 will be available for reinvestment into the GPF pipeline; this amount is subject to receipt of the loan repayments due in 2020/21 (further information on the GPF position can be found in Agenda item 17);
- 3.10 In July 2020, the Board agreed to reallocate £6.4m of the GPF funding to measures to support the COVID-19 recovery, as summarised below:
- 3.10.1 The establishment of two COVID-19 recovery funds to address areas of identified support gaps in relation to access to skills training and in business support. The delivery of these programme is currently in the procurement phase, with contracts expected to be awarded in March 2021; the majority of these funds will be spent during 2021/22 – these funds are included in tables 1 and 2 above, but also included in table 3 for completeness;
- 3.10.2 The Sector Support Fund (SSF) contribution of £1m increases the funding available in this programme to £1.59m in 2020/21. Of this funding, £699,000 is allocated to project delivery in 2020/21, with a further £629,000 committed in 2021/22 with the remaining £262,000 still to be allocated. This fund is included in tables 1 and 2 above, but also included in table 3 for completeness;
- 3.10.3 An allocation of £1m to the SELEP reserve in 2021/22, to support the Secretariat budget in that and the subsequent financial year due to the uncertainty of future funding streams to support the on-going operation of the SELEP;
- 3.11 The MHCLG awarded SELEP Getting Building Fund (GBF) totalling £85m; the MHCLG have allocated £42.5m of this fund in 2020/21, with the remaining indicative allocation of the same amount due to be received in 2021/22. The Government have advised that they expect the full allocation of £42.5m in 2020/21 to be spent in this financial year, either directly on project delivery or through the application of a capital transfer to the respective local partner authorities in line with the Grant Agreements in place; this approach is subject to agreement by the Board in Agenda item 16.

#### **4. Reserves**

- 4.1 The SELEP budget includes a contribution from reserves in 2020/21 of £747,000 to ensure sufficient funding is available to support the planned spend;

however, the forecast underspend reduces the contribution required to £586,000. As indicated in section 3.3, there is an opportunity that the contribution from reserves in 2020/21 may reduce further if additional external interest on balances held can be secured; this opportunity is currently valued at £100,000 - £150,000, but remains uncertain at present due to the very low (and potentially negative) interest rates currently being experienced. This position remains subject to regular monitoring by the Treasury Management team of ECC.

- 4.2 The current forecast position for the general reserve at the end of financial year 2020/21 is £741,000 as shown in Table 4.

**Table 4 – Forecast Reserves**

	<b>2020/21 Latest Budget £000</b>	<b>2020/21 Revised Forecast £000</b>	<b>2021/22 Proposed Budget £000</b>	<b>2022/23 Proposed Budget £000</b>	<b>2023/24 Proposed Budget £000</b>
Opening balance 1st April	1,326	1,326	741	837	259
<b>Planned Utilisation</b>					
Planned withdrawal	(727)	(566)	(904)	(578)	-
Adjustment to replenish grant	(20)	(20)			
Forecast Contribution	-	-	1,000	-	-
<b>Total</b>	<b>(747)</b>	<b>(586)</b>	<b>96</b>	<b>(578)</b>	<b>-</b>
<b>Balance remaining 31st March</b>	<b>579</b>	<b>741</b>	<b>837</b>	<b>259</b>	<b>259</b>
Minimum value of reserve	<b>200</b>	<b>200</b>	<b>260</b>	<b>260</b>	<b>260</b>

- 4.7 The minimum level of reserves is set at £200,000 to ensure that sufficient funds are available to support any wind down costs of SELEP, should these be required. This amount has been subject to review as part of the 2021/22 budget process and has subsequently been increased to £260,000 to reflect the increased staffing establishment of the SELEP Secretariat.
- 4.8 Taking into account the revised minimum reserves level, table 4 above sets out the maximum withdrawal from reserves that would be available to support the SELEP budget, noting that in 2023/24, this value would be nil based on current assumptions.

## **5. Funding Risks**

- 5.1. There are no unmitigated funding risks outstanding for 2020/21, however, the challenge of ensuring that there is a clear future funding strategy for the SELEP remains. The November 2020 Finance update to the Board highlighted that with no new funding streams identified by 2022/23, the operational budget of the SELEP would need to be significantly scaled back; however there remains no clear path to a sustainable funding platform from

Government.

- 5.2. The following additional risks remain into 2021/22 and continue to be monitored:
- 5.2.1. Government continues to provide funding on a short term basis with no assurance of funding beyond one financial year; this places risk over the effective operation of SELEP; and over the partner authorities operating significant multi-year capital programmes, with no assurance that the funding promised will be made available in advance of the start of the financial year in which it is to be applied.
  - 5.2.2. This short-term approach to funding increases cost and causes delay in implementation of key strategic programmes that are enabling delivery of economic growth across the region.
  - 5.2.3. Further, the expectation by the Ministry for Housing, Communities and Local Government (MHCLG) that SELEP should spend the GBF funding that has been over-allocated in year, would present less of a risk to partner authorities if the 2021/22 allocation (which is under-allocated by a corresponding amount) had been confirmed by the MHCLG, rather than just allocated on an indicative basis.
  - 5.2.4. A recurring funding challenge that has been encountered by SELEP in 2020/21 has been the new one-off grants allocated by BEIS for Growth Hubs to provide additional support, for example, in relation to EU exit activities. These grants have been allocated at short notice, with significant restrictions and reporting requirements and, as such, have a disproportionate administrative overhead associated with them, that is not permitted to be funded by the grant under the associated conditions. This approach for funding makes it more difficult to assure value for money and places additional risk on the Secretariat budget.
  - 5.2.5. In addition, a number of Secretariat staff are funded through specific grants which are only confirmed on an annual basis; this builds in additional risk to assuring employment and delivery. Whilst this is a direct risk for SELEP, there is also a ripple effect to SELEP partner authorities that are delivering programmes locally and are reliant on funding allocated to SELEP, for example, the Growth Hubs.
- 5.3. Further information on risks is considered as part of the Operations Report (agenda item 20).

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

- 6.1 This report has been authored by the Accountable Body, in consultation with the SELEP Secretariat, and the recommendations are considered appropriate.

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

None

**8. Equality and Diversity implication**

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

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

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

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

**9. List of Appendices**

None

**10. List of Background Papers**

None

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

Role	Date
<b>Accountable Body sign off</b>	
Peter Shakespear	03/02/2021
(On behalf of Nicole Wood, S151 Officer Essex County Council)	

Forward Plan reference number: (N/A)

<b>Report title:</b> SELEP Operations Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Suzanne Bennett Chief Operating Officer	
<b>Date:</b> 14 January 20201	<b>For:</b> Information
<b>Enquiries to:</b> Suzanne.bennett@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Pan-LEP	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes an update on the risk register and information on compliance with our Assurance Framework.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on Assurance Framework compliance monitoring at Appendix A and Governance KPIs at Appendix B; and
  - 2.1.2. **Note** the changes to the Risk Register at Appendix C.

## 3. Governance update

- 3.1. The process for the Annual Performance Review (APR) of LEPs has been launched by the Cities and Local Growth Unit (CLGU). SELEP's review is due to take place on 11 February and verbal feedback on the review will be provided at the meeting of the Board.
- 3.2. Officials from CLGU have indicated that they are taking a 'light touch' approach given current workload pressures. LEPs will be assessed against three categories as in previous years (governance, delivery and strategic impact). This year's assessment will be on a binary met/not met basis for all categories and the assessments for governance and delivery won't be graded as has been the case for previous years.
- 3.3. As part of the APR, the Section 151 Officer of the Accountable Body is asked to submit an assurance statement detailing any issues of concern she may have with regard to SELEP's governance and transparency. We have been informed by the Accountable Body that the S151 Officer has no issues of concern to raise.
- 3.4. In addition to the CLGU APR, the Section 151 Officer of the Accountable Body is also required to make an assessment of the financial affairs of SELEP and

that the SELEP Assurance Framework is compliant with the National Assurance Framework. The outcome of this assessment has to be provided to the Accounting Officer (Permanent Secretary) of MHCLG by 24 February 2021.

#### 4. Assurance Framework Monitoring

- 4.1. It is the role of the Accountability Board to oversee the implementation of the requirements of the Local Assurance Framework (LAF). To receive grant funding from central Government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central Government in January 2019.
- 4.2. An assessment has been made of compliance to the requirements of the current Assurance Framework. The following actions are required:

Increasing gender diversity to 50/50 by 2023	This has been indicated by Government as a target in the National Assurance Framework.
Framework agreement signed	Completion by final few parties is now being sought as a matter of urgency. All parties have agreed to enter into the Framework Agreement.
LIS	Current indications are that HMG will be changing the policy on Local Industrial Strategies to Recovery and Renewal Strategies, but further details have yet to be shared. A locally driven Recovery and Renewal Strategy is being advanced in the interim.
A formal agreement between SELEP Ltd and the Accountable Body for services provided	The Service Level Agreement has been developed and is due to be presented to Strategic Board for agreement at their meeting in March 2021. This has been delayed to workload pressures created by the Covid-19 Crisis. It is not anticipated that the lack of this agreement will create any issues in the operations of the LEP.

- 4.3. The Board will be updated on progress against these actions at each meeting. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-to-date information, which will continue to be reviewed. More detail can be found at Appendix A.

#### 5. Key Performance Indicators

- 5.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix B.



- 5.2. It has come to light that in some cases final minutes for meetings have not been published on the website as previously indicated. This oversight is a result of the pressures of the Covid19 crisis on the team. A reviewed process has been put into place to ensure that this does not happen again. Final minutes have been emailed to Board members in line with requirements.
- 5.3. Similarly, there have been deadlines missed for the publication of papers for Federated Boards and the Secretariat will work with the officers supporting the Federated Boards to improve on performance in this area.

## **6. Risk Register**

- 6.1. Levels of risk remain high as would be expected during this time. Currently there are 8 risks rated as 'high' and three risks rated as 'medium'. One risk has been removed since the last report and three have been re-rated.
- 6.2. Risk number 17 that related to increased workloads in the case of no-deal Brexit has been removed as the EU transition period has now ended and a trade deal between the UK and the EU was made. Whilst the changes to the trading arrangements continues to present a risk to the SE economy, the risk to the workloads of the Secretariat did not manifest and additional support is being made at a national level.
- 6.3. Risk number 34, which relates to potential staff absences due to Covid19 has been increased. Due to the new variant, infection rates are extremely high across the SELEP area and the team has already suffered some Covid19 absences. National lockdown is the main mitigation against this risk and the Management Team have revisited business continuity arrangements put into place at the start of the pandemic.
- 6.4. Risk number 29 has also been increased. This is the risk that was created when Hadlow College went into Education Administration. Since the college entered into insolvency the Secretariat and Accountable Body have been requesting information from the Education Administrators (BDO) to confirm that LGF awards had been correctly utilised by the college and the outputs created. This process is ongoing, and the risk likelihood has been increased due to the delay in confirmation.
- 6.5. The legal documentation for the ongoing reporting and responsibilities regarding the funding has not transferred to the new provider in the college so SELEP and the Accountable Body has little opportunity for redress if funding has not been correctly utilised. Conversations with the Administrators continue and consideration is being given to changes to processes that could prevent this situation arising again.
- 6.6. Risk number 12 has been reduced to a medium risk. This is the risk that GPF projects do not repay in line with original schedules. The Capital Programme team has been working closely with delivery organisations to identify where repayment delays might occur and bring forward revised repayment schedules

for agreement. The revised schedules are now the working assumption and therefore the impact of the risk of delayed repayments is reduced.

- 6.7. There are now four risks that are currently scored at 25, the highest score available. The additional risk from the last reporting point is the risk to the productivity of the Secretariat due to staff absences due to CV19, either directly or indirectly. Infection rates have greatly increased since the last meeting of the Board due to the new variant and national lockdown is in place at the time of writing. The Secretariat Management team have revisited and strengthened business continuity processes but in such a small team it would not take a large number of absences to disrupt the ability to deliver and a prioritisation of tasks would be necessary with a focus on those activities that are required under contract, legal agreements or grant agreements.
- 6.8. The other highest rated risks are as follows: the first is risk 19, the non-delivery of outputs and outcomes expected of the capital programme. The bulk of projects were devised and evaluated before the Covid-19 crisis and it is not yet understood whether the assumptions used will still be valid in the new economy. The team continues to work with project delivery organisations to understand the impacts of the crisis on the programme and is in communication with HMG officials to ensure they understand the economic impact on our programme delivery.
- 6.9. The other two risks scored at 25 are related to the cliff edge in LEP funding beyond 31 March 2022. The Spending Review was for a single year only. We are currently awaiting further details on the future of the UKSPF and the prospectus for the Levelling Up Fund that HMG had previously indicated would be published during January.
- 6.10. At the last meeting of the Board a balanced budget for the forthcoming financial year was agreed but there is no more information about the following year (2022/23) and the Secretariat Management Team is now considering how the cost base and the activities of the Secretariat can be reduced.
- 6.11. As stated above, work is beginning on the Recovery and Renewal Plan but without access to funding to support the interventions that will be identified as part of that plan, it is highly unlikely that the strategy will be realised.
- 6.12. The Secretariat is working with the Chair, Deputy Chair and other members of Strategic Board to continue to raise this issue with HMG. All LEPs are facing this same risk and the LEP Network is also lobbying HMG for future multi-year funding packages for LEPs.

## **7. Accountable Body Comments**

- 7.1. It remains a requirement for SELEP to have an assurance framework in place that complies with the requirements of the National Local Growth Assurance Framework.

- 7.2. 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.
- 7.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2020/21, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2020, that the SELEP has the following in place:
  - 7.3.1. the processes to ensure the proper administration of its financial affairs;
  - 7.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
  - 7.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.
- 7.4. This confirmation was provided to the Government, by the S151 Officer on the 28 February 2020.
- 7.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 7.6. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.
- 7.7. At present, no significant issues are arising with regards to the financial affairs of SELEP, however a number of risks to the future financial position of SELEP which are noted in this report and considered further in the Finance update (agenda item 19)

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

- 8.1. The 2020/21 Core funding has been received by the Accountable Body And the full allocation of LGF has been received, with the final £25.9m transferred in September 2020.
- 8.2. There continues to be a significant impact on interest earned on existing SELEP capital balances, due to the drop in interest rates in April 2020 to 0.1% in response to the Covid-19 crisis. This has had and will continue to have a substantial impact on the operational budget of SELEP if this interest rate (average interest % earned) is maintained throughout the year, with a further risk

of interest rates becoming negative to be considered. The impact of this risk is considered further in the Finance update report (agenda item 19)

- 8.3. A longer term funding risk remains relating to the receipt of future funding from Government and the continued confirmation of funding on an annual basis; this undermines future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework for planning and prioritisation of investment. This risk regarding uncertainty of future funding is now exacerbated in light of the Covid-19 Crisis and the subsequent economic impact.
- 8.4. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

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

- 9.1. There are no legal implications arising out of this report

## **10. List of Appendices**

- 10.1. Appendix A – Assurance Framework monitoring
- 10.2. Appendix B – Governance and Transparency KPIs
- 10.3. Appendix C – Extract of Risk Register

## **11. List of Background Papers**

- 11.1. 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>  Peter Shakespear  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2021



**SOUTH EAST**  
LOCAL ENTERPRISE  
PARTNERSHIP

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# **ASSURANCE FRAMEWORK MONITORING 2020-21**

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**Updated January 2021**



## CHANGES TO IMPLEMENT

### *Creating a Local Industrial Strategy*

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

**Deadline: January 2020**

**Risk: MEDIUM/HIGH**

**Status: IN PROGRESS**

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

<p><b>Stage 2: Developing Propositions/Intervention (wide consultation, drafting of the LIS and finalising evidence base)</b></p>	<p>December 2019</p>	<p><b>Delivery Risk: MEDIUM</b> Two officers (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p><b>Impact of non-delivery: HIGH</b> This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p><b>COMPLETE</b> LIS Workshops with wider stakeholders are occurred through October and November. Feedback from these events was fed into the development of the LIS. Draft content was discussed at the December 6<sup>th</sup> Strategic Board meeting.</p>
<p><b>Stage 3: Government co-design</b></p>	<p>Presented for approval at January 2020 Strategic Board meeting, to be finalised/published with Government by March 2020.</p>	<p><b>Delivery Risk: MEDIUM</b> Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p><b>Impact of non-delivery: HIGH</b> This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p><b>AFFECTED BY COVID-19</b> Current indications are that HMG will be changing the policy on Local Industrial Strategies to Recovery and Renewal Plans but further details have yet to be shared. A locally driven Recovery and Renewal Strategy is being advanced in the interim.</p> <p>Priorities have been agreed by Strategic Board and the final draft of the Recovery and Renewal Strategy will be presented at the March meeting of the Strategic Board</p>

## Formalising the independent Secretariat

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

Deadline: 31<sup>st</sup> March 2020

Risk: **MEDIUM**

Status: **IN  
PROGRESS**

Task	Expected Completion Date	Risk factors	Status
Include the independence of the secretariat in the Assurance Framework.	June 2019		<b>COMPLETE</b> A section on the independent secretariat is included in the Assurance Framework June 2019.
Put in place a formalised SLA between the Accountable Body and the SELEP Ltd, including the role of the Secretariat.	March 2021	<p><b>Delivery Risk: MEDIUM</b> Resource requirements for this task have been affected by the COVID-19 crisis.</p> <p><b>Impact of non-delivery: MEDIUM</b> This is a crucial document to enshrine the relationship between the Accountable Body and the SELEP as a new legal personality. Although this document is not explicitly requested by the LEP review, it is fundamental in the running of the SELEP and has been identified as an action by ECC audit.</p>	<b>IN PROGRESS</b> This is being supported by Essex Legal Services and is planned to come to the March meeting of Strategic Board. This has been delayed due to the COVID-19 <u>crisis</u> .
Make sure the Assurance Framework includes the independence of the SELEP Secretariat.	March 2020		<b>COMPLETE</b> The Assurance Framework contains an Independent Secretariat section.



## ONGOING ACTIONS

### INCORPORATION

Requirement	Status
Maintain the records at Companies House and fulfil all legal requirements	COMPLETE/ONGOING (supported by the Accountable Body)

### BOARD COMPOSITION

Requirement	Status
To improve the gender balance and representation of those with protected characteristics on the Board.	COMPLETE/ONGOING

### DECLARING INTERESTS

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

### CAPITAL PROJECTS

Requirement	Status
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING

**Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the ESS**

ONGOING

## POLICIES AND PROCEDURES

Requirement	Status
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To have an and delivery plan in place for the year.	COMPLETE/ONGOING
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To hold Annual General Meetings open to the public to attend	COMPLETE/ONGOING
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.	COMPLETE/ONGOING
To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.	COMPLETE/ONGOING

## ACCOUNTABLE BODY

Requirement	Status
The Secretariat to extend invitations to the Section 151 Officer or representative for all board meetings.	COMPLETE/ONGOING
The Secretariat should ensure that Business Case Templates include a section for assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE/ONGOING
For the Section 151 officer or their representative to review and comment on all board papers in advance of publication	COMPLETE/ONGOING

## PUBLISHING INFORMATION

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

## Governance Key Performance Indicators

### *Forward Plan of Decisions*

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

Meeting date	Met (Y/N)?
7/06/19	Y
13/09/19	Y
15/11/19	Y
14/02/20	Y
15/05/20	Y
03/07/20	Y
18/09/20	Y
16/10/20	Y
20/11/20	Y
12/02/21	Y

### *Publication of Papers*

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	18/09/20	Y	16/10/20	Y	20/11/20	Y
Strategic Board	04/09/20	Y	02/10/20	Y	11/12/20	Y
SE	28/09/20	N			16/11/20	N
KMEP	23/09/20	N	17/11/2020	Y	02/12/2020	Y
OSE	23/09/20	N	11/11/2020	N	02/12/2020	Y
TES	28/09/20	Y	02/11/2020	Y	07/12/2020	Y

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**Draft Minutes**

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board			18/09/20	Y	16/10/20	Y	20/11/20	Y
Strategic Board	16/07/20	Y	04/09/20	Y	02/10/20	Y	11/12/20	Y
SE	10/08/20	Y	28/09/20	Y	16/11/2020	N	16/11/20	
KMEP			23/09/20	N	17/11/2020	N	02/12/2020	N
OSE			23/09/20	Y	11/11/2020	Y	02/12/2020	N
TES	30/07/20	Y	28/09/20	Y	02/11/2020	Y	07/12/2020	Y

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**Final Minutes**

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board			18/09/20	N	16/10/20	N
Strategic Board	16/07/20	N	04/09/20	N	02/10/20	N
SE	10/08/20	Y	28/09/20	Y	16/11/2020	N
KMEP			23/09/20	N	17/11/2020	N
OSE			23/09/20	Y	11/11/2020	Y
TES	30/07/20	Y	28/09/20	Y	02/11/2020	Y

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**Registers of Interest- Board Members**

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**Are registers of interests in place for all board members?**

Board	Percentage completed	Comments
Accountability Board	100%	In place for all Board members. There is a 28-day grace period for all new Board members (must be before attending a meeting).
Strategic Board	100%	As above
Investment Panel	100%	As above
EBB	100%	As above
KMEP	100%	As above
OSE	100%	As above
TES	100%	As above

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**Registers of Interest- Officers**

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**Are registers of interest in place for all officers?**

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	100%

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***Declarations of interests in meetings***

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**Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?**

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

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***Business Case Endorsement***

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**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>Board</b>	<b>Met (Y/N)?</b>	<b>Comments</b>
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

### ***Publication of Business Cases***

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

<b>Meeting date</b>	<b>Met (Y/N)?</b>
7/06/19	N (but were published in advance)
13/09/19	N (but were published in advance)
15/11/19	N (but were published in advance)
14/02/20	Y
15/05/20	Y
03/07/20	Y
18/09/20	Y
16/10/20	Y
20/11/20	Y

<b>Date</b>	<b>Percentage of female board members (excluding co-opted)</b>
<b>24/05/19</b>	18%
<b>05/08/19</b>	21%
<b>28/01/20</b>	25%
<b>16/04/20</b>	35%



# South East LEP

## Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
<b>Risks Related to the Team/Service Delivery</b>									
9	Workload Risk: Increase in scope of work overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	4	5	20	High	Workloads were already high but have now increased as the response to COVID-19 drives additional work. Pressures are exacerbated by extended working from home arrangements and potential isolation impacting on the mental health of the team. Workloads continue to be high and sickness levels are beginning to increase	Management Team (MT) is meeting on a weekly basis to discuss how resources can be redeployed to address, additional 1:1s with line managers to be added. Daily 'All Hands' meeting instigated. Team members will be referred to ECC support and resources for the lockdown and following period. Additional business continuity risk from Covid-19 has been added.	All Man Team	Ongoing
34	COVID-19 - Secretariat Risk significant numbers of Secretariat fall ill and are unable to work, reducing resource availability and capacity. Social distancing measures may prevent or delay day to day operations of the team.	5	5	25	High	Currently CV19 infection rates in the SELEP area are extremely high and the new variant is rampant and currently national lockdown restrictions are in place. Given the virulence of the new variant the likelihood of members of the team being infected are increased and instances of infection have occurred. If the key members of the Accountable Body are not available this would also adversely impact the ability of the Secretariat to complete work in a timely manner	Remote working for the Secretariat will continue as the default and national lockdown is in place. Management Team have been asked to review business continuity arrangements to ensure that essential tasks can continue through this wave. We continue to work closely with the Accountable Body team to manage workloads	All Man Team	Ongoing
<b>Risks Related to Outcomes/Outputs of Programmes</b>									
19	<b>Non achievement of Outcomes/Outputs of the Capital Programme</b>	5	5	25	High	Given the impact of lockdown on the economy, there is now a very high risk that not all of the outcomes and outputs that were stated in the business cases for both GPF and LGF projects will be achieved. Since last reported there has been two further national lockdowns, further impacting the SE economy. Changes to GBF projects require HMG approval, which has potential to further delay projects	The capital programme continues to be closely monitored and the team work closely with delivery partners. The team is also providing regular updates to HMG. All known changes to GBF outcomes and outputs have been approved by CLGU. An exercise to rebase the outcomes of the programme will be undertaken next financial year	RM	Ongoing

40	<b>Getting Building Fund Risk</b> - given the very short timelines for the application of the fund it may not be possible to deliver a full programme in the time available	5	4	20	High	The GBF programme requires all funding to be spent by 31 March 2022 and all projects to be substantially delivered. This is a very tight deadline to work to and there is a significant reputational risk should SELEP not be able to deliver the full programme. The likelihood of this risk occurring is increased by the delay to HMG providing the grant determination and the introduction of a time consuming change control process	An additional member of staff has been appointed to the team with responsibility for oversight of the GBF programme. Issues and concerns with the Change Control and reporting processes have been raised with CLGU and will be flagged at the APR. Strategic Board have agreed the process for establishing a GBF reserve list and the list will be agreed at their meeting in March	RM	31/03/2022
Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
<b>Risks Related to Funding/Financial Position</b>									
12	<b>GPF projects do not repay in line with original repayment schedules</b>	5	3	15	Med	GPF projects are flagging where repayments are likely to be delayed and conversations with the Capital Programme Team are underway. All options are being explored and changes have been played through in planning and therefore the impact has reduced	Capital Programme Team are working with project leads to understand where projects are impacted. Future rounds of GPF allocations are currently held and assumptions about future repayments will be downgraded to take into account additional risks	RM	Ongoing
15	<b>Grants aren't properly administered/applied and are clawed back by Government</b>	4	4	16	Med	Grants issued by HMG can potentially be clawed-back by HMG if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HMG claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time.	Back to back agreements are in place and the Accountable Body provides advice on the correct application of grants by SELEP. A further review of the capital programme and assessment of application of grant funding was planned for 2020/21 but this has been put on hold due to social-distancing. Consideration will be given as to how oversight of the application of grants can be structured and in a virtual manner if necessary. Each Management Team member who has grant funded activity takes responsibility for ensuring that grant conditions are understood and met	All Man Team	Ongoing
20	<b>Uncertainty of future capital funding/ investment programmes</b>	5	5	25	High	The LGF programme ends on 31 March 2021 and the GBF programme finishes one year later. Currently there is no funding for LEPs beyond 31 March 2022. The Spending Review this year is now single year, not multiple year and so is unlikely to contain any details on UKSPF or other fund. This now presents an existential threat to the future of LEPs, with access to no investment funds the LEP will be unable to deliver any strategy agreed. Currently there is no assurance about the GBF grant award in 21/22	The LEP Network continues to work together to make the case for LEPs to play a pivotal role in the economic recovery from lockdown. Further action is expected following the details of the SR being issued.	AB/SB	Ongoing

29	<b>Incorrect application of LGF grant awarded to Hadlow College</b>	5	4	20	High	£11m of LGF funding across 4 projects has been awarded to Hadlow College which has entered into Education Administration. It is currently unclear whether the outputs and outcomes related to this funding will be delivered. Whilst the educational activities have resumed at the college, the grant agreements have not transferred to the new provider so there is no obligation to provide information on the outputs and outcomes. The Secretariat and the Accountable Body are working to get further information from the Education Administrators, BDO.	The Secretariat and the Accountable Body are in contact with BDO but the administration process is lengthy. Conversations are continuing and further information will be provided as it comes available. Consideration is being made as to what protections can be put into place to prevent this situation occurring in future	LA	Ongoing
38	Future viability of the operational budget	5	5	25	High	Whilst a balanced budget for 2021/22 has been constructed it is not possible to do so for future years with the current cost base and assumed income levels. If additional funding for LEPs beyond next financial year is not announced, it will be necessary to begin a cost cutting exercise beginning in the middle part of 2021/22. This risk links closely with the wider LEP funding risk at number 20	Senior management in the Secretariat are working with Board members to raise awareness of this issue. The LEP Network is already lobbying strongly for multi-year funding packages for LEPs, including operational income however it is now known that the Spending Review in November 2020 will be single year	SB	Ongoing
<b>Risks Related to Service Design and Reputation</b>									
22	<b>Growth Hubs - the current model may hinder progress in changing the service shape of Growth Hubs to comply with Government policy requirements and to assist with the Recovery phase of the Covid-19 Crisis and beyond</b>	3	4	12	Med	During the preparation for Brexit period HMG used the Growth Hub infrastructure to push out messaging and provided additional funding to support this work. This messaging has increased exponentially following the release of various packages of support for business during the lockdown period. However the sub-contracted nature of the SELEP Growth Hubs mean that there is a risk that it is not possible to meet HMG expectations in a timely manner or that the model that HMG prefers does not fit the Board preferred model. BEIS are currently carrying out a Business Support Reform and the outputs of that will give a better indication of direction of travel	Continued conversations on Growth Hub between the sub-hubs are ensuring more of a joint approach on areas of work where that is appropriate. Some funding has been earmarked to resource a review of the Growth Hub model.  Evidence on what business support will be needed as we move into to Recovery is being collated. Secretariat is working closely with Growth Hub Cluster (SELEP, Herts and London) to understand the emerging requirements from both business and HMG.	JS	Ongoing

37	<b>COVID-19 - HMG Expectations Risk</b> HMG anticipating a growing role for LEPs, expectations may exceed what can delivered by SELEP within the resources available and impact on the reputation of the partnership within Whitehall	4	5	20	High	HMG has increased requirements for Growth Hubs to report on impacts of COVID-19 on local businesses. HMG may also expect LEPs to take on an additional role during the recovery period that we do not have the capacity or capabilities to undertake creating a large reputational risk and potentially undermining the future of LEPs. HMG may seriously raise local businesses expectations of what support LEPs can provide, undermining our creditability with our business base. HMG may also require strategies to align with a national policy that has not yet been communicated. There is still no clear policy direction from HMG on these matters	Using the Chair's role on the LEP Network, officials and ministers will be informed as to what LEPs are able to do. Any additional asks from HMG should be countered with an ask for the appropriate level of funding to allow it to be undertaken.  The Secretariat are working on intelligence gathering and understanding the new economy and what role the LEP can play during the recovery and renewal phase	All Man Team	Ongoing
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